

Boston University

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

June 30, 2010

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Boston University

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June 30, 2010

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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 statement 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, 2010 and 2009, and the results of its changes in 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 audits. 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 elected to record certain financial assets and liabilities at fair value, as of July 1, 2008. In accordance with the transition provisions of ASC 825 - *Financial Instruments*, 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 8, 2010, 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, 2010. 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, 2010, 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 consolidated 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 8, 2010

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2010 and 2009
(\$000)

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents (Note 2)	\$ 448,345	\$ 404,647
Cash and cash equivalents—restricted (Note 2)	127,815	115,847
Short-term investments (Note 2)	5,840	7,173
Accounts receivable, net of allowance (Note 3)	153,569	155,330
Pledges receivable, net of allowance (Note 3)	84,292	50,291
Prepaid expenses and other assets (Note 4)	83,230	79,455
Investment in residual asset note (Note 2)	38,457	34,535
Long-term investments (Note 2)	1,150,614	1,065,877
Property, plant, and equipment, net (Note 4)	1,851,596	1,849,617
Total assets	<u>\$ 3,943,758</u>	<u>\$ 3,762,772</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued payroll and related expenses	\$ 125,763	\$ 117,862
Accounts payable and accrued expenses (Notes 4, 5, and 6)	380,455	344,831
Short-term lines of credit (Note 5)		42,500
Deferred income and student deposits	102,149	98,177
Annuities payable	16,187	16,281
Minority interest (Note 7)	97,171	94,008
Capital lease obligation (Note 7)	84,692	84,800
Discounted note obligation (Note 2)	38,457	34,535
Bonds, notes, and mortgages payable, net of unamortized bond premium/discount (Note 5)	1,219,043	1,227,545
Total liabilities	<u>2,063,917</u>	<u>2,060,539</u>
 Net assets:		
Unrestricted:		
Allocated for designated purposes	1,077,251	1,005,721
Available for general purposes	16,204	15,978
Total unrestricted	<u>1,093,455</u>	<u>1,021,699</u>
Temporarily restricted	422,002	366,066
Permanently restricted	364,384	314,468
Total net assets	<u>1,879,841</u>	<u>1,702,233</u>
 Total liabilities and net assets	 <u>\$ 3,943,758</u>	 <u>\$ 3,762,772</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, 2010 and 2009
(\$000)

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES				
Student tuition and fees	\$ 1,004,002	\$	\$	\$ 1,004,002
Student aid	(260,793)			(260,793)
Sponsored programs	224,011			224,011
Gifts	27,973	619		28,592
Sales and services	109,098			109,098
Spending formula amount and other investment income (Note 2)	6,963	25,059		32,022
Recovery of facilities and administrative costs	155,405			155,405
Sponsored program income for student aid	15,510			15,510
Other income	23,518			23,518
Auxiliary enterprises	260,232			260,232
Student aid	(3,402)			(3,402)
Net assets released from restrictions	30,116	(30,116)		
Contributions used for operations		4,133		4,133
Total operating revenues	1,592,633	(305)		1,592,328
OPERATING EXPENSES				
Instruction and departmental research	735,460			735,460
Educational support activities	107,578			107,578
Sponsored programs	224,011			224,011
Libraries	23,673			23,673
General and administrative	164,103			164,103
Student aid	13,223			13,223
Auxiliary enterprises	220,587			220,587
Total operating expenses	1,488,635			1,488,635
Net operating gain (loss)	103,998	(305)		103,693
NONOPERATING REVENUES AND (EXPENSES)				
Contribution revenue	4,161	13,790	48,051	66,002
Contributions used for operations		(4,133)		(4,133)
Spending formula amount and other investment income (Note 2)	1,644	3,001	18	4,663
Excess (deficit) of investment return over spending formula amount (Note 2)	29,754	41,504	513	71,771
Net realized and unrealized losses on interest rate exchange agreements (Note 5)	(67,000)			(67,000)
Cumulative effect of initial application of new accounting principle (Note 2)				
Change in value of designated non-core institutional real estate (Note 2)	(5,358)			(5,358)
Post-retirement related changes other than net periodic pension cost (Note 6)	(4,215)			(4,215)
Other additions (deductions), net	8,772	2,079	1,334	12,185
Net nonoperating income (loss)	(32,242)	56,241	49,916	73,915
Change in net assets	71,756	55,936	49,916	177,608
Beginning net assets	1,021,699	366,066	314,468	1,702,233
Ending net assets	\$ 1,093,455	\$ 422,002	\$ 364,384	\$ 1,879,841

2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 968,636	\$	\$	\$ 968,636
(244,169)			(244,169)
203,668			203,668
24,821	547		25,368
111,661			111,661
10,030	23,445		33,475
146,713			146,713
14,063			14,063
18,265			18,265
248,946			248,946
(2,638)			(2,638)
29,567	(29,567)		
	5,347		5,347
<u>1,529,563</u>	<u>(228)</u>		<u>1,529,335</u>
707,519			707,519
112,528			112,528
203,668			203,668
24,065			24,065
168,965			168,965
12,338			12,338
214,394			214,394
<u>1,443,477</u>			<u>1,443,477</u>
86,086	(228)		85,858
7,394	16,220	16,115	39,729
	(5,347)		(5,347)
4,791	2,773	154	7,718
(113,700)	(180,320)	(1,224)	(295,244)
(59,942)			(59,942)
31,123			31,123
50,656			50,656
17,488			17,488
22,206	9,624	76	31,906
<u>(39,984)</u>	<u>(157,050)</u>	<u>15,121</u>	<u>(181,913)</u>
46,102	(157,278)	15,121	(96,055)
975,597	523,344	299,347	1,798,288
<u>\$ 1,021,699</u>	<u>\$ 366,066</u>	<u>\$ 314,468</u>	<u>\$ 1,702,233</u>

OPERATING REVENUES

Student tuition and fees
Student aid
Sponsored programs
Gifts
Sales and services
Spending formula amount and other investment income (Note 2)
Recovery of facilities and administrative costs
Sponsored program income for student aid
Other income
Auxiliary enterprises
Student aid
Net assets released from restrictions
Contributions used for operations

Total operating revenues

OPERATING EXPENSES

Instruction and departmental research
Educational support activities
Sponsored programs
Libraries
General and administrative
Student aid
Auxiliary enterprises

Total operating expenses

Net operating gain (loss)

NONOPERATING REVENUES AND (EXPENSES)

Contribution revenue
Contributions used for operations
Spending formula amount and other investment income (Note 2)
Excess (deficit) of investment return over spending formula amount (Note 2)
Net realized and unrealized losses on interest rate exchange agreements (Note 5)
Cumulative effect of initial application of new accounting principle (Note 2)
Change in value of designated non-core institutional real estate (Note 2)
Post-retirement related changes other than net periodic pension cost (Note 6)
Other additions (deductions), net

Net nonoperating income (loss)

Change in net assets

Beginning net assets

Ending net assets

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2010 and 2009

(\$000)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 177,608	\$ (96,055)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	88,426	77,985
Loss on debt extinguishment	541	186
Cumulative effect of initial application of new accounting principle		(31,123)
Change in value of designated non-core institutional real estate	3,629	(50,656)
Loss on disposal of property and equipment		559
Unrealized losses on interest rate exchange agreements	41,229	40,622
Settlement on swap replacement transactions, net	17,083	
Amortization of bond premium/discount	(205)	(198)
Amortization of capital lease obligation	(109)	
Net realized and unrealized losses (gains) on investments	(96,526)	272,967
Provision for bad debts	3,495	(4,727)
Restricted and temporarily restricted contributions	(19,545)	(6,074)
Gifts of securities and property	(8,149)	
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	502	(5,737)
(Increase) in pledges receivable	(36,212)	(18,458)
(Increase) decrease in prepaid expenses and other assets	(4,315)	468
(Decrease) increase in accounts payable, accrued expenses, and minority interest	(1,971)	6,173
(Decrease) increase in accrued payroll and related expenses	7,900	(10,887)
(Decrease) increase in deferred income and student deposits	3,971	(308)
Net cash provided by operating activities before swap termination	<u>177,352</u>	<u>174,737</u>
Payment on swap termination		<u>(54,876)</u>
Net cash provided by operating activities	<u>177,352</u>	<u>119,861</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(381,066)	(247,779)
Proceeds from sales and maturities of investments	396,788	300,174
Purchases of property and equipment	(96,741)	(154,877)
Proceeds from gifts of securities and property	8,149	
(Increase) decrease in cash equivalents-restricted	(11,968)	99,326
Net cash used in investing activities	<u>(84,838)</u>	<u>(3,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of bonds, notes, and mortgages	(120,957)	(79,042)
(Decrease) increase in annuity obligations	(95)	330
Bond issuance costs	(782)	
Proceeds (payments) from short-term borrowings	(42,500)	42,500
Proceeds from bonds and notes payable	117,370	50,000
Restricted contributions	19,545	6,074
Payment on swap replacement transactions, net	(17,083)	
Net cash (used in) provided by financing activities before swap replacement transactions	<u>(44,502)</u>	<u>19,862</u>
Proceeds from swap settlements		<u>58,570</u>
Net cash (used in) provided by financing activities	<u>(44,502)</u>	<u>78,432</u>
Unrealized gains on currency exchange	(4,314)	(10,338)
Net increase in cash and cash equivalents	43,698	184,799
Cash and cash equivalents beginning of year	404,647	219,848
Cash and cash equivalents end of year	<u>\$448,345</u>	<u>\$404,647</u>
Supplemental disclosure of non-cash information:		
Property and equipment included in accounts payable	\$ 9,382	\$ 9,464

For the years ended June 30, 2010 and 2009

1. Organization and Summary of Significant Accounting Policies

Organization:

Boston University (“the University”) is an independent, nonprofit, coeducational, nonsecularian institute of higher education, founded in 1839 and chartered under the laws of the Commonwealth of Massachusetts on May 26, 1869. The University has two principal campuses, its Charles River Campus located in Boston’s Back Bay and its Medical Campus located in the South End of Boston, offering students more than 250 areas of study in 17 schools and colleges.

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

Summary of Significant Accounting Policies:

Basis of Presentation:

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

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

Certain June 30, 2009 balances previously reported have been reclassified to conform to the June 30, 2010 presentation.

Net Asset Classification:

Net assets, revenues, and realized and unrealized gains and losses are classified based on the existence or absence of donor-imposed restrictions and legal restrictions under Massachusetts General Law. Accordingly, net assets and changes to net assets are classified as follows:

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 temporarily restricted net assets as of June 30, 2010 and 2009, in thousands of dollars, is as follows:

	2010	2009
Net realized and unrealized gain on endowment . .	\$ 288,521	\$ 246,080
Life income and annuity funds	13,934	11,021
Contributions receivable, net.	40,918	35,422
Contributions restricted for plant	78,197	72,864
Other contributions.	432	679
	<u>\$ 422,002</u>	<u>\$ 366,066</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 permanently restricted net assets as of June 30, 2010 and 2009, in thousands of dollars, is as follows:

	2010	2009
Endowment funds	\$ 297,377	\$ 276,538
Contributions receivable, net	43,374	14,869
Donor funds restricted for student loans	23,633	23,061
	<u>\$ 364,384</u>	<u>\$ 314,468</u>

For the years ended June 30, 2010 and 2009

Collections:

The University's collections, which were acquired through purchases and contributions since the University's inception, are not recognized as assets on the Consolidated 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 consolidated financial statements. Proceeds from dispositions 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.

Use of Estimates:

The preparation of consolidated 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 consolidated 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.

Related Party Transactions:

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

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 bond trustees that will be drawn down to fund various capital projects and costs of issuance. Collateral with counterparties under the terms of certain interest rate exchange agreements is also included in cash and cash equivalents—restricted. Cash posted with these counterparties is reflected as cash and cash equivalents—restricted on the Consolidated Statement of Financial Position.

Accounts Receivable:

Notes and loans receivable that are included in accounts receivable are principally amounts due from students under federally sponsored programs which are subject to significant restrictions. Accordingly, it is not practical to determine the fair value of such amounts.

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. 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.

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 Consolidated Statement of Financial Position. The University's ownership interest in these partnerships has been recorded within long-term investments on the Consolidated Statement of Financial Position.

For the years ended June 30, 2010 and 2009

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

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 at 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.

Property, Plant, and Equipment:

Maintenance and repairs are expensed as incurred and improvements that increase the useful life of the asset 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 non-operating activity in the Consolidated 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 recognized in an amount by which the asset's net book value exceeds its estimated fair value.

All capital expenditures for, and gifts of, land, buildings, equipment, and library books are recorded as additions 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. Equipment includes general and scientific equipment, computers, software, furniture, and vehicles.

The University acquires equipment or other assets through the use of federal funds. In most cases, the University continues to maintain the assets after the grant agreement expires.

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; 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; equipment, 2 to 20 years; and library books, 10 years.

Depreciation for the years ended June 30, 2010 and 2009 was \$88,426,000 and \$77,985,000, respectively.

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. 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 Consolidated Statement of Activities.

The asset retirement obligation at June 30, 2010 and 2009 was \$12,238,000 and \$11,752,000, respectively, and is included in accounts payable and accrued expenses in the Consolidated Statements of Financial Position.

Student Aid:

Student aid in the amount of \$260,793,000 and \$244,169,000 for the years ended June 30, 2010 and 2009, respectively, has been classified as a reduction of student tuition and fees. In addition, student aid in the amount of \$3,402,000 and \$2,638,000 for the years ended June 30, 2010 and 2009, respectively, has been classified as a reduction of auxiliary enterprises (room and board) revenue.

For the years ended June 30, 2010 and 2009

Student aid in addition to tuition, fees, room and board in the amount of \$13,223,000 and \$12,338,000 for the years ended June 30, 2010 and 2009, respectively, has been classified as an operating expense.

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.

Gifts:

Gifts, including unconditional promises to give, are recorded upon receipt. Gifts other than cash are recorded at fair 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.

Allocation of Expenses:

Certain expenses have been allocated to functional expenses in the Consolidated Statement of Activities. These expenses are comprised of, in thousands of dollars:

	2010	2009
Operation and maintenance of plant	\$ 96,795	\$ 96,612
Interest on indebtedness	34,727	36,392
Depreciation expense	88,426	77,985

Nonoperating Activities:

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, post-retirement related changes other than net periodic pension cost, and certain other nonrecurring activities.

2. Investments

Total investments by type as of June 30, 2010 and 2009, in thousands of dollars, were as follows:

Summary by Investment Type	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 576,160	576,160	520,494	520,494
Fixed Income	73,770	79,583	71,189	69,932
Global Equities	251,813	275,267	278,979	298,864
Marketable Alternatives	176,022	195,428	137,456	134,477
Non-Marketable Alternatives	254,148	224,107	253,674	216,967
Real Assets	393,618	382,069	384,997	352,810
Other	38,457	38,457	34,535	34,535
Total	<u>\$1,763,988</u>	<u>1,771,071</u>	<u>1,681,324</u>	<u>1,628,079</u>

For the years ended June 30, 2010 and 2009

Money market investments totaling \$576,160,000 and \$520,494,000 as of June 30, 2010 and 2009, respectively, included in the table above represent cash and cash equivalents and cash and cash equivalents-restricted as reported on the Consolidated Statement of Financial Position. These totals include \$572,000 and \$4,835,000 of cash on hand and cash in banks as of June 30, 2010 and 2009, respectively.

Non-Core Institutional Real Estate:

In fiscal year 2009, the University elected to record its investments in designated non-core institutional real estate at fair value. Accordingly, the University 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 a change in value of (\$5,358,000) and \$50,656,000 during the years ended June 30, 2010 and 2009, respectively, related to these investments. The investments in designated non-core institutional real estate have been recorded at fair value of \$241,414,000 and \$240,570,000 as of June 30, 2010 and 2009, respectively, 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, 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 \$88,227,000, which is the aggregate amount of scheduled cash flows to be received between 2007 and 2021. The purchase price of the note was \$25,244,000 and is non-recourse to the University. As of June 30, 2010 and 2009, the carrying values of the discounted note obligation was \$38,457,000 and \$34,535,000, respectively.

In fiscal year 2009, the University adopted the fair value option for certain financial assets and liabilities. As a result, the University has recorded a cumulative effect adjustment which increased unrestricted net assets by \$31,123,000 and has also recorded the asset at its fair value of \$38,457,000 and \$34,535,000 on the Consolidated Statement of Financial Position at June 30, 2010 and 2009, respectively.

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 Consolidated 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 \$54,300,000 in 2014, declining thereafter to a balance of zero in 2021. Upon expected extinguishment of the note in 2021, the University remains the beneficiary of \$39,700,000 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. The risk of any disruption of future cash flows is considered remote, as the two principal risks that could cause a disruption have been assumed by DBLF.

For the years ended June 30, 2010 and 2009

The following summarizes, in thousands of dollars, the investment return, as reflected in the Consolidated Statement of Activities:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
Dividend and interest income . . .	\$ 7	\$ 11,904	\$ 18	\$ 11,929	\$ 18,916
Net realized and unrealized gains (losses)	38,354	57,660	513	96,527	(272,967)
Total return on investments	38,361	69,564	531	108,456	(254,051)
Less: Spending formula amount . . .	(7,425)	(28,060)		(35,485)	(33,674)
Less: Other non-endowment income	(1,182)		(18)	(1,200)	(7,519)
	<u>(8,607)</u>	<u>(28,060)</u>	<u>(18)</u>	<u>(36,685)</u>	<u>(41,193)</u>
Excess (deficit) of investment return over spending formula amount . . .	<u>\$ 29,754</u>	<u>\$ 41,504</u>	<u>\$ 513</u>	<u>\$ 71,771</u>	<u>\$ (295,244)</u>

A pooled endowment fund is included as part of the University's investments. Total endowment assets at June 30, 2010 and 2009 are \$1,022,401,000 and \$916,291,000, 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. During the fiscal years ended June 30, 2010 and 2009, 3.8% and 3.6%, respectively, represented the distribution as a percentage of the ending fair value of the pooled endowment fund for the five preceding quarters.

At June 30, 2010 and 2009, respectively, approximately \$2,385,000 and \$5,188,000 of unrealized losses on permanently restricted endowment funds were classified as a reduction in unrestricted net assets as the fair value of these funds was less than their book value. Unrestricted net assets will be replenished when the fair value equals or exceeds the book value.

As of June 30, 2010, investment commitments to venture capital limited partnerships and private equity funds are approximately \$121,800,000 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.

Fair Value Measurements:

The University has valued its investments using a hierarchy of inputs based on the extent to which 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 must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy used to value investments is 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.

For the years ended June 30, 2010 and 2009

The University's criteria for classifying assets and liabilities measured at fair value are as follows:

- Level 1—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.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as 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 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.
- Level 3—Valuation techniques that use 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.

Investments included in Level 3 primarily consist of the University's ownership in alternative investments (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 significant due diligence around these investments to verify NAV is an appropriate measure of fair value as recorded on 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 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.

For the years ended June 30, 2010 and 2009

The following table presents the financial instruments carried at fair value as of June 30, 2010 and 2009 categorized by the valuation hierarchy defined above, in thousands of dollars:

As of June 30, 2010	Level 1	Level 2	Level 3	Total Fair Value
Assets at fair value				
Money Market	\$ 576,160	\$	\$	\$ 576,160
Fixed Income.	79,583			79,583
Global Equities & Convertibles	92,147	173,651	9,469	275,267
Marketable Alternatives . Non-Marketable		95,266	100,162	195,428
Alternatives.			224,107	224,107
Real Assets	41,061	152,674	188,334	382,069
Other.		38,457		38,457
Total Investments:	\$ 788,951	\$ 460,048	\$ 522,072	\$ 1,771,071
Split-interest agreements held by third parties				
			3,980	3,980
Total assets at fair value . . .	\$ 788,951	\$ 460,048	\$ 526,052	\$ 1,775,051
Liabilities at fair value				
Interest rate exchange liabilities	\$	\$ 193,943		\$ 193,943
Total liabilities at fair value .	\$	\$ 193,943	\$	\$ 193,943
As of June 30, 2009	Level 1	Level 2	Level 3	Total Fair Value
Assets at fair value				
Money Market	\$ 520,494	\$	\$	\$ 520,494
Fixed Income.	38,355	31,577		69,932
Global Equities & Convertibles	152,093	119,974	26,797	298,864
Marketable Alternatives . Non-Marketable		13,417	121,060	134,477
Alternatives.			216,967	216,967
Real Assets		134,085	218,725	352,810
Other.		34,535		34,535
Total Investments:	\$ 710,942	\$ 333,588	\$ 583,549	\$ 1,628,079
Split-interest agreements held by third parties				
			3,692	3,692
Total assets at fair value . . .	\$ 710,942	\$ 333,588	\$ 587,241	\$ 1,631,771
Liabilities at fair value				
Interest rate exchange liabilities	\$	\$ 152,714		\$ 152,714
Total liabilities at fair value .	\$	\$ 152,714	\$	\$ 152,714

For the years ended June 30, 2010 and 2009

The following table is a rollforward of the Consolidated 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:

	Fair value July 1, 2009	Realized Gains/(losses)	Unrealized Gains/(losses)	Net purchases and sales	Reclassification to Level 2	Fair value June 30, 2010
Global Equities & Convertibles	\$ 26,797	\$ 13	\$ 557	\$ 2,731	\$ (20,629)	\$ 9,469
Market Alternatives	121,060	(1,640)	15,022	19,915	(54,195)	100,162
Non-Marketable Alternatives	216,967	24,911	8,454	(26,225)		224,107
Real Assets	218,725	(9,053)	4,382	8,491	(34,211)	188,334
Total Investments	<u>\$583,549</u>	<u>\$ 14,231</u>	<u>\$ 28,415</u>	<u>\$ 4,912</u>	<u>\$ (109,035)</u>	<u>\$ 522,072</u>
Split-interest agreements held by third parties	\$ 3,692	\$	\$ 288	\$	\$	\$ 3,980

The net realized and unrealized gains (losses) in the table above are reflected in excess (deficit) of investment return over spending formula amount in the accompanying Consolidated Statement of Activities. Net unrealized gains (losses) relate to those financial instruments held by the University at June 30, 2010. Reclassifications into Level 2 are included as of July 1, 2009.

On July 1, 2009, the University adopted the Fair Value Measurements standard for estimating the fair value of investments in investment companies (limited partnerships) that have a calculated value of their capital account or net asset value (NAV) in accordance with, or in a manner consistent with U.S. GAAP. As a practical expedient, the University is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The University's investments in private equity, real estate, and marketable alternatives are fair valued based on the most current NAV.

The University has adopted a policy that defines near-term liquidity as those investments allowing liquidity within twelve months of the reporting period. Included in Level 2 are assets valued at NAV which are redeemable in the near term. Investments offering periodic transparency with opportunities for liquidity within twelve months of the reporting period generally consist of commingled funds and are reported in Level 2. This policy is consistent with several large research universities.

The following table summarizes all such investments recorded at NAV categorized based on the risk and return characteristics of the investments.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global Equity Funds	\$ 183,003	\$ 6,000	Monthly–Annually	15–92 Days
Real Asset Funds	52,720		Daily–Annually	4–60 Days
Marketable Alternatives	195,428		Quarterly–Tri-Annually	30–180 Days
Private Equity Funds	206,543	88,268	At maturity	n/a
Private Real Estate Funds	49,946	33,515	At maturity	n/a
	<u>\$ 687,640</u>	<u>\$ 127,783</u>		

For the years ended June 30, 2010 and 2009

The University's investments are guided by the asset allocation policies established by the Investment Committee of the Board of Trustees and implemented primarily through external investment managers. These investments may be held in separately managed accounts, Exchange Traded Funds (ETF's), commingled funds, and limited partnerships. Global Equity Funds are investments with managers pursuing strategies focusing on equity securities across global markets. Real Asset Funds invest in public equity and commodity markets. Marketable Alternative managers pursue various strategies, both long and short, that attempt to provide equity-like returns with lower volatility. Private Equity Funds pursue buyout, growth capital, venture capital, and private real asset strategies. Private Real Estate Funds pursue various real estate ownership strategies.

Endowment Funds:

Net asset classification of donor-restricted endowment funds for a not-for-profit organization is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA). The Commonwealth of Massachusetts adopted UPMIFA effective for institutional funds existing on or established after 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 University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University 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 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.

For the years ended June 30, 2010 and 2009

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, 2010, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted	\$ (2,385)	\$ 302,454	\$ 297,377	\$ 597,446
Institution Designated	370,444	_____	_____	370,444
Endowment Net Assets at end of year	<u>\$ 368,059</u>	<u>\$ 302,454</u>	<u>\$ 297,377</u>	<u>\$ 967,890</u>

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2010, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets at beginning of year	\$ 336,131	\$ 257,100	\$ 276,538	\$ 869,769
Reclassification of net assets	2,803	(2,803)	_____	_____
Endowment Net Assets after reclassification	338,934	254,297	276,538	869,769
Investment income	1,416	1,693	_____	3,109
Net appreciation (realized and unrealized)	25,790	44,307	513	70,610
Total Investment return	27,206	46,000	513	73,719
Gifts	1,785	1,324	19,276	22,385
Other changes	171	833	1,050	2,054
Institutional transfers from other funds	(37)	_____	_____	(37)
Endowment Net Assets at end of year	<u>\$ 368,059</u>	<u>\$ 302,454</u>	<u>\$ 297,377</u>	<u>\$ 967,890</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted	\$ (5,188)	\$ 257,100	\$ 276,538	\$ 528,450
Institution Designated	341,319	_____	_____	341,319
Total Endowment Net Assets	<u>\$ 336,131</u>	<u>\$ 257,100</u>	<u>\$ 276,538</u>	<u>\$ 869,769</u>

For the years ended June 30, 2010 and 2009

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

	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 appreciation (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>

3. Accounts Receivable and Pledges Receivable

Accounts Receivable:

Accounts and loans receivable at June 30, 2010 and 2009, in thousands of dollars, consist of the following:

	2010	2009
Accounts receivable, net:		
Students	\$ 15,072	\$ 15,144
Less allowances	(6,069)	(5,894)
	<u>9,003</u>	<u>9,250</u>
Grants and contracts	41,588	53,004
Departmental sales, services, and other	39,474	30,303
Less allowances	(6,981)	(5,804)
	<u>74,081</u>	<u>77,503</u>
Student loans	73,525	71,685
Less allowances	(3,040)	(3,108)
	<u>70,485</u>	<u>68,577</u>
Total	<u>\$ 153,569</u>	<u>\$ 155,330</u>

Total allowances for doubtful accounts as of June 30, 2010 and 2009 are \$16,090,000 and \$14,806,000, respectively.

Included in accounts receivable at June 30, 2010 and 2009 is \$2,099,000 and \$1,324,000, 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, 2010 and 2009, to certain employees. The aggregated amount as of June 30, 2010 and 2009 is \$4,464,000 and \$3,927,000, respectively.

For the years ended June 30, 2010 and 2009

Pledges Receivable:

Pledges, net of discounts and allowances, in the amount of \$84,292,000 and \$50,291,000, are recorded as a receivable with the revenue assigned to the appropriate net asset category for fiscal years 2010 and 2009, respectively. Pledges consist of unconditional written promises to contribute to the University in the future. At June 30, 2010 and 2009, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2010	2009
In one year or less	\$ 32,330	\$ 20,667
Between one year and five years	53,432	27,502
More than five years	13,167	12,534
	<u>98,929</u>	<u>60,703</u>
Discount to present value	(9,530)	(7,516)
Less allowance for unfulfilled pledges . .	<u>(5,107)</u>	<u>(2,896)</u>
Pledges receivable	<u>\$ 84,292</u>	<u>\$ 50,291</u>

In fiscal year 2010, the University announced the receipt of a \$25,000,000 pledge to be received over the next five years. This contribution is recorded as a pledge receivable and is included in the table above. This is the largest individual contribution the University has ever received.

4. Property, Plant, and Equipment

Property, plant, and equipment and related accumulated depreciation at June 30, 2010 and 2009, in thousands of dollars, consist of the following:

	2010	2009
Land	\$ 69,060	\$ 69,060
Buildings and improvements	2,006,677	1,847,738
Construction in progress	319,211	439,243
Equipment	224,723	200,140
Library books	152,400	134,563
	<u>2,772,071</u>	<u>2,690,744</u>
Less accumulated depreciation	<u>(920,475)</u>	<u>(841,127)</u>
Property, plant, and equipment, net . .	<u>\$1,851,596</u>	<u>\$1,849,617</u>

As of June 30, 2010 and 2009, buildings and improvements include \$84,692,000 associated with office and research space under capital lease.

Internally developed software costs as part of an Enterprise Resource System Implementation Project of \$12,289,000 were capitalized in fiscal year 2010 and are included in construction in progress.

During fiscal year 2010, the University incurred capital expenditures of \$5,773,000 for construction of the National Emerging Infectious Diseases Laboratory (NEIDL). These expenditures are included within construction in progress at June 30, 2010, and will be placed in service when the construction is complete and the projects are ready for their intended use.

Certain fully depreciated equipment amounting to approximately \$9,078,000 and \$3,079,000 was removed from the Consolidated Statement of Financial Position in 2010 and 2009, respectively.

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 buyout option. Accordingly, \$48,482,000 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, 2010.

For the years ended June 30, 2010 and 2009

5. Indebtedness

Bonds and Notes Payable:

The principal amounts of bonds and notes payable at June 30, 2010 and June 30, 2009, in thousands of dollars, are summarized in the table below. Bonds are issued through the Massachusetts Health and Educational Facilities Authority (“HEFA”) and the Massachusetts Development Finance Agency (“MDFA”).

	Final Bond Maturity	Interest Rate at June 30, 2010	Outstanding 2010	Principal 2009
Fixed Rate Bonds and Notes Payable				
MDFA Series P, blended fixed rate . . .	5/15/59	5.63%	\$ 100,000	\$ 100,000
HEFA Series S, blended fixed rate	10/1/39	4.71%	35,000	35,000
MDFA Series T-1	10/1/39	5.00%	162,740	162,740
MDFA Series T-2 (Taxable)	10/1/30	5.27%	4,260	4,260
MDFA Series U-4	10/1/40	5.65%	50,000	50,000
MDFA Series V-1	10/1/29	5.00%	44,000	–
MDFA Series V-2	10/1/14	2.88%	63,170	–
MDFA Series V-3	10/1/14	2.88%	10,200	–
Century Notes (Taxable)	7/15/97	7.63%	100,000	100,000
Aetna Loan (Taxable)	9/15/18	10.20%	6,044	6,475
Various notes payable (Taxable)			4,604	4,808
Total Fixed Rate Bonds and Notes Payable			\$ 580,018	\$ 463,283
Variable Rate Bonds Payable				
HEFA Series E, Capital Asset Program .	3/25/13	0.25%	\$ 18,000	\$ 18,000
HEFA Series H.	12/1/29	0.18%	25,000	69,000
HEFA Series N (Taxable).	10/1/34	0.28%	133,400	134,200
MDFA Series U-1	10/1/40	0.22%	50,000	50,000
MDFA Series U-2	10/1/40	0.23%	50,000	50,000
MDFA Series U-3	10/1/40	0.23%	50,000	50,000
MDFA Series U-5A	10/1/31	0.24%	40,200	41,000
MDFA Series U-5B	10/1/31	0.21%	41,900	42,800
MDFA Series U-6A	10/1/42	0.16%	62,850	62,850
MDFA Series U-6B			–	62,775
MDFA Series U-6C	10/1/42	1.25%	52,545	52,545
MDFA Series U-6D			–	10,200
MDFA Series U-6E.	10/1/42	0.25%	62,695	62,695
Royal Bank of Scotland (Taxable)	8/15/29	1.11%	42,091	47,648
Total Variable Rate Bonds Payable.			\$ 628,681	\$ 753,713
Total Bonds and Notes Payable			\$1,208,699	\$1,216,996
Net Unamortized Bond Premium and Discount.			10,344	10,549
Total Bonds and Notes Payable			\$1,219,043	\$1,227,545

For the years ended June 30, 2010 and 2009

Certain bond obligations are collateralized by a pledge on tuition revenues, and certain other notes payable are collateralized by plant and property with a book value before depreciation of \$61,570,000 as of June 30, 2010. The University is also required to comply with certain annual financial covenants including a minimum level of debt service coverage and a minimum level of expendable resources relative to debt.

The fair value of the University's bonds at June 30, 2010 is approximately \$1,213,581,000. The fair value of debt is estimated by discounting the future scheduled payments using current interest rates for similar debt issues.

Interest payments of approximately \$33,764,000 and \$36,816,000 were incurred in fiscal years 2010 and 2009, respectively. These amounts are net of \$607,000 and \$3,633,000, in fiscal years 2010 and 2009, respectively, in interest capitalized as a cost of construction.

Scheduled principal payments on notes, bonds, and capital lease obligations of \$84,692,000, in thousands of dollars, are:

Year	Scheduled Principal Maturities
2011	\$ 5,228
2012	5,417
2013	23,672
2014	6,085
2015	79,986
Thereafter	<u>1,173,003</u>
Total	<u>\$1,293,391</u>

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

Included in the University's debt is \$568,590,000 of variable rate demand bonds ("VRDBs"). 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 these VRDBs. In the event that a VRDB cannot be remarketed, the bond may be "put" to the LOC provider, resulting in a loan to the University to fund redemption of the bond. If it is assumed that all outstanding VRDBs are put as of July 1, 2010, aggregate scheduled repayments under the VRDB related LOCs would be as follows: \$94,765,000, \$189,530,000, \$189,530,000, and \$94,765,000 in 2011, 2012, 2013, and 2014, respectively. As of June 30, 2010, the University has used VRDBs backed by bank LOCs for over 25 years during which time there have been no instances where a bond failed to be remarketed and was put back to the University.

In September 2010, the University extended the maturity date of the \$18,000,000 HEFA Capital Asset Program Loan, Series E variable rate bonds from April 1, 2011 to March 25, 2013.

In July 2010, the University substituted the existing LOC for Series U-6C provided by Allied Irish Banks, p.l.c. with a new LOC provided by JP Morgan Chase Bank, N.A.

In December 2009, the University issued its Series V-1, V-2, and V-3 fixed rate MDFA Revenue Bonds in the aggregate amount of \$117,370,000. Proceeds from the Series V bonds were used to fund a partial redemption of Series H variable rate bonds in the amount of \$44,000,000, a full redemption of Series U-6B and U-6D variable rate bonds, and to pay certain transaction expenses. The Series V refinancings were executed to reduce bank risk associated with LOCs supporting the refunded portion of Series H, Series U-6B, and Series U-6D and to increase the fixed rate component of the University's debt portfolio. An amount of \$541,000 consisting of the remaining unamortized bond issuance cost relative to the refunded Series U-6B and U-6D bonds is reflected as a deduction in the "Other additions (deductions)" line of the Consolidated Statement of Activities. The University capitalized \$782,000 of bond issuance costs related to the Series V-1, V-2, and V-3 offering, which was capitalized in "Prepaid expenses and other assets" on the Consolidated Statement of Financial Position.

For the years ended June 30, 2010 and 2009

In August 2009, the University's Series U-5A and Series U-5B LOCs provided by RBS Citizens, N.A. were secured by an irrevocable standby LOC 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.

In June 2009, the University converted \$50,000,000 of Series U-4 tax exempt variable rate MDFA 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.

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

Bank Lines:

The University has \$140,000,000 in committed 364-day lines of credit with five financial institutions. There were no outstanding loans under these lines of credit at June 30, 2010. Outstanding borrowings against the lines were \$42,500,000 at June 30, 2009.

Interest Rate Exchange Agreements:

The University has entered into various long-term interest rate exchange agreements to hedge all or a portion of the variable interest rate exposure on certain debt issues, thereby managing the interest cost and risk associated with its outstanding debt. At June 30, 2010 the University had interest rate exchange agreements in place with total notional amounts of \$573,737,000 and with expiration dates through 2042 which require the University to make fixed rate interest payments in exchange for variable rate interest payments on the respective notional principal amounts. The variable rate payments received are expected to approximate the interest payable on the underlying variable rate debt. Scheduled reductions of the notional amounts of the interest rate exchange agreements also match the scheduled amortization of the underlying debt.

In connection with the December 2009 issuance of its Series V-2 and V-3 fixed rate bonds, the University entered into a fixed rate receiver swap with a notional amount of \$73,370,000 and with a final maturity and reduction schedule matching the Series V-2 and V-3 bonds. This agreement was effected in order to offset a portion of the cost of the continuing long-term interest rate exchange agreements associated with the refunded bonds.

Below is a summary of the terms of the University's outstanding interest rate exchange agreements as of June 30, 2010, in thousands of dollars:

Interest Rate Exchange Agreement	Notional Amount	Effective Date	Termination Date	University Pays	University Receives
Series H	\$ 25,000	10/30/1997	12/01/2027	5.28%	SIFMA*
Series N	24,345	10/30/1997	10/01/2027	6.79%	LIBOR*
Series U-1-3	150,000	10/01/2007	10/01/2040	3.97%**	69% of 1-Mo. USD LIBOR*
Series U-5	82,100	10/30/2001	10/01/2031	4.10%	67% of 1-Mo. USD LIBOR*
Series U-6	10,700	10/01/2002	10/01/2022	4.16%	67% of 1-Mo. USD LIBOR*
Series U-6	239,500	7/01/2008	10/01/2042	5.42%**	SIFMA*
Series V	73,370	12/04/2009	10/01/2014	SIFMA*	1.94%
Royal Bank of Scotland	42,092	8/15/2006	8/15/2029	5.65%	3-Mo. GBP LIBOR +45 basis points

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

LIBOR—London Interbank Offered Rate

**Represents a Blended Interest Rate

For the years ended June 30, 2010 and 2009

The University is also a party to two fixed rate swaption agreements. A swaption agreement related to the Series S bonds in a notional amount of \$35,000,000 gives the counterparty 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, will require the University to 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 amortization schedule of the Series S bonds. A swaption agreement related to the Series T bonds in a notional amount of \$162,740,000 gives the counterparty 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, will require the University to 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 amortization schedule of the Series T bonds.

Interest rate exchange agreements, including the Series S and T swaption agreements, are recorded at an estimated fair value of \$(193,943,000) and \$(152,714,000) at June 30, 2010 and 2009, respectively, and are included in accounts payable and accrued expenses. The change in estimated market value of \$(41,229,000) and \$(40,622,000) in 2010 and 2009, respectively, is included in nonoperating losses on interest rate exchange agreements. The estimated market values of the interest rate exchange agreements were provided by the counterparties and validated by the University based on the net present value of the net fixed and floating future cash flows, with future floating flows estimated based on current forward interest rate yield curves. The discount rate was adjusted to reflect the risk of nonperformance. The total dollar adjustment for nonperformance risk reduced the recorded liability by \$12,108,000 and \$11,068,000 at June 30, 2010 and 2009, respectively. The fair value of interest rate exchange agreements, net of the nonperformance risk adjustment, is included in Level 2 within the valuation hierarchy defined in Note 2.

In fiscal years 2010 and 2009, the University paid net settlement costs on interest rate exchange agreements of \$25,771,000 and \$19,320,000, respectively. These net settlement costs have been recorded in nonoperating activities on the Consolidated Statement of Activities.

The University's interest rate exchange agreements necessarily involve counterparty credit exposure. The counterparties for the University's agreements are a diversified group of major financial institutions that meet the University's criteria for financial stability and creditworthiness. Interest rate exchange agreements provide for two-way collateral posting requirements intended to mitigate credit risk. At June 30, 2010 and 2009, the University was required to post collateral in the amounts of \$60,502,000 and \$32,262,000, respectively. Contractual bilateral collateral posting levels are based on counterparty public debt ratings; current University posting amounts could increase or decrease should the University's credit rating change. Additionally, interest rate exchange contracts provide for early termination should either counterparty's credit ratings fall below investment grade.

6. Pension and Other Employee Benefits

Defined Contribution Plan:

The University funds retirement plan contributions to Teachers Insurance and Annuity Association (TIAA), College Retirement Equities Fund (CREF), and Fidelity Investments for employees. 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 \$54,667,000 in fiscal year 2010 and \$51,475,000 in fiscal year 2009.

Pension and Other Post-retirement 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 were made during the fiscal year. The remaining \$3,723,000 of plan assets were used to purchase

For the years ended June 30, 2010 and 2009

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. During fiscal year 2010, the effective date of this change was adjusted; previously, the change applied to employees terminating from the University on or after July 1, 2009; the 2010 change will apply to any employee who terminates from the University on or after September 1, 2009. The University provides modest life insurance benefits to retirees in the plan as of January 1, 2007. The program change resulted in an increase of the benefit liability from \$14,740,000 in fiscal year 2009 to \$15,806,000 in fiscal year 2010.

Pension and other Post-retirement Benefit Plans at June 30, 2010 and 2009, in thousands of dollars:

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Change in Benefit Obligation				
Benefit obligation at beginning of year . . .	\$	\$ 3,723	\$ 14,740	\$ 34,797
Service cost			3	1,693
Interest cost			732	1,820
Plan amendments			384	(23,223)
Actuarial (gain) loss			2,335	2,067
Benefits paid			(2,388)	(2,414)
Settlements		(3,723)		
Benefit obligation at end of year			15,806	14,740
Change in Plan Assets				
Fair value of plan assets at beginning of year		3,723		
Actual return on plan assets				
Benefits paid				
Settlements		(3,723)		
Fair value of plan assets at end of year				
Funded status			(15,806)	(14,740)
Net amount recognized	\$	\$	\$ (15,806)	\$ (14,740)
Other Changes in Plan Assets and Benefit Obligations Recognized in the Statement of Activities:				
Curtailment effects				3,299
Settlements				
Current year actuarial gain			2,335	2,067
Amortization of actuarial gain (loss)			(1,978)	(1,340)
Current year prior service (credit)/cost			384	(23,223)
Amortization of prior service (credit)/cost			3,474	1,709
Total recognized in Statement of Activities	\$	\$	\$ 4,215	\$ (17,488)
Amounts recognized in Statement of Financial Position consist of:				
Accrued post-retirement benefit obligation	\$	\$	\$ (15,806)	\$ (14,740)

For the years ended June 30, 2010 and 2009

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Amounts recognized in Unrestricted Net Assets consist of:				
Net actuarial loss	\$	\$	\$ 14,867	\$ 14,510
Prior service cost/(credit)			(18,097)	(22,339)
	\$	\$	\$ (3,230)	\$ (7,829)

Weighted-average Assumptions as of June 30 used to determine benefit obligation				
Discount rate			4.45%	5.25%
Initial health care trend			8.00%	8.50%
Ultimate health care trend			5.00%	5.00%
Years to reach ultimate			6	7

For measurement purposes, an 8.0% and 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2010 and 2009, respectively, decreasing at 1% per year thereafter until an ultimate rate of 5% in 2016.

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Components of Net Periodic Benefit Cost				
Service cost	\$	\$	\$ 3	\$ 1,693
Interest cost			732	1,820
Expected return on plan assets				
Amortization of prior service cost			(3,474)	(1,709)
Curtailement gain			0	(3,299)
Settlement loss				
Amortization of actuarial loss			1,978	1,340
Net periodic benefit cost	\$	\$	\$ (761)	\$ (155)

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	\$ 27	\$ (25)
Effect on post-retirement benefit obligation	590	(542)

There was no accumulated benefit obligation at the end of the fiscal year 2010 and 2009.

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, 2010 and 2009

Expected Cash Flows:

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

	<u>Other Benefits</u>
Employer contributions	
2011 (Expected)	\$2,388
Expected benefit payments	
2011	2,519
2012	2,400
2013	2,116
2014	1,921
2015	1,695
2016–2020	5,259

7. Commitments and Contingencies

Leases:

The University is committed to minimum annual rent payments under several long-term non-cancellable operating and capital leases for educational and office space. Amounts scheduled through the year 2038, in thousands of dollars, are summarized below:

	<u>Operating</u>	<u>Capital</u>
2011	\$ 25,046	\$ 3,738
2012	26,060	3,868
2013	25,585	3,868
2014	24,777	3,956
2015	23,513	3,956
Thereafter	<u>197,875</u>	<u>204,884</u>
	\$ 322,856	\$ 224,270
Less: Amounts representing interest		<u>139,578</u>
Capital lease obligation		<u>\$ 84,692</u>

For the fiscal years 2010 and 2009 rent expense for educational facilities and office space was \$24,328,000 and \$22,174,000, respectively. Certain of these leases provide an option to purchase the properties at fair value.

The University has two leases recorded as capital lease obligations related to a biomedical research facility at 670 Albany Street. In fiscal year 2006, the University took occupancy of 52,000 square feet of newly constructed office and research space. Future minimum lease payments are approximately \$58,083,000 to be paid over the 60-year term of the lease. In fiscal year 2007, the University took occupancy of an additional 22,000 square feet. Future minimum lease payments are approximately \$26,608,000 to be paid over the 60-year term of the lease.

Joint Ventures:

The University entered into a 25-year non-cancellable operating lease for a biomedical research facility (Center for Advanced Biomedical Research) in fiscal 1993. Minimum annual lease payments of approximately \$3,276,000 are included in the table above. The building was constructed at a cost of \$41,500,000 and is owned by a trust of which the University is a 50% beneficiary. The trust had outstanding debt of \$14,931,000 at June 30, 2010.

The University entered into a 30-year non-cancellable operating lease for a portion of a biomedical research facility (Evans Biomedical Research Building) in fiscal 2000. Minimum annual lease payments of approximately \$2,043,000 are included in the table above. The building was constructed at a cost of \$52,132,000 and is owned by a trust of which the University is a 50% beneficiary. The trust had outstanding debt of \$19,091,000 at June 30, 2010.

The University entered into a 20-year non-cancellable operating lease of 50% of a parking garage at 710 Albany Street in fiscal 2000. Minimum annual lease payments of \$758,000 are included in the table above. The garage was constructed at a cost of \$18,187,000 and is owned by a non-profit

For the years ended June 30, 2010 and 2009

corporation in which the University has a 50% interest. The corporation had outstanding debt of \$10,500,000 at June 30, 2010.

The University entered into a 10-year non-cancellable operating lease of an office property in fiscal 2001. Minimum annual lease payments of approximately \$715,000 are included in the table above. The building was constructed at a cost of approximately \$9,105,000 and is owned by a real estate partnership of which the University owns 45%. The real estate partnership had outstanding debt of \$9,200,000 at June 30, 2010.

Minority Interest:

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”) on the University’s Medical Campus. The laboratory is to be used by the University, Boston Medical Center, and other organizations to support the federal government’s bio-defense effort.

NIH committed \$141,000,000 toward the construction cost of the NEIDL. The University and Boston Medical Center each committed \$28,300,000 toward construction and each holds a 50% equity interest in the NEIDL. Both parties have the right to share equally in the future operating activities of the NEIDL. Because the University controls the activity associated with the NIH award, the costs of construction have been recorded on the University’s consolidated financial statements, and Boston Medical Center’s 50% equity interest has been recorded as a minority interest liability.

As of June 30, 2010, the University incurred expenditures of approximately \$197,426,000 related to construction of the NEIDL, of which \$139,578,000 and \$27,382,000 have been reimbursed to the University by NIH and Boston Medical Center, respectively. \$97,171,000 has been recorded as a minority interest liability on the consolidated financial statements, and \$69,789,000 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.

Construction of the NEIDL was substantially completed in fiscal 2009. The use of the building has been delayed due to pending litigation challenging the environmental permits obtained for the building.

As provided in the agreement between the University and Boston Medical Center for the construction and operation of the NEIDL, Boston Medical Center has advised the University of its election to withdraw from further participation in the NEIDL as of May 1, 2011. The University is in the process of assessing the impact of the Boston Medical Center’s withdrawal.

Other:

As of June 30, 2010, the University has commitments of approximately \$136,939,000, primarily related to open construction contracts and capital acquisitions. This amount is expected to be financed from operating cash flow, federal government grants, and borrowings.

The University has entered into a ten-year agreement to purchase approximately \$910,000 annually in natural gas for the University’s East Campus Central Energy Plant. The agreement is expected to commence in November of 2010, upon the University successfully testing the supplier’s connection to the East Campus Central Energy Plant.

The University has formally agreed to support the Huntington Theatre, Inc., a nonprofit theatre production company over the next five years. The University has agreed to provide \$410,000 in 2011, \$300,000 in 2012 and 2013, and \$200,000 in 2014 and 2015.

The University entered into a Support Agreement with Boston Medical Corporation, which was formed from the merger of Boston City Hospital and Boston Medical Center Hospital, as of July 1, 1996. The University’s commitment for fiscal year 2011 is approximately \$8,000,000.

The University is a defendant in various legal actions arising in 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, 2010 and 2009

8. Statement of Cash Flows

Due to the September 2008 bankruptcy of Lehman Brothers Holding 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 \$54,876,000 termination amount paid to LBCB is reported on the Consolidated Statement of Cash Flows within cash flows from Operating Activities.

Included in the line item "Proceeds from replacement swap transactions," the \$58,570,000 offsetting amount received from the new counterparties is reported on the Consolidated Statement of Cash Flows within cash flows from financing activities.

On the Consolidated Statement of Activities, the net gain of approximately \$3,694,000 realized by the University as a result of the above transactions in fiscal year 2009 is recorded in the Nonoperating Revenues section in the line item "Other additions (deductions), net."

As reported on the Consolidated Statement of Cash Flows within cash flows from financing activities, the University paid net settlement costs of \$17,083,000 related to the swap replacement transactions in fiscal year 2010.

9. Subsequent Events

The University has assessed the impact of subsequent events through October 8, 2010, the date the Consolidated Financial Statements were issued, and has concluded that there were no such events that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements, other than the events described below.

In July 2010, the University received a pledge totaling \$15,000,000, of which \$1,000,000 has been paid through the date the financial statements were issued.

Schedule of Expenditures of Federal Awards

Boston University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Direct Programs			
Agency for International Development			
Agency for International Development	98		\$ 1,859,369
Agency for International Development	98.001		<u>1,029,809</u>
Agency for International Development Total			<u>2,889,178</u>
Department of Agriculture			
Department of Agriculture	10		27,819
Department of Agriculture	10.001		<u>11,710</u>
Department of Agriculture Total			<u>39,529</u>
Department of Commerce			
Department of Commerce	11.420		3,202
Department of Commerce	11.427		<u>57,413</u>
Department of Commerce Total			<u>60,615</u>
Department of Defense			
Army	12		683,386
Army	12.420		1,425,179
Army	12.431		121,689
Army	12.630		3,477,073
Army	12.910		46,813
Air Force	12		843,181
Air Force	12.630		1,454,242
Air Force	12.800		1,957,320
Air Force	12		60,595
Defense Threat Reduction Agency	12.351		162,592
National Security Agency	12.901		31,847
Navy	12		10,001
Navy	12.300		<u>3,210,741</u>
Department of Defense Total			<u>13,484,659</u>
Department of Education			
Department of Education	83.022		36,767
Department of Education	84.019		63,144
Department of Education	84.133		352,682
Department of Education	84.305		<u>260,444</u>
Department of Education Total			<u>713,037</u>
Department of Energy			
Department of Energy	81		120,914
Department of Energy	81		6,738
Department of Energy	81		43,112
Department of Energy	81.049		4,452,984
National Energy Technology Lab	81.089		<u>134,324</u>
Department of Energy Total			<u>4,758,072</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through 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		\$ 415,127
Agency for Healthcare, Research, and Quality	93.226		462,364
Subtotal of Agency for Healthcare, Research, and Quality			<u>877,491</u>
Center for Disease Control	93		1,207,514
Center for Disease Control	93.061		4,790
Center for Disease Control	93.063		(3)
Center for Disease Control	93.067		1,642,941
Center for Disease Control	93.135		743,367
Center for Disease Control	93.136		70,076
Center for Disease Control	93.262		481,868
Center for Disease Control	93.283		202,998
Center for Disease Control	93.956		30
Subtotal of Center for Disease Control			<u>4,353,581</u>
Fogarty International Center	93.989		288,747
Food and Drug Administration	93.103		109,374
Health Resources and Services Administration	93.110		111,692
Health Resources and Services Administration	93.822		110,954
Health Resources and Services Administration	93.887		37,264
Health Resources and Services Administration	93.889		161,902
Health Resources and Services Administration	93.928		(49)
Subtotal of Health Resources and Services Administration			<u>421,763</u>
National Cancer Institute	93		839,519
National Cancer Institute	93.393		2,800,498
National Cancer Institute	93.394		792,278
National Cancer Institute	93.395		1,421,657
National Cancer Institute	93.396		1,944,954
National Cancer Institute	93.398		380,265
National Cancer Institute	93.399		40,906
National Cancer Institute	93.934		181,049
National Cancer Institute	93.951		8,964
National Cancer Institute - ARRA	93.701		722,036
Subtotal of National Cancer Institute			<u>9,132,126</u>
National Center for Complementary & Alternative Medicine	93.213		492,372
National Center for Complementary & Alternative Medicine - ARRA	93.701		157,615
Subtotal of National Center for Complementary & Alternative Medicine			<u>649,987</u>
National Center for Health Research Resources	93.389		7,864,510
National Center for Health Research Resources	93.839		188,433
National Center for Health Research Resources - ARRA	93.701		149,160
National Center for Health Research Resources - ARRA	93.701		2,190,238
Subtotal of National Center for Health Research Resources			<u>10,392,341</u>
National Center for Human Genome Research	93.172		1,583,258
National Center for Human Genome Research - ARRA	93.701		580,521
Subtotal of National Center for Human Genome Research			<u>2,163,779</u>
National Center on Minority Health and Health Disparities - ARRA	93.701		214,070
National Eye Institute	93.867		2,797,009
National Eye Institute - ARRA	93.701		174,437
Subtotal of National Eye Institute			<u>2,971,446</u>
National Heart, Lung, and Blood Institute	93		9,615,383
National Heart, Lung, and Blood Institute	93.233		1,862
National Heart, Lung, and Blood Institute	93.310		170,739
National Heart, Lung, and Blood Institute	93.837		18,617,905
National Heart, Lung, and Blood Institute	93.838		7,773,595
National Heart, Lung, and Blood Institute	93.839		2,384,790
National Heart, Lung, and Blood Institute	93.866		10,229
National Heart, Lung, and Blood Institute - ARRA	93.701		3,973,237
Subtotal of National Heart, Lung, and Blood Institute			<u>42,547,740</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Direct Programs			
National Institute of Allergy and Infectious Diseases	93		\$ 101,318
National Institute of Allergy and Infectious Diseases	93.855		17,164,535
National Institute of Allergy and Infectious Diseases	93.856		211,095
National Institute of Allergy and Infectious Diseases	93.865		376,808
National Institute of Allergy and Infectious Diseases - ARRA	93.701		<u>2,738,348</u>
Subtotal of National Institute of Allergy and Infectious Diseases			20,592,104
National Institute of Arthritis & Musculoskeletal & Skin Diseases	93.846		7,039,302
National Institute of Arthritis & Musculoskeletal & Skin Diseases - ARRA	93.701		<u>669,173</u>
Subtotal of National Institute of Arthritis & Musculoskeletal & Skin Diseases			7,708,475
National Institute of Biomedical Imaging and Bioengineering	93.286		2,075,233
National Institute of Biomedical Imaging and Bioengineering - ARRA	93.701		<u>384,923</u>
Subtotal of National Institute of Biomedical Imaging and Bioengineering			2,460,156
National Institute of Child Health and Human Development	93.864		848,699
National Institute of Child Health and Human Development	93.865		3,198,162
National Institute of Child Health and Human Development - ARRA	93.701		<u>654,839</u>
Subtotal of National Institute of Child Health and Human Development			4,701,700
National Institute of Dental and Craniofacial Research	93.121		6,022,577
National Institute of Dental and Craniofacial Research - ARRA	93.701		<u>681,247</u>
Subtotal of National Institute of Dental and Craniofacial Research			6,703,824
National Institute of Diabetes, Digestive, and Kidney Disease	93.847		4,291,553
National Institute of Diabetes, Digestive, and Kidney Disease	93.848		632,539
National Institute of Diabetes, Digestive, and Kidney Disease	93.849		262,630
National Institute of Diabetes, Digestive, and Kidney Disease - ARRA	93.701		520,489
National Institute of Diabetes, Digestive, and Kidney Disease - ARRA	93.847		<u>25,259</u>
Subtotal of National Institute of Diabetes, Digestive, and Kidney Disease			5,732,470
National Institute of Environmental Health Services	93.113		3,028,444
National Institute of Environmental Health Services	93.143		3,059,065
National Institute of Environmental Health Services - ARRA	93.113		140,595
National Institute of Environmental Health Services - ARRA	93.701		<u>626,724</u>
Subtotal of National Institute of Environmental Health Services			6,854,828
National Institute of General Medical Sciences	93.310		5,880
National Institute of General Medical Sciences	93.390		476,004
National Institute of General Medical Sciences	93.821		98
National Institute of General Medical Sciences	93.853		412,604
National Institute of General Medical Sciences	93.859		8,919,266
National Institute of General Medical Sciences	93.862		321,492
National Institute of General Medical Sciences - ARRA	93.701		<u>1,857,688</u>
Subtotal of National Institute of General Medical Sciences			11,993,032
National Institute of Neurological Disorders and Stroke	93		170,069
National Institute of Neurological Disorders and Stroke	93.853		6,016,901
National Institute of Neurological Disorders and Stroke	93.854		(176)
National Institute of Neurological Disorders and Stroke - ARRA	93.701		<u>562,184</u>
Subtotal of National Institute of Neurological Disorders and Stroke			6,748,978
National Institute of Nursing Research	93.361		726,733
National Institute on Aging	93.866		17,285,154
National Institute on Aging - ARRA	93.701		<u>1,029,205</u>
Subtotal of National Institute on Aging			18,314,359

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Direct Programs			
National Institute on Alcohol Abuse	93.271		\$ 290,009
National Institute on Alcohol Abuse	93.273		1,915,213
National Institute on Alcohol Abuse - ARRA	93.701		<u>135,680</u>
Subtotal of National Institute on Alcohol Abuse			2,340,902
National Institute on Deafness & Other Communication Disorders	93.173		6,022,804
National Institute on Deafness & Other Communication Disorders - ARRA	93.701		<u>702,547</u>
Subtotal of National Institute on Deafness & Other Communication Disorders			6,725,351
National Institute on Drug Abuse	93.279		2,158,489
National Institute on Drug Abuse - ARRA	93.701		<u>183,899</u>
Subtotal of National Institute on Drug Abuse			2,342,388
National Institute on Mental Health	93.242		10,108,586
National Institute on Mental Health	93.281		<u>536,462</u>
Subtotal of National Institute on Mental Health			10,645,048
National Institutes of Health Office of the Director	93.310		397,976
National Library of Medicine	93.879		(4,260)
NIH Center, Clinical Center	93		81,328
Public Health Contracts	93		<u>183,984</u>
Department of Health and Human Services Total			<u>189,371,821</u>
Department of Homeland Security	97.077		116,463
Department of Housing and Urban Development	14.516		13,425
Department of Labor	17		72,225
Department of the Interior	15		308,016
Department of Veterans Affairs	64		194,769
National Aeronautics and Space Administration	43		5,299,549
National Science Foundation			
National Science Foundation	47.041		2,480,931
National Science Foundation	47.049		4,084,642
National Science Foundation	47.050		5,555,074
National Science Foundation	47.070		2,970,419
National Science Foundation	47.074		1,684,260
National Science Foundation	47.075		5,519,102
National Science Foundation	47.076		122,214
National Science Foundation	47.078		41,748
National Science Foundation	47.080		222,248
National Science Foundation	47.401		69,164
National Science Foundation - ARRA	47.082		<u>2,070,177</u>
National Science Foundation Total			<u>24,819,979</u>
Research and Development Direct Programs Total			<u>\$ 242,141,337</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Agency for International Development			
Abt Associates, Inc.	98	22704	\$ 4,119
Abt Associates, Inc.	98	22983	48,027
Abt Associates, Inc.	98	22704-1	138,014
Abt Associates, Inc.	99	16071-9	15,268
Center for Community Health and Development	98	LP0-0708-0034	42,735
Emerging Markets Group, LTD	98	4310-005-05-CR002	33,174
Emerging Markets Group, LTD	98	4391-CPEF-07-03	20,656
Johns Hopkins University	98.001	A00-63-0019-00USAID	1,670
Johns Hopkins University	98.001	GHS-A-00-03-00019-00	873
JSI Research & Training Institute	98	36100-02	12,440
PACT Vietnam	98	PO-08-02-BU	966
Right to Care South Africa	98	AOT-00-99-00237-00	153,794
Save the Children Federation, Inc.	98	84010418A	50,365
USAID	98.011	AL-017	1,847
Weidemann Associates, Inc.	98	PASSN-2008-01-BU	20,786
Agency for International Development Total			<u>544,734</u>
Department of Labor			
Mathematica Policy Research, Inc.	17	06698S00161	29,131
Mathematica Policy Research, Inc.	17	6541-08-037	103,233
Department of Labor Total			<u>132,364</u>
Department of Agriculture			
Indiana University	10.206	501992	10,295
University of New Hampshire	10.652	PZ10-0009	62,751
Department of Agriculture Total			<u>73,046</u>
Department of Commerce			
Board of Regents, University of Wisconsin	11.440	G075773	24,911
The University of Rhode Island	11.417	040510/0002476	5,809
University of Maryland, College Park	11.440	Z762501	72,722
University of Maryland, College Park	11.440	Z765101	4,522
University of Maryland, College Park	11.440	Z765201	141,086
University of Rhode Island	11.472	012207/0001224	116
Woods Hole Oceanographic Institution	11.417	A100704	1,000
Department of Commerce Total			<u>250,166</u>
Department of Defense			
American Cancer Society	12	IRG-72-001-33	2,550
Arizona State University	12.300	10-366	6,035
BAE Systems	12	678520	52,011
Battelle Columbus Operations	12	TCN09101	23,814
Battelle Memorial Institute	12	220634	31,932
BioMimetic Systems, Inc.	12	FA9550-10-C-0094	8,811
Boston Medical Center	12.420	0262001	330,009
Boston Medical Center	12.420	W81XWH-08-1-0148	20,011
Boston Micromachines Corporation	12	W911NF-08-C-0006	55,844
Brigham and Women's Hospital	12.420	W81XWH-07-2-0011	29,261
Charles River Analytics, Inc.	12	SC0904001	41,670
Draper Laboratory	12	PO001-0001014451	31,154
Henry M. Jackson Foundation	12	125796	24,947
Hewlett Packard	12	HR0011-09-3-0001	564,281
HRL Laboratories, LLC	12	801881-BS	323,062
Impulse Devices, Inc.	12	W9113M-07-S2-BASE	350,570
Massachusetts General Hospital	12	W81XWH-09-2-0001	29,751
Massachusetts General Hospital	12.420	208358	53,847
Massachusetts General Hospital	12.420	215444	6,923

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Defense, (continued)			
Massachusetts General Hospital	12.420	W81XWH-07-2-0011	\$ 21,102
Massachusetts General Hospital	12.420	207112	13,501
Massachusetts Institute of Technology	12.300	5710002582	42,573
Massachusetts Institute of Technology	12.300	5710002632	57,538
Massachusetts Institute of Technology	12.300	5710002645MOD001	57,277
Massachusetts Institute of Technology	12.431	5710002401	211,960
Massachusetts Institute of Technology	12.800	5710002021	108,997
MIT Lincoln Laboratory	12	7000097487	16,071
MIT Lincoln Laboratory	12	7000097488	16,071
MIT Lincoln Laboratory	12	7000097510	8,432
MIT Lincoln Laboratory	12	7000109721	29,481
Ohio State University Research Foundation	12.800	RF01060065	144,937
Photronix, Inc.	12	FA9453-07-C-0048	242
Physical Sciences, Inc.	12	44291-6050-46	7,046
Science Research Laboratory, Inc.	12	C-0457-383	16,261
Tufts University	12.431	ARM168	203,928
University of New Hampshire	12	PZ09016	3,700
University of North Carolina	12.420	5-35862	23,737
University of Rochester	12.431	413005-G	119,366
University of Rochester	12.630	412333-G	75,154
Weidlinger Associates, Inc.	12	20932125-BU-001	847
Worcester Polytechnic Institute	12.420	2009-215003-1	14,797
Department of Defense Total			<u>3,179,501</u>
Department of Education			
Boston Public Schools	84.215	0000509737	26,711
University of Pittsburgh	84.027	600796-1	1,236
University of Pittsburgh	84.027	600917-1	132,385
Department of Education Total			<u>160,332</u>
Department of Energy			
ALEM-RMD Joint Venture	81.049	C09-13	16,826
ALEM-RMD Joint Venture	81.049	DE-FG02-05ER84160	(2,254)
Battelle Energy Alliance, LLC	81	00088946	30,654
Battelle Energy Alliance, LLC	81	00096770	60,257
Duke University	81.049	08-SC-DOE-1037	24,205
Duke University	81.049	10-DOE-1053	67,391
Metal Oxygen Separation Technologies, Inc.	81	4000091722	16,251
Tulane University	81.049	TUL-538-06/07	81,032
Tulane University	81.049	TUL-539-06/07	1,546
University of Oregon	81.049	234151Z	11,223
University of Oregon	81.049	234171I	122
UT-Battelle LLC/ORNL	81	4000053931	168,235
UT-Battelle, LLC	81	4000091123	21,270
Department of Energy Total			<u>496,758</u>
Department of Health and Human Services			
ALEM-RMD Joint Venture - ARRA	93.701	C10-16	31,501
Allina Health System	93.213	Not Available	18,965
Alzheimer's Disease Cooperative Study (University of California, San Diego)	93.866	AG10483	821
Aphios Corporation	93.395	1 R41 CA126317 01A1	(2,848)
Behavioral Tech Research, Inc.	93.242	R44MH079525-02	117,255
Beth Israel Deaconess Medical Center	93.394	5R21CA129758-02	6,779
Beth Israel Deaconess Medical Center	93.394	5R21CA129758-03	6,854
Beth Israel Hospital	93.395	R01CA119045-01A2	169,259
Beth Israel Hospital	93.846	1R01AR05398601-A1	102,617
Beth Israel Hospital	93.865	HD046442	8,624
BioMimetic Systems, Inc. - ARRA	93.701	1R41EY019780-01	31,737
Boston Area Diabetes Endocrinology Research Center	93.847	5 P30 DK57521 09	(336)

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
Boston College	93.173	1097-1	\$ 163,012
Boston College	93.310	1092-3	31,417
Boston College	93.859	06-846	41,305
Boston Medical Center	93.110	283401	7,533
Boston Medical Center	93.136	0286301	9,426
Boston Medical Center	93.243	INTF2330M04W76112076	28,482
Boston Medical Center	93.243	0252102	23,749
Boston Medical Center	93.273	226001	66,483
Boston Medical Center	93.273	5R01AA016059-03	1,654
Boston Medical Center	93.273	5R01AA016059-04	9,098
Boston Medical Center	93.273	5 R01 AA016059 04	57,951
Boston Medical Center	93.279	212103	109,438
Boston Medical Center	93.279	0269101	3,697
Boston Medical Center	93.279	1R01DA025068-02	278,197
Boston Medical Center	93.279	3R01DA025068-02S1	35,269
Boston Medical Center	93.279	5R01DA025068-03	21,540
Boston Medical Center	93.283	252002	22,539
Boston Medical Center	93.283	252801	30,004
Boston Medical Center	93.283	0252003	96,830
Boston Medical Center	93.283	CI000508 01	(1,227)
Boston Medical Center	93.283	H133 N060024	81,762
Boston Medical Center	93.393	0268301	14,410
Boston Medical Center	93.393	0268401	52,903
Boston Medical Center	93.395	5 R01 CA120950 02	80,375
Boston Medical Center - ARRA	93.701	0379001	49,262
Boston Medical Center	93.837	0277201	426,258
Boston Medical Center	93.837	0277202	136,251
Boston Medical Center	93.837	0281301	35,908
Boston Medical Center	93.839	187603	152
Boston Medical Center	93.847	0187008	9,239
Boston Medical Center	93.856	199103	(248)
Boston Medical Center	93.866	260301	18,480
Boston Medical Center	93.866	270501	32,191
Boston Medical Center	93.866	0260301	69,511
Boston Medical Center	93.866	0270502	27,276
Boston Medical Center	93.866	5P30AG031679-02	93,082
Boston Medical Center	93.866	0252701	42,228
Brandeis University	93	4-01238	609
Brandeis University	93.866	4-01176	18,849
Brigham and Women's Hospital	93.846	103128	84,784
Brigham and Women's Hospital	93	101949	29,940
Brigham and Women's Hospital	93.113	701381	(13,200)
Brigham and Women's Hospital	93.121	103106	100,329
Brigham and Women's Hospital	93.121	104726	337,865
Brigham and Women's Hospital	93.121	151762	1,326
Brigham and Women's Hospital	93.121	103106-1	28,806
Brigham and Women's Hospital	93.121	103438-1	335,331
Brigham and Women's Hospital	93.242	145911	4,078
Brigham and Women's Hospital	93.242	Not Available	12,360
Brigham and Women's Hospital - ARRA	93.701	104980	50,040
Brigham and Women's Hospital - ARRA	93.701	105099	18,327
Brigham and Women's Hospital - ARRA	93.701	105126	46,071
Brigham and Women's Hospital	93.846	101643, 101578, 102909, 101947	7,236
Brigham and Women's Hospital	93.853	156611	16,042
Brigham and Women's Hospital	93.855	104684	8,331
Brigham and Women's Hospital	93.864	104182	18,801
Broad institute	93	5710002288	133,515
Brown University	93.393	0000154	357,924
California Pacific Medical Center Research Institute	93.866	2803204-S087	30,115
Case Western Reserve University - ARRA	93.701	RES504484	135,671

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
Children's Hospital Boston	93.121	10035SUB	\$ 52,805
Children's Hospital Boston	93.837	R01HL087798-04	63,318
Children's Hospital Boston	93.243	U79SM058141	37,316
Children's Hospital Boston - ARRA	93.701	0000323970	52,747
Children's Hospital Boston - ARRA	93.701	82084	221,489
Children's Hospital Boston	93.837	0000326029	36,881
Children's Hospital Boston	93.837	0000305230	100,891
Children's Hospital Boston	93.837	0000285779	3,236
Cleveland Clinic Foundation	93	HHSN268200700018C	140,255
Columbia University	93.394	5-36866	111,914
Commonwealth of Massachusetts	93	200-2001-00082	34,318
Commonwealth of Massachusetts	93	INTF3122HH2W97913014	405,858
Commonwealth of Massachusetts	93	INTF3500HH2706811191	9,911
Commonwealth of Massachusetts	93.121	1R01DE017716-01A2	159,178
Commonwealth of Massachusetts	93.283	INTF3122H25RFR3AW001	(3,779)
Commonwealth of Massachusetts	93.889	4510-0404	220,891
Dana-Farber Cancer Institute	93.172	1158101	12,350
Dana-Farber Cancer Institute	93.855	1149601	50,966
Dartmouth College	93	5 P01 GM068087-07	8,865
Dartmouth College	93.859	592	204,907
Dimagi, Inc.	93	HHSN261200800033C	52,035
Duke University	93	3038571	(10,312)
EIC Laboratories	93.853	5 R44 NS049687 03	74,819
Energetiq Technology, Inc.	93.389	147-01	43,250
Fenway Community Health Center	93	DA017616	(45)
Fenway Community Health Center	93	Not Available	2,402
Georgetown University	93.393	RX4442-003-BU	97,602
Harvard School of Public Health	93.061	1P02TP00307-01	92,132
Harvard School of Public Health	93.110	1T02MC09378-01-00	7,948
Harvard School of Public Health	93.135	CCU115807-06	3,128
Harvard School of Public Health	93.262	5 U19 OH08861 02	7,764
Harvard School of Public Health	93.286	EB006195	6,256
Harvard School of Public Health	93.286	23590-114343	66,184
Harvard School of Public Health	93.859	23570-114041-1	34,408
Harvard School of Public Health	93.865	5 U01 HD052102 05	32,030
Harvard University	93	148988.068	15,440
Harvard University	93.135	5U48DP000064-04	5,851
Harvard University	93.136	23650-115772	8,956
Harvard University	93.262	2T42OH008416-05	10,000
Harvard University	93.262	5U19OH008861-03	39,977
Harvard University - ARRA	93.701	149729.386546.0265	15,121
Harvard University	93.855	149047.0743	27,529
Harvard University	93.855	149047.0824	90,451
Harvard University	93.855	149632.0003	153,799
Harvard University	93.859	5012846-00	56,011
Harvard University	93.864	23570-114045	301,274
Harvard University	93.866	158175-0004	32,120
Harvard University	93.866	158175-0010	6,082
Harvard University	93.866	AG008812	(15,967)
Hebrew Rehab Center for Aged	93	1R01AR057118-01	39,581
Hebrew Rehab Center for Aged	93	5R01AG025489-04	24,580
Hebrew Rehab Center for Aged	93.866	90030	34,831
Hebrew Rehab Center for Aged	93	044-241-6963-5	28,993
Hebrew Rehab Center for Aged	93	10.10.92230	3,581
Hebrew Rehab Center for Aged	93.846	90028	12,500
Hebrew Rehab Center for Aged	93.846	90036	307,872
Hebrew Rehab Center for Aged	93.846	2R01AR047853-07	46,434
Hebrew Rehab Center for Aged	93.866	HRC92122	8,045
Hektoen Institute for Medical Research, LLC - ARRA	93.701	50651-324-BU2AI34993-S1	32,142
Hektoen Institute for Medical Research, LLC	93.855	50608-324-BU1AI34993	19,466
Hektoen Institute for Medical Research, LLC	93.855	50609-324-BU1AI034993	6,677

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
Immune Tolerance Network	93.855	3324SC	\$ 353,338
Indiana University	93.847	IUPUI4682197BU	132,394
Indiana University	93.849	R01DK059933	77,135
Institute for the Biocultural Study of Religion, Inc.	93.173	5 R01 DC008290-03	19,713
Johns Hopkins University	93.866	2000407677	294,562
Joslin Diabetes Center	93.855	5R24AI072073-02	(4,384)
Kaiser Foundation Research Institute - ARRA	93.701	115-9155-01	45,299
Legacy Emanuel Hospital & Health Center	93.853	R01MH083973	16,381
Leland Stanford Junior University	93	23057560-41466-F	240,730
Massachusetts Eye and Ear Infirmary	93.173	R01 DC007528-02	43,431
Massachusetts Eye and Ear Infirmary	93.173	2R01DC005775-06A1	38,010
Massachusetts Eye and Ear Infirmary	93.173	5R01DC005775-07	63,389
Massachusetts Eye and Ear Infirmary - ARRA	93.701	2R01EY014458-06A1	46,388
Massachusetts Eye and Ear Infirmary	93.867	1R01 EY019654-01	7,925
Massachusetts General Hospital	93	Not Available	3,548
Massachusetts General Hospital	93	3262-5	53,303
Massachusetts General Hospital	93.173	206553	51,491
Massachusetts General Hospital	93.279	214120	(5)
Massachusetts General Hospital	93.283	206401	64,319
Massachusetts General Hospital	93.394	204767	22,674
Massachusetts General Hospital	93.394	214991	5,801
Massachusetts General Hospital	93.837	203660	44,573
Massachusetts General Hospital	93.837	1200-208364	31,709
Massachusetts General Hospital	93.838	205123	37,940
Massachusetts General Hospital	93.846	5 R21 AR53992 02	15,578
Massachusetts General Hospital	93.847	207092	308,674
Massachusetts General Hospital	93.847	208376	14,961
Massachusetts General Hospital	93.853	208128	85,780
Massachusetts General Hospital	93.853	208128	42,482
Massachusetts General Hospital	93.853	208138	94,035
Massachusetts General Hospital	93.853	P01 NS058793	6,199
Massachusetts General Hospital	93.853	5-R01 NS34189	5
Massachusetts General Hospital	93.854	2P01NS1636729	257,856
Massachusetts General Hospital	93.854	NS16367	4,031
Massachusetts General Hospital	93.854	2 P01 NS16367 30	3,032
Massachusetts General Hospital	93.854	5 P50 NS016367 28	(41,650)
Massachusetts General Hospital	93.854	5 P50 NS016367 27	(5,111)
Massachusetts General Hospital	93.855	206547	23,833
Massachusetts General Hospital	93.866	AG004953	(354)
Massachusetts Institute of Technology	93.173	5710001669	6,636
Massachusetts Institute of Technology	93.173	5710002175	28,352
Massachusetts Institute of Technology	93.853	116437/115709	91,041
Massachusetts Institute of Technology	93.397	5710002693	36,364
Mattek Corporation	93.855	UAI070914A	174,789
Mattek Corporation	93.866	259677	(325)
Mayo Clinic	93	MCRN-0054-CPN-MYO	62,172
Mayo Clinic	93.867	7 R01 EY14467 06	(466)
McLean Hospital	93.242	5P50MH060450-10	230,591
McLean Hospital	93.242	P50MH060450-09	(3,733)
Medical College of Wisconsin	93.310	1059181	90,326
Medical College of Wisconsin	93.310	U19AI067734-05	343,651
Medical College of Wisconsin	93.855	1-RC1-AI081294-01	19,934
Medical Discovery Partners, Inc.	93.838	1R43HL093903-01	6,930
Microbiotix Inc.	93.855	1U01AI082052-01	132,342
National Jewish Health - ARRA	93.701	22210451	428,722
Network Biosystems, Inc. - ARRA	93.701	1 U01 AI02050-01	19,658
New England Medical Center	93.837	5R01HL081352-04	116,838
New England Medical Center	93.846	AR051361	6,286
New England Research Institutes, Inc.	93.847	R01DK080662-01	14,970
New England Research Institutes, Inc.	93.866	R01AG020727	533,488
New England Research Institutes, Inc.	93.866	R44AG026839	59,805

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
New Jersey Institute of Technology	93.286	910013	\$ 71,957
New York University	93.242	08-1416	(50,516)
New York University School of Medicine	93.859	07-0585	16,613
Northeastern University - ARRA	93.701	500140	24,921
Northeastern University	93.867	541760P524317	10,571
Northern California Institute for Research & Education - ARRA	93.701	1462	33,296
NorthShore Research Institute	93	EH03-339-S4	9,418
Northwestern University	93.867	SP0004560/PROJ0001556	8,843
Ohio State University	93.867	RF010780227	67
Oklahoma Medical Research Foundation	93.855	PB090809	188,681
Oklahoma Medical Research Foundation	93.855	PB990790	192
Oregon Health & Science University - ARRA	93.701	Not Available	10,718
Program for Appropriate Technology in Health	93.286	5U54EB007940-03	62,967
Purdue School of Health Sciences	93.866	511-1720-01	121,893
Regents of the University of California, Davis	93.855	06-001238-1-BU	142,412
Riverside Research Institute	93.849	N17-A01	33,905
Riverside Research Institute	93.849	N17-A02	20,089
RTI International	93	13-312-0209853	87,829
Ryerson University	93.242	7R34MH076813-03	92,615
Sanford Research	93.837	SR-2008-10	97,512
Seattle Children's Hospital	93.838	10215SUB	5,561
Seattle Institute for Biomedical and Clinical Research - ARRA	93.701	BJ18-BOSTON-ARRA	192,346
Spaulding Rehabilitation Hospital	93.837	500173	11,654
Spaulding Rehabilitation Hospital	93.866	500187	82,679
Stanford University	93.172	18321860-1125-A	35,933
Stanford University	93.866	PY1570	104
Syracuse University	93.837	16125-00056-S01	108,757
Texas A&M University	93.113	S080016	19,785
Texas A&M University	93.242	5 R01 MH73808 05	236,042
The Brigham and Women's Hospital	93.838	104228	321,859
The Medical College of Wisconsin	93.310	5-U19-A1106774-05	23,914
The Regents of the University of California	93.173	1712GJB624	32,027
The Regents of the University of California	93.866	S-000369	124,992
The Regents of the University of California	93.866	10304007-SUB	37,621
The University of Texas at Austin - ARRA	93.701	UTA09-001041	39,217
The University of Texas Southwestern - ARRA	93.701	GMO-100905	151,615
The University of Wisconsin	93.394	188K661	8,036
The University of Texas Health Science Center at Houston - ARRA	93.701	0007-006-B	76,082
Trustees of Dartmouth College	93.859	592	4,213
Tufts New England Medical Center	93.837	1 R01 HL090997 01	3,250
Tufts University	93	N01-AI-30050	123,333
Tufts University	93.121	5U01DE017788-05	49,101
Tufts University	93.121	5U01DE17788-04	242,034
Tufts University	93.121	U01DE017788-02S1	1,457
Tufts University	93.395	HS3253	975
Tufts University	93.396	HS2651	15,837
Tufts University	93.837	980243	77,188
Tufts University	93.837	HS4935	42,890
Tufts University	93.848	5 R01 DK75030 02	131,082
Tufts University	93.853	HS2877	16,052
Tufts University	93.855	5 R01 AI056021-26	39,843
Tufts University	93.866	HS1884	49,543
Tulane University	93.865	U62/CCU622410-05	150,830
University of Massachusetts Medical Center, Worcester	93.855	6115985/RFS900248	43,764
University of Massachusetts Medical Center, Worcester	93	6113076-RF900151	39,900
University of Massachusetts Medical Center, Worcester	93.859	6109433/RFS900118	25,484
University of Massachusetts Worcester	93.855	1 U19 AI084048-01	243,901
University of Alabama	93.846	221-139	(5,084)
University of Wisconsin	93.856	J033316	311,398
University at Buffalo - ARRA	93.701	R635234	110,505

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
University of Alabama at Birmingham	93.866	5 R01 AG028359 04	\$ 94,822
University of British Columbia	93.853	F09-04856	70,719
University of California San Francisco	93.846	2968SC	(2,377)
University of California	93.838	1460GKB108	160,466
University of California Los Angeles	93.846	1563GJB615	12,340
University of California Los Angeles	93.866	1580GHF562	315,359
University of California San Diego	93.866	ADNI-024	11,034
University of California San Diego	93.866	U01 AG10483	15,808
University of California San Diego	93.853	10231583	(8,443)
University of California San Francisco - ARRA	93.701	5997-SC	46,944
University of Chicago	93.173	31157	26,592
University of Colorado	93.853	FY09.141.001	174,064
University of Georgia	93.866	RR546-019/4184277	4,182
University of Kansas	93.866	FY2010-040	92,060
University of Louisville Research Foundation	93.866	09-1398	283,732
University of Massachusetts Boston	93.242	S20070000060354	213,340
University of Massachusetts Worcester	93.846	6120070/RFS2011014	160,182
University of Massachusetts Worcester	93.846	6120362/RFS2011018	51,035
University of Miami	93.837	66444M	19,963
University of Michigan - ARRA	93.701	3001421875	13,093
University of Minnesota	93.847	P663654801	157,826
University of New Mexico	93.859	889265-8710	134,591
University of North Carolina	93.859	5-50510	(112)
University of North Carolina at Chapel Hill	93.865	5-51424	31,318
University of Pennsylvania	93	Not Available	64,639
University of Pennsylvania	93.837	548346	156,350
University of Pennsylvania	93.866	1U01AG032984-01	191,402
University of Pittsburgh	93.846	1366	9,334
University of Puerto Rico	93.389	3P40RR003640-23S1	51,123
University of Rochester	93.172	412643G	(884)
University of Rochester	93.859	413905-G	40,091
University of Tennessee	93.846	AR-92242	(234)
University of Texas Health Science Center at Houston	93.395	A11737	111
University of Texas, Houston - ARRA	93.701	0007224D	73,879
University of Toledo	93.279	N-2009-06	4,771
University of Tulane (UTAP)	93.865	U62/CCU622410-04	724,145
University of Utah - ARRA	93.701	WHITE10013543-001	67,915
University of Utah	93.853	WHITE10009989-001	8,986
University of Virginia - ARRA	93.701	ZC10075-134964	48,968
University of Washington	93.847	5R01DK079042-02	54,785
University of Washington	93.848	29471P	(28,757)
University of Washington	93.849	899854	3,910
University of Washington	93.866	818019	46
University of Washington	93.866	655885	25,040
University of Wisconsin	93.856	J033316	30,033
University of Wisconsin	93.856	J033316	116,202
University of Wisconsin	93.856	X561164	8,011
University of Wisconsin	93.856	X561164	502,592
University of Wisconsin	93.866	X-329792	151,511
Utah State University - ARRA	93.701	090011-002	64,143
Vanderbilt University	93.849	5P01DK3822622	20,484
Washington University	93.837	WU-10-77	103,218
Washington University in St. Louis	93.837	WU-07-99	693,114
Wave 80 Biosciences, Inc.	93	W802010001	12,180
Yale University	93.226	A06745	31,547
Yale University	93.226	A07347	48,332
Yale University	93.279	A06469	118,697
Yale University	93.867	Not Available	586
Yale University	93.279	A06106	66,645

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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
Department of Health and Human Services, (continued)			
Yale University - ARRA	93.701	AS0190(M10A10467)	\$ 55,615
Zoiray Technologies Inc	93.866	1R43AG034720-01	37,806
Zoiray Technologies, Inc.	93.847	1R43DK083167-01	43,711
Department of Health and Human Services Total			<u>22,990,753</u>
Department of the Interior			
University of Illinois at Urbana-Champaign	15.608	2006-05096-01	9,078
University of Massachusetts Amherst	15	10-005983 A 00	9,597
University of Massachusetts Amherst	15.810	09-005476A00	17,500
Department of the Interior Total			<u>36,175</u>
National Aeronautics and Space Administration			
Boston Micromachines Corporation	43	NNX10CE08P	10,385
Boston Micromachines Corporation	43	NNC07CA31C	(259)
California Institute of Technology, Jet Propulsion	43	1311047	38,772
California Institute of Technology, Jet Propulsion	43	1316618	25,455
Jet Propulsion Laboratory	43	1367149	34,828
Johns Hopkins University	43	923497	11,786,883
Johns Hopkins University	43	943045	3,222
Johns Hopkins University / Applied Physics Laboratory	43	923497	371,792
Lowell Observatory	43	24261	(2,495)
Massachusetts Institute of Technology	43	5710002035	54,914
Massachusetts Institute of Technology	43	5710002308	54,930
Montclair State University	43	NNX09AL03G-2	49,475
Photon Systems, Inc.	43	100108	30,957
Photon Systems, Inc.	43	PSI-90119	8,519
Scientific Systems Co.	43	1474-1	71,175
Smithsonian Astrophysical Observatory	43	G07-8132A	(121)
Smithsonian Astrophysical Observatory	43	G08-9097X	(147)
Smithsonian Astrophysical Observatory	43	GO9-0147X	98,963
Southwest Research Institute	43	699068N	659,101
Space Telescope Science Institute	43	HST-GO-10140.01-A	12
Space Telescope Science Institute	43	HST-GO-11566.02-A	39,067
Space Telescope Science Institute	43	HST-GO-11649.01-A	20,689
Space Telescope Science Institute	43	HST-GO-11970.01-A	21,598
Space Telescope Science Institute	43	HST-GO-11984.01-A	40,697
Space Telescope Science Institute	43	HST-GO-10507.01	(6)
Space Telescope Science Institute	43	HST-GO-11170.01-A	(2,111)
Space Telescope Science Institute	43	HST-GO-11344.01-A	(11)
The University of New Hampshire	43	10-075	16,246
University of Arizona	43	Y502545	61,732
University of California Los Angeles	43	2155GEB116	(149)
University of Colorado	43	63729	(813)
University of Maryland Baltimore County	43	0000007202	9,380
University of New Hampshire	43	08-103	108,670
National Aeronautics and Space Administration Total			<u>13,611,350</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research and Development Pass-Through Programs			
National Science Foundation			
Administrators of the Tulane Educational Fund - ARRA	47.082	TUL-588-09/10	\$ 20,589
Brandeis University	47.074	4-00674	52,609
Case Western Reserve University	47.049	RES502677	49,154
Children's Hospital Boston	47.070	80295	24,109
Columbia University	47.049	563669	751,938
Columbia University	47.050	5-24334	14,332
Consortium for Ocean Leadership	47.050	BA-6	6,231
Consortium for Ocean Leadership	47.050	SA10-03	16,378
Consortium for Ocean Leadership	47.050	T322A6	8,036
Cyber Materials LLC	47.041	OII-548726	(26)
Cyber Materials LLC	47.041	IPP-0724382	7,224
Gallaudet University	47.075	15914	966
Gallaudet University	47.075	0000018407	202,840
Gallaudet University	47.075	SBE-0541953	54,710
IODP Management International, Inc.	47	IODP-MI-10-02	32,755
Metal Oxygen Separation Technologies, Inc. - ARRA	47.082	IIP-0912743	28,102
National Radio Astronomy Observatory	47.049	GSSP09-0005	7,823
Northeastern University	47.041	4001248050	623
Northeastern University	47.041	400013P104935	541,249
Northeastern University	47.041	400117P624841	23,893
Northeastern University	47.041	400118P823399	45,265
NorthWest Research Associates, Inc.	47.050	NWRA-09-S-121	27,585
Old Dominion University Research Foundation	47.079	08-127-371981	50,106
Plasma Technology Incorporated - ARRA	47.082	IIP-0930750	40,890
Rensselaer Polytechnic Institute	47.041	A12020	483,159
The Regents of the University of California	47.049	SUB09000769-BU	70,231
University Corporation for Atmospheric Research (UCAR)	47.050	S07-61570	17,793
University of California Los Angeles	47.049	1000GHD770	205,837
University of Colorado, Boulder	47.071	1546786	8,036
University of Southern California	47.050	119521	2,838
University of Tennessee/Knoxville	47.074	OR5871-001.01	(1,780)
University of Virginia	47.074	GA10618-127104	4,713
University of Washington	47.050	623294	24,278
University of Wisconsin	47.070	092K643	621
Woods Hole Oceanographic Institution	47.074	WHRC-B2006B	43,837
National Science Foundation Total			<u>2,866,944</u>
Department of Homeland Security			
Northeastern University	97.061	504928P0902638	344,244
Department of Homeland Security Total			<u>344,244</u>
Research and Development Pass-Through Programs Total			<u>44,686,367</u>
Total Research and Development			<u>\$ 286,827,704</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research Training Direct Programs			
Department of Commerce	11.609		\$ 2,667
Department of Defense			
Army	12.420		20,140
National Security Agency	12.901		157,964
National Security Agency	12.902		194,564
Department of Defense Total			<u>372,668</u>
Department of Education			
Department of Education	84.133		1,260,753
Department of Education	84.170		20,458
Department of Education	84.325		162,229
Department of Education	84.015		233,954
Department of Education	84.047		568,826
Department of Education Total			<u>2,246,220</u>
Department of Health and Human Services			
Center for Disease Control	93.061		22,381
Health Resources and Services Administration	93.110		801,613
Health Resources and Services Administration	93.249		341,715
Health Resources and Services Administration	93.247		16
Health Resources and Services Administration	93.924		329,439
Health Resources and Services Administration	93.884		556,886
Health Resources and Services Administration	93.145		756
Health Resources and Services Administration	93.236		56,698
Health Resources and Services Administration	93.925		152,395
Health Resources and Services Administration - ARRA	93.407		68,405
Subtotal of Department of Health Resources and Services Administration			<u>2,307,923</u>
National Cancer Institute	93.398		(2,013)
National Center for Health Research Resources	93.389		43,058
National Center for Health Research Resources - ARRA	93.701		109,589
Subtotal of National Center for Health Research Resources			<u>152,647</u>
National Eye Institute	93.867		(10,857)
National Institute of Arthritis & Musculoskeletal & Skin Diseases	93.846		130,257
National Institute of Allergy and Infectious Diseases	93.855		151,626
National Institute of Allergy and Infectious Diseases	93.856		34,961
National Institute of Allergy and Infectious Diseases - ARRA	93.701		90,661
Subtotal of National Institute of Allergy and Infectious Diseases			<u>277,248</u>
National Institute of Child Health and Human Development	93.864		460,961
National Institute of Child Health and Human Development	93.865		239,255
Subtotal of National Institute of Child Health and Human Development			<u>700,216</u>
National Institute of Environmental Health Services	93.113		244,302
National Institute of General Medical Sciences	93.859		687,820
National Institute of General Medical Sciences - ARRA	93.701		236,700
Subtotal of National Institute of General Medical Sciences			<u>924,520</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research Training Direct Programs			
National Institute of Neurological Disorders and Stroke	93.853		\$ 171,491
National Institute on Aging	93.866		783,474
National Institute on Deafness & Other Communication Disorders	93.173		12,884
National Institute on Drug Abuse	93.279		15,239
National Institute on Drug Abuse	93.278		<u>50,038</u>
Subtotal of National Institute on Drug Abuse			65,277
National Institute on Mental Health	93.242		28,630
National Institute on Mental Health	93.282		<u>505,228</u>
Subtotal of National Institute on Mental Health			533,858
National Heart, Lung, and Blood Institute	93.837		1,112,892
National Heart, Lung, and Blood Institute	93.838		1,109,965
National Heart, Lung, and Blood Institute	93.839		<u>358,209</u>
Subtotal of National Heart, Lung, and Blood Institute			2,581,066
Agency for the Bureau of Health Professionals	93.298		14
Agency for Healthcare, Research, and Quality	93.226		25,333
National Institute of Biomedical Imaging and Bioengineering	93.286		<u>148,912</u>
Department of Health and Human Services Total			<u>9,068,933</u>
National Aeronautics and Space Administration	43		63,639
National Endowment for the Arts	45.024		34,941
National Endowment for the Humanities	45.163		140,806
National Science Foundation			
National Science Foundation	47.041		56,522
National Science Foundation	47.049		473,861
National Science Foundation	47.074		86,929
National Science Foundation	47.076		2,241,973
National Science Foundation	47.079		31,119
National Science Foundation - ARRA	47.082		<u>441,292</u>
National Science Foundation Total			<u>3,331,696</u>
Research Training Direct Programs Total			<u>\$ 15,261,570</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Research and Development and Research Training Programs Cluster			
Research Training Pass-Through Programs			
Department of Defense			
Institute of International Education	12.550	U634005-BU	\$ 133,272
Massachusetts General Hospital	12.420	208359	89,550
Department of Defense Total			<u>222,822</u>
Department of Education			
Boston Public Schools	84.215	537683	40,287
Boston Public Schools	84.010	24414	81,559
Commonwealth of Massachusetts	84.027	CTDOE88300BOSUNIV07SEPLT2	446
Commonwealth of Massachusetts	84.027	CTDOE108300BOSTON09SEPLT5	30,000
Commonwealth of Massachusetts	84.027	CTDOE108300TRUSBOSTONUNIV	6,682
Commonwealth of Massachusetts	84.027	268-001-9-3412-J	19,680
Commonwealth of Massachusetts	84	RFR2008STEM001	100,628
Commonwealth of Massachusetts	84.366	150-020-9-3412-J	224,348
Commonwealth of Massachusetts	84.366	150-008-0-3412-K	51,984
Commonwealth of Massachusetts	84.367	CTRGTFY08BOSTONUNIVITQ08	127,492
University of Montana	84.133	PG09-25902-02	2,833
University of Montana	84.133	PG10-25903-02	15,575
Department of Education Total			<u>701,514</u>
Department of Health and Human Services			
Boston Medical Center	93.156	0253201, 0253202 and 0253203	153,800
Commonwealth of Massachusetts	93	RESEARCHSERVEHH20000	117,702
Dartmouth College	93.989	468	34,430
Harvard University	93.879	151844	107,981
Hewlett-Packard Company	93.879	151844.1770/1771/1772	(31)
University of Massachusetts - Worcester	93.107	6100233	4,333
National Center for Healthy Housing	93	NCHH-07-1063	5,209
National Center for Healthy Housing	93	NC HH-07-1063	8,740
University of Massachusetts Medical School, Worcester	93.145	H4AHA00050-07-00	373
University of Massachusetts Medical School, Worcester	93.145	6114031 ETC-6	38,408
University of Massachusetts Medical School, Worcester	93.107	6113589	22,381
University of Massachusetts Medical Center	93.107	6056354	44
Brigham and Women's Hospital	93.233	2T32 HL07901-11	3,462
Brigham and Women's Hospital	93.837	T32 HL007901-12	25,449
Brigham and Women's Hospital	93.846	103756	25,362
Department of Health and Human Services Total			<u>547,643</u>
National Science Foundation			
Institute for Advanced Study	47.049	7430-2305	60,000
Computing Research Association	47.070	CIF-235	102,254
National Science Foundation Total			<u>162,254</u>
Department of State			
Institute of International Education	19.400	Not Available	77,177
Department of State Total			<u>77,177</u>
Action - Corporation for National and Community Service			
Jumpstart for Young Children, Inc.	94.006	840200	55,439
Jumpstart for Young Children, Inc. - ARRA	94.006	840200R	2,022
Action - Corporation for National and Community Service Total			<u>57,461</u>
Research Training Pass-Through Programs Total			<u>1,768,871</u>
Total Research and Training			<u>17,030,441</u>
Total Research and Development and Research Training Programs Cluster			<u>\$ 303,858,145</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Student Financial Assistance Program Cluster			
Department of Education			
Academic Competitiveness Grants	84.375		\$ 901,775
Federal Pell Grant Program	84.063		9,258,958
Federal Supplemental Educational Opportunity Grants	84		3,300,677
Federal Work Study	84.033		3,244,417
Federal Work Study - ARRA	84.033		984,851
National Science and Mathematics Access to Retain Talent Grants	84.376		451,500
Teacher Education Assistance for College and Higher Education Grants	84.379		4,000
Total Student Financial Assistance Program			<u>\$ 18,146,178</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Construction Program			
Department of Health and Human Services - Construction Program			
National Institute of Allergy and Infectious Diseases (operating) (Note 6)	93.856		\$ 4,997
National Institute of Allergy and Infectious Diseases (construction) (Note 6)	93.856		-
Construction Program Total			<u>\$ 4,997</u>
Other Programs			
Direct Programs			
Agency for International Development	98.001		\$ 3,908
Department of Commerce	43		29,376
Department of Defense Army	12.420		96,196
Department of Education			
Department of Education	84.133		367,915
Department of Education	84.015		271,542
Department of Education Total			<u>639,457</u>
Department of Energy	81.108		879,989
Department of Health and Human Services			
Health Resources and Services Administration	93		287,521
Health Resources and Services Administration	93.145		485,247
Health Resources and Services Administration	93.928		577,749
Subtotal of Health Resources and Services Administration			<u>1,350,517</u>
National Center for Complementary & Alternative Medicine	93.213		98,937
National Institute of Arthritis & Musculoskeletal & Skin Diseases	93.846		77
National Institute of Biomedical Imaging and Bioengineering	93.286		28,960
National Institute of Child Health and human Development	93.865		14,849
National Institute on Aging	93.866		188,295
National Institute on Mental Health	93.242		3,406
Public Health Services	93		(1)
Substance Abuse and Mental Health Services Administration	93.243		66,351
Department of Health and Human Services Total			<u>1,751,391</u>
Department of Veterans Affairs	64		2,045,067
Department of Justice	16		169,375
Environmental Protection Agency	66.716		53,244
National Aeronautics and Space Administration	43		161,816
National Endowment for the Arts	45.024		11,718
National Science Foundation			
National Science Foundation	47.041		13,381
National Science Foundation	47.049		34,000
National Science Foundation	47.070		63,309
National Science Foundation	47.076		254,846
National Science Foundation	47.079		11,080
National Science Foundation	47.075		119,077
National Science Foundation	47		2,888
National Science Foundation Total			<u>498,581</u>
Other Programs Direct Total			<u>\$ 6,340,118</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Other Programs			
Pass-through Programs			
Agency for International Development			
Science Applications International Corporation	98	4400136746	\$ 95,392
Science Applications International Corporation	98	P010041885	88,980
Emerging Markets Group	98	4390-CPFF-07-02	<u>403,815</u>
Agency for International Development Total			<u>588,187</u>
Commonwealth of Massachusetts			
Center for Disease Control	93.069	INTF6208HH4005212094	132,683
Department of Agriculture	10.559	13-035-SF-30	12,159
Substance Abuse and Mental Health Services Administration	93.959	INTF2330M04703015074	811,238
Substance Abuse and Mental Health Services Administration	93.247	INTF4107M044803210018	19,503
Department of Education	84.334	Not Available	<u>4,000</u>
Commonwealth of Massachusetts Total			<u>979,583</u>
Department of Education			
Boston Medical Center	84.133	239101	85,321
Boston Public Schools	84.010	29798	3,654
Center for Civic Education	84.304	CC 08-09 5801 MA	(6)
Center for Civic Education	84.304	CC 08-09 5804 MA	4,887
Center for Civic Education	84.304	CC 09-10 5801 MA	46,367
Center for Civic Education	84.304	CC 09-10 5804 MA	20,876
Center for Civic Education	84.304	INT85747MA	<u>7,954</u>
Subtotal of CFDA 84.304			80,078
Finance Authority of Maine	84.334	92736	<u>5,350</u>
Department of Education Total			<u>174,403</u>
Department of Health and Human Services			
A Woman's Concern, Inc.	93	Not Available	136,553
New Jersey Medical School	93	P0274388	<u>15,811</u>
Subtotal of CFDA 93			152,364
Casa Esperanza, Inc.	93.243	1 H79 TI16675-05	16,991
Casa Esperanza, Inc.	93.243	1 H79 TI019697	63,389
Institute for Healthy and Recovery, Inc.	93.243	1U79SMO59460-01	42,636
NAMI STAR Center	93.243	5HR1SM056675-05	13,842
Tapestry Health Systems, Inc.	93.243	5 H79 TI018449-03	26,530
Tapestry Health Systems, Inc.	93.243	1H79TI020726-01	27,829
Tapestry Health Systems, Inc.	93.243	1 H79 TI020726-02	41,200
Tapestry Health Systems, Inc.	93.243	5 H79 TI018449-04	59,174
Tapestry Health Systems, Inc.	93.243	U79SP015081-02	33,478
Tapestry Health Systems, Inc.	93.243	1U79SP015081-01	<u>51,422</u>
Subtotal of CFDA 93.243			<u>376,491</u>
CRECare, LLC	93.865	5R42HDO52318-03	187,774
CRECare, LLC	93.866	2R42AG027620	80,533
CRECare, LLC	93.866	1 R41 AG27620 01A1	<u>26</u>
Subtotal of CFDA 93.866			80,559
National Institute of Child Health and Human Development	93.865	5 R13 HD042130-08	<u>8,017</u>
Department of Health and Human Services Total			<u>805,205</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, 2010

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Number	Total Federal Expenditures
Other Programs			
Pass-through Programs			
Department of Veterans Affairs			
Boston VA Research Institute	64	24966	\$ 22,379
Department of Veterans Affairs Total			<u>22,379</u>
Leveraging Educational Assistance Partnership			
Commonwealth of Massachusetts (Note 7)	84.069	Not Available	629,110
State of Connecticut (Note 7)	84.069	Not Available	39,000
State of Delaware (Note 7)	84.069	Not Available	1,000
State of Maine (Note 7)	84.069	Not Available	27,600
State of New Hampshire (Note 7)	84.069	Not Available	2,500
State of Pennsylvania (Note 7)	84.069	Not Available	75,082
State of Rhode Island (Note 7)	84.069	Not Available	37,650
State of Vermont (Note 7)	84.069	Not Available	43,100
Subtotal CFDA 84.069			<u>855,042</u>
State of Rhode Island	84.378	Not Available	1,000
Leveraging Educational Assistance Partnership Total			<u>856,042</u>
National Science Foundation			
National Science Foundation	47.075	BCS-0548399	20,645
University of Massachusetts, Amherst	47.076	05-003146 G 00	152,272
University of Notre Dame	47.049	PHY-0715396	3,100
William Marsh Rice University	47.070	R3A592	28,177
National Science Foundation Total			<u>204,194</u>
Other Pass-Through Programs Total			<u>3,629,993</u>
Total Other Programs			<u>9,975,108</u>
Total Federal Expenditures			<u>\$ 331,979,431</u>

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

Boston University

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

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, 2010. The information in this Schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. 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.

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. CFDA numbers and pass-through numbers are provided when available.

3. Facilities and Administrative Costs

The University has been approved for a five-year predetermined facilities and administrative cost rate which is effective from July 1, 2009 through June 30, 2014 for fiscal year on-campus and off-campus sponsored research activities. The predetermined rate was based on fiscal year 2008 financial information submitted utilizing the OMB Circular A-21 *Cost Principles for Educational Institutions* long form modified total direct cost base method. The base rate for on-campus research is 62.5% for the period July 1, 2009 through June 30, 2011, 63.5% for the period July 1, 2011 through June 30, 2012, and 63.7% for the period July 1, 2012 through June 30, 2014. The base rate for off-campus research is 26.0% for the period July 1, 2009 through June 30, 2014.

Boston University
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

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, 2010 consists of:

	Federal CFDA Number	Loans Issued	Outstanding Balance
Perkins	84.038	\$ 5,943,078	\$ 42,450,064
Medical - Primary Care	93.342	231,650	1,863,230
HPSL - Medical	93.342	-	55,912
HPSL - Dental	93.342	225,000	1,001,264
LDS - Dental	93.342	25,000	505,660
LDS - Medical	93.342	25,000	280,930
Total Direct Loans		<u>\$ 6,449,728</u>	<u>\$ 46,157,060</u>

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, 2010 are summarized as follows:

	Federal CFDA Number	
Federal Direct Stafford Loan Program	84.032	\$ 177,307,810
Federal Direct PLUS Loan Program	84.032	74,301,075
Total William D. Ford Federal Direct Loans		<u>\$ 251,608,885</u>

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

Boston University
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

5. Awards to Subrecipients

Certain funds are provided to subrecipient organizations by the University. The following expenditures incurred by these subrecipients are reimbursed by the University and included on the Schedule for the year-ended June 30, 2010.

	Federal CFDA Number	Total Federal Expenditure
Sponsoring Agency Pass-through		
Research and Development Cluster	Various	\$ 40,281,802
Research Training Cluster	Various	834,418
Department of Energy	81.108	119,640
National Center for Complementary & Alternative Medicine	93.213	26,431
National Institute of Nursing Research	93.361	332,336
Health Resources and Services Administration	93.928	26,332
Health Resources and Services Administration	93.145	76,648
Department of Education	84.133	52,241
Substance Abuse and Mental Health Services Administration	93.959	438,717
		<u>\$ 42,188,565</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 period ended June 30, 2010, the University incurred \$5,773,212 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 \$4,997, for the year ended June 30, 2010. 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 \$855,042 received from the following states: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, Pennsylvania, Rhode Island, and Vermont.

None of the states have been able to confirm with the University which portion of the award relates to amounts received from the federal government. Therefore, the University has included the full amounts received from the states 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 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, 2010, and have issued our report thereon dated October 8, 2010, which included an additional paragraph related to the University's adoption of ASC 825 - *Financial Instruments*. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 noted certain matters that we reported to management of the University in a separate letter dated November 23, 2010.

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 8, 2010

**Report of Independent Auditors on Compliance with Requirements
That Could Have a Direct and Material Effect on each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

To 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010, 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 of 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 2010-1 and 2010-2.

Internal Control over Compliance

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 the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on the responses.

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

December 22, 2010

Part III

Audit Findings and Questioned Costs

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unqualified	
Internal control over financial reporting		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	_x_ none reported
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	_x_ 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?	_x_ yes	___ 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
Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualifies as a low-risk auditee?	_x_ yes ___ no

II. Financial Statement Findings

None noted.

Boston University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

III. Federal Award Findings and Questioned Costs

2010-1 Return of Title IV Funds Calculations

Grantor: Department of Education

Award Year: 7/1/09 - 6/30/10

Award Numbers: P268K110183 and 001828

CFDA Numbers: 84.032 and 84.038

Condition

Of 25 students selected for return of Title IV refund calculation testing, we noted 2 instances where the federal refund distribution calculations were misstated. In the first instance, the total amount of federal aid inputted into the calculation was misstated, but due to the student withdrawing after the 60% mark of the semester, no refund was required and therefore, there was no financial impact to the Department of Education or student due to this error. The second misstatement in the calculation was the result of the University transposing digits in the amount of total federal aid in the calculation and therefore, the refund calculation was overstated. As a result, the University reimbursed the Department of Education \$499 more than required, but the student subsequently re-enrolled and was awarded the proper amount of federal aid. Both of these errors occurred prior to the University implementing new controls and conducting training for University personnel related to Title IV refunds in the Spring of 2010, as detailed in the University's Fiscal Year 2009 Corrective Action Plan. 4 of the refund selections tested were subsequent to April 1, 2010, and no exceptions were noted.

Criteria

34 CFR Section 668.22(1) states that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date in accordance with paragraph (e) of this section.

Cause

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

Effect

The Return of Title IV Refund calculations were not accurate.

Questioned Cost

None noted.

Recommendation

We recommend the University continue to diligently execute the revised monitoring policies implemented during the Spring of 2010 to ensure the accuracy of the Return of Title IV calculations.

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, 2010

2010-2 Effort Certification

Grantor	Award Year	Award Number	CFDA #
National Institute on Alcohol Abuse	5/1/09 - 4/30/10	5 R01 AA07112	93.273
National Institute on Drug Abuse	7/1/08 - 6/30/11	5 R01 DA01984109	93.279
National Institute of Allergy and Infectious Diseases	3/15/09 - 2/28/10	I U01 AI82121 01	93.855
National Institute on Aging	5/1/09 - 4/30/10	5 T32 AG00115 23	93.866
National Institute on Aging	6/15/09 - 5/31/10	5 K23 AG30962 03	93.866
National Heart, Lung and Blood Institute	7/1/09 - 6/30/11	5 R01 HL083269 04	93.837
National Heart, Lung and Blood Institute	7/1/09 - 6/30/10	2 R01 HL73304-05A2	93.837
National Institute of Biomedical Imaging and Bioengineering	7/1/09 - 6/30/10	5 R01 EB008268-03	93.286
National Institute of Arthritis & Musculoskeletal & Skin Diseases	6/1/09 - 5/31/11	5R21AR056628-02	93.846
Department of Energy	9/1/08 - 8/31/10	DE-FG02-08ER46512	81.049
National Science Foundation - ARRA	9/1/09 - 8/31/11	OCI-0946441	47.082

Condition

University policy requires that Post Award Financial Operations generate Personnel Activity Reports (PARs) on a regular basis for all employees whose compensation is supported by sponsored awards according to the following schedule:

- Faculty, Managerial and Professional Employees: Semi-annually for the periods from July to December and January to June
- Non-Professional, Clerical and Technical Employees: Quarterly for the periods from January to March, April to June, July to September, and October to December
- Graduate Students: Annually for the period from July to June

For the first half of fiscal year 2010, PARs were required by University policy to be completed and returned to the Office of Facilities Cost Analysis within 14 calendar days from the time they were generated from the PAR system. Subsequent to June 30, 2010, however, the University revised their policy to require all PARs to be completed and returned within 60 calendar days from the time they are generated from the PAR system. Management made this policy revision to allow for a more appropriate time period for sufficient reviews to take place to ensure completeness and accuracy of the University PARs and to be more in-line with similar policies at other large research institutions.

60 PARs were selected for testing, which included 26 due under the “old” policy and 34 due under the “revised” policy. Of the 26 PARs tested under the “old” policy, 16 were not submitted in a timely manner and on average, were 35 days late, however, all charges were allowable. Of the 34 PARs tested under the “revised” policy, there were no exceptions.

Criteria

OMB Circular A-21, Section J.10 (c)(1)(2) requires certification of salary distribution, but does not specify the timelines within which the certifications must be collected. At least annually a statement must be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed. For professorial and professional staff, the reports must be prepared each academic term, but no less frequently than every six months. For other

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

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 14 calendar day due date related to effort certification appears to have been too restrictive and therefore, effort reporting was not timely during the first half of fiscal year 2010. This was prior to the implementation of the University's Fiscal Year 2009 Corrective Action Plan, which included a "revised" effort certification policy and the change in the review period noted above.

Effect

Not all certifications of effort were completed and approved within the University's policy in effect during the first half of fiscal year 2010. However, upon implementation of the revision of the review period to 60 days from 14 days; compliance with the University's policy improved, based upon the testing results noted above.

Questioned Cost

None noted.

Recommendation

We recommend the University continue to emphasize their revised effort reporting policies through training and continue to communicate the importance of timeliness and accuracy of sponsored program effort certifications.

Management's Views and Corrective Action Plan

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

Boston University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Summary of Prior Audit Findings

2009-1 Student Financial Aid

Grantor: Department of Education

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

Award Number: P033A081828

CFDA Numbers: 84.032 and 84.033

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, PwC noted 2 work study payroll transactions totaling \$77 where the amounts paid to the student 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, PwC noted 1 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, PwC 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.

Recommendation

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

Status

Exception 1:

To prevent further instances of duplicate time sheet entry, during fiscal year 2010 Student Employment implemented a system enhancement to prevent data entry staff from keying a duplicate time sheet into the Student Payroll System. The new control was fully tested prior to implementation and has been working well to prevent duplicate time sheet entry. No further instances of duplicate time sheet entry have been identified.

Exception 2:

To address the findings relating to the incorrect calculation of student refunds for fiscal 2009, the Office of Financial Assistance put in place two new processes; a report that is run and reviewed weekly, to ensure all student refunds have been correctly calculated, and additional training on the refund calculation for new and experienced staff. These processes were put in place in the spring of fiscal 2010 and the Office of Financial Assistance is confident that with these processes, refunds will be accurately calculated and processed timely. Two instances of incorrect calculations were identified during the fiscal year 2010 A-133 audit; in the first case, the error had no financial consequences, and in the second case, the error was identified and corrected before the end of the fiscal year. Both instances occurred before the two new processes were completely implemented.

Boston University

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

Exception 3:

The Office of the Registrar and the Office of Financial Assistance continue to work closely together to ensure that any changes in the academic calendar are communicated timely, to support the integrity of refund calculations and have not experienced any further problems or issues.

2009-2 Equipment Property Management

Research and Development and Research Training Program Cluster

Grantor: National Institute of Health

Award Year: September 2002 - December 2004, May 2004 - April 2006 and June 2006 - May 2007

Award Numbers: 5 R01DA12171-04, 5 R01 DA13724 03 and 5 R01 ES09558 09

CFDA Numbers: 93.279 and 93.113

Condition

Of the 49 equipment items selected for testing the completeness and accuracy of the equipment inventory records, PwC noted one instance where two pieces 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.

Recommendation

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

Status

Consistent with the Fiscal Year 2009 Corrective Action Plan, the University successfully completed the full physical inventory of all moveable capital equipment before June 30, 2010. In addition, Property Management now receives a daily report of all personnel that are terminating from the University. Property Management reviews these names and compares them to the Property Management Database to determine if any individuals leaving the University are custodians of moveable capital equipment. If Property Management discovers a match, they conduct a focused, ad-hoc inventory of equipment in that department and / or lab to ensure the accuracy of moveable equipment records.

The University has also developed Faculty Departure Procedures which include a section on moveable equipment transfers and disposition. If a departing faculty member is responsible for any moveable capital equipment, he or she is required to fill out a checklist and provide it to Property Management. Property Management then provides support and guidance in the appropriate transfer and / or disposition of moveable capital equipment.

Finally, Property Management has developed a quarterly newsletter that is sent to department administrators and equipment custodians. In addition, the University continues to conduct regular training sessions to these groups of individuals. Both of these mechanisms of communication are intended to reinforce important guidelines regarding moveable equipment tracking and stewardship.

Boston University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

2009-3 Effort Reporting

Research and Development and Research Training Program Cluster

Grantor: Department of Health and Human Services

Award Year: 7/9/08 - 5/31/09, 4/1/08 - 3/31/09 and 8/1/08 - 7/31/09

award Numbers: RES015829A, PAG000001G and RGM055722B

CFDA Numbers: 93.113, 93.866 and 93.859

Condition

Of the 56 payroll transactions selected for direct cost testing, PwC 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.

Recommendation

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

Status

As described in the Fiscal Year 2009 Corrective Action Plan, the University developed an Effort Certification Policy prior to June 30, 2010 and published it to the research community in September of 2010. In addition, the University made significant enhancements to its Personnel Activity Report templates that are intended to provide both enhanced clarity and compliance.

Further, the University has developed new training materials on the effort reporting process for faculty and administrators. These materials are currently being piloted in a variety of settings and will be more broadly disseminated as fiscal year 2011 proceeds.

Boston University
Summary Schedule of Prior Audit Findings and Status
Year Ended June 30, 2010

2009-4 Unallowable Costs

Construction Program

Grantor: Department of Health and Human Services

Award Year: 9/30/03 - 6/30/10

Award Number: 1UC6AI058618-01

CFDA Number: 93.856

Condition

Of the 40 transactions totaling \$25.2 million selected for direct cost testing, PwC noted 4 unallowable transactions totaling \$27,990 charged to the construction award. The University subsequently removed these charges from the federal award.

Recommendation

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

Status

The University continues to provide diligent reviews of charges to the NEIDL award to detect and correct errors on a timely basis. The NEIDL has recently hired a Director of Finance that will be responsible for all financial activities for the facility, including budgeting and expense review and approval. In addition, Post Award Financial Operations conducted focused training for NEIDL personnel in May of 2010 on the topics of direct charging practices, property management and effort reporting.



**Management's Response to the
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

2010-1 Return of Title VI Funds Calculations

The Office of Financial Assistance notes that neither of the two 2010 findings had a financial consequence to the student or to the Federal Government, and as noted, both errors occurred prior to the full implementation of a new process designed to improve the accuracy of refund calculations. The new process adds a layer of quality review; a report is run semi-weekly to identify withdrawn students; after the initial calculation has been performed, a supervisor reviews the calculation to ensure accuracy. If a mistake has been made it is corrected immediately. The Office of Financial Assistance is conducting additional trainings on refund calculations that are required for new and experienced staff. These changes were put in place in the late spring of fiscal 2010. The Office of Financial Assistance is confident that with these processes as well as other controls in place, refunds will be accurately calculated.

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

2010-2 Effort Certification

During Fiscal Year 2010, Boston University developed new training materials on the effort reporting process for faculty and administrators. These materials are currently being piloted in a variety of settings and will be more broadly disseminated as Fiscal Year 2011 proceeds. Further, the University created the new position of Effort Reporting Analyst and filled this position permanently in September of 2010. The Effort Reporting Analyst is responsible for the implementation and oversight of Boston University's sponsored projects effort reporting program. Finally, during fiscal year 2011, the University will begin the development of a new web-based effort reporting system that is scheduled to be implemented in 2012.

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.

A handwritten signature in cursive script, reading "Martin J. Howard".

Martin J. Howard
Vice President, CFO & Treasurer