

# **Boston University**

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

**June 30, 2013**

**EIN 04-2103547**

# Boston University

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June 30, 2013

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**Part I**

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



## Independent Auditor's Report

To the Board of Trustees of  
Boston University:

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Boston University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditor's Responsibility***

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

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Boston University and its subsidiaries as of June 30, 2013 and 2012, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

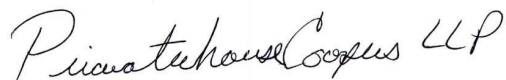
## **Other Matters**

### *Schedule of Expenditures of Federal Awards*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2013 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, 2013. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



September 19, 2013

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012  
(\$000)

	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents (Note 2) . . . . .	\$ 551,775	\$ 424,884
Cash and cash equivalents—restricted (Note 2) . . . . .	184,013	208,020
Short-term investments (Note 2) . . . . .	1,454	1,413
Accounts receivable, net of allowance (Note 4) . . . . .	186,877	182,451
Pledges receivable, net of allowance (Note 4) . . . . .	129,278	127,494
Prepaid expenses and other assets (Note 5) . . . . .	97,485	89,572
Investment in residual asset note (Note 2) . . . . .	53,014	47,622
Long-term investments (Note 2) . . . . .	1,412,754	1,251,227
Property, plant, and equipment, net (Note 5) . . . . .	2,043,814	2,010,516
<b>Total assets</b> . . . . .	<u>\$ 4,660,464</u>	<u>\$ 4,343,199</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued payroll and related expenses (Note 7) . . . . .	\$ 107,684	\$ 109,249
Accounts payable and accrued expenses (Notes 5, 6, and 8) . . . . .	447,563	556,910
Deferred income and student deposits . . . . .	167,332	120,349
Annuities payable . . . . .	16,779	17,696
Capital lease obligation (Notes 6 and 8) . . . . .	84,071	84,330
Discounted note obligation (Note 2) . . . . .	53,014	47,622
Bonds and notes payable, net of unamortized bond premium/discount (Note 6) . . . . .	1,336,388	1,246,633
<b>Total liabilities</b> . . . . .	<u>2,212,831</u>	<u>2,182,789</u>
Net assets:		
Unrestricted . . . . .	1,388,789	1,215,251
Temporarily restricted . . . . .	593,843	521,813
Permanently restricted . . . . .	465,001	423,346
<b>Total net assets</b> . . . . .	<u>2,447,633</u>	<u>2,160,410</u>
<b>Total liabilities and net assets</b> . . . . .	<u>\$ 4,660,464</u>	<u>\$ 4,343,199</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, 2013 and 2012  
(\$000)

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>OPERATING REVENUES</b>				
Student tuition and fees . . . . .	\$ 1,161,520	\$	\$	\$ 1,161,520
Student aid . . . . .	(291,566)			(291,566)
Sponsored programs . . . . .	240,763			240,763
Recovery of facilities and administrative costs . . . . .	123,066			123,066
Gifts . . . . .	31,334			31,334
Sales and services . . . . .	91,876			91,876
Spending formula amount and other investment income (Note 2) . . . . .	5,674	34,969		40,643
Sponsored program income for student aid . . . . .	15,790			15,790
Auxiliary enterprises . . . . .	274,445			274,445
Student aid . . . . .	(4,426)			(4,426)
Net assets released from restrictions . . . . .	35,293	(35,293)		
Contributions used for operations . . . . .	5,998			5,998
<b>Total operating revenues . . . . .</b>	<b>1,689,767</b>	<b>(324)</b>		<b>1,689,443</b>
<b>OPERATING EXPENSES</b>				
Instruction and departmental research . . . . .	816,137			816,137
Educational support activities . . . . .	102,181			102,181
Sponsored programs . . . . .	237,408			237,408
Libraries . . . . .	26,827			26,827
General and administrative . . . . .	205,608			205,608
Student support . . . . .	12,599			12,599
Auxiliary enterprises . . . . .	221,880			221,880
<b>Total operating expenses . . . . .</b>	<b>1,622,640</b>			<b>1,622,640</b>
<b>Net operating gain (loss) . . . . .</b>	<b>67,127</b>	<b>(324)</b>		<b>66,803</b>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>				
Contribution revenue . . . . .		26,408	34,914	61,322
Contributions used for operations . . . . .		(5,998)		(5,998)
Spending formula amount and other investment income (Note 2) . . . . .	3,005	1,426	1,454	5,885
Excess (deficit) of investment return over spending formula amount (Note 2) . . . . .	31,873	52,422	1,081	85,376
Net realized and unrealized gains (losses) on interest rate exchange agreements (Note 6) . . . . .	78,046			78,046
Change in value of designated non-core institutional real estate (Note 2) . . . . .				
Post-retirement related changes other than net periodic pension cost (Note 7) . . . . .	2,957			2,957
Other additions (deductions) and transfers, net (Note 8) . . . . .	(9,470)	(1,904)	4,206	(7,168)
<b>Net nonoperating income (loss) . . . . .</b>	<b>106,411</b>	<b>72,354</b>	<b>41,655</b>	<b>220,420</b>
<b>Change in net assets . . . . .</b>	<b>173,538</b>	<b>72,030</b>	<b>41,655</b>	<b>287,223</b>
Beginning net assets . . . . .	1,215,251	521,813	423,346	2,160,410
<b>Ending net assets . . . . .</b>	<b>\$ 1,388,789</b>	<b>\$ 593,843</b>	<b>\$ 465,001</b>	<b>\$ 2,447,633</b>

2012			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,120,531	\$	\$	\$ 1,120,531
(280,801)			(280,801)
248,221			248,221
125,896			125,896
30,072			30,072
94,876			94,876
6,173	29,556		35,729
14,257			14,257
277,509			277,509
(3,614)			(3,614)
30,019	(30,019)		
6,389			6,389
<u>1,669,528</u>	<u>(463)</u>		<u>1,669,065</u>
782,604			782,604
102,621			102,621
242,917			242,917
28,681			28,681
201,628			201,628
11,696			11,696
217,196			217,196
<u>1,587,343</u>			<u>1,587,343</u>
<u>82,185</u>	<u>(463)</u>		<u>81,722</u>
	34,631	24,726	59,357
	(6,389)		(6,389)
1,584	1,227	1,874	4,685
(11,363)	(23,719)	(92)	(35,174)
(187,452)			(187,452)
7,970			7,970
(991)			(991)
61,274	(74,125)	8,200	(4,651)
<u>(128,978)</u>	<u>(68,375)</u>	<u>34,708</u>	<u>(162,645)</u>
(46,793)	(68,838)	34,708	(80,923)
<u>1,262,044</u>	<u>590,651</u>	<u>388,638</u>	<u>2,241,333</u>
<u>\$ 1,215,251</u>	<u>\$ 521,813</u>	<u>\$ 423,346</u>	<u>\$ 2,160,410</u>

**OPERATING REVENUES**

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

**OPERATING EXPENSES**

Instruction and departmental research
Educational support activities
Sponsored programs
Libraries
General and administrative
Student support
Auxiliary enterprises
<b>Total operating expenses</b>
<b>Net operating gain (loss)</b>

**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 gains (losses) on interest rate exchange agreements (Note 6)
Change in value of designated non-core institutional real estate (Note 2)
Post-retirement related changes other than net periodic pension cost (Note 7)
Other additions (deductions) and transfers, net (Note 8)
<b>Net nonoperating income (loss)</b>

**Change in net assets**

Beginning net assets

**Ending net assets**



**BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the years ended  
June 30, 2013 and 2012  
(\$000)

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets . . . . .	\$ 287,223	\$ (80,923)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation . . . . .	93,780	85,678
Amortization . . . . .	(522)	(464)
Loss on disposal of property and equipment . . . . .	6,849	3,379
Change in value of designated non-core institutional real estate.		(7,970)
Unrealized (gains) losses on interest rate exchange agreements	(103,437)	162,140
Settlement on swap replacement transactions, net . . . . .	12,153	15,916
Net realized and unrealized losses (gains) on investments . . . .	(118,551)	7,255
Provision for bad debts . . . . .	3,010	1,349
Restricted and temporarily restricted contributions . . . . .	(15,070)	(14,152)
Gifts of securities and property . . . . .	(33,574)	(7,949)
Other non-cash adjustments . . . . .	153	6,914
Changes in operating assets and liabilities:		
Increase in accounts receivable . . . . .	(7,433)	(31,248)
Increase in pledges receivable . . . . .	(1,784)	(30,529)
Increase in prepaid expenses and other assets . . . . .	(4,764)	(7,537)
(Decrease) increase in accounts payable and accrued expenses.	(11,314)	30,545
Decrease in accrued payroll and related expenses . . . . .	(1,565)	(21,628)
Increase (decrease) in deferred income and student deposits . .	46,985	(4,235)
Net cash provided by operating activities . . . . .	<u>152,139</u>	<u>106,541</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments . . . . .	(409,503)	(200,173)
Proceeds from sales and maturities of investments . . . . .	366,485	275,029
Proceeds from sale of property and equipment . . . . .		699
Purchases of property and equipment . . . . .	(128,951)	(167,114)
Proceeds from sale of gifts of securities and property . . . . .	31,870	5,722
Decrease (increase) in cash and cash equivalents-restricted . . . . .	24,007	(132,084)
Net cash used in investing activities . . . . .	<u>(116,092)</u>	<u>(217,921)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from bonds and notes payable . . . . .	111,485	100,470
Bond discount . . . . .	(235)	(469)
Bond premium . . . . .	9,487	
Payment of bonds, notes and mortgages . . . . .	(30,475)	(111,790)
(Decrease) increase in annuity obligations . . . . .	(1,070)	666
Restricted contributions . . . . .	15,070	14,152
Payment on swap replacement transactions, net . . . . .	(12,153)	(15,916)
Net cash provided by (used in) financing activities . . . . .	<u>92,109</u>	<u>(12,887)</u>
Unrealized loss on currency exchange . . . . .	(1,265)	(922)
Net increase (decrease) in cash and cash equivalents . . . . .	126,891	(125,189)
Cash and cash equivalents beginning of year . . . . .	424,884	550,073
Cash and cash equivalents end of year . . . . .	<u>\$551,775</u>	<u>\$424,884</u>
<b>Supplemental disclosure of non-cash information:</b>		
Property and equipment included in accounts payable . . . . .	\$ 18,366	\$ 16,113
Acquisition of property and equipment through borrowings . . . .	\$ 1,020	\$ 12,114
Conversion of accounts payable to notes payable . . . . .	\$	\$ 29,064

For the years ended June 30, 2013 and 2012

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## 1. Organization and Summary of Significant Accounting Policies

### *Organization:*

Boston University (“the University”) is an independent, nonprofit, coeducational, nonsectarian 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 16 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 2012 balances previously reported have been reclassified to conform to the 2013 presentation. These reclassifications are not considered material.

In addition, during 2012, management identified three transactions incorrectly recorded in the prior year consolidated financial statements and corrected them in the 2012 Consolidated Financial Statements. These adjustments have been included within the other additions (deductions) and transfers net line item on the 2012 Consolidated Statement of Activities. The net impact of these adjustments increased (decreased) the change in unrestricted, temporarily restricted, and permanently restricted net assets in 2012 by (\$28,100,000), \$18,100,000, and \$3,200,000, respectively. These adjustments were not considered material to the University’s prior year consolidated financial statements.

#### *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 in 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.

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.

For the years ended June 30, 2013 and 2012

The composition of net assets as of June 30, 2013 and 2012, in thousands of dollars, is as follows:

	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Endowment principal					
General purpose . . . . .	\$ 317,250	\$ 117,735	\$ 92,914	\$ 527,899	\$ 402,381
Professorships . . . . .	62,629	80,139	108,144	250,912	219,076
Scholarships . . . . .	58,504	142,422	122,652	323,578	295,884
Research . . . . .	18,537	4,699	6,008	29,244	26,710
Awards, prizes, fellowships and other . . . . .	18,630	74,091	47,318	140,039	157,501
Annuities . . . . .		13,045		13,045	17,133
Total endowment funds . . . . .	<u>475,550</u>	<u>432,131</u>	<u>377,036</u>	<u>1,284,717</u>	<u>1,118,685</u>
Other funds					
Building and gift funds . . . . .	61,313	92,509		153,822	132,186
Designated funds . . . . .	42,661			42,661	37,732
General and plant funds . . . . .	783,122			783,122	690,831
Pledges . . . . .		67,722	61,556	129,278	127,494
Student loan funds . . . . .	26,143	1,481	26,409	54,033	53,482
Total other funds . . . . .	<u>913,239</u>	<u>161,712</u>	<u>87,965</u>	<u>1,162,916</u>	<u>1,041,725</u>
Total net assets . . . . .	<u>\$1,388,789</u>	<u>\$ 593,843</u>	<u>\$ 465,001</u>	<u>\$2,447,633</u>	<u>\$2,160,410</u>

*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 Statements 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. 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 accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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.

*For the years ended June 30, 2013 and 2012*

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*Related Party Transactions:*

Under the University's conflict of interest policy, all business and financial relationships among 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 bond trustees that will be drawn down to fund various capital projects and costs of issuance. Collateral posted with counterparties under the terms of certain interest rate exchange agreements is also included in cash and cash equivalents-restricted.

*Accounts Receivable:*

Notes and loans receivable included in accounts receivable are principally amounts due from students under federally sponsored programs that 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, when applicable. Dividend income is recorded on the ex-dividend date. The investment portfolio is reflected on a trade-date basis.

The University's Investment Committee, the Chief Investment Officer, and the Senior Vice President, CFO and Treasurer have reviewed valuation procedures governing the valuation of the investments held by the University, including investments for which market quotations are not readily available. Management has day-to-day responsibility for the internal controls and procedures used in the valuation of investments. Valuation results, fair valuations, proposed changes in valuation policies, and issues regarding valuation that may arise from time to time are reviewed with the University Investment Committee, the Chief Investment Officer, and the Senior Vice President, CFO and Treasurer.

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 ranging from 45% to 50% in certain University business-related real estate partnerships, which have been accounted for using the equity method. The University's ownership interest in these partnerships has been recorded within long-term investments on the Consolidated Statements of Financial Position.

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 monthly thereafter on a per-unit basis.

On July 1, 2012, the University adopted new guidance enhancing the Fair Value Measurement standard to ensure that the valuation techniques for investments that are categorized with Level 3 of the fair value hierarchy are fair, consistent, and verifiable. Refer to Note 2 for further details.

*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 the present value of estimated future payments to the

*For the years ended June 30, 2013 and 2012*

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donors and beneficiaries under these agreements. The liabilities are adjusted during the term of the annuities to reflect actuarial gains and losses.

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 related accumulated depreciation are removed from the accounts, and gains and losses are included in nonoperating activities in the Consolidated Statements 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.

Land, buildings, equipment, and library book acquisitions are shown at cost or fair value at the date a gift was received. Costs associated with the construction of new facilities are shown as additions to construction in progress when expended, until such projects are completed. Equipment includes general and scientific equipment, computers, software, furniture, and vehicles.

The University acquired equipment or other assets of approximately \$4,057,000 in 2013 and \$5,146,000 in 2012 through the use of federal funds. In most cases, the University continues to maintain the assets after the granting 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, 12 to 50 years, by using the distinct useful lives for each major building component; equipment, 2 to 20 years; software, 20 years; and library books, 10 years. Depreciation expense for the years ended June 30, 2013 and 2012 was \$93,780,000 and \$85,678,000, 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 Statements of Activities.

The asset retirement obligation at June 30, 2013 and 2012 was \$13,704,000 and \$13,151,000, respectively, and is included in accounts payable and accrued expenses in the Consolidated Statements of Financial Position.

*Tuition and Fees:*

Student tuition and fees are recorded as revenue during the year the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue.

*Student Aid:*

Student aid in the amount of \$291,566,000 and \$280,801,000 for the years ended June 30, 2013 and 2012, respectively, has been classified as a reduction of student tuition and fees. In addition, student aid in the amount of \$4,426,000 and \$3,614,000 for the years ended June 30, 2013 and 2012, respectively, has been classified as a reduction of auxiliary enterprises (room and board) revenue.

Student support in addition to tuition, fees, room and board in the amount of \$12,599,000 and \$11,696,000 for the years ended June 30, 2013 and 2012, respectively, has been classified as an operating expense.

For the years ended June 30, 2013 and 2012

*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. 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 Statements of Activities. These expenses are comprised of, in thousands of dollars:

	2013	2012
Operation and maintenance of plant . . . . .	\$ 111,173	\$ 113,988
Interest on indebtedness . . . . .	40,407	38,942
Depreciation expense . . . . .	93,780	85,678

*Nonoperating Activities:*

Nonoperating activities reflect transactions of a long-term investment or capital nature including contributions to be received in the future, gains and losses on interest rate exchange agreements, the excess of investment returns over the spending formula amount, 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, 2013 and 2012, in thousands of dollars, were as follows:

Summary by Investment Type	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents . . . . .	\$ 735,788	\$ 735,788	\$ 632,904	\$ 632,904
US treasury bills . . . . .	22,348	22,351	17,794	17,801
Common and preferred equities				
Domestic . . . . .	79,333	127,246	83,963	115,168
International . . . . .	161,530	192,778	113,096	120,177
	<u>240,863</u>	<u>320,024</u>	<u>197,059</u>	<u>235,345</u>
Fixed income				
Domestic . . . . .	2,711	2,754	2,805	2,898
International . . . . .	352	356	271	286
US government and agencies . . . . .	74,552	77,400	55,401	66,750
	<u>77,615</u>	<u>80,510</u>	<u>58,477</u>	<u>69,934</u>
Alternatives				
Hedge . . . . .	281,379	438,324	244,334	344,906
Natural resources . . . . .	44,012	41,389	37,836	34,160
Private . . . . .	146,027	192,609	170,277	200,385
Real estate . . . . .	327,192	319,001	359,678	350,109
	<u>798,610</u>	<u>991,323</u>	<u>812,125</u>	<u>929,560</u>
Residual asset note . . . . .	53,014	53,014	47,622	47,622
Total investments . . . . .	<u>\$ 1,928,238</u>	<u>\$ 2,203,010</u>	<u>\$ 1,765,981</u>	<u>\$ 1,933,166</u>

For the years ended June 30, 2013 and 2012

As of June 30, 2013, investment commitments to venture capital limited partnerships and private equity funds are approximately \$108,088,000 and are expected to be drawn down by the general partners over the next seven years in accordance with the individual investment periods of the underlying partnerships.

*Non-Core Institutional Real Estate:*

The University records its investments in designated non-core institutional real estate at fair value. Designated non-core institutional real estate was \$214,090,000 and \$252,858,000 as of June 30, 2013 and 2012, respectively, and is reflected in the real assets category of long-term investments.

*Residual Asset Note:*

In June 2006, the University securitized its interest in an investment banking partnership that 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, 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, 2013 and 2012, the carrying value of the discounted note obligation was \$53,014,000 and \$47,622,000, 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 Statements 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 is amortized over its scheduled maturity using the effective interest method and the note obligation decreases as future residual cash flows are received. Future unrealized gains and losses associated with the investment are 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 future cash flows. However, management considers the risk to be remote for any disruption of future cash flows, as the two principal risks that could cause a disruption have been assumed by DBLF.

*Investment Return:*

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

For the period ended June 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income . . . . .	\$ 8,302	\$ 7,628	\$ 755	\$ 16,685
Net realized and unrealized gains . . . . .	32,250	81,189	1,780	115,219
Total return on investments . . . . .	40,552	88,817	2,535	131,904
Less: Spending formula . . . . .	(5,933)	(36,395)	(1,424)	(43,752)
Less: Other investment income . . . . .	(2,746)		(30)	(2,776)
	(8,679)	(36,395)	(1,454)	(46,528)
Excess of investment return over spending formula amount . . . . .	\$ 31,873	\$ 52,422	\$ 1,081	\$ 85,376

For the years ended June 30, 2013 and 2012

For the period ended June 30, 2012	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income . . . . .	\$ 5,957	\$ 9,236	\$ 259	\$ 15,452
Net realized and unrealized gains (losses) . . . . .	(9,563)	(2,172)	1,523	(10,212)
Total return on investments . . . . .	(3,606)	7,064	1,782	5,240
Less: Spending formula . . . . .	(7,630)	(30,783)	(1,842)	(40,255)
Less: Other investment income . . . . .	(127)		(32)	(159)
	(7,757)	(30,783)	(1,874)	(40,414)
Excess of investment return over spending formula amount . . . . .	\$ (11,363)	\$ (23,719)	\$ (92)	\$ (35,174)

*Fair Value Measurements:*

Fair value is defined as the price that the University would receive upon selling an investment in an orderly transaction between market participants.

The University uses the Fair Value Measurements standard for estimating the fair value of investments in 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, US GAAP. As a practical expedient, the University is permitted under US 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 US GAAP. Securities held in separate accounts and daily-traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly or quarterly liquidity are valued based on independently determined NAV.

Investments in private equity, real estate, and natural resources are in the form of limited partnership interests or similar limited liability vehicles, which typically invest in private securities for which there is no readily available market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparisons, and outside appraisals. When private equity, real estate, and natural resources managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the interests are held at the manager’s reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of external investments vary by classification. The University monitors the valuation methodologies and practices of managers.

Non-core institutional real estate is valued based on independent appraisals, broker opinions, recent sales, or using model-based techniques. 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 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.

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.



For the years ended June 30, 2013 and 2012

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- 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. In evaluating the level at which the University's externally managed investments have been classified within this hierarchy, management has assessed factors including, but not limited to, price transparency, the ability to redeem these investments at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. 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.
- 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 are primarily the University ownership of limited liability interests in hedge, private equity, real estate, and other similar funds. The fair value of certain alternative investments represents the ownership interest in the 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. Significant changes in these inputs in isolation may result in a significantly lower or higher fair value measure, respectively. 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, 2013 and 2012.

When valuations of non-core institutional real estate are based on independent appraisals and broker opinions of value, including recent sales of similar properties in the same region and in an active market, these valuations have been categorized as Level 2. The determination of whether a real estate market is active is based on the median number of days to sale for properties with a similar geographic location, type, size, condition, and long-term occupancy rate. Non-core institutional real estate valued as Level 2 totaled \$125,941,000 and \$126,679,000 as of June 30, 2013 and 2012, respectively. Where independent appraisals have not been carried out and where comparable sales information is not available, a model was used, including rental rates ranging from \$11 to \$35 per square foot, vacancy rates of between zero and 20%, and capitalization rates of between 6% and 8%. Significant changes in these inputs in isolation may result in a significantly lower or higher fair value measure, respectively. Valuations performed in this manner are considered as Level 3. Non-core institutional real estate valued as Level 3 totaled \$88,149,000 and \$126,179,000, as of June 30, 2013 and 2012, respectively. The current use of the University's Level 3 non-core real estate is not considered to be the highest and best use for the property.

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 to validate extended quotations, 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 be corroborated by market data and are therefore classified within Level 2.

For the years ended June 30, 2013 and 2012

Split-interest agreements held by third parties are valued based on the group annuity mortality table and the risk-free rate of return. As of June 30, 2013 and 2012, the discount rate ranged from 4% to 5%.

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

The following tables present the financial instruments carried at fair value as of June 30, 2013 and 2012 categorized by the valuation hierarchy defined above, in thousands of dollars:

As of June 30, 2013	Level 1	Level 2	Level 3	Total Fair Value
Assets at fair value				
Cash and cash equivalents	\$ 735,788	\$	\$	\$ 735,788
US treasury bills . . . . .	22,351			22,351
Common and preferred equities				
Domestic . . . . .	72,293	54,953		127,246
International . . . . .	44,965	146,714	1,099	192,778
	<u>117,258</u>	<u>201,667</u>	<u>1,099</u>	<u>320,024</u>
Fixed Income				
Domestic . . . . .	2,508	246		2,754
International . . . . .	356			356
US government and agencies . . . . .	77,400			77,400
	<u>80,264</u>	<u>246</u>		<u>80,510</u>
Alternatives				
Hedge . . . . .		365,606	72,718	438,324
Natural resources . . . . .	1,508	13,982	25,899	41,389
Private . . . . .			192,609	192,609
Real estate . . . . .		130,209	188,792	319,001
	<u>1,508</u>	<u>509,797</u>	<u>480,018</u>	<u>991,323</u>
Residual asset note . . . . .		53,014		53,014
Total investments . . . . .	<u>\$ 957,169</u>	<u>\$ 764,724</u>	<u>\$ 481,117</u>	<u>\$ 2,203,010</u>
Split-interest agreements held by third parties . . . . .	1,385		3,192	4,577
Total assets at fair value . . . . .	<u>\$ 958,554</u>	<u>\$ 764,724</u>	<u>\$ 484,309</u>	<u>\$ 2,207,587</u>
Liabilities at fair value				
Interest rate exchange liabilities . . . . .	\$	\$ 227,835	\$	\$ 227,835
Total liabilities at fair value . . . . .	<u>\$</u>	<u>\$ 227,835</u>	<u>\$</u>	<u>\$ 227,835</u>

**BOSTON UNIVERSITY • NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

For the years ended June 30, 2013 and 2012

As of June 30, 2012	Level 1	Level 2	Level 3	Total Fair Value
Assets at fair value				
Cash and cash equivalents . . . . .	\$ 632,904	\$	\$	\$ 632,904
US treasury bills . . . . .	17,801			17,801
Common and preferred equities				
Domestic . . . . .	63,734	51,434		115,168
International . . . . .	17,290	101,866	1,021	120,177
	81,024	153,300	1,021	235,345
Fixed Income				
Domestic . . . . .	2,597	301		2,898
International . . . . .	286			286
US government and agencies . . . . .	66,750			66,750
	69,633	301		69,934
Alternatives				
Hedge . . . . .		315,260	29,646	344,906
Natural resources . . . . .	2,452	14,556	17,152	34,160
Private . . . . .			200,385	200,385
Real estate . . . . .		130,947	219,162	350,109
	2,452	460,763	466,345	929,560
Residual asset note . . . . .		47,622		47,622
Total investments . . . . .	\$ 803,814	\$ 661,986	\$ 467,366	\$ 1,933,166
Split-interest agreements held by third parties . . . . .				
	1,302		3,090	4,392
Total assets at fair value . . . . .	\$ 805,116	\$ 661,986	\$ 470,456	\$ 1,937,558
Liabilities at fair value				
Interest rate exchange liabilities . . . . .	\$	\$ 331,272	\$	\$ 331,272
Total liabilities at fair value . . . . .	\$	\$ 331,272	\$	\$ 331,272

The following tables are a rollforward of the Consolidated Statements of Financial Position amounts for financial instruments as of June 30, 2013 and 2012 classified by the University within Level 3 of the fair value hierarchy defined above, in thousands of dollars:

2013	Common and Preferred Equities		Alternatives			Split-Interest Agreements Held by Third Parties	Total Assets at Fair Value
	International	Hedge	Natural Resources	Private	Real Estate		
Fair value, July 1, 2012 . . . . .	\$ 1,021	\$ 29,646	\$ 17,152	\$ 200,385	\$ 219,162	\$ 3,090	\$ 470,456
Purchases . . . . .	792	4,170	7,598	19,921	10,786		43,267
Sales or redemptions . . . . .	(1,653)	(1,486)	(782)	(53,550)	(41,042)		(98,513)
Realized gains/(losses) . . . . .		94	301	13,029	(3,582)		9,842
Unrealized gains/(losses) . . . . .	38	1,577	1,630	12,824	3,468	102	19,639
Transfers to Level 3 . . . . .	901	46,801					47,702
Transfers from Level 3 . . . . .		(8,084)					(8,084)
Fair value, June 30, 2013 . . . . .	\$ 1,099	\$ 72,718	\$ 25,899	\$ 192,609	\$ 188,792	\$ 3,192	\$ 484,309

For the years ended June 30, 2013 and 2012

2012	Common and Preferred Equities		Alternatives			Split-Interest Agreements Held by Third Parties	Total Assets at Fair Value
	International	Hedge	Natural Resources	Private	Real Estate		
Fair value, July 1, 2011 . . . . .	\$ 1,282	\$ 60,057	\$ 13,180	\$ 189,693	\$ 217,209	\$ 2,990	\$ 484,411
Purchases . . . . .			6,744	34,550	10,523		51,817
Sales or redemptions . . . . .		(492)	(2,164)	(27,020)	(11,274)		(40,950)
Realized gains/(losses) . . . . .		142	419	4,676	884		6,121
Unrealized gains/(losses) . . . . .		(178)	(1,027)	(1,514)	1,820	100	(799)
Transfers to Level 3 . . . . .		14,157					14,157
Transfers from Level 3 . . . . .	(261)	(44,040)					(44,301)
Fair value, June 30, 2012 . . . . .	\$ 1,021	\$ 29,646	\$ 17,152	\$ 200,385	\$ 219,162	\$ 3,090	\$ 470,456

There have been no significant changes in valuation techniques and related inputs used by the University.

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying Consolidated Statements of Activities. During the years ended June 30, 2013 and 2012, the change in unrealized appreciation on investments classified as Level 3 was \$21,995,000 and \$(899,000), respectively.

The net realized and unrealized gains (losses) in the table above are reflected in excess of investment return over spending formula amount in the accompanying Consolidated Statements of Activities. Net unrealized gains (losses) relate to those financial instruments held by the University at June 30, 2013 and 2012. Reclassifications into Level 2 are included as of June 30, 2013 and 2012. Reclassifications from Level 3 to Level 2 primarily relate to the release of lockup features.

Transfers from Level 3 to Level 2 typically involve investments, or portions of investments, in commingled vehicles having redemption terms that provide for liquidity within the 12 months following the reporting period. The University's policy is to recognize transfers as of the end of the year. As of June 30, 2013, the University recorded transfers from Level 3 to Level 2 in the amount of \$8,084,000. The University also recorded a transfer from Level 2 to Level 3 in the amount of \$47,702,000 due to changes in the underlying investments.

As of June 30, 2012, the University recorded transfers from Level 3 to Level 2 in the amount of \$44,301,000. The University also recorded a transfer from Level 2 to Level 3 in the amount of \$14,157,000.

For the years ended June 30, 2013 and 2012, there were no transfers between Level 1 and Level 2.

The following tables summarize all investments recorded at NAV, categorized by the risk and return characteristics of the investments at June 30, 2013 and 2012, in thousands of dollars:

As of June 30, 2013	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common and preferred equities				
Domestic . . . . .	\$ 54,883	\$	Daily–Annually	4–45 Days
International . . . . .	147,770		Daily–Monthly	3–60 Days
	<u>202,653</u>			
Alternatives				
Hedge . . . . .	\$ 438,324	\$	Quarterly–Tri-Annually	45–180 Days
Natural resources . . . . .	39,881	26,077	At Maturity	N/A
Private . . . . .	187,983	59,992	At Maturity	N/A
Real estate . . . . .	75,125	22,019	At Maturity	N/A
	<u>741,313</u>	<u>108,088</u>		
	<u>\$ 943,966</u>	<u>\$ 108,088</u>		

For the years ended June 30, 2013 and 2012

As of June 30, 2012	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common and preferred equities				
Domestic . . . . .	\$ 51,339	\$	Daily–Annually	4–45 Days
International . . . . .	102,836		Daily–Monthly	3–60 Days
	154,175			
Alternatives				
Hedge . . . . .	\$ 344,906	\$	Quarterly–Tri-Annually	45–180 Days
Natural resources . . . . .	31,708	18,174	At Maturity	N/A
Private . . . . .	194,322	55,131	At Maturity	N/A
Real estate . . . . .	69,557	24,543	At Maturity	N/A
	640,493	97,848		
	\$ 794,668	\$ 97,848		

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.

**3. Endowment Funds**

Total endowment assets at June 30, 2013 and 2012 are \$1,403,061,000 and \$1,190,512,000, respectively. A pooled endowment fund is included as part of the University’s investments. 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 monthly amounts per share and is calculated by multiplying the “Effective Distribution” (a percentage between 3% and 5%, as determined by the Trustee Executive Committee) by the 20-quarter average market value per share as of December 31. The targeted distribution percentage is 4%. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings. Effective July 1, 2011, the spending policy was changed for newly established endowment funds. Income attributable to the new shares from these funds will be reinvested to principal during the initial six months. During the fiscal years ended June 30, 2013 and 2012, the distribution as a percentage of the ending fair value of the pooled endowment fund for the five preceding quarters was 3.6% and 3.7%, respectively.

At June 30, 2013 and 2012, respectively, approximately \$1,024,000 and \$1,590,000 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.

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

For the years ended June 30, 2013 and 2012

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 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 US treasury bills, common and preferred equities, fixed income, hedge funds, natural resources, private equities, and real estate. The portfolio is expected to produce returns that exceed a policy benchmark constructed as a blended rate of indices.

The following table represents endowment net asset composition by type of fund as of June 30, 2013, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted. . . . .	\$ (1,024)	\$ 432,131	\$ 377,036	\$ 808,143
Institution designated. . . . .	476,574			476,574
Endowment net assets				
at end of year . . . . .	<u>\$ 475,550</u>	<u>\$ 432,131</u>	<u>\$ 377,036</u>	<u>\$ 1,284,717</u>

**BOSTON UNIVERSITY • NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED**

For the years ended June 30, 2013 and 2012

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2013, 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 . . . . .	\$ 399,322	\$ 376,948	\$ 342,415	\$ 1,118,685
Reclassification of net assets . . . . .	566	(566)		
Endowment net assets . . . . .	<u>399,888</u>	<u>376,382</u>	<u>342,415</u>	<u>1,118,685</u>
Reinvested income distribution . . . . .	2,868	1,240	1,424	5,532
Net undistributed realized and unrealized gains . . . .	<u>33,332</u>	<u>52,422</u>	<u>1,075</u>	<u>86,829</u>
Undistributed investment returns . . . . .	<u>36,200</u>	<u>53,662</u>	<u>2,499</u>	<u>92,361</u>
Gifts . . . . .	2,655	1,262	12,764	16,681
Other changes . . . . .	40,887	(2,983)	3,160	41,064
Pledge payments and transfers . . . . .	<u>(4,080)</u>	<u>3,808</u>	<u>16,198</u>	<u>15,926</u>
Endowment net assets at end of year . . . . .	<u>\$ 475,550</u>	<u>\$ 432,131</u>	<u>\$ 377,036</u>	<u>\$ 1,284,717</u>

The following table represents endowment net asset composition by type of fund as of June 30, 2012, in thousands of dollars:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted . . . . .	\$ (1,590)	\$ 376,948	\$ 342,415	\$ 717,773
Institution designated . . . . .	<u>400,912</u>			<u>400,912</u>
Endowment net assets at end of year . . . . .	<u>\$ 399,322</u>	<u>\$ 376,948</u>	<u>\$ 342,415</u>	<u>\$ 1,118,685</u>

For the years ended June 30, 2013 and 2012

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2012, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year . . . . .	\$ 429,389	\$ 383,295	\$ 323,226	\$ 1,135,910
Reclassification of net assets . . . . .	(1,207)	1,207		
Endowment net assets after reclassification . . . . .	428,182	384,502	323,226	1,135,910
Reinvested income distribution . . . . .	1,493	1,227	1,679	4,399
Net undistributed realized and unrealized losses . . . . .	(12,053)	(23,718)	(91)	(35,862)
Undistributed investment returns . . . . .	(10,560)	(22,491)	1,588	(31,463)
Gifts . . . . .	1,816	1,025	15,270	18,111
Other changes . . . . .	(24,354)	13,912	2,331	(8,111)
Pledge payments and transfers . . . . .	4,238			4,238
Endowment net assets at end of year . . . . .	<u>\$ 399,322</u>	<u>\$ 376,948</u>	<u>\$ 342,415</u>	<u>\$ 1,118,685</u>

**4. Accounts Receivable and Pledges Receivable**

*Accounts Receivable:*

Accounts and loans receivable at June 30, 2013 and 2012, in thousands of dollars, consist of the following:

	2013	2012
Accounts receivable, net:		
Students . . . . .	\$ 18,092	\$ 17,359
Less allowances . . . . .	(7,131)	(6,843)
	<u>10,961</u>	<u>10,516</u>
Grants and contracts . . . . .	52,257	58,113
Departmental sales, services, and other . .	54,895	47,589
Less allowances . . . . .	(7,487)	(8,246)
	<u>99,665</u>	<u>97,456</u>
Student loans . . . . .	79,388	77,466
Less allowances . . . . .	(3,137)	(2,987)
	<u>76,251</u>	<u>74,479</u>
Total . . . . .	<u>\$ 186,877</u>	<u>\$ 182,451</u>

Total allowances for doubtful accounts as of June 30, 2013 and 2012 are \$17,755,000 and \$18,076,000, respectively.

The University recorded an allowance for doubtful accounts of \$3,137,000 and \$2,987,000 as of June 30, 2013 and 2012, respectively, related to student loan receivables of \$79,388,000 and \$77,466,000 as of June 30, 2013 and 2012, respectively. Federally sponsored student loans receivable represents a significant portion of the loan portfolio, \$46,262,000 and \$46,619,000 as of June 30, 2013 and 2012, respectively, which consist of amounts due from current and former students under various Federal Government loan programs, including Perkins and other health professional programs offered to graduate and undergraduate students. The University has the right to assign loans disbursed under these programs to the Federal Government upon default by the borrower; therefore, no allowance has been provided for these loans.



For the years ended June 30, 2013 and 2012

For the remainder of the loan portfolio, the University regularly assesses the adequacy of the allowance for doubtful accounts related to student loans receivable by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan program, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral and, where applicable, the existence of any guarantees or indemnifications. The University also performs a detailed review of the aging of the student loans receivable balances and of the default rate by loan program in comparison to prior years. The level of the allowance is adjusted based on the results of this analysis.

The University considered the allowance recorded at June 30, 2013 and 2012 to be reasonable and adequate to absorb potential credit losses inherent in the student loan portfolio.

Included in accounts receivable at June 30, 2013 and 2012 is \$282,000 and \$768,000, 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, 2013 and 2012, to certain employees. The aggregate amount as of June 30, 2013 and 2012 is \$7,397,000 and \$6,074,000, respectively.

*Pledges Receivable:*

Pledges, net of discounts and allowances, in the amount of \$129,278,000 and \$127,494,000, are recorded as a receivable with the revenue assigned to the appropriate net asset category for fiscal years 2013 and 2012, respectively. Pledges consist of unconditional written promises to contribute to the University in the future. At June 30, 2013 and 2012, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2013	2012
In one year or less . . . . .	\$ 34,201	\$ 51,441
Between one year and five years . . . . .	96,821	81,405
More than five years . . . . .	19,846	15,221
	<u>150,868</u>	<u>148,067</u>
Discount to present value . . . . .	(13,290)	(12,573)
Less allowance for unfulfilled pledges . .	(8,300)	(8,000)
Pledges receivable . . . . .	<u>\$ 129,278</u>	<u>\$ 127,494</u>

**5. Property, Plant, and Equipment**

Property, plant, and equipment and related accumulated depreciation at June 30, 2013 and 2012, in thousands of dollars, consist of the following:

	2013	2012
Land . . . . .	\$ 100,278	\$ 94,778
Buildings and improvements . . . . .	2,425,955	2,283,159
Construction in progress . . . . .	212,427	266,697
Software . . . . .	54,087	52,879
Equipment . . . . .	212,941	213,568
Library books . . . . .	181,795	171,385
	<u>3,187,483</u>	<u>3,082,466</u>
Less accumulated depreciation . . . . .	(1,143,669)	(1,071,950)
Property, plant, and equipment, net . . .	<u>\$2,043,814</u>	<u>\$2,010,516</u>

As of June 30, 2013 and 2012, buildings and improvements include \$84,642,000 associated with office and research space under capital lease.

Software costs related to Enterprise Resource System implementation projects of \$724,000 and \$11,930,000 were incurred during fiscal years 2013 and 2012, respectively. During 2013 and 2012, software costs of \$1,208,000 and \$52,879,000, respectively, were placed in service.

For the years ended June 30, 2013 and 2012

As of June 30, 2013 and 2012, capital expenditures of \$199,521,000 were incurred for construction of the National Emerging Infectious Diseases Laboratories (“NEIDL”). Of this, \$117,796,000 was placed in service during the year ended June 30, 2012. The remaining expenditures are included within construction in progress at June 30, 2013 and 2012, and will be placed in service when the construction is complete and the project is ready for its intended use.

Certain fully depreciated equipment amounting to approximately \$14,241,000 and \$1,905,000 was removed from the Consolidated Statements of Financial Position in 2013 and 2012, 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, \$57,420,000 and \$54,270,000 has been included in the University’s Consolidated Statements of Financial Position within prepaid expenses and other assets and accounts payable and accrued expenses at June 30, 2013 and 2012, respectively.

**6. Indebtedness**

*Bonds and Notes Payable:*

The principal amounts of bonds and notes payable at June 30, 2013 and 2012, in thousands of dollars, are summarized in the table below. Tax exempt and certain taxable bonds were issued through the Massachusetts Development Finance Agency (“MDFA”) and the Massachusetts Health and Educational Facilities Authority (“HEFA”) prior to its merger into MDFA.

	Final Bond Maturity	Interest Rate at June 30, 2013	Outstanding Principal	
			2013	2012
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	44,000
MDFA Series V-2 . . . . .	10/1/14	2.88%	63,170	63,170
MDFA Series V-3 . . . . .	10/1/14	2.88%	10,200	10,200
MDFA Series W (taxable) . . . . .	10/1/45	5.20%	100,470	100,470
MDFA Series X, blended fixed rate . . .	10/1/48	4.78%	111,485	
Century notes (taxable) . . . . .	7/15/97	7.63%	100,000	100,000
Boston Medical Center note (taxable) .	5/12/16	2.00%	17,438	23,251
Boston Redevelopment Authority				
note (taxable) . . . . .	6/15/21	0.00%	9,160	10,305
Aetna loan (taxable) . . . . .	9/15/18	10.20%	4,463	5,044
Various notes payable (taxable) . . . . .			5,747	6,121
Total fixed rate bonds and notes payable. . . . .			<u>\$ 818,133</u>	<u>\$ 714,561</u>

For the years ended June 30, 2013 and 2012

	Final Bond Maturity	Interest Rate at June 30, 2013	Outstanding Principal	
			2013	2012
Variable rate bonds payable				
HEFA Series E, Capital Asset Program . . . . .	3/25/13		\$ 18,000	\$ 18,000
HEFA Series H . . . . .	12/1/29	0.05%	25,000	25,000
HEFA Series N (taxable) . . . . .	10/1/34	0.18%	31,020	31,300
MDFA Series U-1 . . . . .	10/1/40	0.64%	50,000	50,000
MDFA Series U-2 . . . . .	10/1/40	0.88%	50,000	50,000
MDFA Series U-3 . . . . .	10/1/40	0.04%	50,000	50,000
MDFA Series U-5A . . . . .	10/1/31	0.05%	37,600	38,500
MDFA Series U-5B . . . . .	10/1/31	0.05%	39,300	40,200
MDFA Series U-6A . . . . .	10/1/42	0.66%	62,850	62,850
MDFA Series U-6C . . . . .	10/1/42	0.05%	52,545	52,545
MDFA Series U-6E . . . . .	10/1/42	0.61%	62,695	62,695
Royal Bank of Scotland (taxable) . . . . .	8/15/29	0.98%	38,807	41,535
Total variable rate bonds payable . . . . .			\$ 499,817	\$ 522,625
Total bonds and notes payable . . . . .			\$1,317,950	\$ 1,237,186
Net unamortized bond premium and discount . . . . .			18,438	9,447
Total bonds and notes payable, net . . . . .			\$1,336,388	\$ 1,246,633

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 \$61,690,000 as of June 30, 2013. 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 outstanding fixed rate long term debt has been estimated based on discounting the remaining cash flows for each individual fixed rate debt issue at a rate that reflects current market borrowing rates for issuers of comparable credit quality and for debt instruments with comparable structure and terms. Discount rates applied ranged from 1.08% to 5.92% at June 30, 2013 and 1.22% to 5.11% at June 30, 2012. The inputs to the assumptions used to determine the estimated fair value are based on observable inputs and are classified as Level 2. For variable rate debt, the carrying value is equal to the fair value.

The estimated fair value of the debt portfolio as of June 30, 2013 and June 30, 2012, in thousands of dollars, is presented below:

	June 30, 2013		June 30, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate bonds . . . . .	\$ 781,325	\$ 835,455	\$ 669,840	\$ 770,903
Variable rate bonds . . . . .	499,817	499,817	522,625	522,625
Other notes payable . . . . .	36,808	37,350	44,721	44,721
Total bonds and notes payable . . . . .	\$1,317,950	\$ 1,372,622	\$1,237,186	\$ 1,338,249

Interest payments of approximately \$39,343,000 and \$37,806,000 were made in fiscal years 2013 and 2012, respectively. These amounts are net of interest capitalized as a cost of construction totaling \$2,946,000 and \$2,599,000, in fiscal years 2013 and 2012, respectively.

*For the years ended June 30, 2013 and 2012*

Scheduled principal payments on notes, bonds, and capital lease obligations, in thousands of dollars, are presented in the table below. Capital lease obligations totaled \$84,071,000 at June 30, 2013.

Year	Scheduled Principal Maturities
2014	\$ 12,864
2015	86,760
2016	13,277
2017	8,109
2018	9,101
Thereafter	<u>1,271,910</u>
Total	<u>\$1,402,021</u>

Scheduled principal maturities represent aggregate annual payments as required under long-term debt repayment schedules. The University's debt portfolio includes variable rate demand bonds ("VRDBs") of \$235,465,000 that are supported by irrevocable letters of credit ("LOCs"). The LOCs are provided by a diverse group of financial institutions to secure bond repayment and interest obligations and have various maturity dates between May 2015 and June 2018. 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 all outstanding VRDBs had been put as of June 30, 2013, aggregate scheduled loan repayments under the VRDB-related LOCs would be as follows: \$39,245,000, \$78,488,000, \$78,488,000, and \$39,244,000 in 2014, 2015, 2016, and 2017, respectively. As of June 30, 2013, 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 April 2013, the University remarketed its existing \$50,000,000 Series U-1 and \$62,695,000 Series U-6E Variable Rate Demand Revenue Bonds in a public offering as SIFMA-based floating rate bonds. Interest is payable at a fixed spread over the weekly SIFMA index through March 2017 for Series U-1 and through September 2016 for Series U-6E. As a result of this remarketing, the bank letters of credit previously supporting these bonds were terminated.

In April 2013, the University issued its \$111,485,000 Series X tax exempt fixed rate bonds with a final maturity in 2048. The bonds were issued at a premium and generated proceeds of \$120,737,000, which will be used to fund designated capital expenditures and to pay bond issuance costs. Interest is payable at a blended fixed interest rate of 4.78% per annum.

In March 2013, the \$18,000,000 outstanding balance of the HEFA Series E Capital Asset Program loan was repaid at its scheduled maturity date.

In June 2012, the University extended the initial term of the Series U-6A direct purchase transaction from January 2013 to April 2014. The final maturity of the underlying bonds is unchanged at October 2042.

In May 2012, the University entered into a Promissory Note with the Boston Redevelopment Authority pursuant to a Land Disposition Agreement. The terms of the Note require the University to pay total principal of \$10,305,000 in equal annual installments over a term of nine years at an interest rate of 0%.

In February 2012, the University entered into an agreement with Boston Medical Center to pay a total of \$29,064,000 over a term of five years at an interest rate of 2%. See Note 8 for additional details.

In December 2011, the University closed a direct purchase of its Series U-2 variable rate demand bonds. This \$50,000,000 direct purchase transaction has an initial term of four years. The final maturity of the underlying bonds is unchanged at October 2040.

For the years ended June 30, 2013 and 2012

In August 2011, the University issued \$100,470,000 of Series W taxable fixed rate bonds with a final maturity in 2045. The interest rate is 5.2% per annum. Proceeds of the Series W issue were used to partially redeem \$100,000,000 of Series N taxable variable rate bonds and to pay certain transaction expenses.

*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, 2013 and 2012, respectively.

*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, 2013, the University had interest rate exchange agreements in place with total notional amounts of \$564,647,000 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, 2013, 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	23,740	10/30/1997	10/01/2027	6.79%	LIBOR*
Series U1-3	150,000	10/01/2007	10/01/2040	3.97%**	69% of 1-Mo. USD LIBOR*
Series U5	76,900	10/30/2001	10/01/2031	4.10%	67% of 1-Mo. USD LIBOR*
Series U6	10,700	10/01/2002	10/01/2022	4.16%	67% of 1-Mo. USD LIBOR*
Series U6, V	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	38,807	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

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

*For the years ended June 30, 2013 and 2012*

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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 Series T swaption agreements, are recorded at an estimated fair value of \$(227,835,000) and \$(331,272,000) at June 30, 2013 and 2012, respectively, and are included in accounts payable and accrued expenses. The change in estimated fair value of \$103,437,000 and of (\$162,140,000) in 2013 and 2012, respectively, is included in net realized and unrealized gains (losses) on interest rate exchange agreements. Valuations of the interest rate exchange agreements were provided by the counterparties and independently validated by the University based on a discounted cash flow methodology. The validated amounts were adjusted to reflect the risk of nonperformance. The total dollar adjustment for nonperformance is \$13,355,000 and \$27,012,000 at June 30, 2013 and 2012, respectively. The fair value of interest rate exchange agreements is included in Level 2 within the valuation hierarchy defined in Note 2.

In fiscal years 2013 and 2012, the University paid net settlement costs on interest rate exchange agreements of \$25,391,000 and \$25,312,000, respectively. These net settlement costs have been recorded in nonoperating activities on the Consolidated Statements 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, 2013 and 2012, the University was required to post collateral in the amounts of \$91,520,000 and \$207,284,000, 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 ratings change. Additionally, interest rate exchange contracts provide for early termination should either counterparty's credit ratings fall below investment grade.

## **7. Pension and Other Employee Benefits**

### *Defined Contribution Plan:*

The University funds retirement plan contributions to Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA—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 \$62,103,000 in fiscal year 2013 and \$61,104,000 in fiscal year 2012.

### *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 fiscal year 2008. The remaining \$3,723,000 of Plan assets was used to purchase additional benefits for the participants. The University is awaiting a final determination from the Internal Revenue Service on the Plan termination filing. Once the final determination has been received, the University will complete the termination of the Plan.

During fiscal year 2009, the University initiated the process to discontinue a plan option that offers subsidized health care coverage to employees who retire from the University after age 55 until age 65, provided they have at least ten consecutive years of participation in the Plan at the time they retire. 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 applied to any employee who terminated 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.

For the years ended June 30, 2013 and 2012

Through June 30, 2012, this post-retirement benefits plan, valued under ASC 715-10, incorporated benefit obligations for permanently disabled individuals (age 45 or older); these individuals also participate in the University's self-insured long term disability income replacement plan, valued under ASC 712-60. While the post retirement benefits plan for active employees has been discontinued, the University's obligation to provide medical benefits to disabled individuals is ongoing; therefore, as of July 1, 2012, the University transferred its benefit obligation to these individuals from its post retirement obligation to its self-insured long term disability plan obligation, included in accrued payroll and related expenses in the Consolidated Statements of Financial Position. This change resulted in the one-time recognition of net outstanding actuarial losses for these individuals of \$5,500,000; under ASC 715-10, these losses were being amortized, but must be recognized immediately under ASC 712-60.

The Post-Retirement Benefit Plan at June 30, 2013 and 2012, in thousands of dollars, consists of the following:

	<u>Post-Retirement Benefits</u>	
	<u>2013</u>	<u>2012</u>
<b>Change in Benefit Obligation</b>		
Benefit obligation at beginning of year		
before transfer . . . . .	\$ 12,349	\$ 14,710
Transfer of benefit obligation for		
permanently disabled participants . . . . .	\$ (5,349)	\$
Benefit obligation after transfer . . . . .	<u>7,000</u>	<u>14,710</u>
Interest cost . . . . .	200	602
Actuarial loss . . . . .		(568)
Benefits paid . . . . .	<u>(1,300)</u>	<u>(2,395)</u>
Benefit obligation at end of year . . . . .	<u>5,900</u>	<u>12,349</u>
<b>Change in Funded Status</b>		
Funded status . . . . .	<u>(5,900)</u>	<u>(12,349)</u>
Net amount recognized . . . . .	<u>\$ (5,900)</u>	<u>\$ (12,349)</u>
<b>Other Changes in Plan Assets and Benefit Obligations Recognized in the Statement of Activities</b>		
Current year actuarial loss . . . . .	(5,500)	(568)
Amortization of actuarial loss . . . . .	(857)	(1,915)
Current year prior service cost . . . . .		
Amortization of prior service credit . . . . .	<u>3,400</u>	<u>3,474</u>
Total recognized in Statement of Activities .	<u>\$ (2,957)</u>	<u>\$ 991</u>
<b>Amounts recognized in the Statement of Financial Position consist of:</b>		
Accrued post-retirement benefit obligation .	\$ (5,900)	\$ (12,349)
<b>Amounts recognized in Unrestricted Net Assets consist of:</b>		
Net actuarial loss . . . . .	\$ 4,679	\$ 11,036
Prior service credit . . . . .	<u>(8,133)</u>	<u>(11,533)</u>
	<u>\$ (3,454)</u>	<u>\$ (497)</u>

Beginning in 2013, the valuation process for this liability has been simplified, to reflect actual claims, interest cost, and the amortization of actuarial gains and losses over their expected life. The discount rate for valuation was 3.35% in both 2013 and 2012; a 9.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2012, decreasing to 8.5% in 2013 and thereafter by .5% per year until reaching an ultimate rate of 5% over 7 years, in 2020.

For the years ended June 30, 2013 and 2012

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, in thousands of dollars:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total of service and interest cost components	\$ 26	\$ (24)
Effect on post-retirement benefit obligation	433	(401)

	<u>Post-Retirement Benefits</u>	
	<u>2013</u>	<u>2012</u>
<b>Components of Net Periodic Benefit Cost</b>		
Interest cost . . . . .	\$ 200	\$ 602
Current year actuarial loss . . . . .	(5,500)	
Amortization of prior service cost . . . . .	(3,400)	(3,474)
Amortization of actuarial loss . . . . .	857	1,915
Net periodic benefit cost . . . . .	<u>\$ (7,843)</u>	<u>\$ (957)</u>

There was no accumulated benefit obligation at the end of the fiscal years 2013 and 2012.

*Expected Cash Flows:*

Information about the expected cash flows for the post-retirement benefit plan is in thousands of dollars, as follows:

<u>Employer contributions</u>	<u>Post-Retirement Benefits</u>
2014 (expected)	\$ 1,100
<b>Expected benefit payments</b>	
2014	1,000
2015	800
2016	700
2017	700
2018	500
2019	300

**8. 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 through fiscal year 2033. Amounts scheduled include options to extend capital leases through the year 2066, in thousands of dollars, are summarized below:

	<u>Operating</u>	<u>Capital</u>
2014	\$ 23,219	\$ 3,956
2015	21,964	3,956
2016	21,753	4,021
2017	20,723	4,021
2018	20,422	4,021
Thereafter	125,004	192,812
	<u>\$ 233,085</u>	<u>\$ 212,787</u>
Less: Amounts representing interest		(128,716)
Capital lease obligation		<u>\$ 84,071</u>

For the fiscal years 2013 and 2012 rent expense for educational facilities and office space was \$27,936,000 and \$27,362,000, 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 \$57,229,000 to be paid over the 60-year term of the lease. In fiscal year 2007, the University



For the years ended June 30, 2013 and 2012

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took occupancy of an additional 22,000 square feet. Future minimum lease payments are approximately \$26,842,000 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 \$6,516,000 at June 30, 2013.

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 \$17,962,000 at June 30, 2013.

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 corporation in which the University has a 50% interest. The corporation had outstanding debt of \$8,600,000 at June 30, 2013.

The University entered into a 10-year non-cancellable operating lease of an office property in fiscal year 2001. Minimum annual lease payments of approximately \$1,409,000 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 \$9,008,000 at June 30, 2013.

*National Emerging Infectious Diseases Laboratories (“NEIDL”):*

In September 2003 the University received an award from the National Institutes of Health (“NIH”) for the construction of a Biosafety Level (BSL) 4 NEIDL on the University’s Medical Campus. The NEIDL is to be used by the University and other organizations to study infectious diseases and to support the federal government’s bio-defense effort.

Construction of the NEIDL was substantially completed in fiscal 2009. The use of the building for BSL-4 research has been delayed due to pending litigation challenging the environmental review process relating to the planned use of the building for BSL-4 research. In March of 2012 the University received clearance from the Massachusetts Executive Office of Energy and Environmental Affairs to begin research at NEIDL at Biosafety Level 2 and as of March 15, 2012, the related portion of the facility was placed into service and research began.

The University and Boston Medical Center each committed \$28,300,000 toward construction, and each held a 50% equity interest in the project with the right to share equally in the future operating activities of the NEIDL. In May 2010, in accordance with the terms of the agreement between the University and Boston Medical Center, Boston Medical Center notified the University of its intent to withdraw from further participation in the NEIDL as of May 1, 2011. The agreement required the University to repay Boston Medical Center’s equity commitment of \$29,064,000. Repayment terms for this obligation were finalized in February of 2012, with repayment to be made over 5 years at an interest rate of 2%. The balance of this obligation as of June 30, 2013 and 2012, of \$17,438,000 and \$23,251,000, respectively, is reflected in bonds and notes payable.

Total construction costs were approximately \$199,521,000 as of June 30, 2013 and 2012. NIH has reimbursed \$140,625,000 as of June 30, 2013 and 2012. When initially received by the University, NIH funding for NEIDL construction was recorded as an increase to temporarily restricted net assets, to be released from restriction when the asset is placed in service. As noted above, over 60% of the building was placed into service during 2012, and as a result, in 2012, a pro-rata share of NIH funding, \$86,507,000, was transferred from temporarily restricted net assets to unrestricted net assets.

*For the years ended June 30, 2013 and 2012*

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*Other:*

As of June 30, 2013, the University has commitments of approximately \$288,809,000, 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.

In December of 2012, in connection with the sale of a non-core asset, the University entered into a 75-year ground agreement to lease the land to the purchaser of the building. The lease term is through 2087. In connection with this transaction, the University received a prepaid lease payment of \$38,625,000 that is included in deferred income and student deposits on the Consolidated Statements of Financial Position and will be amortized on a straight line basis over the term of the lease. For the year ended June 30, 2013, the University recognized rental revenue of \$257,500 related to the ground lease. The unamortized deferred rent as of June 30, 2013 is \$38,367,500.

The University has entered into a 10-year agreement to purchase \$910,000 annually in natural gas for the University's East Campus Central Energy Plant. The agreement commenced in November 2010, upon the University successfully testing the supplier's connection to the East Campus Central Energy Plant.

Effective July 1, 1996, 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. The University's commitment for fiscal year 2014 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.

#### **9. Statements 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.

As reported on the Consolidated Statements of Cash Flows within cash flows from financing activities, the University paid net settlement costs of \$12,153,000 and \$15,916,000 related to the swap replacement transactions in fiscal years 2013 and 2012, respectively.

#### **10. Subsequent Events**

The University has assessed the impact of subsequent events through September 19, 2013, the date the Audited Consolidated Financial Statements were issued, and has concluded that there were no such events that require adjustment to the Audited Consolidated Financial Statements or disclosure in the notes to the Audited Consolidated Financial Statements.

## THE CORPORATION

THE FOUNDERS	Lee Claflin	Isaac Rich	Jacob Sleeper
THE ASSOCIATE FOUNDERS	Augusta E. Corbin Chester C. Corbin Albert V. Danielsen Edward H. Dunn Rafik B. al-Hariri Charles Hayden	Arthur G. B. Metcalf Stephen P. Mugar Anne A. Ramsey John R. Robinson Roswell R. Robinson	Alden Speare Dewey David Stone Harry K. Stone Gerald Tsai, Jr. An Wang
THE TRUSTEES Robert A. Knox <i>Chairman</i> John P. Howe III <i>Vice Chairman</i> Robert A. Brown <i>President</i>	Richard D. Cohen Jonathan R. Cole Shamim A. Dahod David F. D'Alessandro Katheryn Pfisterer Darr Sudarshana Devadhar Richard B. DeWolfe Kenneth J. Feld Sidney J. Feltenstein Ronald G. Garriques Richard C. Godfrey SungEun Han-Andersen Bahaa R. Hariri	Robert J. Hildreth Stephen R. Karp Rajen A. Kilachand Cleve L. Killingsworth, Jr. Elaine B. Kirshenbaum Andrew R. Lack Eric S. Lander Alan M. Leventhal J. Kenneth Menges, Jr. Carla E. Meyer Alicia C. Mullen Peter T. Paul	C. A. Lance Piccolo Stuart W. Pratt Allen I. Questrom Richard D. Reidy Sharon G. Ryan S.D. Shibulal Richard C. Shipley Hugo X. Shong Bippy M. Siegal Nina C. Tassler Andrea L. Taylor Stephen M. Zide
THE OVERSEERS Shamim A. Dahod <i>Chairman</i> Ryan K. Roth Gallo <i>Vice Chairman</i>	Warren J. Adelson James Apteker Merwyn Bagan Steven R. Becker Gayle R. Berg William D. Bloom Thomas M. Bowers Fred A. Bronstein Robert J. Brown Earle M. Chiles Cassandra M. Clay Gerard H. Cohen	Suzanne Cutler Derek Davis Maya Ezratti Amass L. Fakahany Bruce J. Feirstein Sandra A. Frazier Edwin D. Fuller Kathleen L. Healy David E. Hollowell Esther A. H. Hopkins Karen Elliott House Christine S. Hunter	David R. Jones Linda Sloane Kay Raymond L. Killian, Jr. William H. Kleh Leif C. Kvaal Peter J. Levine Ruth A. Moorman Kenneth P. Morrison Jay Roewe Marshall M. Sloane Marcy Syms Lucy Landesman Halperin Zaro
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## THE UNIVERSITY ADMINISTRATION

<i>President</i> Robert A. Brown, B.S., M.S., Ph.D.	<i>Chief Investment Officer</i> Lila C. Hunnewell, B.A., M.B.A.	<i>Senior Vice President for Development &amp; Alumni Relations</i> Scott G. Nichols, B.A., M.S., Ed.D.	<i>Senior Vice President, General Counsel, and Secretary of the Board</i> Todd L. C. Klipp, B.A., J.D.
<i>University Provost &amp; Chief Academic Officer</i> Jean Morrison, B.A., M.S., Ph.D.	<i>Senior Vice President, Chief Financial Officer, and Treasurer</i> Martin J. Howard, B.A., M.B.A., C.P.A., C.F.A., C.F.P.	<i>Senior Vice President for External Affairs</i> Stephen P. Burgay, B.A., J.D.	<i>Senior Vice President for Operations</i> Gary W. Nicksa, B.S.B.A., M.S.T.
<i>Provost of the Medical Campus</i> Karen H. Antman, B.S., M.D.			

## **Schedule of Expenditures of Federal Awards**

# Boston University

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Direct Programs</b>		
<b>Agency for International Development</b>		
Agency for International Development	98	\$ 648,159
Agency for International Development	98.001	<u>258,184</u>
<b>Agency for International Development Total</b>		<u>906,343</u>
<b>Department of Agriculture</b>		
Department of Agriculture	10.310	<u>25,937</u>
<b>Department of Agriculture Total</b>		<u>25,937</u>
<b>Department of Commerce</b>		
Department of Commerce	11.000	18,327
Department of Commerce	11.420	23,431
Department of Commerce	11.440	<u>77,039</u>
<b>Department of Commerce Total</b>		<u>118,797</u>
<b>Department of Defense</b>		
Air Force	12	1,333,149
Air Force	12.630	303,264
Air Force	12.800	2,150,335
Air Force	12.910	163,829
Army	12	305,428
Army	12.420	2,413,576
Army	12.431	1,752,862
Army	12.630	679,837
Army	12.910	109,976
Defense Threat Reduction Agency	12.351	550,331
Defense Threat Reduction Agency	12.630	136,663
Navy	12	(9,650)
Navy	12.300	<u>6,887,710</u>
<b>Department of Defense Total</b>		<u>16,777,310</u>
<b>Department of Education</b>		
Department of Education	84.133	1,217,465
Department of Education	84.305	398,648
Department of Education	84.324	<u>260,617</u>
<b>Department of Education Total</b>		<u>1,876,730</u>
<b>Department of Energy</b>		
Department of Energy	81	286,632
Department of Energy	81.049	4,133,931
Department of Energy	81.087	190,703
Department of Energy	81.089	110,304
Department of Energy	81.135	63,890
Department of Energy - ARRA	81.049	32,943
National Energy Technology Lab	81.089	<u>109,392</u>
<b>Department of Energy Total</b>		<u>4,927,795</u>
<b>Department of Health and Human Services</b>		
Administration on Aging	93.048	39,666
Agency for Healthcare Research And Quality	93	686,053
Agency for Healthcare Research And Quality	93.226	657,134
Agency for Healthcare Research And Quality - ARRA	93.715	83,899
Center for Disease Control	93	186,457
Center for Disease Control	93.067	5,242,386
Center for Disease Control	93.262	47,389
Center for Disease Control	93.283	313,223
Center for Disease Control	93.542	638,881
Eunice Kennedy Shriver National Institute of Child Health and Human Development	93.864	(8,396)
Eunice Kennedy Shriver National Institute of Child Health and Human Development	93.865	6,307,422
Eunice Kennedy Shriver National Institute of Child Health and Human Development - ARRA	93.701	211,111
Fogarty International Center	93.989	66,150
Food and Drug Administration	93.103	(4,390)
Health Resources and Services Administration	93.110	440,238
Health Resources and Services Administration	93.145	<u>771,331</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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Research and Development Direct Programs</b>		
<b>Department of Health and Human Services (continued)</b>		
Health Resources and Services Administration	93.250	8,881
Health Resources and Services Administration	93.887	(204)
Health Resources and Services Administration	93.928	277,952
National Cancer Institute	93	231,785
National Cancer Institute	93.393	3,887,780
National Cancer Institute	93.394	470,892
National Cancer Institute	93.395	1,166,479
National Cancer Institute	93.396	2,135,211
National Cancer Institute	93.398	322,184
National Cancer Institute	93.838	720,656
National Cancer Institute	93.839	(9,923)
National Cancer Institute - ARRA	93.701	(131,632)
National Center for Complementary and Alternative Medicine	93.213	162,899
National Center for Complementary and Alternative Medicine - ARRA	93.701	84,634
National Center for Health Research Resources	93.350	4,078,437
National Center for Health Research Resources	93.389	1,104,409
National Center for Health Research Resources - ARRA	93.701	427,335
National Center on Minority Health and Health Disparities	93.307	169,539
National Center on Minority Health and Health Disparities - ARRA	93.701	138,945
National Eye Institute	93.867	1,754,977
National Eye Institute - ARRA	93.701	20,778
National Heart, Lung, and Blood Institute	93	11,966,366
National Heart, Lung, and Blood Institute	93.310	424,828
National Heart, Lung, and Blood Institute	93.837	12,169,154
National Heart, Lung, and Blood Institute	93.838	8,404,228
National Heart, Lung, and Blood Institute	93.839	1,807,663
National Heart, Lung, and Blood Institute - ARRA	93.701	360,096
National Human Genome Research Institute	93.172	2,401,962
National Institute of Allergy and Infectious Diseases	93	244,602
National Institute of Allergy and Infectious Diseases	93.855	18,989,332
National Institute of Allergy and Infectious Diseases	93.865	(25,796)
National Institute of Allergy and Infectious Diseases - ARRA	93.701	275,870
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	8,085,732
National Institute of Arthritis and Musculoskeletal and Skin Diseases - ARRA	93.701	90,912
National Institute of Biomedical Imaging and Bioengineering	93.286	1,628,320
National Institute of Biomedical Imaging and Bioengineering - ARRA	93.701	355
National Institute of Dental and Craniofacial Research	93.121	5,993,026
National Institute of Dental and Craniofacial Research	93.837	339,036
National Institute of Dental and Craniofacial Research - ARRA	93.701	114,838
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	5,509,525
National Institute of Diabetes and Digestive and Kidney Diseases - ARRA	93.701	3,426
National Institute of Environmental Health Sciences	93.113	3,310,818
National Institute of Environmental Health Sciences	93.143	1,329,926
National Institute of Environmental Health Sciences - ARRA	93.701	22,350
National Institute of General Medical Sciences	93.853	260,506
National Institute of General Medical Sciences	93.859	12,064,848
National Institute of General Medical Sciences	93.865	303,936
National Institute of General Medical Sciences - ARRA	93.701	227,996
National Institute of Mental Health	93.242	11,022,034
National Institute of Mental Health	93.281	109,240
National Institute of Mental Health	93.310	37,876
National Institute of Mental Health	93.867	10,069
National Institute of Neurological Disorders and Stroke	93.310	214,911
National Institute of Neurological Disorders and Stroke	93.853	9,582,294
National Institute of Neurological Disorders and Stroke - ARRA	93.701	141,869
National Institute on Aging	93.866	12,341,575
National Institute on Aging - ARRA	93.701	(17,812)
National Institute on Alcohol Abuse and Alcoholism	93.273	2,488,813
National Institute on Deafness and Other Communication Disorders	93.173	4,805,547
National Institute on Deafness and Other Communication Disorders - ARRA	93.701	2,789
National Institute on Drug Abuse	93.279	1,830,369

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Research and Development Direct Programs</b>		
<b>Department of Health and Human Services (continued)</b>		
National Institute on Drug Abuse	93.855	95,062
National Institute on Drug Abuse - ARRA	93.701	9,594
NIH Clinical Center	93	490,358
NIH Clinical Center - ARRA	93.701	(1,263)
Office of the Director, National Institutes of Health	93.310	805,714
Office of the Director, National Institutes of Health	93.351	590,018
Public Health Contracts	93	1,439,802
<b>Department of Health and Human Services Total</b>		<b>175,003,282</b>
<b>Department of Homeland Security</b>		
Department of Homeland Security	97.077	222,703
<b>Department of Homeland Security Total</b>		<b>222,703</b>
<b>Department of Housing and Urban Development</b>		
Department of Housing and Urban Development	14.516	132,874
<b>Department of Housing And Urban Development Total</b>		<b>132,874</b>
<b>Department of Justice</b>		
Department of Justice	16	114,591
<b>Department of Justice Total</b>		<b>114,591</b>
<b>Department of Labor</b>		
Department of Labor	17	23,683
<b>Department of Labor Total</b>		<b>23,683</b>
<b>Department of the Interior</b>		
Department of Interior	15	161,321
Department of Interior	15.608	3,125
Department of Interior	15.642	734
Department of Interior	15.944	6,398
<b>Department of the Interior Total</b>		<b>171,578</b>
<b>Department of Transportation</b>		
Department of Transportation	10	145,261
<b>Department of Transportation Total</b>		<b>145,261</b>
<b>Department of Veterans Affairs</b>		
Department of Veterans Affairs	64	4,231,877
<b>Department of Veterans Affairs Total</b>		<b>4,231,877</b>
<b>Environmental Protection Agency</b>		
Environmental Protection Agency	66.509	444,248
Environmental Protection Agency	66.514	10,760
<b>Environmental Protection Agency Total</b>		<b>455,008</b>
<b>Executive Office of the President</b>		
Executive Office of the President	95	137,376
<b>Executive Office of the President Total</b>		<b>137,376</b>
<b>National Aeronautics and Space Administration</b>		
National Aeronautics and Space Administration	43	107,394
National Aeronautics and Space Administration	43.001	3,176,367
National Aeronautics and Space Administration	43.003	407,082
National Aeronautics and Space Administration	43.009	29,720
<b>National Aeronautics and Space Administration Total</b>		<b>3,720,563</b>
<b>National Science Foundation</b>		
National Science Foundation	47.041	3,099,883
National Science Foundation	47.049	5,134,714
National Science Foundation	47.050	5,447,508
National Science Foundation	47.070	3,923,290
National Science Foundation	47.074	2,964,328
National Science Foundation	47.075	4,510,414
National Science Foundation	47.076	2,805,772

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, 2013**

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Research and Development Direct Programs</b>		
<b>National Science Foundation (continued)</b>		
National Science Foundation	47.078	100,901
National Science Foundation	47.079	316,976
National Science Foundation	47.080	318,318
National Science Foundation	47.401	5,916
National Science Foundation - ARRA	47.082	3,451,073
<b>National Science Foundation Total</b>		<u>32,079,093</u>
<b>Total Research and Development Direct Programs</b>		<u>\$ 241,070,801</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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Agency for International Development</b>			
Eastern Virginia Medical School, Conrad Division	98	PPC-11-111	\$ (10,913)
Emerging Markets Group, LTD	98	4391-CPFF-07-03	14,698
Family Health International	98	GPO-A-00-05-00028-00	9,199
Right To Care	98	Not Available	138,306
United States Pharmacopeial Convention	98.001	GHS-A-00-09-00003-00	61,643
<b>Agency for International Development Total</b>			<b>212,933</b>
<b>Department of Agriculture</b>			
Boston Medical Center	10	2541	25,301
Impaq International, LLC	10	2151	23,559
Indiana University	10.206	2008-35107-04500	(56)
<b>Department of Agriculture Total</b>			<b>48,804</b>
<b>Department of Commerce</b>			
Massachusetts Institute of Technology	11.417	5710002976	9,539
UMASS/Boston - MIT Seagrant	11.417	5710002776	36,824
Woods Hole Oceanographic Institution	11.417	A100704	35,782
Woods Hole Oceanographic Institution	11.417	A100924	17,188
<b>Department of Commerce Total</b>			<b>99,333</b>
<b>Department of Defense</b>			
Bae Systems, Inc.	12	678520	5,908
Battelle Memorial Institute	12	PO 356390	76,765
Beth Israel Deaconess Medical Center	12.420	W81XWH-09-2-0001	3
Boston Medical Center	12.420	ACTIVITY 0262001	(6,284)
Boston VA Research Institute, Inc.	12.420	1	51,381
Charles River Analytics, Inc.	12	SC1105601	102,709
Charles River Analytics, Inc.	12	SC1201801	70,987
Charles Stark Draper Laboratory, Inc.	12	PO 001-0001026345	33,236
City College of New York	12.800	47194A	71,353
DCG Systems, Inc.	12	IRP3-BU	198,972
Draper Laboratory, Inc.	12	SC001-000000588	46,591
Energesis Pharmaceuticals, Inc.	12	W81XWH-11-C-0517	78,399
Hansjorg Wyss Institute for Biologically Inspired Engineering	12	167837-5054561	65,961
Harvard School of Public Health	12	HARVARD SPH	6,718
Harvard University	12	167824.0003	317,228
Harvard University	12.420	133160-02	54,906
Harvard University	12.420	133174-01	114,024
Henry M. Jackson Foundation	12.420	739614	114,396
Henry M. Jackson Foundation	12.420	W81XWH-11-2-0174	46,295
HRL Laboratories, LLC	12	11090-200926-DS	579,161
HRL Laboratories, LLC	12	8036-801881-BS	119,876
Infinium Metals Inc.	12	N00014-13-P-1138	10,153
Massachusetts General Hospital/CIMIT	12.420	208358	(962)
Massachusetts General Hospital/CIMIT	12.420	215439	(297)
Massachusetts Institute of Technology	12	5710003167	57,821
Massachusetts Institute of Technology	12	5710003194-01	93,461
Massachusetts Institute of Technology	12.300	5710002582	235,903
Massachusetts Institute of Technology	12.300	5710002632	50,512
Massachusetts Institute of Technology	12.300	5710002645	368,703
Massachusetts Institute of Technology	12.300	5710003312	69,084
Massachusetts Institute of Technology	12.431	5710003052	73,757
MIT/Lincoln Laboratory	12	7000109721	5,457
Neurala, LLC	12	FA8750-12-1-0123	199,434
Northeastern University	12.800	504321	105,779
Photon Systems, Inc.	12.431	035BU	(27,589)
Photonic Glass Corporation	12	FA-9550-10-C-0066	1,975
Photronix, Inc.	12	W9113M-10C-0090	27,536

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Defense (continued)</b>			
Raytheon Company	12	9500010646	99,213
Science Applications International Corporation	12	P010091737	(7)
Science Research Laboratory, Inc.	12	C-0297-393	116,234
Scientific Systems Company, Inc.	12	1542-B.U.	44,847
Sofar Acoustics, LLC	12	W912HZ-13-P-0008	28,790
Spaceworks, Inc.	12	PO-12-7060M-01A	28,877
Syracuse University	12.800	24380-02478-S01	(14,474)
Telcordia Technologies, Inc.	12	20016026	23,793
TT Government Solutions	12	20016026	70,966
University of California, San Diego	12.800	10312239-SUB	60,075
University of Illinois, Urbana-Champaign	12.800	2010-07331-01	164,304
University of Maryland, Baltimore County	12.910	12012	86,072
University of Massachusetts, Dartmouth	12.300	14270	10,000
University of Rochester	12.431	415338-G	100,766
University of Texas At Austin	12.431	UTA12-001015	171,733
University of Utah	12.630	10028801-BU	431,407
University of Utah	12.630	10028801-BU-APP	173,313
University of Washington	12.300	705016	506,955
Washington University	12.420	WU-13-62	63,170
Woods Hole Oceanographic Institution	12.300	A100728	45,743
<b>Department of Defense Total</b>			<b>5,631,089</b>
<b>Department of Education</b>			
Commonwealth of Massachusetts	84.181	INTF3601HH2706811119	25,449
Public Broadcasting Service	84.295	U295A100025	111,665
Trustees of Dartmouth College	84.133	960	40,852
<b>Department of Education Total</b>			<b>177,966</b>
<b>Department of Energy</b>			
Battelle Energy Alliance, LLC	81	108082	352
Battelle Energy Alliance, LLC	81	128776	202,648
Battelle Memorial Inst/Pacific Northwest National Laboratory	81	176254	63,240
Battelle Memorial Inst/Pacific Northwest National Laboratory	81	179721	64,132
CRA International Inc.	81.135	CRA AGREEMENT	88,404
Columbia University	81	6 (GG009028)	131,641
Decision Detective Corporation	81.049	DESC0006262	23,022
Duke University	81.049	10-DOE-1053	(15,888)
Harvard University	81.049	133183-5041151	205,235
Los Alamos National Laboratory	81	214476	32,441
Moxst, Inc.	81.086	DE-EE0003454/000	(1,106)
Moxst, Inc.	81.086	DE-EE0005547	32,643
Pennsylvania State University	81.049	4331-BU-SU-9105	110,947
Sandia National Laboratories	81	1222895	84,397
Sandia National Laboratories	81	1344135	15,134
Tulane University	81.049	TUL-603-10/11	7,140
URS Energy & Construction	81	RES1301924	33,416
UT-Battelle, LLC/Oak Ridge National Laboratory	81	4000091123	27,364
Xradia Corp	81.049	DE-SC0009733	33,273
<b>Department of Energy Total</b>			<b>1,138,435</b>
<b>Department of Health and Human Services</b>			
Acpharis, Inc.	93.859	1R41GM097907-01	30,814
Acpharis, Inc.	93.859	1R41GM101907	27,594
Agiltron, Inc.	93.110	PO # 323344	87,641
Albert Einstein College Of Medicine	93.866	9-526-2762	(3,425)
Alem-Rmd Joint Venture - ARRA	93.701	C10-16	4,774
American Thoracic Society/ Lungevity Foundation	93	2012-01	69,773
Behavioral Tech Research, Inc.	93.242	R44MH082475-03	27,530
Beth Israel Deaconess Medical Center	93.286	1025934	61,547
Beth Israel Deaconess Medical Center	93.395	1026146	81,647
Beth Israel Deaconess Medical Center	93.395	057-816-4435-5	27,444
Beth Israel Deaconess Medical Center	93.846	BIDMC---NIH NIAMS	8,888
Biohelix Corporation	93.855	1R41AI092913-01	123,121
Board of Trustees of The Leland Stanford Junior University	93	23057560-41466-F	811,948
Boston College	93.855	1520-1	27,086
Boston College	93.865	1521-1	132,778
Boston Medical Center	93	2344	40,494

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, 2013**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Health and Human Services (continued)</b>			
Boston Medical Center	93	252805	162,216
Boston Medical Center	93.242	1793	15,758
Boston Medical Center	93.243	1756	19,945
Boston Medical Center	93.273	3014	78,050
Boston Medical Center	93.273	240501	35,726
Boston Medical Center	93.279	1991	66,707
Boston Medical Center	93.279	2138	92,600
Boston Medical Center	93.279	2563	262,919
Boston Medical Center	93.279	2765	27,031
Boston Medical Center	93.279	2856	173,967
Boston Medical Center	93.279	326901	33,126
Boston Medical Center	93.279	0262301	164,734
Boston Medical Center	93.393	1592	46,461
Boston Medical Center	93.393	2192	13,416
Boston Medical Center	93.393	268301	2,017
Boston Medical Center	93.395	1950	31,808
Boston Medical Center	93.395	2165	7,327
Boston Medical Center	93.399	1U10CA139519	1,010
Boston Medical Center	93.837	1869	469,917
Boston Medical Center	93.838	2309	4,689
Boston Medical Center	93.839	2139	181,133
Boston Medical Center	93.847	1915	14,223
Boston Medical Center	93.847	1945	9,967
Boston Medical Center	93.847	2616	22,119
Boston Medical Center	93.847	2619	27,923
Boston Medical Center	93.847	2620	26,332
Boston Medical Center	93.847	2819	59,556
Boston Medical Center	93.853	1783	109,386
Boston Medical Center	93.855	2821	92,128
Boston Medical Center	93.866	2133	9,728
Boston Medical Center	93.866	2163	35,408
Boston Medical Center	93.866	2453	(33)
Boston Medical Center	93.866	2533	201,144
Boston Medical Center	93.866	2579	21,759
Boston Medical Center	93.866	300801	36,974
Boston Medical Center - ARRA	93.701	379001	(1,066)
Brandeis University	93.279	4-01896	49,078
Brandeis University	93.866	4-01176	4,522
Brandeis University	93.866	4-02075	13,639
Brigham & Women's Hospital	93	101949	108,883
Brigham & Women's Hospital	93.121	103106	(265)
Brigham & Women's Hospital	93.172	107049	69,817
Brigham & Women's Hospital	93.279	108285	31,343
Brigham & Women's Hospital	93.286	106368	135,796
Brigham & Women's Hospital	93.286	106370	14,457
Brigham & Women's Hospital	93.838	104228	349,541
Brigham & Women's Hospital	93.838	106776	75,405
Brigham & Women's Hospital	93.846	103128	10,476
Brigham & Women's Hospital	93.846	108331	71,618
Brigham & Women's Hospital	93.855	104684	29,103
Brigham & Women's Hospital	93.864	104182	15,011
Brigham & Women's Hospital - ARRA	93.701	104980	18,426
Brigham & Women's Hospital - ARRA	93.701	PS 105992	24,425
Broad Institute	93.172	5410420-5500000447	21,288
Broad Institute	93.847	520345-5500000513	159,083
Brown University	93.242	474	14,579
Brown University	93.393	154	(19,006)
Carmot Therapeutics, Inc.	93.395	1 R43 CA153676-01	22,132
Case Western Reserve University - ARRA	93.701	RES50484D	2
Children's Hospital, Boston	93	491300	16,799
Children's Hospital, Boston	93.847	474147	97,403

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Health and Human Services (continued)</b>			
Children's Hospital, Boston - ARRA	93.701	82084	15,543
Children's Hospital, Boston - ARRA	93.701	323970	(20)
Children's Hospital, Seattle	93.838	10215SUB	103,363
Cincinnati Children's Hospital Medical Center	93.837	109363	41
Cleveland Clinic Foundation	93.847	308-SU8	209,346
Cleveland Clinic Lerner College of Medicine of Case Western	93	HHSN268200700018C	19,441
Cold Spring Harbor Laboratory	93.242	54740312	26,477
Colorado State University	93.855	G-4887-2	13,731
Columbia University	93.39	G03506	142,334
Columbia University	93.394	1 (GG004019)	120,143
Columbia University	93.394	1 (GG004958)	102,781
Commonwealth of Massachusetts	93	INTF3122HH2W97913014	317,856
Commonwealth of Massachusetts	93	INTF6207HH4300522527	36,641
Commonwealth of Massachusetts	93.121	RDE017716A	55,626
Commonwealth of Massachusetts	93.889	INTF6208HH4300522127	122,548
Dana-Farber Cancer Institute	93.172	1158102	108,358
Dartmouth College	93.859	592	373,058
Dartmouth College	93.999	791	27,817
Dimagi, Inc.	93	DIMAGI INC.--NIH NCI	12,357
Duke University	93	2031988	1,137,168
Duke University	93	3038571	218
Duke University	93	HHSN272201100025C	16,207
Duke University	93.837	203-9989	70,393
Duke University	93.855	2031952	88,491
Duke University	93.855	2032655	184,468
East Carolina University	93.242	A11-0125-S003	9,342
Feinstein Institute for Medical Research	93	BOS-01-NON-ARRA	54,179
Fenway Community Health Center	93.865	BU1763	23,814
Forsyth Institute	93.307	006964-BUMC2390	138,710
Fraunhofer USA	93.855	3358-SUBA	164,175
Fraunhofer USA	93.855	3358-SUBC	98,148
Georgetown University	93.393	RX 4442-003-BU	53,870
Georgetown University	93.866	RX2462-189-BU	51,785
Georgia Institute of Technology	93.855	RC670-G1	95,736
Harvard School of Public Health	93	2T42OH008416-07	500
Harvard School of Public Health	93	5031928-114855	11,797
Harvard School of Public Health	93.061	5P01TP000307-04	15,715
Harvard School of Public Health	93.859	114041.5027	38,230
Harvard School of Public Health	93.859	23570-114041	(56)
Harvard School of Public Health	93.864	23570-114045	395,122
Harvard School of Public Health	93.865	111066-004	4,108
Harvard University	93.195	5031928	3,986
Harvard University Medical School	93	14907-0843	17,100
Harvard University Medical School	93.855	149632.5030240.0003	16,677
Hebrew Rehabilitation Center for the Aged	93.846	90054	25,280
Hebrew Rehabilitation Center for the Aged	93.846	10.10.90038	31,296
Hebrew Rehabilitation Center for the Aged	93.866	10.10.90049	87,432
Hebrew Rehabilitation Center for the Aged	93.866	10.10.90053	66,555
Hebrew Seniorlife	93.846	10.10.90052	76,932
Hektoen Institute for Medical Research, L.L.C.	93.855	50611-324-BU1-AI034993	14,611
Henry Ford Health System	93.393	B40540	22,956
Henry Ford Health System	93.393	R01CA140754-04	34,250
Indiana University	93.242	IN-4694751-BU	12,752
Indiana University	93.847	IN4694015BU	76,512
Jackson Laboratory	93.856	201719	31,254
Johns Hopkins University	93.273	2001374983	393,413
Johns Hopkins University	93.866	2000407677	70,282
Joslin Diabetes Center	93.847	SUB_P30DK036836_KASIF	97,210

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Health and Human Services (continued)</b>			
Joslin Diabetes Center	93.847	SUB_P30DK036836_P&F	6,190
JSI Research Training Institute Inc	93.928	INTF4971M04603614082	83,976
Judge Baker Children's Center (Harvard Affiliate)	93.242	47000-12000-47777	30,970
KBD, Inc.	93.866	1R43AG030246-01A2	1,923
Legacy Research	93.853	MH083973	74,969
M20Mathematica Policy Research	93	HHSM-500-2008-000201	2,758
Mass Eye and Ear Infirmary	93.173	5R01DC005775-09	48,044
Mass Eye and Ear Infirmary	93.867	30408	34,501
Massachusetts General Hospital	93	216307	55,280
Massachusetts General Hospital	93.242	216648	192,515
Massachusetts General Hospital	93.242	218390	13,633
Massachusetts General Hospital	93.279	217206	49,718
Massachusetts General Hospital	93.286	221149	175,372
Massachusetts General Hospital	93.837	218179	156,303
Massachusetts General Hospital	93.838	205123	25,819
Massachusetts General Hospital	93.847	208376	27,381
Massachusetts General Hospital	93.847	218446	366,477
Massachusetts General Hospital	93.854	75155	(14,204)
Massachusetts General Hospital - ARRA	93.701	219692	4,266
Massachusetts Institute of Technology	93.173	5710003037	140,859
Massachusetts Institute of Technology	93.397	5710003041	85,279
Massachusetts Institute of Technology	93.853	5710003080	18,968
Massachusetts Institute of Technology	93.855	5710003335	8,796
Medical Discovery Partners, Inc.	93.855	1R43AI092886-01	(696)
Methodist Hospital Research Institute Houston	93.397	27010012-0008	35,742
Mt. Sinai School Of Medicine	93.866	0255-3171-4609	139,949
National Committee For Quality Assurance	93	Not Available	11,831
National Jewish Health - ARRA	93.701	5 RC2 HL101715-02	(67,610)
New England Research Institutes	93.847	NIDDK-NERI-BU	51,879
New England Research Institutes	93.866	NIA-NERI-BU	9,436
New Jersey Institute of Technology	93.286	R01-EB009100	65,513
Northern California Institute For Research And Education	93.242	VIN1478-02	32,060
Northwestern University	93.855	60026860BUMC	5,546
Northwestern University	93.865	SP0014607-PROJ0004971	74,345
Northwestern University	93.867	SP0004560/PROJ0001556	68,349
Oklahoma Medical Research Foundation	93.855	5U19AI062629-09	390,877
Oregon State University	93.866	P0330A-A	121,094
Phoenicia Biosciences, Inc.	93.395	R43CA153474-01A1	71,426
Phoenicia Biosciences, Inc.	93.837	1R41HL087542-01A2	(1,823)
Phoenicia Biosciences, Inc.	93.837	R41 HL108515-01A1	81,294
Places for People	93.242	BU110607IMR-3	18,808
President And Fellows of Harvard College	93.113	112116.5039	33,087
President And Fellows of Harvard College	93.838	113063-5037484	69,406
President And Fellows of Harvard College	93.292	5044460-114897	45,903
Professional & Scientific Associates	93	118678	20,256
Prothera, Inc.	93.855	5R42 A1062095-05	210,484
Public Health Institute	93.273	1016104R	30,135
Purdue University	93.866	4102-45155	94,018
Rand Corporation	93	9920110109	23,069
Regents of the University of Michigan	93.847	3002233120	5,245
Roswell Park Cancer Institute	93.393	55-8009-01	94,849
Roswell Park Cancer Institute	93.393	63-01	795,313
RTI International	93	1-312-0213520	3,392
Schepens Eye Research Institute	93.867	1DP2OD006649-SUB2	45,539
Scimetrica	93	HHSN272201100025C	20,307
Seattle Institute For Biomedical And Clinical Research - ARRA	93.701	BJ18-BOSTON-ARRA	27,652
Simbex, LLC	93.865	5R24HD065703-04	30,793

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, 2013**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Health and Human Services (continued)</b>			
Spaulding Rehabilitation Hospital	93.837	500173	14,162
Spaulding Rehabilitation Hospital	93.866	500187	80,981
Texas A&M University	93.242	S080069	(2,722)
The Institute of Living	93.242	126191	6,138
The Regents of The University of California	93.173	1712 G JB624	34,371
The Regents of The University of California	93.866	PO# 10323238	50,747
The Scripps Institute	93.172	5-20402	821
The Wistar Institute	93.839	23584-02-314	30,705
Tufts	93.113	R01CA143108	192,493
Tufts - New England Medical Center	93.837	5007361-SERV	114,880
Tufts - New England Medical Center	93.846	5004324-SERV	16,200
Tufts University	93.113	P01ES011624	486,324
Tufts University	93.286	HS4976	110,014
Tufts University	93.396	HS2724	15,709
Tufts University	93.837	HS2037	119,655
Tufts University	93.853	HS2877	8,366
Tufts University	93.855	5R01AI056021	18,424
University of Alabama	93	38408	504
University of Alabama	93.837	000393678-001	149,011
University of British Columbia	93.853	F09-04856	30,752
University of California, Irvine	93.113	2012-284	30,882
University of California, Los Angeles	93.393	1562GQB312	46,821
University of California, Los Angeles	93.394	1562GNC385	522,754
University of California, Los Angeles	93.838	1460GKB108	5,460
University of California, Los Angeles	93.866	150052.5014357.0010	58,380
University of California, Los Angeles	93.866	1580 G HF562	2,188
University of California, Riverside	93.866	S-000369	126,573
University of California, San Diego	93.242	10323361	10,305
University of California, San Diego	93.866	10304007-003	100,507
University of California, San Diego	93.866	UC SAN DIEGO--NIH NIA	9,522
University of California, San Diego - ARRA	93.701	1448	2,567
University of California, San Francisco	93.928	6767sc	94,303
University of California, San Francisco - ARRA	93.701	UCSF--NIAMS	(15,988)
University of Colorado, Denver	93.853	FY11.414.001	266,028
University of Colorado, Denver - ARRA	93.701	FY12.576.007	83,293
University of Connecticut	93.213	7067	181,693
University of Florida	93.847	UF10103	4,693
University of Illinois, Urbana-Champaign	93.859	2010-00365-03	162,671
University of Kansas	93.866	FY2010-040-M3	118,091
University of Louisville	93.866	09-1398	48,068
University of Massachusetts, Boston	93.242	S2007000060354	47,327
University of Massachusetts, Medical School	93.846	6133616/RFS2011244	1,073
University of Massachusetts, Medical School	93.846	6143085/RFS2013012	75,414
University of Massachusetts, Medical School	93.855	6144140/RFS2013027	61,256
University of Massachusetts, Worcester	93.846	6143086/RFS2013013	324,206
University of Massachusetts, Worcester	93.855	6144140/RFS2013030	272,090
University of Miami	93.837	68444M	10,990
University of Miami	93.837	PO-M170040	11,494
University of Mississippi	93.837	67841-BU04	89,494
University of Mississippi Medical Center	93.837	66100160213-BU	270,369
University of New Mexico	93.859	889265-8710	29,141
University of North Carolina	93.859	5-32100	3,795
University of North Carolina	93.865	UNC CHAPEL HILL--NICHD	(341)
University of Oklahoma	93.855	AA-5-46173	34,644
University of Pennsylvania	93.103	559467	74
University of Pennsylvania	93.837	557344	(23,000)
University of Pennsylvania	93.837	559908	5,256
University of Pennsylvania	93.837	561160	93,454
University of Pennsylvania	93.846	560004	100,084
University of Pennsylvania	93.846	560224	7,797
University of Pennsylvania	93.866	561036	609,599
University of Pittsburgh	93.865	0016359 (115851-1)	5,832
University of Puerto Rico	93.389	3 P40 RR003640-23S1	9,693
University of Rochester	93.839	415342-G	20,262

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Health and Human Services (continued)</b>			
University of Rochester	93.855	415558-G	47,414
University of Rochester	93.859	PO# 413905-G	(406)
University of Texas - ARRA	93.701	UTA09-001041	45,268
University of Texas Health Science Center, San Antonio	93.394	155028	51,974
University of Texas Health Science Center, San Antonio - ARRA	93.701	0007006B	(1,258)
University of Texas Medical Branch - ARRA	93.701	UOSPC-0000000549	14,065
University of Texas, Houston - ARRA	93.701	0007224D	64,768
University of Utah	93.396	10026603-2	124,876
University of Utah	93.837	10022504-00	30,445
University of Utah - ARRA	93.701	10020646-01	(23,145)
University of Vermont	93.837	25337 BOSTON UNIVERSITY	23,699
University of Vermont - ARRA	93.701	24807 Amendment 2	53,452
University of Virginia - ARRA	93.701	ZC10075-139366	90,290
University of Washington	93.242	730860	18,875
University of Washington	93.273	736376	14,827
University of Washington	93.393	716776	36,974
University of Washington	93.837	740599	164,352
University of Washington	93.837	749258	26,925
University of Washington	93.847	646910	178,478
University of Washington	93.866	721759	1,811
University of Washington	93.866	752694	29,136
University of Wisconsin	93.394	188K661	88,590
University of Wisconsin	93.563	2272875	18,640
University of Wisconsin	93.856	J033316	3,150
University of Wisconsin	93.856	X561164	1,399,091
University of Wisconsin	93.866	399K873	1,976
University of Wisconsin	93.866	X329792	42,413
Vanderbilt University	93.394	VUMC38556	7,960
Vanderbilt University	93.847	VUMC30937	23,514
Veterans Affairs Medical Center of Washington DC	93	PO# 688-D35024	22,665
Veterans Medical Research Foundation	93.242	08152-02-307385	36,809
Washington University	93.837	WU-12-93	194,680
Washington University	93.837	WU-13-91	46,496
Washington University	93.847	WU-11-196-MOD-3	114,575
Washington University	93.855	WU-13-111	58,561
Wave 80 Biosciences, Inc.	93	W802010001	225,243
Whitehead Institute for Biomedical Research	93.395	11-1766-9902	5,020
Yale University	93.226	M08A00779 (A08572)	58,946
Yale University	93.226	M13A11548 (A09033)	38,686
Yale University	93.279	M08A00793 (A06469)	350,578
Yale University	93.310	C11A10967	134,851
Yale University - ARRA	93.701	M10A10467 (AS0190)	(518)
<b>Department of Health and Human Services Total</b>			<b>24,495,729</b>
<b>Department of Homeland Security</b>			
Northeastern University	97.061	504989	115,461
Northeastern University	97.061	504928P0902638	290,731
Northeastern University	97.061	504987-78050	75,189
Northeastern University	97	504996-78051	82,768
<b>Department of Homeland Security Total</b>			<b>564,149</b>
<b>Department Of Housing and Urban Development</b>			
Boston Public Health Commission	14	BPHC	31,821
<b>Department Of Housing and Urban Development Total</b>			<b>31,821</b>
<b>Department of Justice</b>			
University of Maryland	16.734	Z918501	23,035
<b>Department of Justice Total</b>			<b>23,035</b>
<b>Department of Labor</b>			
Institute For Educational Leadership	17.720	OD-16519-07-75-4-11	67,092
<b>Department of Labor Total</b>			<b>67,092</b>
<b>Department of the Treasury</b>			
Boston Medical Center	21	93354	21,694
<b>Department of the Treasury Total</b>			<b>21,694</b>

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>Department of Transportation</b>			
Harvard University	20	112413-5042723-0007	<u>27,759</u>
<b>Department of Transportation Total</b>			<u>27,759</u>
<b>Department of Veterans Affairs</b>			
National Academy Of Sciences	64	IOM - 2000002826	<u>7,284</u>
<b>Department of Veterans Affairs Total</b>			<u>7,284</u>
<b>Environmental Protection Agency</b>			
RTI International	66	12-312-0210826	<u>48,548</u>
<b>Environmental Protection Agency Total</b>			<u>48,548</u>
<b>National Aeronautics and Space Administration</b>			
Arizona Board of Regents, University of Arizona	43.001	Y502545	45,761
Boston Micromachines Corporation	43	NNX11CB22C	38,074
Jet Propulsion Laboratory	43	1259071	45,902
Jet Propulsion Laboratory	43	1407345	(6,056)
Jet Propulsion Laboratory	43	1439600	5,932
Jet Propulsion Laboratory	43	1472312	21,765
Jet Propulsion Laboratory	43	RSA NO. 1440385	21,586
Johns Hopkins University Applied Physics Laboratory	43	103473	3,706
Massachusetts Institute of Technology	43	5710002308	32,848
National Space Biomedical Research Institute	43.002	NCC 9-58-130	39,990
Neurala, LLC	43.001	NNX12CG32P	64,437
Pennsylvania State University	43.001	4719-BU-NASA-J02G	16,921
Planetary Science Institute	43.001	1220	10,975
Southwest Research Institute	43.001	E99019MO	105,484
Space Telescope Science Institute	43	HST-GO-11645.01-A	4,517
Space Telescope Science Institute	43	HST-GO-11649.01-A	(141)
Space Telescope Science Institute	43	HST-GO-12176.01-A	61,380
Space Telescope Science Institute	43	HST-GO-12235.01-A	7,057
Space Telescope Science Institute	43	HST-GO-12538.01-A	45,106
Space Telescope Science Institute	43	HST-GO-12601.01-A	43,679
Space Telescope Science Institute	43	HST-GO-12883.01-A	13,525
Space Telescope Science Institute	43	HST-GO-13012.01-A	13,525
University of Colorado	43.002	1000025587	93,942
University of Massachusetts, Boston	43.001	S20130000022528	43,181
University of Wisconsin	43.001	397K740	<u>9,416</u>
<b>National Aeronautics and Space Administration Total</b>			<u>782,512</u>
<b>National Science Foundation</b>			
Adicep Technologies	47.041	IIP-1152605	13,185
Administrators of the Tulane Educational Fund - ARRA	47.082	TUL-588-09/10	2,643
Children's Hospital, Boston	47.070	80295	31,932
Columbia University	47.049	1 (GG006141)	118,341
Columbia University	47.049	2 (GG006141)	359,084
Consortium For Ocean Leadership	47.050	PO #T329A6	22,689
Consortium For Ocean Leadership	47.050	PO #T333A6	517
Cornell University	47.074	61468-10043	2,988
George Mason University	47.076	E2021727	(132)
Johns Hopkins University	47.049	2001597619	35,000
Massachusetts Institute of Technology	47.050	5710002912	37,695
Massachusetts Institute of Technology	47.050	5710003379	4,122
Moxst, Inc.	47.041	IIP-1026639	344
National Radio Astronomy Observatory	47.049	GSSP10-016	367
National Radio Astronomy Observatory	47.049	SOSP12A-009	17,216
Northeastern University	47.041	501850	43,010
Northeastern University	47.041	400013P104935	8,719
Northwest Research Associates, Inc.	47.050	NWRA-09-S-121	19,576
Pennsylvania State University	47.075	4676-BU-NSF-7440	30,771
Physics Teacher Education Coalition (Phystec)	47.049	808790	96,705
President And Fellows of Harvard College	47.074	131705-5056666	21,307
Rensselaer Polytechnic Institute	47.041	A12020	785,198
Rutgers University	47.076	4204	34,763
State University of New York At Stony Brook	47.041	58149-1096358-2	48,850
University of California, Berkeley	47.070	PO# 2000084377	29,813
University of California, Davis	47.049	SUB09000769-BU	<u>7,979</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, 2013**

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research and Development Pass-through Programs</b>			
<b>National Science Foundation (continued)</b>			
University of Colorado	47.071	1000049858	39,513
University of Illinois, Urbana-Champaign	47.078	2010-03733-02	7,680
University of Massachusetts, Amherst	47.076	05-003146 G 00	260
University of Massachusetts, Amherst	47.076	11006701A00	371
University of Massachusetts, Worcester	47	6131894/RFS2011127	8,363
University of Vermont - ARRA	47.082	24143, Headrick, Boston	7,112
University of Virginia	47.074	GA10618-127104	5,489
University of Wisconsin	47.076	406K055	62,423
Vanderbilt University - ARRA	47.082	20743-51	9,414
<b>National Science Foundation Total</b>			<u>1,913,307</u>
<b>Research and Development Pass-through Total</b>			<u>\$ 35,291,490</u>
<b>Total Research and Development Programs</b>			<u>\$ 276,362,291</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, 2013**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Research Training Direct Programs</b>		
<b>Department of Defense</b>		
National Security Agency	12.900	\$ 106,077
National Security Agency	12.901	33,120
National Security Agency	12.902	142,710
<b>Department of Defense Total</b>		<b>281,907</b>
<b>Department of Education</b>		
Department of Education	84.015	282,976
Department of Education	84.047	236,201
Department of Education	84.063	36,209
Department of Education	84.133	791,591
Department of Education	84.200	146,973
Department of Education	84.325	8,799
<b>Department of Education Total</b>		<b>1,502,749</b>
<b>Department of Health and Human Services</b>		
Eunice Kennedy Shriver National Institute of Child Health and Human Development	93.865	651,853
Health Resources and Services Administration	93.110	506,678
Health Resources and Services Administration	93.236	8,675
Health Resources and Services Administration	93.250	59,979
Health Resources and Services Administration	93.516	700,093
Health Resources and Services Administration	93.732	87,697
Health Resources and Services Administration	93.884	347,937
Health Resources and Services Administration	93.924	620,294
National Cancer Institute	93.398	531,207
National Center for Health Research Resources	93.350	6,065
National Heart, Lung, and Blood Institute	93.837	1,207,408
National Heart, Lung, and Blood Institute	93.838	1,124,745
National Heart, Lung, and Blood Institute	93.839	283,959
National Institute of Allergy and Infectious Diseases	93.855	557,015
National Institute of Allergy and Infectious Diseases - ARRA	93.701	(208)
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	264,921
National Institute of Biomedical Imaging and Bioengineering	93.286	140,119
National Institute of Diabetes and Digestive and Kidney Diseases	93.847	1,836
National Institute of Environmental Health Sciences	93.113	286,815
National Institute of General Medical Sciences	93.859	1,228,673
National Institute of General Medical Sciences - ARRA	93.701	(687)
National Institute of Mental Health	93.242	274,225
National Institute of Mental Health	93.281	79,322
National Institute of Mental Health	93.282	314,784
National Institute of Mental Health	93.853	(544)
National Institute of Neurological Disorders and Stroke	93.853	271,782
National Institute on Aging	93.866	740,984
National Institute on Deafness and Other Communication Disorders	93.173	131,149
National Institute on Drug Abuse	93.279	312,931
NIH Clinical Center	93.838	4,478
Office of the Director, National Institutes of Health	93.351	277,010
Public Health Contracts	93.924	234
<b>Department of Health and Human Services Total</b>		<b>11,021,429</b>

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, 2013**

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>		
<b>Research Training Direct Programs</b>		
<b>Environmental Protection Agency</b>		
Environmental Protection Agency	66.514	<u>37,958</u>
<b>Environmental Protection Agency Total</b>		<u>37,958</u>
<b>National Aeronautics and Space Administration</b>		
National Aeronautics and Space Administration	43.001	116,177
National Aeronautics and Space Administration	43.008	<u>32,722</u>
<b>National Aeronautics and Space Administration Total</b>		<u>148,899</u>
<b>National Endowment for the Arts</b>		
National Endowment for the Arts	45.024	<u>70,000</u>
<b>National Endowment for the Arts Total</b>		<u>70,000</u>
<b>Total Research Training Direct Programs</b>		<u>\$ 13,062,942</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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-through Number	Federal Expenditures
<b>Research and Development and Research Training Programs Cluster</b>			
<b>Research Training Pass-through</b>			
<b>Department of Defense</b>			
Institute of International Education	12.357	2012-GO-BU	\$ 129,377
Institute of International Education	12.550	2011-ROTC-U634009-BU	189,443
Massachusetts General Hospital	12.420	FUND #208359/220340	73,324
<b>Department of Defense Total</b>			<b>392,144</b>
<b>Department of Education</b>			
City of Boston	84.215	606283	(3,983)
Commonwealth of Massachusetts	84.366	150-006-2-3412-M	7,402
Indiana University	84.015	1142680	7,020
<b>Department of Education Total</b>			<b>10,439</b>
<b>Department of Health and Human Services</b>			
Boston Medical Center	93.156	1556	152,783
Commonwealth of Massachusetts	93.069	INTF6208HH4300522126	394,225
Dartmouth College	93.999	468	87,912
Fenway Community Health Center	93.865	BU1763	910
Harvard University	93.879	151844.5057320.2014	106,964
Partners Healthcare System, Inc.	93.846	107155 / 108152	29,099
University of Massachusetts, Worcester	93.107	6144611	40,511
University of Massachusetts, Worcester	93.145	6136286ETC-14	7,141
University of Massachusetts, Worcester	93.145	6143821-ETC14	26,671
<b>Department of Health and Human Services Total</b>			<b>846,216</b>
<b>Department of Labor</b>			
City of Boston	17.268	EDIC- 191-261-112	272,708
<b>Department of Labor Total</b>			<b>272,708</b>
<b>Department of State</b>			
Institute of International Education	19.010	S-ECAAS-12-CA-005	300,015
<b>Department of State Total</b>			<b>300,015</b>
<b>National Aeronautics and Space Administration</b>			
Massachusetts Institute of Technology	47.070	4501537895	11,000
Smithsonian Astrophysical Observatory	47.070	PF2-130097	49,049
<b>National Aeronautics and Space Administration Total</b>			<b>60,049</b>
<b>Research Training Pass-through Total</b>			<b>1,881,571</b>
<b>Total Research Training Programs</b>			<b>14,944,513</b>
<b>Total Research and Development and Research Training Programs Cluster</b>			<b>\$ 291,306,804</b>

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, 2013**

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Student Financial Assistance Programs Cluster</b>		
<b>Department of Education</b>		
Federal Pell Grant Program	84.063	\$ 11,061,970
Federal Supplemental Educational Opportunity Grants	84.007	2,819,558
Federal Work Study	84.033	2,786,069
Teacher Education Assistance for College and Higher Education Grants	84.379	<u>32,000</u>
<b>Department of Education Total</b>		<u>16,699,597</u>
<b>Total Student Financial Assistance Programs Cluster</b>		<u>\$ 16,699,597</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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>TRIO Cluster</b>		
<b>TRIO Direct Programs</b>		
<b>Department of Education</b>		
Department of Education	84.047	\$ 316,330
<b>Department of Education Total</b>		<u>316,330</u>
<b>TRIO Cluster Total</b>		<u>316,330</u>
<b>Child Nutrition Cluster</b>		
<b>Child Nutrition Pass-through Programs</b>		
<b>Commonwealth of Massachusetts</b>		
Department of Agriculture	10.559	15,112
<b>Commonwealth of Massachusetts Total</b>		<u>15,112</u>
<b>Child Nutrition Cluster Total</b>		<u>15,112</u>
<b>Title I, Part A Cluster</b>		
<b>Title I, Part A Pass-through Programs</b>		
<b>City of Boston</b>		
Department of Education	84.010	98,059
<b>City of Boston Total</b>		<u>98,059</u>
<b>Title I, Part A Cluster Total</b>		<u>98,059</u>
<b>Special Education Cluster (IDEA)</b>		
<b>Special Education Pass-through Programs</b>		
<b>Commonwealth of Massachusetts</b>		
Department of Education	84.027	174,355
<b>Commonwealth of Massachusetts Total</b>		<u>174,355</u>
<b>Special Education Cluster Total</b>		<u>174,355</u>
<b>Other Programs</b>		
<b>Direct Programs</b>		
<b>Agency for International Development</b>		
Agency for International Development	98.001	1,214,392
<b>Agency for International Development Total</b>		<u>1,214,392</u>
<b>Department of Defense</b>		
Army	12	201,464
<b>Department of Defense Total</b>		<u>201,464</u>
<b>Department of Education</b>		
Department of Education	84.015	163,146
Department of Education	84.133	112,381
<b>Department of Education Total</b>		<u>275,527</u>
<b>Department of Energy</b>		
Department of Energy	81	181,506
Department of Energy	81.108	(2,750)
<b>Department of Energy Total</b>		<u>178,756</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, 2013**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Federal Expenditures
<b>Other Direct Programs</b>		
<b>Department of Health and Human Services</b>		
Eunice Kennedy Shriver National Institute of Child Health and Human Development	93.865	5,069
Health Resources and Services Administration	93.145	262
Health Resources and Services Administration	93.928	112,215
National Institute of Arthritis and Musculoskeletal and Skin Diseases	93.846	11,318
National Institute of Biomedical Imaging and Bioengineering	93.286	8,745
National Institute of Nursing Research	93.361	59,554
National Institute on Aging	93.866	39,142
NIH Clinical Center	93	152,592
Substance Abuse and Mental Health Services Administration	93.243	30,134
<b>Department of Health and Human Services Total</b>		<b>419,031</b>
<b>Department of Justice</b>		
Department of Justice	16	40,337
<b>Department of Justice Total</b>		<b>40,337</b>
<b>Department of State</b>		
Department of State	19.021	104,523
<b>Department of State Total</b>		<b>104,523</b>
<b>National Archives and Records Administration</b>		
National Historical Publications and Records Commission	89.003	28,761
<b>National Archives and Records Administration Total</b>		<b>28,761</b>
<b>National Endowment for the Arts</b>		
National Endowment For The Arts	45	7,250
National Endowment For The Arts	45.024	10,000
<b>National Endowment for the Arts Total</b>		<b>17,250</b>
<b>National Endowment For The Humanities</b>		
National Endowment For The Humanities	45.149	137,118
National Endowment For The Humanities	45.160	56,207
National Endowment For The Humanities	45.161	26,519
National Endowment For The Humanities	45.163	58,415
<b>National Endowment For The Humanities Total</b>		<b>278,259</b>
<b>Other Direct Programs Total</b>		<b>\$ 2,758,300</b>

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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Federal Expenditures
<b>Other Programs</b>			
<b>Pass-through Programs</b>			
<b>Agency for International Development</b>			
Emerging Markets Group, LTD	98	4390-CPFF-07-02 Mod#5	\$ 6,069
<b>Agency for International Development Total</b>			<u>6,069</u>
<b>Corporation for National and Community Service</b>			
Jumpstart For Young Children, Inc.	94.006	CFDA-94.006-JS-SITE #84	55,879
<b>Corporation for National and Community Service Total</b>			<u>55,879</u>
<b>Department of Defense</b>			
Beth Israel Deaconess Medical Center	12	US001-0000295807	24,965
Massachusetts General Hospital	12	1200-219838	11,570
			<u>36,535</u>
Bronx Veterans Medical Research Foundation	12.420	GW110054	31,257
Henry M. Jackson Foundation	12.420	779195	1,569
Massachusetts General Hospital	12.420	218415	37,785
			<u>70,611</u>
<b>Department of Defense Total</b>			<u>107,146</u>
<b>Department of Education</b>			
Boston Medical Center	84.133	239101	48,601
Center for Civic Education	84.304	CC 10-11 5801 MA	(706)
Center for Civic Education	84.304	CC 10-11 5804 MA	18
			<u>(688)</u>
Public Broadcasting Service	84.295	U295A100025	77,845
Research Foundation of City University of New York	84.116	46355-O	1,627
<b>Department of Education Total</b>			<u>127,385</u>
<b>Department of Energy</b>			
Battelle Memorial Inst/Pacific Northwest National Laboratory	81.000	200623	100,005
Harvard University Medical School	81.000	Not Available	6,008
			<u>106,013</u>
Harvard University Medical School	81.049	SA5283-11210	33,218
<b>Department of Energy Total</b>			<u>139,231</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, 2013

Federal Grantor/Pass-through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Number	Federal Expenditures
<b>Department of Health and Human Services</b>			
Beth Israel Deaconess Medical Center	93	521AR057880-02	20,222
Boston VA Research Institute, Inc.	93	306924	2,210
Broad Institute	93	7210024	8,010
Center for Social Innovation, LLC	93	BRSS TACS-OY1-BU	36,174
Children's Hospital, Boston	93	420682	5,996
Commonwealth of Massachusetts	93	7213	159,415
Commonwealth of Massachusetts	93	INTF2330M04703015074	808,809
Dana-Farber Cancer Institute	93	1135005/NIH	(39)
Harvard University Medical School	93	150760	417
Harvard University Medical School	93	150765	1,753
Harvard University Medical School	93	Not Available	6,008
Massachusetts General Hospital	93	1200-208364	11,570
Massachusetts General Hospital	93	8P41EB015903-02	11,172
New Jersey Medical School	93	P0274388	6,914
The Lewin Group	93	TLG-11-076-5269	184,976
			<u>1,263,607</u>
Commonwealth of Massachusetts	93.069	INTF6208HH4005212094	21,287
Dana-Farber Cancer Institute	93.172	1016312	8,903
University of Massachusetts, Worcester	93.172	6145913/RFS2013078	673
			<u>9,576</u>
Casa Esperanza, Inc.	93.243	H79TI022578	64,756
Casa Esperanza, Inc.	93.243	H79TI02110	25,647
Casa Esperanza, Inc.	93.243	Tu Bienestar	84,311
Institute for Health And Recovery, Inc.	93.243	2U79SM059460-04	85,077
Tapestry Health Systems, Inc.	93.243	H79 TI020726	82,474
Tapestry Health Systems, Inc.	93.243	U79SP015081	66,483
			<u>408,748</u>
Massachusetts General Hospital	93.286	220050	26,147
Broad Institute	93.393	2013-BU-2	16,409
Feinstein Institute for Medical Research	93.610	500559-BOS-01	180,157
Boston VA Research Institute, Inc. - ARRA	93.710	5RC2HL101628-02	40,626
Miami University	93.791	G02205	1,153
Joslin Diabetes Center	93.847	2P30DK036836	34,308
University of California, San Diego	93.866	ADC-039	77,661
			<u>2,079,679</u>
<b>Department of Health and Human Services Total</b>			
<b>Department of State</b>			
Institute of International Education	19.700	12-21857	17,160
			<u>17,160</u>
<b>Department of State Total</b>			
<b>Leveraging Educational Assistance Partnership</b>			
Commonwealth of Massachusetts (Note 7)	84.069	Not Available	601,000
State of Connecticut (Note 7)	84.069	Not Available	24,675
State of Delaware (Note 7)	84.069	Not Available	1,900
State of Maine (Note 7)	84.069	Not Available	26,000
State of Pennsylvania (Note 7)	84.069	Not Available	79,086
State of Rhode Island (Note 7)	84.069	Not Available	37,982
State of Vermont (Note 7)	84.069	Not Available	21,150
			<u>791,793</u>
<b>Leveraging Educational Assistance Partnership Total</b>			
<b>National Endowment For The Humanities</b>			
National Endowment For The Humanities	45	Not Available	50,000
			<u>50,000</u>
<b>National Endowment For The Humanities Total</b>			
<b>Other Pass-through Programs Total</b>			
			<u>3,374,342</u>
<b>Total Other Programs</b>			
			<u>6,132,642</u>
<b>Total Federal Expenditures</b>			
			<u>\$ 314,742,899</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, 2013**

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#### **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, 2013. 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 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, 2013**

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**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, 2013 consists of:

<b>Program</b>	<b>Federal CFDA Number</b>	<b>Loans Issued</b>	<b>Outstanding Balance</b>
Perkins	84.038	\$ 5,706,284	\$ 42,627,498
Medical - Primary Care	93.342	14,800	1,778,212
HPSL - Medical	93.342	-	7,745
HPSL - Dental	93.342	75,000	1,047,155
LDS - Dental	93.342	75,000	513,276
LDS - Medical	93.342	20,000	288,114
Totals		<u>\$ 5,891,084</u>	<u>\$ 46,262,000</u>

The University recovered an administrative cost allowance from the Perkins Loan Program (CFDA #84.038) of \$525,196 for the year ended June 30, 2013. This CFDA # has been closed by the Department of Education because there will be no further Federal Capital Contributions to the Perkins Loan Program. The Perkins Loan Program principal cancelled for the year ended June 30, 2013 is \$397,630.

**Federal Direct 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, 2013 are summarized as follows:

	<b>Federal CFDA Number</b>	
Federal Direct Stafford Loan Program	84.268	\$ 172,662,538
Federal Direct PLUS Loan Program	84.268	<u>78,309,898</u>
Total William D. Ford Federal Direct Loans		<u>\$ 250,972,436</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, 2013**

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**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, 2013.

	<b>Federal CFDA Number</b>	<b>Total Federal Expenditure</b>
<b>Sponsoring Agency Pass-through</b>		
Research and Development and Research Training Cluster	Various	\$ 36,445,186
<b>Other Awards</b>		
Department of Education	84.027	44,891
National Institute of Health Clinical Center	93	73,146
Health Resources and Services Administration	93.928	2,549
National Institute of Nursing Research	93.361	59,512
National Institute of Aging	93.866	2,500
Substance Abuse and Mental Health Services Administration	93.959	411,782
Department of State	19.021	11,067
		<u>\$ 37,050,633</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 \$141,000,000. The University and Boston Medical Center each committed \$28,300,000 toward construction and each held a 50% equity interest in the project with the right to share equally in the future operating activities of the NEIDL. The University managed the NIH award and recorded the costs of construction on its consolidated financial statements in full, with Boston Medical Center's participation recorded as a noncontrolling interest liability.

In May 2010, in accordance with the terms of the agreement between the University and Boston Medical Center, Boston Medical Center notified the University of its intent to withdraw from further participation in the NEIDL as of May 1, 2011. The agreement required the University to repay Boston Medical Center's equity commitment of \$29,064,000. Repayment terms for this obligation were finalized in February 2012, with repayment to be made over 5 years at an interest rate of 2%. The balance of this obligation of \$17,438,000 and \$23,251,000 as of June 30, 2013 and 2012, respectively, is reflected in Bonds and Notes Payable.

# **Boston University**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **Year Ended June 30, 2013**

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Construction of the NEIDL was substantially completed in fiscal year 2009. The use of the building for Biosafety Level 4 research has been delayed due to pending litigation challenging the environmental review process relating to the planned use of the building for BSL-4 research. In March of 2012 the University received clearance from the Massachusetts Executive Office of Energy and Environmental Affairs to begin research at the NEIDL at Biosafety Level 2 and as of March 15, 2012, the related portion of the facility was placed into service and research began.

Total construction costs were approximately \$199,521,000 as of June 30, 2013 and 2012. NIH has reimbursed \$140,625,000 as of June 30, 2013 and 2012, respectively. When initially received by the University, NIH funding for the NEIDL construction was recorded as an increase to temporarily restricted net assets, to be released from restriction when the asset is placed in service. As noted above, over 60% of the building was placed in to service during 2012, and as a result, in 2012, a pro-rata share of NIH funding, \$86,507,000 was transferred from temporarily restricted net assets to unrestricted net assets.

All construction costs incurred are capitalized in the University's financial statements and therefore are not included in the Schedule. There are no other nonconstruction related costs that are part of this award agreement in the year ended September 30, 2013.

#### **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 \$791,793) received from the following states: Connecticut, Delaware, Maine, Massachusetts, 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**



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Board of Trustees of  
Boston University:

We have audited, 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, the consolidated financial statements of Boston University and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and of cash flows and footnotes for the years then ended and have issued our report thereon dated September 19, 2013.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

### **Purpose of this Report**

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

*PricewaterhouseCoopers LLP*

September 19, 2013





**Independent Auditor's Report 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 the Board of Trustees of  
Boston University:

**Report on Compliance for Each Major Federal Program**

We have audited Boston University and its subsidiaries' (the "University") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the University's compliance with the billing, collection, and due diligence procedures 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 has been furnished to us, and our opinion, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, based on our audit and the report of other auditors, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, except as noted in the following paragraph, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 billing, collection, and due diligence procedures 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*PricewaterhouseCoopers LLP*

December 12, 2013

## **Part III**

### **Audit Findings and Questioned Costs**

**Boston University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2013**

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**I. Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Programs**

CFDA Number(s)	Name of Federal Program/Cluster
Various	Research and Development and Research Training Programs Cluster
Various	Student Financial Assistance Programs Cluster

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

Auditee qualifies as a low-risk auditee?  yes  no

**II. Financial Statement Findings**

None noted.

**Boston University**  
**Federal Award Findings and Questioned Costs**  
**Year Ended June 30, 2013**

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**III. Federal Award Findings and Questioned Costs**

There are no findings to report.

# **Boston University**

## **Summary Schedule of Prior Audit Findings and Status**

### **Year Ended June 30, 2013**

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#### **2012-01 Davis-Bacon Wage Rate Compliance**

Federal Program: National Center for Research Resources, Recovery Act Construction Support  
Federal Agency: Department of Health and Human Services  
Project Title: Laboratory Renovation for Translational Synthetic and Medicinal Chemistry  
Award Number: 1C06RR030481-01 REVISED  
CFDA No.: 93.702 - ARRA Award  
Federal Award Year: March 25, 2010 - January 31, 2013

#### **Condition**

When our auditors performed testing of the University's compliance with the special terms and conditions specified in the projects Notice of Award, it was determined that we did not perform the required due diligence procedures to ensure compliance by our contractor with the wage rate requirements required by the Davis-Bacon and Related Acts (the "Act" or "Davis-Bacon") in a timely manner.

#### **Recommendation**

Our auditors recommended that we establish a formal process for determining whether ARRA or other construction awards are required to comply with specific Davis-Bacon requirements. In addition, we should incorporate into our current Davis-Bacon Act compliance program, additional procedures to ensure we receive the required payroll and other relevant information, from the contractor and perform the necessary due diligence over that information in a timely manner.

#### **Status**

The University has developed procedures for determining whether ARRA or other construction awards are required to comply with specific Davis-Bacon requirements. The Post Award Financial Operations ("PAFO") team and office of Sponsored Programs team ("OSP") have collaborated to ensure any future awards are flagged and brought to the immediate attention of the Executive Director, Costing and Compliance and Associate Director, Research Administration.

For all Construction or renovation awards in which the Davis-Bacon Act is applicable, PAFO shall perform the following procedures to ensure compliance with the Act's wage rate requirements.

- Review of certified payroll reports
- Worksite visits
- Document Retention
- Non Compliance Procedures
- Corrective Action Verification

PAFO will notify Facilities Management and Planning and work closely with them to ensure the University is in compliance with Davis-Bacon conditions.