



BOSTON UNIVERSITY

Independent Auditors' Reports as Required by Title 2
U.S. Code of Federal Regulations Part 200, *Uniform Administrative
Requirements, Cost Principles, and Audit Requirements for Federal
Awards and Government Auditing Standards* and Related Information

Year ended June 30, 2017

BOSTON UNIVERSITY

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Requirements, Cost Principles, and Audit Requirements for Federal
Awards and Government Auditing Standards* and Related Information

Year ended June 30, 2017

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Independent Auditors' Report

The Board of Trustees
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, 2017 and 2016, the related consolidated statements of activities and 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 these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the auditors' 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, the auditor considers internal control relevant to the organization'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 organization'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 financial position of Boston University and its subsidiaries as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 supplementary 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 14, 2017 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's 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.

KPMG LLP

September 14, 2017, except as to the supplementary schedule of expenditures of federal awards, which is as of December 6, 2017

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016
(\$000)

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 198,959	\$ 227,257
Cash and cash equivalents-restricted	268,426	300,049
Short-term investments	520,393	248,979
Accounts and loans receivable, net.	185,067	182,326
Pledges receivable, net	210,954	127,665
Prepaid expenses and other assets	27,990	31,440
Investment in residual asset note	42,685	46,827
Long-term investments.	2,034,697	1,758,418
Property, plant, and equipment, net.	2,410,125	2,279,000
Total assets	\$ 5,899,296	\$ 5,201,961
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued payroll and related expenses	\$ 117,780	\$ 114,372
Accounts payable and accrued expenses	118,405	93,820
Deferred revenue	65,324	57,338
Student deposits.	102,125	99,523
Fair value of interest rate exchange agreements.	318,200	421,820
Residual asset note obligation	42,685	46,827
Capital lease obligation	82,414	82,887
Other long-term obligations	142,151	69,724
Deferred ground lease revenue.	99,877	36,823
Bonds and notes payable, net	1,404,982	1,280,823
Total liabilities	2,493,943	2,303,957
Net assets:		
Unrestricted	1,996,102	1,709,160
Temporarily restricted	685,808	569,997
Permanently restricted	723,443	618,847
Total net assets	3,405,353	2,898,004
Total liabilities and net assets	\$ 5,899,296	\$ 5,201,961

See accompanying notes to consolidated financial statements.

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2017 and 2016
(\$000)

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES				
Student tuition and fees	\$ 1,390,128	\$	\$	\$1,390,128
Student aid	(344,110)			(344,110)
Net student tuition and fees	<u>1,046,018</u>			<u>1,046,018</u>
Sponsored programs-direct	234,665			234,665
Sponsored programs-indirect	82,737			82,737
External fringe benefit recoveries	39,542			39,542
Contributions	39,405			39,405
Sales and services	105,320			105,320
Spending formula amount and other investment income	58,226			58,226
Sponsored program income for student aid	13,707			13,707
Auxiliary enterprises	277,860			277,860
Student aid	(11,441)			(11,441)
Net auxiliary enterprises	<u>266,419</u>			<u>266,419</u>
Contributions used for operations	8,996			8,996
Total operating revenues	<u>1,895,035</u>			<u>1,895,035</u>
OPERATING EXPENSES				
Instruction and departmental research	894,771			894,771
Educational support activities	169,756			169,756
Sponsored programs	235,449			235,449
Libraries	27,270			27,270
Institutional support	209,303			209,303
Student support	9,287			9,287
Auxiliary enterprises	199,267			199,267
Total operating expenses	<u>1,745,103</u>			<u>1,745,103</u>
Change in net assets from operating activities	<u>149,932</u>			<u>149,932</u>
NONOPERATING GAIN (LOSS)				
Contributions		42,055	104,369	146,424
Contributions used for operations		(8,996)		(8,996)
Reinvested endowment and other investment income	16,417	17,241	1,300	34,958
Net realized and unrealized gains (losses) on investments and other assets	91,115	103,144	1,137	195,396
Spending formula amount	(26,684)	(37,321)	(459)	(64,464)
Net realized and unrealized gains (losses) on interest rate exchange agreements	71,990			71,990
Net assets released from restrictions- building funds	2,229	(2,229)		
Other additions (deductions) and transfers, net	(18,057)	1,917	(1,751)	(17,891)
Net nonoperating gain (loss)	<u>137,010</u>	<u>115,811</u>	<u>104,596</u>	<u>357,417</u>
Change in net assets	286,942	115,811	104,596	507,349
Beginning net assets	1,709,160	569,997	618,847	2,898,004
Ending net assets	<u>\$ 1,996,102</u>	<u>\$ 685,808</u>	<u>\$ 723,443</u>	<u>\$3,405,353</u>

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended June 30, 2017 and 2016
(\$000)

2016				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ 1,318,141	\$	\$	\$1,318,141	OPERATING REVENUES
(324,072)			(324,072)	Student tuition and fees
994,069			994,069	Student aid
228,327			228,327	Net student tuition and fees
78,792			78,792	Sponsored programs-direct
42,929			42,929	Sponsored programs-indirect
37,005			37,005	External fringe benefit recoveries
96,621			96,621	Contributions
50,318			50,318	Sales and services
14,589			14,589	Spending formula amount and other investment income
276,628			276,628	Sponsored program income for student aid
(12,889)			(12,889)	Auxiliary enterprises
263,739			263,739	Student aid
10,980			10,980	Net auxiliary enterprises
1,817,369			1,817,369	Contributions used for operations
				Total operating revenues
859,377			859,377	OPERATING EXPENSES
163,567			163,567	Instruction and departmental research
227,349			227,349	Educational support activities
27,144			27,144	Sponsored programs
209,660			209,660	Libraries
9,812			9,812	Institutional support
191,905			191,905	Student support
1,688,814			1,688,814	Auxiliary enterprises
128,555			128,555	Total operating expenses
				Change in net assets from operating activities
	11,818	33,088	44,906	NONOPERATING GAIN (LOSS)
	(10,980)		(10,980)	Contributions
7,972	12,383	1,934	22,289	Contributions used for operations
101,608	(33,314)	552	68,846	Reinvested endowment and other investment income
(21,241)	(34,246)	(480)	(55,967)	Net realized and unrealized gains (losses) on investments and other assets
(156,616)			(156,616)	Spending formula amount
35,659	(35,659)			Net realized and unrealized gains (losses) on interest rate exchange agreements
12,254	1,589	2,924	16,767	Net assets released from restrictions- building funds
(20,364)	(88,409)	38,018	(70,755)	Other additions (deductions) and transfers, net
108,191	(88,409)	38,018	57,800	Net nonoperating gain (loss)
1,600,969	658,406	580,829	2,840,204	Change in net assets
\$ 1,709,160	\$ 569,997	\$ 618,847	\$2,898,004	Beginning net assets
				Ending net assets

See accompanying notes to consolidated financial statements.

BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2017 and 2016
(\$000)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 507,349	\$ 57,800
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	112,903	106,895
Amortization	(968)	(19)
Loss on disposal of property and equipment	287	3,141
Unrealized (gains) losses on interest rate exchange agreements	(103,620)	124,217
Settlements on swap replacement transactions, net	12,987	14,287
Net realized and unrealized gains on investments	(203,675)	(52,722)
Contributions and pledge payments restricted for long-term investment	(63,135)	(64,733)
Gifts of securities and property	(4,091)	(2,212)
Unrealized gain on currency exchange	(905)	(5,312)
Loss (gain) from extinguishment of debt	12,195	(7,464)
Gain from liquidation of equity investment		(7,513)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and loans receivable, net	(2,741)	506
(Increase) decrease in pledges receivable, net	(83,289)	19,826
Decrease in prepaid expenses and other assets	3,450	2,373
Increase in accrued payroll and related expenses	3,408	6,680
Increase (decrease) in accounts payable and accrued expenses	6,317	(7,143)
(Decrease) increase in other long-term obligations	(959)	1,052
Increase in deferred revenue	71,040	9,467
Increase in student deposits	2,602	2,458
Net cash provided by operating activities	269,155	201,584
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,483,883)	(724,385)
Proceeds from sales and maturities of investments	1,139,865	776,136
Purchases of property and equipment	(226,047)	(203,127)
Decrease (increase) in cash and cash equivalents-restricted	31,623	(110,001)
Net cash used in investing activities	(538,442)	(261,377)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bonds	201,820	162,740
Bond premium received	30,019	
Payment of bonds, notes, and mortgages	(116,854)	(175,563)
Payment of bond issuance costs	(1,148)	(416)
Payment of capital lease obligations	(473)	(454)
Deposit received from deferred sale of non-core real estate	76,000	
Payment of transaction costs related to deferred sale of non-core real estate	(1,975)	
Decrease in other long-term liabilities-annuity obligations	(639)	(2,707)
Contributions and pledge payments restricted for long-term investment	63,135	64,733
Proceeds from sale of restricted gifts of securities	4,091	2,212
Settlements on swap replacement transactions, net	(12,987)	(14,287)
Net cash provided by financing activities	240,989	36,258
Net decrease in cash and cash equivalents	(28,298)	(23,535)
Cash and cash equivalents beginning of year	227,257	250,792
Cash and cash equivalents end of year	\$ 198,959	\$ 227,257
SUPPLEMENTAL INFORMATION:		
Change in accounts payable for property, plant, and equipment	\$ 18,268	\$ (7,100)
Interest paid in cash, net of capitalized interest of \$9,195 in 2017 and \$5,741 in 2016	\$ 32,772	\$ 34,118

For the years ended June 30, 2017 and 2016

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 17 schools and colleges.

The University is generally exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except to the extent the University has unrelated business income. There was no provision for income taxes due on unrelated business income in fiscal years 2017 and 2016. The University has no material uncertain tax positions.

Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP).

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

Boston Medical Center is the primary teaching affiliate of the Boston University School of Medicine. Boston Medical Center is a separately governed legal entity organized as a 501(c)(3) and is not consolidated in the accompanying 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. Accordingly, net assets and changes in net assets are classified as follows:

- Unrestricted net assets are free of donor-imposed restrictions. Contributions, endowment income, gains, and investment income that are received and spent or whose restrictions are met in the same reporting period are reported as unrestricted. Unrestricted net assets may be designated by the Board of Trustees for specific purposes, including to function as endowments.
- Temporarily restricted net assets include contributions and endowment income 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. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. The University is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act of 2009 (UPMIFA), under which donor-restricted endowment funds may be appropriated for expenditure by the Board of Trustees of the University in accordance with the standard of prudence prescribed by UPMIFA. Net assets of such funds in excess of the fair value of the original gift are classified as temporarily restricted until appropriated by the Board and spent in accordance with the standard of prudence imposed by UPMIFA.
- Permanently restricted net assets include contributions, pledges, and income required to be permanently retained and primarily consist of the historic dollar value of contributions to donor-restricted endowment funds.

For the years ended June 30, 2017 and 2016

The composition of net assets as of June 30, 2017 and 2016, in thousands of dollars, is as follows:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment:				
General purpose	\$ 606,040	\$ 149,414	\$ 130,788	\$ 886,242
Scholarships	80,497	181,811	178,456	440,764
Professorships	89,767	137,339	186,066	413,172
Awards, prizes, fellowships, and other	19,363	43,655	34,219	97,237
Research	11,641	7,588	22,683	41,912
Annuities		21,825		21,825
Total endowment funds	807,308	541,632	552,212	1,901,152
Other funds:				
General and plant funds	1,039,228			1,039,228
Building and gift funds	78,221	57,448		135,669
Pledges		68,748	142,206	210,954
Student loan funds	22,362	1,188	29,025	52,575
Unexpended endowment distributions	48,983	16,792		65,775
Total other funds	1,188,794	144,176	171,231	1,504,201
Total net assets	\$ 1,996,102	\$ 685,808	\$ 723,443	\$ 3,405,353

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment:				
General purpose	\$ 441,492	\$ 126,557	\$ 123,251	\$ 691,300
Scholarships	68,779	155,764	166,803	391,346
Professorships	83,403	113,454	170,145	367,002
Awards, prizes, fellowships, and other	17,593	37,814	32,127	87,534
Research	10,102	5,389	19,589	35,080
Annuities		20,924		20,924
Total endowment funds	621,369	459,902	511,915	1,593,186
Other funds:				
General and plant funds	944,610			944,610
Building and gift funds	73,082	45,129		118,211
Pledges		49,178	78,487	127,665
Student loan funds	25,503	985	28,445	54,933
Unexpended endowment distributions	44,596	14,803		59,399
Total other funds	1,087,791	110,095	106,932	1,304,818
Total net assets	\$ 1,709,160	\$ 569,997	\$ 618,847	\$ 2,898,004

For the years ended June 30, 2017 and 2016

Collections:

The University's collections, 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.

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 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

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:

Cash equivalents consist primarily of short-term money market mutual funds and treasury bills with original maturities of 90 days or less that are not invested as part of the long-term investment assets. These amounts are carried at cost, which approximates fair value. Cash and cash equivalents that are part of the long-term pool are shown within investments as those funds generally are not used for daily operating purposes.

Cash and cash equivalents-restricted represent collateral posted with counterparties under the terms of certain derivative agreements.

Fair Value Measurements:

Investments and interest rate exchange agreements are reported at fair value in the University's consolidated financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1—quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2—observable prices that are based on inputs not quoted in active markets, but corroborated by market data.
- Level 3—unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The majority of the University's investments are held through limited partnerships and commingled funds for which fair value is estimated using net asset value (NAV) reported by fund managers as a practical expedient. Fair values of investments in funds similar to mutual funds, deemed to have readily determinable fair value, are measured at published NAV.

The NAVs or their equivalents, as estimated and reported by the general partners or investment managers, are reviewed and evaluated by the University's Investment Office, in accordance with valuation procedures established by the University's Investment Committee, the Chief Investment Officer, and the Senior Vice President, CFO, and Treasurer.

For the years ended June 30, 2017 and 2016

Valuation results, changes in valuation policies and procedures, and issues regarding valuation that may arise from time to time are reviewed with the University's Investment Committee, the Chief Investment Officer, and the Senior Vice President, CFO, and Treasurer.

Non-core institutional real estate is valued using one or more of the following valuation techniques: the use of prices and other information generated by relevant market transactions, or an income approach determining valuation by direct capitalization of net income or discounting future cash flows. Inputs such as capitalization rates, price information, operating statistics, specific and broad credit data, recent transactions, discount rates, and other factors are used in the valuation calculations.

Investments in Perpetual Trusts Held by Others and Split-Interest Agreements:

The University is the beneficiary of certain perpetual trusts held and administered by outside trustees. The University's interests are reported at estimated fair value, based on the value of the underlying assets, which approximates the present value of future income from these trusts. These assets are categorized in Level 3 of the hierarchy. Income distributions from these trusts are recorded as investment income for current operations.

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 in 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 donors and beneficiaries under these agreements. The liabilities are adjusted during the term of the agreements and contracts 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 investment income, and the carrying value of the assets is adjusted for changes in the estimates of future receipts.

Property, Plant, and Equipment:

Land, buildings, equipment, and library books are reported at cost or estimated fair value at the date of contribution. Maintenance and repairs are expensed as incurred and improvements that increase the useful life of the asset are capitalized. Costs associated with the construction of new facilities are reported as additions to construction in progress when expended until such projects are completed. Equipment includes general and scientific equipment, computers, furniture, and vehicles.

The University acquired equipment or other assets of approximately \$3,135,000 in 2017 and \$2,738,000 in 2016 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; internally used software, 20 years; and library books, 10 years. Depreciation expense for the years ended June 30, 2017 and 2016 was \$112,903,000 and \$106,895,000, respectively.

Long-lived assets and certain intangibles are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount 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 carrying value exceeds its estimated fair value.

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.

For the years ended June 30, 2017 and 2016

The asset retirement obligation at June 30, 2017 and 2016 was \$14,326,000 and \$14,685,000, respectively, and is included in other long-term obligations in the Consolidated Statements of Financial Position.

Tuition and Fees:

Student tuition and fees are reported as revenue in the year the related academic services are rendered. Student tuition and fees received in advance of services to be rendered are reported as student deposits.

Student Aid and Support:

Student aid in the amount of \$344,110,000 and \$324,072,000 for the years ended June 30, 2017 and 2016, respectively, has been classified as a reduction of student tuition and fees revenue. In addition, student aid in the amount of \$11,441,000 and \$12,889,000 for the years ended June 30, 2017 and 2016, respectively, has been presented as a reduction of auxiliary enterprises (room and board) revenue.

In addition to student aid, student support in the amount of \$9,287,000 and \$9,812,000 for the years ended June 30, 2017 and 2016, respectively, has been presented as an operating expense. Student support includes University-funded work study and other incremental costs to support students.

Sponsored Programs:

Revenues associated with contracts and grants are recognized as the related expenses or capital expenditures are incurred. Grant revenue used for the construction or acquisition of plant is reported within nonoperating activities. The University recognizes reimbursement of facilities and administrative costs relating to government contracts and grants at authorized rates each year. All funds expended in connection with government grants and contracts are subject to audit by granting agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on the University's financial position.

External Fringe Benefit Recoveries:

External fringe benefit recoveries includes payments from affiliated organizations for the cost of fringe benefits paid by the University under a common paymaster agreement.

Contributions:

Contributions, including unconditional promises to give, are recognized upon receipt. Contributions other than cash are recorded at fair value at the date of contribution. Contributions with donor-imposed restrictions, which are reported as temporarily restricted revenues, are reclassified to unrestricted net assets when an expenditure is incurred that satisfies the restriction or the designated time elapses. Pledges receivable are carried at estimated net present value, net of allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Allocation of Expenses:

Certain indirect costs have been allocated to functional expenses in the Consolidated Statements of Activities. For the years ended June 30, 2017 and 2016, these expenses are comprised of, in thousands of dollars:

	2017	2016
Operation and maintenance of plant	\$ 110,978	\$ 105,536
Interest on indebtedness	33,803	34,219
Depreciation	112,903	106,895

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 benefit related changes other than net periodic cost, and certain other nonrecurring activities.

Reclassifications:

Certain 2016 balances previously reported have been reclassified to conform to the 2017 presentation.

For the years ended June 30, 2017 and 2016

2. Investments

Basis of Reporting:

Investments consist of directly held equity and fixed income securities, registered mutual funds, exchange traded funds, commingled funds, limited partnerships, non-core institutional real estate, and split-interest agreements. Investments are reported at estimated fair value.

If an investment is held directly by the University and an active market with quoted prices exists, the market price of an identical security is used as the reported fair value. The majority of the University's investments are in shares or units of institutional commingled funds and limited partnerships invested in equity, fixed income, hedge, natural resources, private equity, or real estate strategies. Hedge strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with hedge strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges, and other instruments, which are valued by the investment manager. Private equity funds employ buyout, growth, venture capital, and distressed security strategies. Real estate and natural resources funds generally hold interests in private real estate, oil and gas partnerships, and mineral holdings.

The University's interests in commingled investment funds are generally reported at the NAV reported by the fund managers and determined to be reasonable by the University. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2017 and 2016, the University had no plans or intentions to sell investments at amounts different from NAV.

Although the University's alternative fund managers adhere to fair value accounting as required by ASC 820, *Fair Value Measurements and Disclosures*, because of inherent uncertainties in valuation assumptions, the estimated fair values for alternative investments may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, earnings of the underlying holdings, projected cash flows, recent sales prices, and other pertinent information.

The fair value of non-core institutional real estate is based on independent appraisals and broker opinions of value, including recent sales of relevant properties in the same region and in an active market. 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. When independent appraisals have not been carried out and where comparable sales information is not available, a direct capitalization model is used, with significant assumptions including rental rates ranging from \$28 to \$57 per square foot and weighted average capitalization rates of 7%. Significant changes in these inputs may result in a significantly lower or higher fair value measure.

For the years ended June 30, 2017 and 2016

Cash and investments included in the Consolidated Statements of Financial Position at June 30, 2017 and 2016 were as follows, in thousands of dollars:

	2017	2016
Cash and cash equivalents	\$ 198,959	\$ 227,257
Cash and cash equivalents-restricted	268,426	300,049
Short-term investments	520,393	248,979
Investment in residual asset note	42,685	46,827
Long-term investments	2,034,697	1,758,418
	<u>3,065,160</u>	<u>2,581,530</u>
Less assets not reported at fair value:		
Investment in residual asset note	(42,685)	(46,827)
Real estate partnerships accounted for under the equity method	(22,726)	(21,396)
Cash and investments at fair value	<u>\$2,999,749</u>	<u>\$2,513,307</u>

The following tables summarize the University's cash and investments in the fair value hierarchy as of June 30, 2017 and 2016, in thousands of dollars:

As of June 30, 2017	Investments Measured at NAV	Investments Classified in the Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Assets at fair value					
Cash and cash equivalents	\$	\$ 467,385	\$	\$	\$ 467,385
Common and preferred equities:					
Domestic	98,011	78,340			176,351
International	177,184	54,529	79,038		310,751
	<u>275,195</u>	<u>132,869</u>	<u>79,038</u>		<u>487,102</u>
Fixed income:					
Domestic		728	1,620		2,348
International		7	248		255
U.S. government and agencies		629,464	113		629,577
		<u>630,199</u>	<u>1,981</u>		<u>632,180</u>
Alternatives:					
Hedge	646,662				646,662
Natural resources	84,055				84,055
Private	275,243			2,237	277,480
Real estate	66,146			330,344	396,490
	<u>1,072,106</u>			<u>332,581</u>	<u>1,404,687</u>
Split-interest agreements held by third parties				8,395	8,395
Total assets at fair value	<u>\$ 1,347,301</u>	<u>\$ 1,230,453</u>	<u>\$ 81,019</u>	<u>\$ 340,976</u>	<u>\$ 2,999,749</u>

For the years ended June 30, 2017 and 2016

As of June 30, 2016	Investments	Investments Classified in the Fair Value Hierarchy			Total Fair Value
	Measured at NAV	Level 1	Level 2	Level 3	
Assets at fair value					
Cash and cash equivalents	\$	\$ 527,306	\$	\$	\$ 527,306
Common and preferred equities:					
Domestic	99,713	72,107			171,820
International	130,457	40,617	63,984		235,058
	<u>230,170</u>	<u>112,724</u>	<u>63,984</u>		<u>406,878</u>
Fixed income:					
Domestic		691	1,323		2,014
International		7	84		91
U.S. government and agencies		340,949	191		341,140
		<u>341,647</u>	<u>1,598</u>		<u>343,245</u>
Alternatives:					
Hedge	534,161				534,161
Natural resources	66,536				66,536
Private	239,083			3,363	242,446
Real estate	69,228			318,643	387,871
	<u>909,008</u>			<u>322,006</u>	<u>1,231,014</u>
Split-interest agreements held by third parties				4,864	4,864
Total assets at fair value	<u>\$ 1,139,178</u>	<u>\$ 981,677</u>	<u>\$ 65,582</u>	<u>\$ 326,870</u>	<u>\$ 2,513,307</u>

The following tables present a summary of the University's activity for the years ended June 30, 2017 and 2016 for investment classified in Level 3, in thousands of dollars:

2017	Alternatives		Split-interest agreements held by third parties	Total Assets at Level 3
	Private	Real Estate		
Fair value, July 1, 2016	\$ 3,363	\$ 318,643	\$ 4,864	\$ 326,870
Additions		535	2,093	2,628
Sales or redemptions		(240)		(240)
Unrealized gains	(1,126)	11,406	1,438	11,718
Fair value, June 30, 2017	<u>\$ 2,237</u>	<u>\$ 330,344</u>	<u>\$ 8,395</u>	<u>\$ 340,976</u>
2016	Alternatives		Split-interest agreements held by third parties	Total Assets at Level 3
	Private	Real Estate		
Fair value, July 1, 2015	\$ 3,363	\$ 227,700	\$ 5,105	\$ 236,168
Additions		2,329		2,329
Sales or redemptions		(2,787)		(2,787)
Unrealized gains		94,111	(241)	93,870
Transfer from Level 3		(2,710)		(2,710)
Fair value, June 30, 2016	<u>\$ 3,363</u>	<u>\$ 318,643</u>	<u>\$ 4,864</u>	<u>\$ 326,870</u>

For the years ended June 30, 2017 and 2016

The University's policy is to recognize transfers as of the end of the year. For the years ended June 30, 2017 and 2016, there were no transfers between Level 1 and Level 2. Transfers from Level 3 to NAV during the year ended June 30, 2016, were due to changes in the underlying investments and refinements to the valuation methodology applied.

Investment Related Derivatives:

The endowment employs certain derivative financial instruments to replicate long asset positions more cost effectively than through purchases or sales of the underlying assets.

As a result of entering investment derivative agreements, the University is subject to market volatility consistent with the underlying asset classes. The University has established policies, procedures, and internal controls governing the use of derivatives.

The purchase and sale of exchange-traded derivatives require collateral deposits with the Futures Commission Merchant (FCM). Collateral is posted and moved on a daily basis as required by the rules of the exchange on which the derivatives are traded. In the event of the FCM's insolvency, recovery may be limited to the University's pro-rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total cash or other collateral posted. The collateral is generally in the form of debt obligations issued by the U.S. treasury or cash. Cash collateral and certain securities owned by the University were held at counterparty brokers to collateralize these positions and are included in cash and cash equivalents-restricted on the Consolidated Statements of Financial Position. As of June 30, 2017 and 2016, the aggregate notional exposure on long-term assets was \$131,264,000 and \$81,349,000, respectively. The associated unrealized (loss) gain on these assets was \$(806,000) and \$1,761,000, respectively, as of June 30, 2017 and 2016. The notional amount of these derivatives is not recorded on the University's Consolidated Statements of Financial Position.

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 had an initial 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, 2017 and 2016, the carrying value of the investment in residual asset note receivable and related obligation was \$42,685,000 and \$46,827,000, 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 was 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. As a result, the note and the related asset are expected to decline to a balance of zero in 2021. Upon expected extinguishment of the note in 2021, the University remains the beneficiary of \$39,800,000 of cash flows scheduled for 2022–2025.

Real Estate Partnerships:

The University owns shares ranging from 45% to 50% in certain University business-related real estate partnerships with a related party, 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.

For the years ended June 30, 2017 and 2016

Investment Return:

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

For the year ended June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income	\$ 15,490	\$ 12,741	\$ 490	\$ 28,721
Net realized and unrealized gains on investments and other assets	91,115	103,144	1,137	195,396
Total return on investments and other assets . . .	106,605	115,885	1,627	224,117
Less: spending formula	(26,684)	(37,321)	(459)	(64,464)
Less: change in value of designated non-core	(11,366)			(11,366)
Less: other non-endowment income.	(9,885)		(22)	(9,907)
	(47,935)	(37,321)	(481)	(85,737)
Excess of investment return over spending formula amount	\$ 58,670	\$ 78,564	\$ 1,146	\$ 138,380
For the year ended June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income	\$ 8,282	\$ 7,654	\$ 704	\$ 16,640
Net realized and unrealized gains on investments and other assets	101,608	(33,314)	552	68,846
Total return on investments and other assets . . .	109,890	(25,660)	1,256	85,486
Less: spending formula	(21,241)	(34,246)	(480)	(55,967)
Less: change in value of designated non-core	(99,145)			(99,145)
Less: gain on sale of academic properties	(22,776)			(22,776)
Less: other non-endowment income.	(4,478)		(11)	(4,489)
	(147,640)	(34,246)	(491)	(182,377)
Excess (deficit) of investment return over spending formula amount	\$ (37,750)	\$ (59,906)	\$ 765	\$ (96,891)

Commitments:

Private equity, natural resources, and real estate investments are generally made through private limited partnerships. Under the terms of the partnership agreements, the University makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes on its investment strategy. Private equity, natural resources, and real estate funds are typically structured with investment periods of 3 to 7 years. Subsequent to the expiration of the investment period, a fund is usually prohibited from calling capital for new investments. The aggregate amount of unfunded commitments associated with private limited partnerships as of June 30, 2017 and 2016 was \$302,142,000 and \$231,423,000, respectively. Of this amount, approximately 10% and 12% of commitments as of June 30, 2017 and 2016, respectively, were for funds whose investment period had expired. The timing and amount of capital calls expected to be exercised in any particular future year is uncertain.

For the years ended June 30, 2017 and 2016

Liquidity:

Investment liquidity is aggregated below based on redemption or sale period, in thousands of dollars:

As of June 30, 2017	Daily	Monthly	Quarterly	Annually	>1 Year	Total
Cash and cash equivalents*	\$ 467,385	\$	\$	\$	\$	\$ 467,385
Common and preferred equities:						
Domestic	77,571	800	65,124	32,856		176,351
International	133,546	132,001	26,969	18,235		310,751
	<u>211,117</u>	<u>132,801</u>	<u>92,093</u>	<u>51,091</u>		<u>487,102</u>
Fixed income:						
Domestic	2,280	68				2,348
International	248	7				255
U.S. government and agencies .	629,577					629,577
	<u>632,105</u>	<u>75</u>				<u>632,180</u>
Alternatives:						
Hedge			258,878	243,090	144,694	646,662
Natural resources.			19,041	9,520	55,494	84,055
Private			949	1,553	274,978	277,480
Real estate				248,168	148,322	396,490
			<u>278,868</u>	<u>502,331</u>	<u>623,488</u>	<u>1,404,687</u>
Split-interest agreements held by third parties					8,395	8,395
	<u>\$1,310,607</u>	<u>\$ 132,876</u>	<u>\$ 370,961</u>	<u>\$ 553,422</u>	<u>\$ 631,883</u>	<u>\$2,999,749</u>

*Cash and cash equivalents includes \$191,903,000 of collateral posted with counterparties under the terms of certain derivative agreements; these funds are held in escrow and earn interest at short-term rates.

As of June 30, 2016	Daily	Monthly	Quarterly	Annually	>1 Year	Total
Cash and cash equivalents*	\$ 527,306	\$	\$	\$	\$	\$ 527,306
Common and preferred equities:						
Domestic	71,431	722	72,748	26,919		171,820
International	104,579	105,989	24,490			235,058
	<u>176,010</u>	<u>106,711</u>	<u>97,238</u>	<u>26,919</u>		<u>406,878</u>
Fixed income:						
Domestic	1,789	225				2,014
International	84	7				91
U.S. government and agencies .	341,140					341,140
	<u>343,013</u>	<u>232</u>				<u>343,245</u>
Alternatives:						
Hedge			234,991	168,179	130,991	534,161
Natural resources.			16,121	8,060	42,355	66,536
Private			935	1,301	240,210	242,446
Real estate				316,468	71,403	387,871
			<u>252,047</u>	<u>494,008</u>	<u>484,959</u>	<u>1,231,014</u>
Split-interest agreements held by third parties					4,864	4,864
	<u>\$1,046,329</u>	<u>\$ 106,943</u>	<u>\$ 349,285</u>	<u>\$ 520,927</u>	<u>\$ 489,823</u>	<u>\$2,513,307</u>

*Cash and cash equivalents includes \$299,588,000 of collateral posted with counterparties under the terms of certain derivative agreements; these funds are held in escrow and earn interest at short-term rates.

For the years ended June 30, 2017 and 2016

Certain hedge funds contain lockup provisions. Under such provisions, share classes of the investment are available for redemption at various times in accordance with the management agreement with the fund.

Except for the non-core real estate deferred sale, described in Note 6, the University has sole discretion to liquidate its direct holdings in non-core real estate included in the table above under “Annually.” These assets are located in the greater Boston market, which is generally active. Notwithstanding that relevant market assumptions have been incorporated where applicable, determining the fair values of such assets involves significant judgment and their ultimate sales price may be materially different than the values reported.

Investments in the “>1 Year” category include non-core real estate subject to deferred sale and non-redeemable assets totaling \$593,688,000 and \$450,833,000, as well as investments with rolling lockup periods totaling \$38,195,000 and \$38,990,000 as of June 30, 2017 and 2016, respectively.

3. Endowment Funds

Total endowment assets as of June 30, 2017 and 2016 are \$1,957,021,000 and \$1,654,531,000, respectively. A pooled endowment fund is included as part of the University’s investments. The amounts distributed from the investment return of pooled investments in any one year may include interest, dividends, and a portion of accumulated investment gains. The distribution amount is established annually and is between 3% and 5% of the market value per share as of the most recent December 31. The actual distribution amount is recommended by management, and approved by the Trustee Executive Committee. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings. Income attributable to shares from new donor-restricted and institution designated endowment funds during the first six months after establishment is not spent; such income is included in unrestricted or temporarily restricted net assets, depending on the nature of the endowment fund. For the fiscal years ended June 30, 2017 and 2016, respectively, the distribution as a percentage of the prior December 31 fair value of the pooled endowment fund was 3.8% and 3.5%.

At June 30, 2017 and 2016, respectively, approximately \$54,000 and \$3,731,000 of unrealized losses on donor-restricted endowment funds were classified as a reduction in the unrestricted net assets as the fair value of these funds was less than their original gift value. Unrestricted net assets will be replenished when the fair value equals the original gift value.

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 GAAP, 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 classifies as permanently restricted net assets (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

For the years ended June 30, 2017 and 2016

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 inflation-adjusted 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 U.S. treasury bills, common and preferred equities, fixed income, hedge funds, natural resources, private equity, and real estate. The portfolio is expected to produce risk-adjusted returns that exceed the policy benchmarks, a blended rate of indices.

The following table represents endowment net asset composition by type of fund as of June 30, 2017, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted.	\$ (54)	\$ 541,632	\$ 552,212	\$1,093,790
Institution designated.	807,362			807,362
Endowment net assets at end of year.	<u>\$ 807,308</u>	<u>\$ 541,632</u>	<u>\$ 552,212</u>	<u>\$1,901,152</u>

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2017, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 621,369	\$ 459,902	\$ 511,915	\$1,593,186
Reinvested income distribution	6,757	1,217	810	8,784
Realized and unrealized gains	85,354	115,885	1,605	202,844
Less: spending formula	<u>(26,684)</u>	<u>(37,321)</u>	<u>(459)</u>	<u>(64,464)</u>
Undistributed investment income.	<u>65,427</u>	<u>79,781</u>	<u>1,956</u>	<u>147,164</u>
Contributions	3,298	1,112	9,117	13,527
Pledge payments	316		30,218	30,534
Other additions (deductions), transfers, and net asset reclassifications	<u>116,898</u>	<u>837</u>	<u>(994)</u>	<u>116,741</u>
Endowment net assets at end of year.	<u>\$ 807,308</u>	<u>\$ 541,632</u>	<u>\$ 552,212</u>	<u>\$1,901,152</u>

For the years ended June 30, 2017 and 2016

The following table represents endowment net asset composition by type of fund as of June 30, 2016, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted.	\$ (3,731)	\$ 459,902	\$ 511,915	\$ 968,086
Institution designated.	625,100			625,100
Endowment net assets at end of year.	<u>\$ 621,369</u>	<u>\$ 459,902</u>	<u>\$ 511,915</u>	<u>\$1,593,186</u>

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2016, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 592,240	\$ 520,839	\$ 463,515	\$1,576,594
Reinvested income distribution	2,948	1,422	1,230	5,600
Realized and unrealized gains (losses)	(16,509)	(25,660)	1,245	(40,924)
Less: spending formula	<u>(21,241)</u>	<u>(34,246)</u>	<u>(480)</u>	<u>(55,967)</u>
Undistributed investment income (losses).	<u>(34,802)</u>	<u>(58,484)</u>	<u>1,995</u>	<u>(91,291)</u>
Contributions	5,224	1,214	6,812	13,250
Pledge payments	142		37,369	37,511
Other additions (deductions), transfers, and net asset reclassifications	<u>58,565</u>	<u>(3,667)</u>	<u>2,224</u>	<u>57,122</u>
Endowment net assets at end of year.	<u>\$ 621,369</u>	<u>\$ 459,902</u>	<u>\$ 511,915</u>	<u>\$1,593,186</u>

4. Accounts Receivable and Pledges Receivable

Accounts Receivable:

Accounts and loans receivable at June 30, 2017 and 2016, in thousands of dollars, consist of the following:

	2017	2016
Accounts receivable, net:		
Students.	\$ 15,591	\$ 16,337
Less: allowances	<u>(6,397)</u>	<u>(6,737)</u>
	9,194	9,600
Grants and contracts	65,234	59,002
Departmental sales, services, and other	48,056	48,870
Less: allowances	<u>(11,659)</u>	<u>(11,004)</u>
	101,631	96,868
Student loans.	77,279	79,092
Less: allowances	<u>(3,037)</u>	<u>(3,234)</u>
	74,242	75,858
Total accounts receivable, net	<u>\$ 185,067</u>	<u>\$ 182,326</u>

For the years ended June 30, 2017 and 2016

Federally sponsored student loans receivable represented \$43,337,000 and \$44,578,000 as of June 30, 2017 and 2016, respectively, of total student loans receivable, which consist of amounts due from current and former students under various federal government loan programs, including Perkins and health professional programs offered to graduate and undergraduate students. The University's advances under Perkins and other federal funded student loan programs were \$39,254,000, as of June 30, 2017 and 2016, and are included in other long-term obligations on the Consolidated Statements of Financial Position. 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.

Departmental sales, services, and other receivables include outstanding notes, mortgages, and advances bearing interest at rates up to 5.15% at June 30, 2017 and 2016, to certain employees. The aggregate amount as of June 30, 2017 and 2016 is \$7,464,000 and \$7,886,000, respectively.

Pledges Receivable:

Pledges consist of unconditional written promises by donors to contribute to the University in the future. At June 30, 2017 and 2016, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2017	2016
In one year or less	\$ 38,792	\$ 53,109
Between one year and five years	179,226	68,722
More than five years	35,184	35,414
	253,202	157,245
Discount to present value (at rates ranging from 1.51% to 5.14%) . .	(26,248)	(17,980)
Less allowance for unfulfilled pledges	(16,000)	(11,600)
Pledges receivable	\$ 210,954	\$ 127,665

On June 30, 2017, the University received a significant pledge of \$115,000,000, of which \$100,000,000 will be an addition to the University's endowment. Income from this endowment fund will be used to support the University's investments in interdisciplinary research at the intersection of life science and engineering. This gift is included in pledges receivable on the Consolidated Statement of Financial Position as of June 30, 2017, at an estimated present value amount of \$104,800,000.

5. Property, Plant, and Equipment

Property, plant, and equipment and related accumulated depreciation at June 30, 2017 and 2016, in thousands of dollars, consist of the following:

	2017	2016
Land	\$ 99,991	\$ 99,991
Buildings and improvements	3,036,432	2,827,903
Construction in progress	243,839	244,717
Software	56,224	56,224
Equipment	278,159	256,226
Library books	225,873	214,332
	3,940,518	3,699,393
Less: accumulated depreciation	(1,530,393)	(1,420,393)
Property, plant, and equipment, net	\$ 2,410,125	\$ 2,279,000

As of June 30, 2017 and 2016, buildings and improvements include \$94,548,000 associated with office and research space under capital lease.

As of June 30, 2017 and 2016, capital expenditures of \$208,942,000 and \$206,374,000, respectively, were incurred for construction of the National Emerging Infectious Diseases Laboratories (NEIDL). Of this, \$42,815,000 and \$117,796,000 was placed in service during the years ended June 30, 2015 and 2012, respectively. The remaining expenditures are included within construction in progress at June 30, 2017 and 2016, and will be placed in service when the construction is complete and the project is ready for its intended use.

For the years ended June 30, 2017 and 2016

6. Sale and Ground Lease of Non-Core Real Estate

In October 2016, the University entered into an agreement to sell certain non-core real estate buildings and to lease the related land to the purchaser of the buildings. The total amount of the agreement was \$144,000,000, with \$140,000,000 due at closing and \$4,000,000 to be paid in October 2018.

Recognition of the sale has been deferred, as required by ASC 840, *Leases*, since the University retained rights to additional ground rent should future signage revenue and permitted floor area exceed thresholds established in the agreement, and because the University is leasing back a portion of the building from the purchaser. Buildings with a fair market value of \$80,000,000 as of June 30, 2017 will remain in long-term investments in the Consolidated Statement of Financial Position until the sale is recognized. The prepaid lease payment of \$64,000,000 has been deferred and will be recognized as revenue over the life of the ground leases. The portion of the payment relating to the sale of the buildings, \$76,000,000 net of closing costs, has been recorded as a deposit in other long-term liabilities in the Consolidated Statement of Financial Position as of June 30, 2017. As required by ASC 840, *Leases*, the \$4,000,000 due in October 2018 has not been recognized as a receivable in the Consolidated Statement of Financial Position as of June 30, 2017.

Property leased back by the University from the purchaser consisted of 273,000 rentable square feet subject to a two-year lease, followed by a 15-year lease for 65,000 rentable square feet. The leases are classified as operating leases. Annual operating lease payments each year from 2018 to 2022 and in the aggregate for the remaining term of the leases are \$4,929,000, \$3,135,000, \$2,594,000, \$2,672,000, \$2,752,000, and \$37,263,000, respectively.

7. Other Long-Term Obligations

Other long-term obligations included in the Consolidated Statements of Financial Position at June 30, 2017 and 2016 were as follows, in thousands of dollars:

	2017	2016
Deposit relating to sale of non-core real estate, net	\$ 74,025	\$ 39,254
Federal Perkins loan advances	39,254	14,685
Conditional asset retirement obligation	14,326	12,485
Annuities and split-interest agreements payable	11,846	3,300
Post-retirement obligation	2,700	
Other long-term obligations	<u>\$ 142,151</u>	<u>\$ 69,724</u>

For the years ended June 30, 2017 and 2016

8. Indebtedness

Bonds and Notes Payable:

The principal amounts of bonds and notes payable at June 30, 2017 and 2016, 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 through the Massachusetts Health and Educational Facilities Authority (HEFA) prior to its merger with MDFA.

	Final Bond Maturity	Interest Rate at June 30, 2017	Interest Rate at June 30, 2016	Outstanding Principal	
				2017	2016
Fixed rate bonds and notes payable:					
MDFA Series P, blended fixed rate	5/15/59	5.63%	5.63%	\$ 100,000	\$ 100,000
MDFA Series T-2 (taxable)	10/1/30	n/a	5.27%		4,260
MDFA Series U-4.	10/1/40	n/a	5.65%		50,000
MDFA Series V-1.	10/1/29	n/a	5.00%		44,000
MDFA Series W (taxable).	10/1/45	5.20%	5.20%	100,470	100,470
MDFA Series X, blended fixed rate	10/1/48	4.78%	4.78%	111,485	111,485
MDFA Series Z-1	10/1/19	1.50%	1.50%	63,170	63,170
MDFA Series Z-2	10/1/19	1.50%	1.50%	10,200	10,200
MDFA Series BB-1.	10/1/46	4.54%	n/a	111,270	
MDFA Series BB-2.	10/1/40	3.95%	n/a	52,260	
MDFA Series BB-3.	10/1/29	5.00%	n/a	38,290	
Century notes (taxable)	7/15/97	7.63%	7.63%	100,000	100,000
Boston Redevelopment Authority					
note (taxable)	6/15/21	0.00%	0.00%	4,580	5,725
Aetna loan (taxable).	9/15/18	10.20%	10.20%	1,468	2,332
Various notes payable (taxable)	various	various	various	1,776	2,503
Total fixed rate bonds and notes payable				<u>694,969</u>	<u>594,145</u>
Variable rate bonds payable:					
HEFA Series H	12/1/29	0.90%	0.40%	25,000	25,000
HEFA Series N (taxable)	10/1/34	1.20%	0.41%	29,585	30,005
MDFA Series U-1.	10/1/40	1.11%	0.99%	50,000	50,000
MDFA Series U-2.	10/1/40	1.13%	0.72%	50,000	50,000
MDFA Series U-3.	10/1/40	0.89%	0.39%	50,000	50,000
MDFA Series U-5A	10/1/31	1.21%	0.81%	33,700	34,800
MDFA Series U-5B	10/1/31	1.21%	0.81%	35,200	36,300
MDFA Series U-6A	10/1/42	1.31%	0.81%	62,850	62,850
MDFA Series U-6C	10/1/42	0.89%	0.36%	52,545	52,545
MDFA Series U-6E	10/1/42	1.21%	0.96%	62,695	62,695
Royal Bank of Scotland (taxable)	8/15/29	0.77%	1.05%	27,568	29,968
MDFA Series Y	10/1/39	1.18%	0.78%	35,000	35,000
MDFA Series AA	10/1/39	1.34%	0.96%	162,740	162,740
Total variable rate bonds payable.				<u>676,883</u>	<u>681,903</u>
Total bonds and notes payable				1,371,853	1,276,048
Plus: unamortized bond premium and discount, net.				37,420	8,697
Less: unamortized bond issuance costs				(4,291)	(3,922)
Total bonds and notes payable, net				<u>\$ 1,404,982</u>	<u>\$ 1,280,823</u>

For the years ended June 30, 2017 and 2016

Certain bond and bank obligations are collateralized by a pledge on tuition revenues, and certain other notes payable are collateralized by plant and property with a net carrying value of \$45,000,000 and \$46,225,000 as of June 30, 2017 and 2016, respectively. The University's bank agreements require annual compliance with financial covenants, including a minimum level of debt service coverage and a minimum level of expendable resources relative to debt. The University was in compliance with all debt covenants as of June 30, 2017 and 2016.

Scheduled principal payments on bonds and notes payable, in thousands of dollars, are presented in the table below:

Fiscal Year	Scheduled Principal Maturities
2018	\$ 8,713
2019	8,670
2020	81,733
2021	8,629
2022	7,955
Thereafter	<u>1,256,153</u>
Total	<u>\$1,371,853</u>

Scheduled principal maturities represent aggregate annual payments as required under long-term debt repayment schedules. As of June 30, 2017, the University's debt portfolio includes variable rate demand bonds (VRDBs) of \$157,130,000 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 June 2018 and June 2021. 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, 2017, aggregate scheduled loan repayments under the VRDB-related LOCs would be as follows: \$26,188,000, \$52,377,000, \$52,377,000, and \$26,188,000 in fiscal years 2018, 2019, 2020, and 2021, respectively. There have been no instances where a bond failed to be remarketed and was put back to the University.

In October 2015, the University issued its Series AA tax exempt variable rate bonds in the amount of \$162,740,000. The proceeds from the Series AA bonds were used to redeem Series T-1 bonds on their October 1, 2015 call date. The new bonds have an amortization schedule and a final maturity date identical to the Series T-1 bonds. As a result of the redemption, unamortized bond issuance costs of \$4,069,000 related to Series T-1 were written off in other additions (deductions) and transfers, net in the Consolidated Statement of Activities for the year ended June 30, 2016.

In November 2016, the University issued its \$111,270,000 Series BB-1 tax exempt fixed rate bonds with a final maturity in October 2046. The bonds were issued at a premium, generating proceeds of \$125,604,000, which will be used to fund designated capital expenditures and to pay bond issuance costs.

In November 2016, the University issued its \$52,260,000 Series BB-2 and \$38,290,000 Series BB-3 tax exempt fixed rate bonds. The bonds were issued at a premium, generating proceeds of \$56,962,000 and \$49,274,000, respectively, which were used to advance refund \$50,000,000 of Series U-4 and \$44,000,000 of Series V-1 bonds. The effect of the refunding was a non-operating loss from extinguishment of debt of \$11,744,000 included in other additions (deductions) and transfers, net in the Consolidated Statement of Activities in fiscal year 2017. Future debt service savings of approximately \$22,299,000 are expected due to the more favorable terms of the new Series BB-2 and BB-3 bonds compared with the refunded bonds. The refunded Series U-4 and Series V-1 bonds were legally defeased and, as such, are not reflected in bonds and notes payable, net at June 30, 2017. As a result of the advance refunding, unamortized issuance costs of \$226,000 and \$214,000 for Series U-4 and Series V-1 were written off in other additions (deductions) and transfers, net in the Consolidated Statement of Activities for the year ended June 30, 2017.

In March 2017, the University fully redeemed its Series T-2 taxable fixed rate bonds totaling \$4,260,000. As a result of the redemption, unamortized issuance costs of \$78,000 for Series T-2 were written off in other additions (deductions) and transfers, net in the Consolidated Statement of Activities for the year ended June 30, 2017.

For the years ended June 30, 2017 and 2016

Bank Lines:

The University has \$140,000,000 in committed one-year lines of credit with six financial institutions. There were no draws or outstanding loans under these lines of credit as of and for the years ended June 30, 2017 and 2016. The current expiration date for all lines of credit is in April 2018. The University plans to renew the lines of credit upon expiration.

Debt Related Derivatives:

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. The contracts 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 under the swap agreements also generally match the scheduled amortization of the underlying debt.

In connection with the counterparty's exercise of existing rights under a swaption contract related to its Series T-1 bonds, the University entered into a swap with a notional amount of \$162,740,000 effective October 1, 2015. Under the terms of the swap, the University pays a fixed rate of 4.95% and receives the SIFMA index from October 1, 2015 through October 1, 2039. The University subsequently entered into novation agreements to replace the existing swap counterparty with two new counterparties. The novated swaps fully hedge the interest rate risk of the University's Series AA variable rate bonds.

Below is a summary of the terms of the University's outstanding debt-related derivatives as of June 30, 2017 and 2016, in thousands of dollars:

Swap	Notional Amount	Fair Value		Effective Date	Termination Date	University Pays	University Receives
		6/30/17	6/30/16				
Series H	\$ 25,000	\$ 8,116	\$ 11,082	10/03/2008	12/01/2027	5.28%	SIFMA
Series N	22,160	7,873	10,918	10/03/2008	10/01/2027	6.79%	LIBOR
Series U1-3	75,000	26,942	37,076	10/03/2008	10/01/2040	4.01%	69% of 1-Mo. USD LIBOR
Series U1-3	75,000	26,471	36,773	10/01/2007	10/01/2040	3.94%	69% of 1-Mo. USD LIBOR
Series U5	68,900	13,720	19,556	10/03/2008	10/01/2031	4.10%	67% of 1-Mo. USD LIBOR
Series U6	149,750	95,161	125,432	10/03/2008	10/01/2042	5.42%	SIFMA
Series U6	89,750	56,719	74,723	07/01/2008	10/01/2042	5.42%	SIFMA
Series U6	10,700	1,202	1,841	10/03/2008	10/01/2022	4.16%	67% of 1-Mo. USD LIBOR
Series Y	35,000	15,593	21,306	10/01/2014	10/01/2039	4.70%	SIFMA
Series Z	73,370	(247)	(1,770)	10/01/2014	08/01/2019	SIFMA	1.265%
Series AA-1	81,370	37,095	49,773	10/01/2015	10/01/2039	4.95%	67% of 1-Mo. USD LIBOR -.027%*
Series AA-2	81,370	37,075	49,602	10/01/2015	10/01/2039	4.95%	67% of 1-Mo. USD LIBOR +.024%**
Royal Bank of Scotland	27,568	7,539	9,803	08/15/2006	08/15/2029	5.645%	3-Mo. GBP LIBOR +45 basis points
Less: credit valuation adjustment		(15,059)	(24,295)				
		<u>\$318,200</u>	<u>\$421,820</u>				

*Until April 1, 2020: thereafter SIFMA

**Until April 1, 2021: thereafter SIFMA

SIFMA—Securities Industry and Financial Markets Association Municipal Swap Index

LIBOR—London Interbank Offered Rate

For the years ended June 30, 2017 and 2016

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 third-party 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. The fair value of interest rate exchange agreements is included within Level 2 of the valuation hierarchy.

In 2017 and 2016, the University's net settlement payments on interest rate exchange agreements were \$31,630,000 and \$32,399,000, respectively. These net settlement costs have been reported in nonoperating activities in other additions (deductions) and transfers, net on the Consolidated Statements of Activities.

For purposes of the Consolidated Statements of Cash Flows, net settlements under the University's interest rate exchange agreements are generally included in cash flows from operating activities. However, in October 2008, the University elected to terminate its existing interest rate exchange agreements with a subsidiary of Lehman Brothers after that firm's bankruptcy and simultaneously entered replacement agreements with new counterparties who provided cash to facilitate settlement of the existing agreements. Accordingly, future net settlements under various replacement agreements, with a total notional amount of \$351,510,000 at June 30, 2017, are considered financing activities. During 2017 and 2016, respectively, \$12,987,000 and \$14,287,000 of the net settlement payments were classified as cash flows used in financing 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, 2017 and 2016, the University was required to post collateral of \$186,914,000 and \$295,116,000, respectively. Posted collateral balances are included on the Consolidated Statements of Financial Position in cash and cash equivalents-restricted. 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 a counterparty's credit ratings fall below investment grade.

9. Pension and Other Employee Benefits

Defined Contribution Plan:

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 are eligible to participate in defined contribution benefit plans. The University contributes a specified percentage of each employee's salary to the plan. Contributions for the years ended June 30, 2017 and 2016, respectively, were \$70,310,000 and \$68,056,000.

Other Post-Retirement Benefit Plans:

During fiscal year 2009, the University initiated the process to discontinue a plan option that offers subsidized healthcare coverage to employees who retire from the University after age 55 until age 65, with at least ten consecutive years of participation in the Plan at the time they retire. Reflecting an extension of the termination date made in fiscal year 2010, the change applied to employees terminating from the University on or after September 1, 2009. Claims paid in 2017 and 2016, net of interest costs totaled \$600,000 and \$700,000 respectively. The University's accrued post-retirement benefit obligation reflected in the Consolidated Statements of Financial Position totaled \$2,700,000 and \$3,300,000 as of June 30, 2017 and 2016, respectively.

For the years ended June 30, 2017 and 2016

10. 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, and are summarized below as of June 30, 2017:

Fiscal Year	Operating	Capital
2018	\$ 30,256	\$ 4,021
2019	23,656	4,021
2020	20,092	4,064
2021	17,960	4,064
2022	17,617	4,064
Thereafter	97,907	176,600
	<u>\$ 207,488</u>	<u>\$ 196,834</u>
Less: Amounts representing interest		<u>(114,420)</u>
Capital lease obligation		<u>\$ 82,414</u>

For 2017 and 2016, rent expense for educational facilities and office space was \$31,524,000 and \$24,052,000, respectively. Certain of these leases provide an option to purchase the properties at fair value.

The University's capital lease obligations are related to a biomedical research facility at 670 Albany Street in Boston.

Joint Venture Commitments:

The University has entered into certain non-cancellable operating leases expiring through 2030 with its equity method real estate partnerships. The partnerships have total assets of \$83,407,000 and \$84,161,000 and total liabilities of \$36,030,000 and \$34,626,000 as of June 30, 2017 and 2016, respectively. The total outstanding debt is equal to \$32,532,000 and \$30,500,000 as of June 30, 2017 and 2016, respectively. The University's share of the debt is \$15,645,000 and \$14,820,000 as of June 30, 2017 and 2016, respectively. The total minimum annual lease payments associated with these leases of approximately \$7,502,000 and \$7,488,000 for the years ended June 30, 2017 and 2016, respectively, are included in the lease commitment table above.

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 2009. In March of 2012 the University received clearance from the Massachusetts Executive Office of Energy and Environmental Affairs to conduct research at NEIDL at BSL-2 allowing research to begin in 60% of the facility. In November 2014, the University received final clearance from the Boston Public Health Commission (BPHC) for research at NEIDL at BSL-3 and research began in an additional 21% of the facility. The use of the building for BSL-4 research in the remaining 19% of the building is subject to pending regulation approval.

The University and Boston Medical Center each committed \$28,300,000 toward construction of the NEIDL, and each initially held a 50% equity interest in the project with the right to share equally in the future operating activities. 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. As required by the agreement, the University repaid Boston Medical Center's equity obligation in full, completing repayment on May 1, 2016.

For the years ended June 30, 2017 and 2016

Total original construction costs were \$208,942,000 and \$206,374,000 as of June 30, 2017 and 2016, respectively. NIH has reimbursed \$140,921,000 as of June 30, 2017 and 2016. When initially received by the University, NIH funding for NEIDL construction was recorded in temporarily restricted net assets, to be reclassified to unrestricted net assets as assets are placed in service. In 2015 and 2012, a pro-rata share of NIH funding, \$29,531,000 and \$86,507,000 respectively, was reclassified from temporarily restricted net assets to unrestricted net assets.

Deferred Ground Lease Revenue:

In December 2012, in connection with the sale of a non-core asset, the University entered into a 75-year ground agreement to lease the land related 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 will be amortized on a straight-line basis over the term of the lease. For the years ended June 30, 2017 and 2016, the University recognized rental revenue of \$515,000 related to the ground lease. The unamortized deferred rent as of June 30, 2017 and 2016 is \$36,308,000 and \$36,823,000, respectively.

As described in Note 6, in October 2016, in connection with the sale of non-core assets, the University entered into four 99-year ground agreements to lease the land to the purchaser of the building. The lease term is through 2115. In connection with this transaction, the University received a prepaid lease payment of \$64,000,000 that will be amortized on a straight-line basis over the term of the lease. For the year ended June 30, 2017, the University recognized rental revenue of \$431,000 related to the ground lease. The unamortized deferred rent as of June 30, 2017 is \$63,569,000.

Both ground lease prepayments are included in deferred ground lease revenue in the Consolidated Statements of Financial Position.

Other:

As of June 30, 2017, the University has commitments of approximately \$307,017,000, related to open construction contracts and capital acquisitions. This amount is expected to be financed from operating cash flows, federal government grants, and borrowings.

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 agreed to continue its support of clinical department operations at a level of support proportionately consistent to what was provided before the merger. The University's commitment for fiscal year 2017 was approximately \$9,935,000.

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.

11. Subsequent Events

The University has assessed the impact of subsequent events through September 14, 2017, the date the Consolidated Financial Statements were issued.

BOSTON UNIVERSITY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Research and Development Cluster:				
Agency for International Development:				
Agency For International Development	98.001	Direct	\$ 234,164	787,878
Center For Health Research, Universitas	98.001	Pass-Through Number Not Available	—	1,824
Johns Hopkins University	98.001	2002918285	—	15,000
Johns Hopkins University	98.001	2003188510	—	15,851
Management Sciences For Health	98.001	SIAPS-15-002	—	106,819
Massachusetts General Hospital	98.001	225810	—	147,561
Right To Care	98.001	Pass-Through Number Not Available	—	192,070
Save The Children International In Zambia	98.001	84000825	—	242,729
SPR Advanced Technologies Inc.	98.001	Pass-Through Number Not Available	—	14,298
United States Pharmacopeial Convention	98.001	FOG-15-012	—	4,129
Wits Health Consortium	98.001	HERO-002	—	480,236
Subtotal			<u>234,164</u>	<u>2,008,395</u>
Right To Care	98.UNK	Pass-Through Number Not Available	—	172,196
University Research Co., LLC	98.UNK	FY17-PO4-7106	—	428
Subtotal			<u>—</u>	<u>172,624</u>
Agency for International Development Total			<u>234,164</u>	<u>2,181,019</u>
Department of Agriculture:				
Pennsylvania State University	10.200	E16-022155	—	68,448
University of Kentucky	10.253	3048110944-16-016	26,714	45,670
University of Missouri	10.255	C00050859-1	—	1,284
Department Of Agriculture	10.310	Direct	—	7,144
Boston Medical Center Corporation	10.500	3518	—	(469)
Department Of Agriculture	10.684	Direct	—	39,377
Department Of Agriculture	10.699	Direct	—	5,106
Department Of Agriculture	10.UNK	Direct	—	7,275
Department of Agriculture Total			<u>26,714</u>	<u>173,835</u>
Department of Commerce:				
Department of Commerce	11.013	Direct	—	42,948
University of Rhode Island	11.417	5575	—	58,791
University of Rhode Island	11.417	4055-031414	—	34,439
Woods Hole Oceanographic Institution	11.417	A101116	—	32,890
Subtotal			<u>—</u>	<u>126,120</u>
Department of Commerce	11.431	Direct	—	149,185
Department of Commerce	11.609	Direct	—	100,410
Department of Commerce Total			<u>—</u>	<u>418,663</u>
Department of Defense:				
Department of Defense	12.300	Direct	759,751	2,173,976
President and Fellows of Harvard College	12.300	124020-5101768	—	30,570
University of California, Santa Barbara	12.300	KK1628	—	122,477
University of Illinois	12.300	071787-14605 (AA669)	—	261,629
University of Washington	12.300	UWSC 6062	—	(3,465)
Subtotal			<u>759,751</u>	<u>2,605,387</u>
Department of Defense	12.351	Direct	(45)	155,911
The Geneva Foundation	12.351	S-1340-01	—	165,868
Subtotal			<u>(45)</u>	<u>321,779</u>
Institute of International Education	12.357	2603-BU-12-GO-015-PO1	—	47
Institute of International Education	12.357	2603-BU-12-GO-017-PO2	—	180,255
Institute of International Education	12.357	2603-BU-12-GO-051-PO3	—	133,475
Subtotal			<u>—</u>	<u>313,777</u>
Department of Defense	12.420	Direct	3,051,311	6,846,852
Augusta University	12.420	31760-2	—	14,821
Dartmouth College	12.420	15778134	—	56,797
Drexel University	12.420	202353	—	34,105
Henry M. Jackson Foundation	12.420	721595	—	102,517
Icahn School of Medicine At Mount Sinai	12.420	0258-0791-4609	—	89,314
Massachusetts General Hospital	12.420	208358	—	968
Massachusetts General Hospital	12.420	225098	—	17,913
Northern California Institute For Research	12.420	CHAO2022-02	—	3,667
The Brigham and Women's Hospital, Inc.	12.420	113197	—	30,358
The Children's Hospital Corporation	12.420	RSTFD0000599809	—	93,661
University Hospitals of Cleveland	12.420	W81XWH-15-1-0080	—	240,416
University of Texas Health Science Center	12.420	0012211A	—	18,288
Virginia Commonwealth University	12.420	PT-108802-SC107142	—	48,879
Subtotal			<u>3,051,311</u>	<u>7,598,556</u>
Department of Defense	12.431	Direct	333,484	854,999
Massachusetts General Hospital	12.431	224591	—	3,325
Massachusetts Institute of Technology	12.431	Pass-Through Number Not Available	—	62,675
University of Texas At Austin	12.431	UTA12-001015	—	128,605
Subtotal			<u>333,484</u>	<u>1,049,604</u>
Department of Defense	12.630	Direct	—	56,421
University of California, Berkeley	12.630	9271	—	89,078
University of Utah	12.630	10028801-BU	—	(2,539)
University of Utah	12.630	10028801-BU-BPP	49,978	531,947
Subtotal			<u>49,978</u>	<u>674,907</u>
Department of Defense	12.800	Direct	76,113	1,462,342
Northwestern University	12.800	SP0032777-PROJ0011974	—	46,939
Ohio State University Research Foundation	12.800	RF01060065	—	(6,246)
University of California, Los Angeles	12.800	0965 G UA474	—	15,699
Subtotal			<u>76,113</u>	<u>1,518,734</u>
Department of Defense	12.900	Direct	—	28,541
Department of Defense	12.910	Direct	—	419,249
Massachusetts Institute of Technology	12.910	5710004066	—	76,416
Northeastern University	12.910	505068-78051	—	208,130
University of Massachusetts, Worcester	12.910	WA00393759-OSP2016150	—	59,059
University of Pennsylvania	12.910	564000	—	(7,741)
Subtotal			<u>—</u>	<u>783,654</u>

BOSTON UNIVERSITY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Defense	12.UNK	Direct	\$ 338,319	2,278,575
Battelle Memorial Institute	12.UNK	471878	—	23,319
Battelle Memorial Institute	12.UNK	PO 356390	—	183
Becton, Dickinson And Company	12.UNK	AGR_IPCON_295	—	17,296
DRS Advanced ISR, LLC	12.UNK	2463BOS000	—	212,551
Evidation Health, Inc.	12.UNK	201608BU	—	105,105
Fisketech, LLC	12.UNK	FA8750-15-C-0240	—	(13,178)
Fulcrum	12.UNK	FUL-14-S010	—	(10,618)
Hansjorg Wyss Institute for Biologically Inspired Engineering	12.UNK	167898-507770	—	69,939
HRL Laboratories, Llc	12.UNK	15082-162372_DS	—	176,859
L-3 Applied Technologies Inc.	12.UNK	825C160015	—	893
Longshortway, Inc.	12.UNK	Pass-Through Number Not Available	—	20,958
Macaulay-Brown, Inc.	12.UNK	DSC3089-04	—	53,384
Massachusetts Institute of Technology	12.UNK	16332	—	76,618
Massachusetts Institute of Technology	12.UNK	5710003940	—	105,525
Massachusetts Institute of Technology	12.UNK	5710004199	—	216,254
Massachusetts Institute of Technology	12.UNK	7000381969	—	13,533
Massachusetts Institute of Technology	12.UNK	7000384531	—	41,475
Massachusetts Institute of Technology	12.UNK	5710003952-002	—	423,737
Massachusetts Institute of Technology	12.UNK	PO 7000319355	—	23,023
Power Fingerprinting, Inc.	12.UNK	Pass-Through Number Not Available	—	106,074
Radiation Monitoring Devices, Inc.	12.UNK	C16-29	—	60,067
San Diego Composites	12.UNK	SDC15-1125	—	178,244
Sofar Acoustics, LLC	12.UNK	Pass-Through Number Not Available	—	132,909
SRI International	12.UNK	PO2457	—	36,670
SRI International	12.UNK	PO2496	—	53,054
University of Illinois At Urbana-Champai	12.UNK	084424-16186	—	54,157
University of Minnesota	12.UNK	A005959605	—	75,080
White River Technologies, Inc.	12.UNK	N68335-16-C-0397	—	58,320
White River Technologies, Inc.	12.UNK	WRT-BU20150716	—	32,819
Woods Hole Oceanographic Institution	12.UNK	A101244 Revised	—	22,785
Subtotal			<u>338,319</u>	<u>4,645,610</u>
Department of Defense Total			<u>4,608,911</u>	<u>19,512,008</u>
Department of Education:				
Department of Education	84.015	Direct	—	629,478
Commonwealth of Massachusetts - Department of Education	84.027	268-001-7-3412-R	—	17,213
Department of Education	84.133	Direct	—	(1,006)
New York University	84.133	Pass-Through Number Not Available	—	22,933
Rehabilitation Institute of Chicago	84.133	80498	—	6,031
University of Massachusetts, Worcester	84.133	WA00373815-OSP2016124	—	989
Subtotal			<u>—</u>	<u>28,947</u>
University of Arkansas	84.305	SA1508063	—	89,059
University of Wisconsin-Madison	84.305	706K716	—	24,481
Subtotal			<u>—</u>	<u>113,540</u>
Department of Education	84.324	Direct	<u>161,198</u>	<u>575,162</u>
Department of Education Total			<u>161,198</u>	<u>1,364,340</u>
Department of Energy:				
Department of Energy	81.049	Direct	199,474	3,190,488
Stanford University	81.049	61351721-124215	—	28,056
Subtotal			<u>199,474</u>	<u>3,218,544</u>
Department of Energy	81.086	Direct	—	175,126
Department of Energy	81.087	Direct	39,906	259,915
Department of Energy	81.089	Direct	—	455,765
Atrex Energy, Inc.	81.089	ACUBU20151001	—	69,972
Subtotal			<u>—</u>	<u>525,737</u>
Infinium Metals Inc.	81.135	Pass-Through Number Not Available	—	946
Newton Energy Group Llc	81.135	Pass-Through Number Not Available	—	120,604
University of Delaware	81.135	46100	—	3,712
Subtotal			<u>—</u>	<u>125,262</u>
Battelle Energy Alliance, LLC	81.UNK	128776	—	77,184
Battelle Memorial Institute/Pacific Northwest National Laboratory	81.UNK	179721	—	1
Battelle Memorial Institute/Pacific Northwest National Laboratory	81.UNK	272101	—	(7,554)
Battelle Memorial Institute/Pacific Northwest National Laboratory	81.UNK	272743	—	227,303
Battelle Memorial Institute/Pacific Northwest National Laboratory	81.UNK	306995	—	22,663
Battelle Memorial Institute/Pacific Northwest National Laboratory	81.UNK	323114	—	65,830
Brookhaven National Laboratory	81.UNK	312168	—	104,138
Fermi National Accelerator Laboratory	81.UNK	606923	—	57,793
Fermi National Accelerator Laboratory	81.UNK	617650	—	59,985
Fermi National Accelerator Laboratory	81.UNK	621572	—	6,906
Fermi National Accelerator Laboratory	81.UNK	621941	—	48,903
Fermi National Accelerator Laboratory	81.UNK	626342	—	16,726
Fermi National Accelerator Laboratory	81.UNK	633674	—	59,541
Fermi National Accelerator Laboratory	81.UNK	634798	—	6,270
Fermi National Accelerator Laboratory	81.UNK	PO 611357	—	10,937
Fermi National Accelerator Laboratory	81.UNK	PO 615323	—	38,544
Los Alamos National Security, LLC	81.UNK	340775	—	74,992
Sandia National Laboratories	81.UNK	1222895	—	25,457
Sandia National Laboratories	81.UNK	1585781	—	96,843
Sandia National Laboratories	81.UNK	1797608	—	4,196
UT-Battelle, LLC	81.UNK	4200000639	—	24,996
Subtotal			<u>—</u>	<u>1,021,354</u>
Department of Energy Total			<u>239,380</u>	<u>5,325,938</u>
Department of Health and Human Services:				
Department of Health and Human Services	93.061	Direct	—	40,513
University of North Carolina At Chapel Hill	93.061	5100531	—	15,113
Subtotal			<u>—</u>	<u>55,626</u>
Muhimbili University of Health And Allie	93.067	Pass-Through Number Not Available	—	56,778
Department of Health and Human Services	93.073	Direct	—	258,389
Commonwealth of Massachusetts - Department of Public Health	93.073	INTF3122H78500224038	—	335,022
Subtotal			<u>—</u>	<u>593,411</u>

BOSTON UNIVERSITY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Commonwealth of Massachusetts - Department of Public Health	93.074	INTF6208HH4300522131	\$ —	314,305
American Heart Association	93.077	FX-ATRAC-BU-03	—	9,341
American Heart Association	93.077	FX-ATRAC-BU-04	—	413,043
American Heart Association	93.077	FX-ATRAC-BU-04S	—	85,263
Subtotal			—	507,647
Department of Health and Human Services	93.095	Direct	78,263	181,380
Dartmouth College	93.103	1629R135	—	9,593
New England Pediatric Device Consortium	93.103	NEPDC-006	—	3,357
Subtotal			—	12,950
University of Massachusetts, Worcester	93.107	OSP2016108	—	28,773
Department of Health and Human Services	93.110	Direct	48,284	892,055
Association of Maternal And Child Health Genetic Alliance	93.110	5102022	—	8,221
	93.110	Pass-Through Number Not Available	—	(2,277)
Subtotal			48,284	897,999
Department of Health and Human Services	93.113	Direct	928,506	4,140,908
Duke University	93.113	14-NIH-1127	—	117,758
Harvard Pilgrim Health Care	93.113	PH000552C	—	8,989
Icahn School of Medicine At Mount Sinai	93.113	0255-0182-4609	—	15,601
Icahn School of Medicine At Mount Sinai	93.113	0255-1871-4609	—	20,129
President and Fellows of Harvard College	93.113	112116.5039	—	605
Tufts University	93.113	101366-00001	—	11,752
University of California, Berkeley	93.113	8929	—	141,385
Subtotal			928,506	4,457,127
Department of Health and Human Services	93.121	Direct	1,027,523	4,388,844
Boston Medical Center Corporation	93.121	3816	—	3,216
Forsyth Institute	93.121	BU024488-2495	—	235,368
Michigan State University	93.121	RC104367BU	—	3,561
Subtotal			1,027,523	4,630,989
Johns Hopkins University	93.135	2002892416	—	405,583
Department of Health and Human Services	93.143	Direct	578,685	2,108,942
University of Massachusetts, Worcester	93.145	OSP2016084	—	17,662
Boston Medical Center Corporation	93.156	1556	—	1,783
Department of Health and Human Services	93.172	Direct	258,993	642,254
University of Massachusetts, Worcester	93.172	WA00343911/RFS2016066	—	12,027
University of Massachusetts, Worcester	93.172	WA00494189/OSP2017083	—	36,765
Subtotal			258,993	691,046
Department of Health and Human Services	93.173	Direct	1,240,626	6,376,046
Beth Israel Deaconess Medical Center, Inc.	93.173	1026514	—	8,067
Beth Israel Deaconess Medical Center, Inc.	93.173	1028984	—	152,830
Massachusetts Eye And Ear Infirmary	93.173	30515	—	31,174
Massachusetts Eye And Ear Infirmary	93.173	20000-0000017223	—	34,602
Massachusetts General Hospital	93.173	230322	—	74,763
Massachusetts Institute of Technology	93.173	5710003037	—	16,976
Northwestern University	93.173	SP0019717-PROJ0004965	—	(66,481)
Northwestern University	93.173	SP0037464-PROJ0010405	—	358,189
Subtotal			1,240,626	6,986,166
Department of Health and Human Services	93.213	Direct	63,572	803,543
Beth Israel Deaconess Medical Center, Inc.	93.213	1026085	—	1,606
Beth Israel Deaconess Medical Center, Inc.	93.213	1029129	—	17,536
Boston Medical Center Corporation	93.213	4194	—	27,382
Butler Hospital	93.213	9244-8311	—	24,197
Massachusetts General Hospital	93.213	228246	—	91,892
President and Fellows of Harvard College	93.213	153090.5097123.0002	—	31,241
University of Connecticut	93.213	7067	—	15,791
Subtotal			63,572	1,013,188
Department of Health and Human Services	93.226	Direct	—	70,894
Boston Medical Center Corporation	93.226	4868	—	3,012
Georgetown University	93.226	AWD777-1612GR204469	—	82,002
The George Washington University	93.226	15-M63	—	9,191
The George Washington University	93.226	16-M120	—	27,164
University of Utah	93.226	Pass-Through Number Not Available	—	1,141
Yale University	93.226	M08A00779 (A08572)	—	(53,623)
Yale University	93.226	M13A11548 (A09063)	—	27,465
Yale University	93.226	M13A11548 (A09064)	—	53,067
Subtotal			—	220,313
National Jewish Health	93.233	20091204	—	40,276
Department of Health and Human Services	93.242	Direct	1,643,638	10,330,505
Beth Israel Deaconess Medical Center, Inc.	93.242	1029386	—	15,995
Butler Hospital	93.242	9032-8311	—	(122)
Butler Hospital	93.242	9050-8311	—	5,636
Columbia University	93.242	Pass-Through Number Not Available	—	18,106
Dartmouth College	93.242	R779	—	35,129
Emory University	93.242	T675344	—	18,631
Massachusetts Institute of Technology	93.242	5710004137	—	125,869
Mclean Hospital Corporation	93.242	401122	—	207,583
Medical University of South Carolina	93.242	MUSC15-084	—	93,572
Michigan State University	93.242	RC105383Boston	—	23,203
Palo Alto Institute For Research And Edu	93.242	WIS0001-06	—	43,689
Research Foundation For Mental Hygiene	93.242	26363	—	139,735
University of California, San Francisco	93.242	8315sc	—	237,638
University of Massachusetts, Boston	93.242	B000535813	—	41,868
University of New England	93.242	230068-101	—	37,424
Veterans Medical Research Foundation	93.242	08152005-313840	—	(339)
Subtotal			1,643,638	11,373,722
Department of Health and Human Services	93.262	Direct	1,659	107,889
Icahn School of Medicine At Mount Sinai	93.262	0254-5941-4609	—	9,494
President and Fellows of Harvard College	93.262	114960-5097784	—	45,567
The George Washington University	93.262	15-M41	—	7,517
The George Washington University	93.262	16-M107	—	42,135
The George Washington University	93.262	16-M112	—	4,785
University of Southern California	93.262	57385643	—	40,909
Subtotal			1,659	258,296

BOSTON UNIVERSITY
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Duke University	93.266	203-8085	\$ —	4,887
Department of Health and Human Services	93.273	Direct	142,827	2,522,012
Boston Medical Center Corporation	93.273	3014	—	126,669
Boston Medical Center Corporation	93.273	4297	—	80,239
Boston Medical Center Corporation	93.273	5584	—	68,074
Butler Hospital	93.273	9053-8311	—	37,315
Butler Hospital	93.273	9132-8311	—	106,176
Butler Hospital	93.273	9193-8311	—	25,393
Butler Hospital	93.273	9256-8311	—	4,034
Polaris Health Directions Inc.	93.273	Pass-Through Number Not Available	—	23,273
Syracuse University	93.273	27189-04107-S01	—	282,808
Syracuse University	93.273	SP-27189-1-04460-S01	—	58,903
University of California, San Francisco	93.273	9820sc	—	33,901
Yellowstone Scientific Instruments	93.273	SR44AA022559-03	—	77,630
Subtotal			142,827	3,446,427
Department of Health and Human Services	93.279	Direct	158,773	1,782,339
Boston Medical Center Corporation	93.279	2115	—	75,062
Boston Medical Center Corporation	93.279	2138	—	69,609
Boston Medical Center Corporation	93.279	2765	—	5,084
Boston Medical Center Corporation	93.279	3010	—	78,064
Boston Medical Center Corporation	93.279	4268	—	87,345
Boston Medical Center Corporation	93.279	5726	—	26,931
Brown University	93.279	1067	—	2,236
Butler Hospital	93.279	9016-8311	—	1,609
Butler Hospital	93.279	9068-8311	—	31,789
Butler Hospital	93.279	9116-8311	—	40,448
Butler Hospital	93.279	9240-8311	—	29,053
Butler Hospital	93.279	9242-8311	—	28,395
Butler Hospital	93.279	9275-8311	—	26,671
Mclean Hospital Corporation	93.279	401108	—	332,845
President and Fellows of Harvard College	93.279	152373.5073034.0002	—	7,270
Research Triangle Institute	93.279	3-312-0214377-52070L	—	18,695
University of Texas At Austin	93.279	UTA14-000122	—	17,375
Yale University	93.279	M14A11732 (A09415)	—	17,431
Yale University	93.279	M14A11732 (A09850)	—	116,628
Subtotal			158,773	2,794,879
International Society of Travel Medicine	93.283	Pass-Through Number Not Available	—	23,744
Department of Health and Human Services	93.286	Direct	1,484,124	3,636,296
Columbia University	93.286	4(GG012366-03)	—	2,555
Hansjörg Wyss Institute for Biologically Inspired Engineering	93.286	Chen.NIH.UH3	—	220,223
Massachusetts General Hospital	93.286	220050	—	(5,699)
Massachusetts General Hospital	93.286	226420	17,704	65,818
Rutgers University	93.286	5948	—	119,357
Rutgers University	93.286	Pass-Through Number Not Available	—	10,373
The Brigham and Women's Hospital, Inc.	93.286	113729	—	2,320
The Brigham and Women's Hospital, Inc.	93.286	113955	—	109,041
Tufts University	93.286	HH4976	—	188,641
Tufts University	93.286	HS4976	—	(3,411)
University of Massachusetts, Lowell	93.286	S5110000031136	—	19,993
Weill Medical College of Cornell University	93.286	15121870-03	—	7,545
Weill Medical College of Cornell University	93.286	16111826-BOSTON	—	32,548
Subtotal			1,501,828	4,405,600
President and Fellows of Harvard College	93.292	5044460-114897	—	30,576
Department of Health and Human Services	93.307	Direct	81,556	235,113
Boston Medical Center Corporation	93.307	4156	—	35,603
Massachusetts General Hospital	93.307	227351	—	26,118
New York University	93.307	F7543-01	—	86,552
President and Fellows of Harvard College	93.307	112527-5091238_Admi	—	34,837
President and Fellows of Harvard College	93.307	112527-5096602-CEC	2,105	71,371
President and Fellows of Harvard College	93.307	112527-5096605-P1	—	75,588
President and Fellows of Harvard College	93.307	112527-5096607-P3	—	147,074
Subtotal			83,661	712,256
Department of Health and Human Services	93.310	Direct	36,671	2,078,778
Massachusetts General Hospital	93.310	229352	11,974	160,870
The Brigham and Women's Hospital, Inc.	93.310	116239	—	2,579
University of Massachusetts, Worcester	93.310	WA00486907/RFS2016047	—	108,320
University of North Carolina At Chapel Hill	93.310	5106186	—	27,999
Subtotal			48,645	2,378,546
Department of Health and Human Services	93.350	Direct	176,112	7,494,961
Tufts University	93.350	HH9117	—	6,226
Subtotal			176,112	7,501,187
Department of Health and Human Services	93.351	Direct	3,177	687,083
Department of Health and Human Services	93.360	Direct	1,537,041	2,877,528
Boston Medical Center Corporation	93.361	5310	—	32,584
Butler Hospital	93.361	9241-8311	—	91,687
Subtotal			—	124,271
Department of Health and Human Services	93.389	Direct	—	10
Department of Health and Human Services	93.393	Direct	1,414,861	6,903,361
Beth Israel Deaconess Medical Center, Inc.	93.393	1027119	—	179,491
City of Hope	93.393	52454.2002720.669205	—	17,491
Fred Hutchinson Cancer Research Center	93.393	896704	—	9,085
Georgetown University	93.393	411168_GR411064-BUMC (AW	—	409
Miriam Hospital	93.393	710-9691	—	(298)
Roswell Park Cancer Institute	93.393	63-01	—	363,772
The Rector and Visitors of theUniversity of Virginia	93.393	CB10416.154569	—	4,022
University of Washington	93.393	716776	—	(6)
Vanderbilt University Medical Center	93.393	VUMC 58931	—	70,886
Vanderbilt University Medical Center	93.393	VUMC59137	—	39,647
Subtotal			1,414,861	7,587,860

BOSTON UNIVERSITY
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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services	93.394	Direct	\$ 88,166	1,039,032
Mayo Clinic	93.394	BOS-211750-01	—	29,181
The Regents of The University of California	93.394	8110sc	—	19,863
University of California, Los Angeles	93.394	1562GNC385	—	26,735
University of California, Los Angeles	93.394	1562GTA938	—	234,838
University of California, San Francisco	93.394	9452SC	—	16,678
University of Texas Health Science Center	93.394	156627	118,771	118,771
University of Wisconsin-Madison	93.394	188K661	—	(510)
Subtotal			<u>206,937</u>	<u>1,484,588</u>
Department of Health and Human Services	93.395	Direct	—	54,963
Beth Israel Deaconess Medical Center, Inc.	93.395	1026146	—	132,810
Boston Medical Center Corporation	93.395	5276	—	65,748
Carmot Therapeutics, Inc.	93.395	Pass-Through Number Not Available	—	121
Whitehead Institute for Biomedical Research	93.395	11-1766-9902	—	101,423
Subtotal			<u>—</u>	<u>355,065</u>
Department of Health and Human Services	93.396	Direct	—	461,148
Harvard School of Public Health	93.396	113098-5093071	—	130,857
University of Utah	93.396	10026603-2	—	74,425
Subtotal			<u>—</u>	<u>666,430</u>
Department of Health and Human Services	93.398	Direct	—	242,239
Department of Health and Human Services	93.433	Direct	467,623	3,125,931
Kent State University	93.433	403014-BU	—	90,133
Spaulding Rehabilitation Hospital	93.433	500373	—	103,142
University of Massachusetts, Medical School	93.433	WA00498474/OSP2017117	—	13,049
Subtotal			<u>467,623</u>	<u>3,332,255</u>
Department of Health and Human Services	93.516	Direct	312,088	902,025
Brandeis University	93.575	403313	—	47,588
Commonwealth of Massachusetts - Supreme Judicial Court	93.586	CTSJC2016083115222924360	—	8
Commonwealth of Massachusetts - Supreme Judicial Court	93.586	CTSJC2017093011274.601	—	44,826
Subtotal			<u>—</u>	<u>44,834</u>
Department of Health and Human Services	93.701	Direct	—	(6,116)
Commonwealth of Massachusetts - Department of Public Health	93.758	INTF1200HH4300522006	—	136,916
Department of Health and Human Services	93.837	Direct	1,302,196	12,851,888
Albert Einstein College of Medicine	93.837	31114A	—	5,423
Beth Israel Deaconess Medical Center, Inc.	93.837	1029109	—	98,154
Boston Biomedical Innovation Center	93.837	112485	—	52,867
Boston Medical Center Corporation	93.837	3985	—	10,026
Boston Public Health Commission	93.837	FY16016959	—	8,402
Broad Institute, Inc.	93.837	5000150-5500000879	—	115,671
Cincinnati Children's Hospital Medical Center	93.837	109363	—	(2,676)
Cincinnati Children's Hospital Medical Center	93.837	131950	—	(2,386)
Cincinnati Children's Hospital Medical Center	93.837	137829	—	1,719
Cincinnati Children's Hospital Medical Center	93.837	138511	—	20,370
Emory University	93.837	T659933	—	19,311
Hansjörg Wyss Institute for Biologically Inspired Engineering	93.837	Chen.NIH.R01	—	73,497
Johns Hopkins University	93.837	2002953683	—	144,474
Joslin Diabetes Center	93.837	100028	—	38,609
Massachusetts General Hospital	93.837	218179	—	4,736
Massachusetts General Hospital	93.837	227547	—	135,520
Massachusetts General Hospital	93.837	227603	—	203,846
Temple University	93.837	257816	—	128,456
The Brigham and Women's Hospital, Inc.	93.837	114126	—	18,297
The Brigham and Women's Hospital, Inc.	93.837	114139	—	146,672
The Brigham and Women's Hospital, Inc.	93.837	116480	—	43,529
The University of Iowa	93.837	W000507502	—	4,224
The University of Iowa	93.837	W000868715	—	10,490
University of California, San Francisco	93.837	9760sc	—	167,986
University of Maryland, Baltimore County	93.837	101330A	—	(1,770)
University of Massachusetts, Lowell	93.837	S5110000032770	—	163,096
University of Michigan	93.837	Pass-Through Number Not Available	—	18,323
University of Mississippi	93.837	Pass-Through Number Not Available	—	(6,380)
University of Mississippi Medical Center	93.837	66100160213-BU	—	186,303
University of Pennsylvania	93.837	559908	—	(2,667)
University of Pennsylvania	93.837	564894	—	57,186
University of Pennsylvania	93.837	569052	—	11,913
University of Pennsylvania	93.837	569298	—	130,675
University of Pennsylvania	93.837	561970/10038292/5293-03	—	2,862
University of Washington	93.837	Pass-Through Number Not Available	—	(12,580)
University of Washington	93.837	UWSC6246	—	(9,681)
University of Washington	93.837	UWSC7364	—	71,032
University of Washington	93.837	UWSC7565	—	53,122
University of Washington	93.837	UWSC8258	—	32,140
University of Washington	93.837	UWSC8709	—	21,078
Washington University	93.837	WU-13-91-MOD-6	—	6,319
Washington University	93.837	WU-14-110-MOD-3	—	56,896
Washington University	93.837	WU-16-214-MOD-1	—	8,005
Washington University	93.837	WU-16-246-MOD-1	—	49,022
Washington University	93.837	WU-17-318	—	16,126
Yale University	93.837	M16A12611 (A10576)	—	33,094
Subtotal			<u>1,302,196</u>	<u>15,183,221</u>
Department of Health and Human Services	93.838	Direct	444,522	4,305,441
Cincinnati Children's Hospital Medical Center	93.838	137990	—	258,835
Columbia University	93.838	3(GG007699)	—	13,162
Harvard School of Public Health	93.838	5077080-113087	—	198,952
Mayo Clinic	93.838	BOS-196079-03	—	44,613
The Brigham and Women's Hospital, Inc.	93.838	110676	—	390,558
The Brigham and Women's Hospital, Inc.	93.838	114533	—	107,153
The Brigham and Women's Hospital, Inc.	93.838	117080	—	1,932
University of Rochester	93.838	416531	—	38,833
University of Vermont	93.838	28530SUB51632 BU	—	189,630
Subtotal			<u>444,522</u>	<u>5,549,109</u>
Department of Health and Human Services	93.839	Direct	300,320	1,714,355
Boston Medical Center Corporation	93.839	2139	—	4,620
Boston Medical Center Corporation	93.839	5846	—	19,194
Myosyntax Corporation	93.839	1R43HL124679-01	—	(22,328)
Subtotal			<u>300,320</u>	<u>1,715,741</u>

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services	93.846	Direct	\$ 1,001,185	6,600,400
Beth Israel Deaconess Medical Center, Inc.	93.846	1026873	—	30,136
Beth Israel Deaconess Medical Center, Inc.	93.846	1029215	—	96,354
Hebrew Rehabilitation Center for the Aged	93.846	90054	—	71,311
Hebrew Seniorlife	93.846	90070	—	26,454
Massachusetts General Hospital	93.846	224532	—	28,407
Massachusetts General Hospital	93.846	224534	—	30,238
Massachusetts General Hospital	93.846	227032	—	53,270
The Brigham and Women's Hospital, Inc.	93.846	108331	—	9,783
The Brigham and Women's Hospital, Inc.	93.846	109379	—	29,661
The Brigham and Women's Hospital, Inc.	93.846	113176	—	84,818
The Brigham and Women's Hospital, Inc.	93.846	114522	—	70,847
The Brigham and Women's Hospital, Inc.	93.846	114745	—	70,849
Tufts - New England Medical Center	93.846	5004324-SERV	—	(1,168)
Tufts - New England Medical Center	93.846	5011097-SERV	—	16,272
Tufts - New England Medical Center	93.846	5012624-SERV	—	6,078
University of Massachusetts, Worcester	93.846	RFS2014007	—	19,116
University of Massachusetts, Worcester	93.846	WA00112562/RFS2014007	—	(149)
University of Nevada, Reno	93.846	UNR-17-71	—	90,768
University of Pennsylvania	93.846	560224	—	6,989
University of Pennsylvania	93.846	562000	—	(8,340)
University of Pennsylvania	93.846	565354	—	(388)
University of Pennsylvania	93.846	567538	—	8,929
University of Pennsylvania	93.846	570153	—	95,831
Subtotal			<u>1,001,185</u>	<u>7,436,466</u>
Department of Health and Human Services	93.847	Direct	989,991	8,442,098
Augusta University	93.847	30367-1	73,649	131,068
Augusta University	93.847	30835/30367-1	6,626	104,746
Beth Israel Deaconess Medical Center, Inc.	93.847	1028538	—	81,012
Boston Medical Center Corporation	93.847	4849	—	690
Boston Medical Center Corporation	93.847	4861	—	25,955
Boston Medical Center Corporation	93.847	5514	—	2,172
Boston Medical Center Corporation	93.847	5649	—	3,000
Boston Nutrition Obesity Research Center	93.847	3809	—	(267)
Broad Institute, Inc.	93.847	5216282-550000982	—	14,321
Joslin Diabetes Center	93.847	2-20-877-39	—	28,637
Joslin Diabetes Center	93.847	Sub_P30DK036836_Kasif	—	198,646
Joslin Diabetes Center	93.847	Sub_P30DK036836_P&F	23,969	75,756
Massachusetts General Hospital	93.847	223192	—	878
Massachusetts General Hospital	93.847	226142	—	296,575
Massachusetts General Hospital	93.847	226236	—	26,265
Massachusetts General Hospital	93.847	229865	—	10,334
New England Research Institutes	93.847	R21DK100820	—	4,962
Ohio University	93.847	UT19243	—	15,867
SRI International	93.847	PO4705	—	107,053
The University of Alabama At Birmingham	93.847	UA17-031	—	44,917
University of Colorado, Denver	93.847	FY16.810.001	—	35,704
University of Minnesota	93.847	P004760201	—	115,924
University of Pennsylvania	93.847	565369	—	134,710
Washington University	93.847	WU-15-110-MOD-4	—	131,481
Subtotal			<u>1,094,235</u>	<u>10,032,514</u>
Department of Health and Human Services	93.853	Direct	1,957,551	9,003,502
Acorda Therapeutics, Inc.	93.853	Pass-Through Number Not Available	—	603,277
Aquinah Pharmaceuticals, Inc.	93.853	Pass-Through Number Not Available	—	97,749
California Institute of Technology	93.853	18B-1096662	—	86,975
Cold Spring Harbor Laboratory	93.853	64100215	—	124,079
Massachusetts Institute of Technology	93.853	5710003080	—	24
Mayo Clinic	93.853	BOS-193537-02	—	138,712
President and Fellows of Harvard College	93.853	150935.5081742.0008	—	6,178
University of Colorado, Denver	93.853	FY16.414.002	—	170,822
University of Colorado, Denver	93.853	FY16.414.004 AMD3 (BU)	—	(1,517)
University of Texas Health Science Center	93.853	0010073B	—	88,906
University of Utah	93.853	10028348	—	183,143
Whitehead Institute for Biomedical Research	93.853	11-4011-0302	—	88,277
Subtotal			<u>1,957,551</u>	<u>10,590,127</u>
Department of Health and Human Services	93.855	Direct	3,119,472	23,773,644
Boston Medical Center Corporation	93.855	2821	—	81,279
Boston Medical Center Corporation	93.855	4275	—	111,305
Boston Medical Center Corporation	93.855	4700	—	92,897
Boston Medical Center Corporation	93.855	4916	—	31,729
Boston Medical Center Corporation	93.855	4940	—	14,587
Boston Medical Center Corporation	93.855	4946	—	12,304
Boston Medical Center Corporation	93.855	5037	—	36,045
Boston Medical Center Corporation	93.855	5322	—	39,637
Boston Medical Center Corporation	93.855	5582	—	69,039
Colorado State University	93.855	G-4897-2	—	3,003
Duke University	93.855	2032965	—	(41,620)
Duke University	93.855	2034733	—	18,098
Duke University	93.855	2035041	—	257,546
Georgia Tech Research Corporation	93.855	RG532-G2	—	7,766
Hektoen Institute For Medical Research, LLC	93.855	50612-324-BU-1A1034993	—	26,157
Massachusetts General Hospital	93.855	224673	—	(1,935)
Micro Analysis LLC	93.855	1	—	52,085
Miriam Hospital	93.855	7109156	—	6,758
Miriam Hospital	93.855	710-9160	—	128,004
The Children's Hospital Corporation	93.855	PO RSTFD0000653690	—	3,499
The Scripps Research Institute	93.855	5-52856	—	106,971
Tufts University	93.855	100638-00001	—	10,918
Tufts University	93.855	101315-00001	—	61,031
University of Kansas	93.855	FY2015-005	—	56,730
University of New Mexico	93.855	3RZ17	—	22,237
University of Toronto	93.855	501095-Subgrant2	—	124,706
University of Wisconsin-Madison	93.855	561K234	—	108,171
University of Wisconsin-Madison	93.855	692K753	—	708,783
Vanderbilt University	93.855	Pass-Through Number Not Available	—	5,454
Vanderbilt University	93.855	VUMC 57216	—	160,906
Wits Health Consortium	93.855	D1403300-04	—	173,677
Woods Hole Oceanographic Institution	93.855	A101253	—	986
Subtotal			<u>3,119,472</u>	<u>26,262,397</u>

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services	93.859	Direct	\$ 506,953	10,840,862
Acpharis, Inc.	93.859	Pass-Through Number Not Available	—	68,552
Dana-Farber Cancer Institute	93.859	1260004	—	40,924
Massachusetts General Hospital	93.859	230194	—	56,981
Masstech Inc.	93.859	BOS001	—	9,274
Nanovalent Pharmaceuticals, Inc.	93.859	116530-01A1SUB	—	99,104
Pennsylvania State University	93.859	5059-BU-DHHS-3266	—	10,063
President and Fellows of Harvard College	93.859	CHUANG_152369_2016	—	2,834
President and Fellows of Harvard College	93.859	James_Chuang_152369	—	7,612
Texas A&M University	93.859	02-S150244	—	98,677
The University of California, Santa Cruz	93.859	A00-0506-S002-PO557351	—	40,519
University of Cincinnati	93.859	COEUS_008632	—	22,063
University of Southern California	93.859	47735772	—	23,097
University of Texas	93.859	0009483A	—	(244)
University of Texas	93.859	0011699A	—	82,108
Subtotal			<u>506,953</u>	<u>11,402,426</u>
International Society of Travel Medicine	93.860	Pass-Through Number Not Available	—	152,174
Department of Health and Human Services	93.865	Direct	912,514	3,091,900
Dartmouth College	93.865	R870	—	234,757
Mayo Clinic	93.865	BOS-201208-1	—	88,385
Queen's University At Kingston	93.865	1	—	28,666
Simbex, LLC	93.865	SIMBEX-001	—	107,133
Translation of Rehabilitation Engineering	93.865	Pass-Through Number Not Available	—	16,287
Tufts - New England Medical Center	93.865	5014606-SERV	—	42,436
University of Maryland	93.865	43924-Z0751001	—	180,705
University of Massachusetts, Worcester	93.865	WA00311233RFS2015157	—	(28,236)
University of Massachusetts, Worcester	93.865	WA00421402OS2P2016189	—	118,617
University of Michigan	93.865	3003795363	—	69,842
Vanderbilt University	93.865	VUMC 55245	—	(5,655)
Vanderbilt University Medical Center	93.865	VUMC 55245	—	33,133
Washington University	93.865	WU-15-13	—	(1,179)
Washington University	93.865	WU-16-146	—	12,970
Washington University	93.865	WU-16-90	—	28,842
Washington University	93.865	WU-17-66-MOD-1	—	99,831
Subtotal			<u>912,514</u>	<u>4,118,434</u>
Department of Health and Human Services	93.866	Direct	2,116,296	15,039,142
Boston Medical Center Corporation	93.866	2533	—	(1,244)
Boston Medical Center Corporation	93.866	4041	—	131,169
Boston Medical Center Corporation	93.866	4044	—	145,706
Boston Medical Center Corporation	93.866	5365	—	55,677
Brandeis University	93.866	402461	10,075	41,993
California Pacific Medical Center	93.866	280201008-S189	—	78,222
California Pacific Medical Center	93.866	2803227-S183	15,503	78,660
Hebrew Rehabilitation Center for the Aged	93.866	90053	—	17,410
Hebrew Rehabilitation Center for the Aged	93.866	10.10.90072	—	16,053
Hebrew Seniorlife	93.866	90067	—	114,269
Jackson Laboratory	93.866	PO 204971	—	36,923
Johns Hopkins University	93.866	2002404455	—	19,060
KBD, Inc.	93.866	Pass-Through Number Not Available	—	(10,516)
Michigan State University	93.866	RC106619A	—	88,487
Northwestern University	93.866	60034742 BU	—	42,980
Northwestern University	93.866	60044936 BU	—	9,062
President and Fellows of Harvard College	93.866	114963-5096729	—	28,750
Rush University Medical Center	93.866	15012302-SUB01	—	9,273
The Brigham and Women's Hospital, Inc.	93.866	109638	—	(8,756)
The Brigham and Women's Hospital, Inc.	93.866	113049	—	53,486
The Brigham and Women's Hospital, Inc.	93.866	113340	—	26,889
The Brigham and Women's Hospital, Inc.	93.866	114185	—	192,134
The Brigham and Women's Hospital, Inc.	93.866	115904	—	6,928
University of California, San Diego	93.866	46292454	—	4,061
University of California, San Diego	93.866	64588650	—	35,279
University of California, San Diego	93.866	66602940	—	871,649
University of California, San Diego	93.866	74138593	—	42,450
University of California, San Diego	93.866	79786571	—	17,310
University of California, San Diego	93.866	ADC-013	—	(6,237)
University of Mississippi Medical Center	93.866	66104160315-BU	—	39,686
University of Pennsylvania	93.866	564315	—	453,742
University of Pennsylvania	93.866	557704/10029981/14352/01	—	(8)
University of Pennsylvania	93.866	568785/10047877/14658-01	—	296,337
University of Pennsylvania	93.866	571185/10052383/19532	—	59,528
University of Pennsylvania	93.866	571185/10052383/19533	—	283,158
University of Southern California	93.866	65049619	—	15,840
University of Southern California	93.866	75696109	—	58,430
University of Washington	93.866	721759	—	(1,135)
University of Washington	93.866	UWSC 7896	—	28,460
University of Washington	93.866	UWSC7719	—	26,750
Subtotal			<u>2,141,874</u>	<u>18,396,877</u>
Department of Health and Human Services	93.867	Direct	149,012	3,222,007
Northwestern University	93.867	SP0028943-PROJ0007596	—	46,526
President and Fellows of Harvard College	93.867	153088.5092436.0002	—	15,169
University of Pennsylvania	93.867	569710	—	2,301
University of Southern California	93.867	75683842	—	70,260
Subtotal			<u>149,012</u>	<u>3,356,263</u>
Department of Health and Human Services	93.884	Direct	—	901,895
Boston Medical Center Corporation	93.884	5422	—	37,709
Boston Medical Center Corporation	93.884	5423	—	56,702
Subtotal			<u>—</u>	<u>996,306</u>
Commonwealth of Massachusetts - Department of Public Health	93.917	INTF4971M04500824090	—	67,278
Commonwealth of Massachusetts - Department of Public Health	93.918	INTF3712MO4500824247	—	4,655
Department of Health and Human Services	93.924	Direct	190,714	255,228
Department of Health and Human Services	93.928	Direct	120,306	610,637
University of California, San Francisco	93.928	6767sc	—	7,954
Subtotal			<u>120,306</u>	<u>618,591</u>
Department of Health and Human Services	93.964	Direct	—	28,907
Commonwealth of Massachusetts - Department of Public Health	93.940	INTF4971M04500824097	—	43,260
Department of Health and Human Services	93.989	Direct	74,810	86,178
Dartmouth College Medical School	93.989	R265	—	117
Subtotal			<u>74,810</u>	<u>86,295</u>

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services	93.UNK	Direct	\$ 332,558	7,360,925
Arizona Board of Regents, University of Arizona	93.UNK	260904	—	87,740
Boston Medical Center Corporation	93.UNK	2344	—	66,122
Boston VA Research Institute, Inc.	93.UNK	Pass-Through Number Not Available	—	(4,658)
Broad Institute, Inc.	93.UNK	5000610-5500000961	—	6,171
Broad Institute, Inc.	93.UNK	5215810-5500000234	—	(2,193)
Duke University	93.UNK	2031988	—	(90,382)
Harvard Pilgrim Health Care	93.UNK	Pass-Through Number Not Available	—	19,554
Mcking Consulting Corporation	93.UNK	01-6238	—	29,925
Mcking Consulting Corporation	93.UNK	BU-02-6240	—	3,944
Rand Corporation	93.UNK	9920160005	—	93,057
The University of Iowa	93.UNK	1001672624	—	27,983
University of Mississippi Medical Center	93.UNK	66102890414-04BU	—	57,151
Veterans Affairs Medical Center of Washington	93.UNK	688D68020	—	18,447
Westat, Inc.	93.UNK	6101-S081	—	29,509
Subtotal			<u>332,558</u>	<u>7,703,295</u>
Department of Health and Human Services Total			<u>25,571,544</u>	<u>198,634,204</u>
Department of Homeland Security:				
Northeastern University	97.061	505035-78050	—	385,986
Department of Homeland Security	97.UNK	Direct	—	131,442
Northeastern University	97.UNK	505118-78051	—	3,946
Subtotal			<u>—</u>	<u>135,388</u>
Department of Homeland Security Total			<u>—</u>	<u>521,374</u>
Department of Housing and Urban Development:				
Harvard School of Public Health	14.906	114941-5085771	—	11,645
Department of Housing And Urban Development Total			<u>—</u>	<u>11,645</u>
Department of Justice:				
Department of Justice	16.560	Direct	249,577	987,365
Boston Medical Center Corporation	16.560	3984	—	10,634
Flashscan3D, Llc.	16.560	NIJ01	—	1,359
University of Illinois	16.560	14855	—	28,027
Subtotal			<u>249,577</u>	<u>1,027,385</u>
Partners For Youth With Disabilities	16.726	PYD-OJJD-004	—	1,125
Portland State University	16.726	203KEL366	—	27,923
University of Massachusetts, Boston	16.726	B000256225	—	16,920
Subtotal			<u>—</u>	<u>45,968</u>
Department of Justice Total			<u>249,577</u>	<u>1,073,353</u>
Department of Labor:				
City of Boston	17.268	EDIC- 191-261-112	—	18,681
Institute for Educational Leadership	17.720	OD-23804-12-75-4-11	—	70,563
Avar Consulting, Inc.	17.UNK	BU-2016-001	—	49,552
Department of Labor Total			<u>—</u>	<u>138,796</u>
Department of the State:				
Institute of International Education	19.010	3067_BU_S-ECAGD-15-CA-10	—	1,520
Institute of International Education	19.010	3223_BU_7.1.12016	—	222,508
Department of the State Total			<u>—</u>	<u>224,028</u>
Department of the Interior:				
Merrimack Valley Planning Commission	15.153	32324-B	—	111,101
Merrimack Valley Planning Commission	15.153	32324-F	60,563	130,156
Subtotal			<u>60,563</u>	<u>241,257</u>
Department of the Interior	15.808	Direct	14,553	36,347
Department of the Interior	15.944	Direct	—	7,992
Department of the Interior	15.UNK	Direct	—	260,369
Department of the Interior Total			<u>14,553</u>	<u>304,708</u>
Department of the Treasury:				
Boston Medical Center Corporation	21.UNK	93,354	—	(86)
Department of the Treasury Total			<u>—</u>	<u>(86)</u>
Department of Transportation:				
Department of Transportation	20.109	Direct	143,525	427,402
Department of Transportation Total			<u>143,525</u>	<u>427,402</u>
Department of Veterans Affairs:				
Department of Veterans Affairs	64.UNK	Direct	—	3,513,790
Department of Veterans Affairs Total			<u>—</u>	<u>3,513,790</u>
Environmental Protection Agency:				
The Research Foundation For The State University of New York	66.437	66833	—	112,124
Duke University	66.509	15-EPA-1056	—	137,050
President and Fellows of Harvard College	66.509	112546-5096985_Admi	—	16,870
President and Fellows of Harvard College	66.509	112546-5102000_CEC	3,600	36,161
President and Fellows of Harvard College	66.509	112546-5102002_P1	—	25,261
President and Fellows of Harvard College	66.509	112546-5102006_P3	—	108,162
Subtotal			<u>3,600</u>	<u>321,504</u>
Environmental Protection Agency	66.514	Direct	—	12,850
Environmental Protection Agency Total			<u>3,600</u>	<u>446,478</u>

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Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration	43.001	Direct	\$ 397,517	3,687,155
Atmospheric And Environmental Research, Inc.	43.001	P2088-001	—	59,031
Earth Big Data, LLC	43.001	EBD-C302-01	—	57,954
Jet Propulsion Laboratory	43.001	1548099	—	12,560
Jet Propulsion Laboratory	43.001	1567967	—	5,413
Massachusetts Institute of Technology	43.001	570020467	—	(8)
Planetary Science Institute	43.001	1220	—	(146)
Smithsonian Astrophysical Observatory	43.001	GO-17105X	—	27,195
South Dakota State University	43.001	37B513	—	72,760
The Research Foundation For The State University of New York	43.001	68198-1117928-2	—	49,456
Universities Space Research Association	43.001	SOF 04-0026	—	26,211
Universities Space Research Association	43.001	SOF 04-0070	—	1
Universities Space Research Association	43.001	SOF 05-0036	—	7,012
University of Maryland	43.001	9940-26867001	—	24,006
University of Massachusetts, Boston	43.001	S20140000018700	—	14,528
University of Massachusetts, Lowell	43.001	S52000000024320	—	(1,105)
University of New Hampshire	43.001	15-011	—	19,146
Woods Hole Research Center	43.001	WHRC - WG0871-01	—	105,288
Subtotal			397,517	4,166,457
National Aeronautics and Space Administration	43.003	Direct	—	110,285
Massachusetts Institute of Technology	43.008	4502074041	—	5,500
National Aeronautics and Space Administration	43.009	Direct	—	7,852
Jet Propulsion Laboratory	43.UNK	1544181	—	138
Space Telescope Science Institute	43.UNK	HST-GO-13328.001-A	—	(108)
Space Telescope Science Institute	43.UNK	HST-GO-13396.001-A	—	(987)
Space Telescope Science Institute	43.UNK	HST-GO-13632.001-A	—	(2,659)
Space Telescope Science Institute	43.UNK	HST-GO-13775.001-A	—	34,714
Space Telescope Science Institute	43.UNK	HST-GO-14048.001-A	—	46,367
Space Telescope Science Institute	43.UNK	HST-GO-14105.002-A	—	24,199
Space Telescope Science Institute	43.UNK	HST-GO-14193.001-A	—	81,142
Space Telescope Science Institute	43.UNK	HST-GO-14267.002-A	—	31,821
Space Telescope Science Institute	43.UNK	HST-GO-14634.002-A	—	22,050
Space Telescope Science Institute	43.UNK	HST-GO-14646.007-A	—	12,525
Space Telescope Science Institute	43.UNK	HST-GO-14752.001-A	—	3,768
Atmospheric And Environmental Research, Inc.	43.UNK	P1864-001	—	33,075
Boston Micromachines Corporation	43.UNK	Pass-Through Number Not Available	—	(7,322)
DRS Advanced ISR, LLC	43.UNK	9504150	—	(4,133)
Jet Propulsion Laboratory	43.UNK	1503094	—	46,954
Jet Propulsion Laboratory	43.UNK	1560017	—	4,633
Massachusetts Institute of Technology	43.UNK	5700022302	—	19,956
Start International, Inc.	43.UNK	Pass-Through Number Not Available	—	30,000
University of Colorado, Denver	43.UNK	1546525	—	155,723
University of Colorado, Denver	43.UNK	1000320450	—	293,932
Subtotal			—	825,788
National Aeronautics and Space Administration Total			397,517	5,115,882
National Endowment for the Humanities:				
National Endowment For The Humanities	45.161	Direct	—	56,769
Duke University	45.161	343-0648	—	31,694
National Endowment for the Humanities Total			—	88,463
National Science Foundation:				
National Science Foundation	47.041	Direct	—	3,389,935
Flashscan3D, Lc.	47.041	NSF01	—	36,356
Massachusetts Institute of Technology	47.041	5710003729	—	(2,520)
Massachusetts Institute of Technology	47.041	5710003977	—	85,874
Rensselaer Polytechnic Institute	47.041	A12020	73,036	567,514
University of California, San Diego	47.041	79408553	—	23,848
University of Michigan	47.041	3003575316	—	21,809
University of Pennsylvania	47.041	570440	—	19,360
Subtotal			73,036	4,142,176
National Science Foundation	47.049	Direct	114,713	6,002,020
Columbia University	47.049	1 (GG006141)	—	116,889
Columbia University	47.049	2 (GG006141)	—	791,770
The Research Foundation For The State University of New York	47.049	76749/1136652/2R&O	—	50,273
The Research Foundation For The State University of New York	47.049	76749/1136652/2R&D	—	20,210
The Research Foundation For The State University of New York	47.049	76749/1136652/2Tier2	—	127,282
Wellesley College	47.049	26348-1	—	12,820
Subtotal			114,713	7,121,264
National Science Foundation	47.050	Direct	195,507	1,925,329
Marine Biological Laboratory	47.050	52679	—	6,557
Massachusetts Institute of Technology	47.050	5710003379	—	83,988
Massachusetts Institute of Technology	47.050	5710003495	—	20,540
University of Southern California	47.050	72554689	—	15,764
Subtotal			195,507	2,052,178
National Science Foundation	47.070	Direct	40,922	6,874,179
Hansjorg Wyss Institute for Biologically Inspired Engineering	47.070	167907-5084537	—	73,854
President and Fellows of Harvard College	47.070	123777-5103881	—	62,081
President and Fellows of Harvard College	47.070	134158-5099516	—	24,504
Raytheon BBN Technologies Corp.	47.070	14564	—	80,029
Raytheon BBN Technologies Corp.	47.070	9500012010	—	(11,504)
The Research Foundation For The State University of New York	47.070	75508/1133893/2	—	63,178
University of Illinois	47.070	14449	—	56,664
Subtotal			40,922	7,222,985
National Science Foundation	47.074	Direct	21,605	2,686,255
Cary Institute of Ecosystem Studies	47.074	3298/200201806	—	5,055
Cary Institute of Ecosystem Studies	47.074	3340/200201857	—	7,208
Oregon State University	47.074	S17984-A	—	29,329
President and Fellows of Harvard College	47.074	131706-5056666	—	73,414
The Rector and Visitors of the University of Virginia	47.074	GA11020-142303	—	59,829
University of Denver	47.074	SC37363-02	—	161,179
University of Wisconsin-Madison	47.074	173405016	—	47,031
Subtotal			21,605	3,069,300
National Science Foundation	47.075	Direct	88,172	3,258,152
Rutgers University	47.075	78	—	124
Subtotal			88,172	3,258,276

BOSTON UNIVERSITY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Science Foundation	47.076	Direct	\$ 26,025	2,705,834
Michigan State University	47.076	RC103138BU	—	9,566
University of Wisconsin-Madison	47.076	490K755	—	18,862
Subtotal			<u>26,025</u>	<u>2,734,262</u>
National Science Foundation	47.079	Direct	—	12,679
Boston Medical Center Corporation	47.079	3772	—	21,364
Subtotal			<u>—</u>	<u>34,043</u>
National Science Foundation	47.080	Direct	—	(289)
National Science Foundation	47.UNK	Direct	—	974,690
National Science Foundation Total			<u>559,960</u>	<u>30,608,885</u>
Office of the Director of National Intelligence: Johns Hopkins University Applied Physics Laboratory	12.UNK	126450	49,992	169,940
Office of the Director of National Intelligence Total			<u>49,992</u>	<u>169,940</u>
Research and Development Cluster Total			<u>32,321,218</u>	<u>270,495,922</u>
Student Financial Assistance Cluster:				
Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	Direct	—	2,772,875
Federal Work Study	84.033	Direct	—	2,646,021
Perkins Loan Program	84.038	Direct	—	46,831,511
Federal Pell Grant Program	84.063	Direct	—	11,229,239
Pell Administrative Cost Allowance	84.063	Direct	—	12,895
Federal Direct PLUS Loan Program	84.268	Direct	—	93,275,568
Federal Direct Stafford Loan Program	84.268	Direct	—	158,808,464
Teacher Education Assistance for College and Higher Education Grants	84.379	Direct	—	20,031
Department of Education Total			<u>—</u>	<u>315,596,604</u>
Department of Health and Human Services:				
Health Professions Student Loans - Dental	93.342	Direct	—	1,228,720
Health Professions Student Loans - Medical	93.342	Direct	—	2,878
Loans for Disadvantaged Students - Dental	93.342	Direct	—	609,372
Loans for Disadvantaged Students - Medical	93.342	Direct	—	250,461
Medical - Primary Care	93.342	Direct	—	1,242,531
Department of Health and Human Services Total			<u>—</u>	<u>3,333,962</u>
Student Financial Assistance Cluster Total			<u>—</u>	<u>318,930,566</u>
Other Program Awards:				
TRIO Cluster:				
Trio Direct Programs:				
Department of Education	84.047	Direct	—	697,851
Department of Education Total			<u>—</u>	<u>697,851</u>
TRIO Cluster Total			<u>—</u>	<u>697,851</u>
Child Nutrition Cluster:				
Child Nutrition Pass-through Programs:				
Commonwealth of Massachusetts:				
Department of Agriculture	10.559	Direct	—	17,621
Commonwealth of Massachusetts Total			<u>—</u>	<u>17,621</u>
Child Nutrition Cluster Total			<u>—</u>	<u>17,621</u>
Special Education Cluster (IDEA):				
Special Education Pass-through Programs:				
Commonwealth of Massachusetts:				
Department of Education	84.027	Direct	143,438	287,197
Commonwealth of Massachusetts Total			<u>143,438</u>	<u>287,197</u>
Special Education Cluster Total			<u>143,438</u>	<u>287,197</u>
Direct Programs:				
Department of Defense:				
Army	12.UNK	Direct	—	37,243
National Security Agency	12.901	Direct	—	32,987
Department of Defense Total			<u>—</u>	<u>70,230</u>
Department of Education:				
Department of Education	84.305	Direct	169,024	275,017
Commonwealth of Massachusetts	84.334	Direct	—	12,250
Department of Education Total			<u>169,024</u>	<u>287,267</u>
Department of Energy:				
Department of Energy	81.UNK	Direct	—	35,762
Department of Energy Total			<u>—</u>	<u>35,762</u>
Department of Health and Human Services:				
Health Resources and Services Administration	93.059	Direct	—	65,192
Agency for Healthcare Research and Quality	93.226	Direct	10,917	12,561
Substance Abuse and Mental Health Service Administration	93.243	Direct	96,643	872,049
Translation of Rehabilitation Engineering	93.865	Direct	—	(498)
Health Resources and Services Administration	93.914	Direct	46,877	619,567
Health Resources and Services Administration	93.924	Direct	—	684,062
Health Resources and Services Administration	93.928	Direct	49,731	528,502
Department of Health and Human Services Total			<u>204,168</u>	<u>2,781,435</u>
Environmental Protection Agency:				
Environmental Protection Agency	66.UNK	Direct	—	7,500
Environmental Protection Agency Total			<u>—</u>	<u>7,500</u>
National Endowment For The Arts:				
National Endowment For The Arts	45.024	Direct	—	51,580
National Endowment For The Arts Total			<u>—</u>	<u>51,580</u>
National Endowment For The Humanities:				
National Endowment For The Humanities	45.161	Direct	—	64,891
National Endowment For The Humanities	45.163	Direct	—	99,734
National Endowment For The Humanities Total			<u>—</u>	<u>164,425</u>
Other Program Awards Total			<u>373,192</u>	<u>3,398,199</u>

BOSTON UNIVERSITY
 Supplementary Schedule of Expenditures of Federal Awards
 Year ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA number	Direct Award or Pass-Through Entity Identifying Number	Passes Through to Subrecipients	Total Federal expenditures
Other Program Awards:				
Pass-through Awards:				
Corporation for National and Community Service				
Jumpstart For Young Children, Inc.	94.006	840,200	\$ —	53,515
Jumpstart For Young Children, Inc.	94.006	CFDA-94.006-JS-SITE 84_	—	9,452
Subtotal			—	62,967
Greenlight Fund, Inc	94.019	B-04	—	106,839
Corporation for National and Community Service Total			—	169,806
Department of Defense:				
Bronx Veterans Medical Research Foundation	12.420	GW110054	—	28,454
Academy of Applied Sciences, Inc.	12.630	Pass-Through Number Not Available	—	11,492
Beth Israel Deaconess Medical Center, Inc.	12.UNK	W81XWH-13-1-0050	—	38,423
Department of Defense Total			—	78,369
Department of Education:				
West African Research Center	84.018	Pass-Through Number Not Available	—	48,263
Institute for Educational Leadership	84.264	Pass-Through Number Not Available	—	88,312
Public Broadcasting Service	84.295	Pass-Through Number Not Available	—	188,533
City of Boston/Boston Public Schools	84.UNK	BPS01-9000054977	—	2,573
Department of Education Total			—	327,681
Department of Health and Human Services:				
Muhimbili University of Health And Allie	93.067	Pass-Through Number Not Available	—	10,022
American College of Medical Genetics And Genomics	93.110	1 U22MC24100:13	—	9,642
Association of Maternal And Child Health	93.110	5,105,333	—	21,389
Subtotal			—	31,031
Casa Esperanza, Inc.	93.243	1H79SM060845-01	—	(114)
Casa Esperanza, Inc.	93.243	1H79SM060845-02	—	16,225
Casa Esperanza, Inc.	93.243	1H79SM060845-03	—	74,535
Casa Esperanza, Inc.	93.243	1H79TI025272-03	—	19,133
Casa Esperanza, Inc.	93.243	1H79TI025576-01	—	(2,121)
Casa Esperanza, Inc.	93.243	1H79TI025576-02	—	26,595
Casa Esperanza, Inc.	93.243	1H79TI025576-03	—	78,020
Casa Esperanza, Inc.	93.243	1H79TI026390-01	—	6,388
Casa Esperanza, Inc.	93.243	1H79TI026390-02	288	31,154
Casa Esperanza, Inc.	93.243	1H79TI026603-01	—	25,510
Casa Esperanza, Inc.	93.243	5H79TI024693-03	—	8,682
Commonwealth of Massachusetts - Department of Public Health	93.243	INTF4107M04W16012090	—	18,013
Institute for Health and Recovery, Inc.	93.243	5U79SM059460-07	—	48,399
Institute for Health and Recovery, Inc.	93.243	Pass-Through Number Not Available	—	39,116
Jewish Family & Children's Service	93.243	Pass-Through Number Not Available	—	41,914
Tapestry Health Systems, Inc.	93.243	93.243 HIV OATTS	—	32,197
Subtotal			288	463,646
Commonwealth of Pennsylvania	93.599	Chafee PHEAA/PA State	—	5,000
City of Boston/Boston Public Health Commission	93.738	FY15015222	—	182,213
The University of Iowa	93.829	W000842559	—	44,886
The University of Iowa	93.829	W000892725	—	19,165
Boston Public Health Commission	93.914	FY16016041	—	145
Boston Public Health Commission	93.914	FY17018137A	—	53,629
Subtotal			—	53,774
Commonwealth of Massachusetts - Department of Public Health	93.918	INTF3712M04500824251	—	37,760
Center For Social Innovation, LLC	93.UNK	BRSS TACS 2-BY-BU	—	4,823
Center For Social Innovation, LLC	93.UNK	BRSS TACS-OY2-BU	—	(239)
Center For Social Innovation, LLC	93.UNK	BRSS TACS-OY4-BU	—	7,431
The Lewin Group	93.UNK	TLG13056-5176.20	—	(81,904)
Subtotal			—	(69,889)
Department of Health and Human Services Total			288	777,608
National Aeronautics and Space Administration:				
Massachusetts General Hospital	43.001	226844	—	30,759
University of Toledo	43.001	N-125107-01 (F-2016-22)	—	314,220
National Aeronautics and Space Administration Total			—	344,979
National Endowment For The Humanities:				
The Library Company of Philadelphia	45.160	Pass-Through Number Not Available	—	16,799
National Endowment For The Humanities Total			—	16,799
Other Program Awards Pass-through Total			288	1,715,242
Other Program Awards Total			373,480	5,113,441
Total Expenditures of Federal Awards			\$ 32,838,136	595,542,598

See accompanying notes to supplementary schedule of expenditures of federal awards.

BOSTON UNIVERSITY

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of Boston University and subsidiaries (the University) under programs funded by the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the consolidated financial position, changes in net assets or 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 passed through to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements. The Schedule also denotes awards passed through from the University to other nonfederal subrecipient organizations.

(2) Significant Accounting Policies

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

(3) Facilities and Administrative Costs

The University elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. The University has an approved predetermined facilities and administrative cost rate effective through fiscal year June 30, 2017 for on campus and off campus sponsored research activities. The base rates in effect for the year ended June 30, 2017 were 64.50% for on campus research and 26.00% for off campus research. Facilities and administrative cost recoveries are reported as part of federal expenditures on the Schedule.

BOSTON UNIVERSITY

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2017

(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 consolidated financial statements. Loan activities and balances consist of the following:

	Federal CFDA number	Balance as of July 1, 2016	Loans issued	Payments received	Balance as of June 30, 2017
Perkins Loan Program	84.038	\$ 41,424,105	5,407,406	(6,289,795)	40,541,716
Medical-Primary Care	93.342	1,242,531	—	(289,932)	952,599
Health Professions Student Loans (HPSL):					
Medical	93.342	2,878	—	—	2,878
Dental	93.342	1,078,720	150,000	(134,335)	1,094,385
Loans for Disadvantaged Students (LDS):					
Medical	93.342	250,461	—	(35,545)	214,916
Dental	93.342	579,372	30,000	(79,367)	530,005
Totals		\$ 44,578,067	5,587,406	(6,828,974)	43,336,499

The amounts reported on the accompanying Schedule for these loan programs reflect the outstanding balance of loans at the beginning of the year, current year loaned amounts, and any administrative charges related to the loan program. There were no new federal capital contributions during the year ended June 30, 2017.

Federal Direct Loans

Federally guaranteed loans distributed to students of the University through the Federal Direct Student Loan Program during the year ended June 30, 2017 are summarized as follows:

	Federal CFDA number	Loans distributed
Federal Direct Stafford Loan Program	84.268	\$ 158,808,464
Federal Direct PLUS Loan Program	84.268	93,275,568
Total Federal Direct Student Loans		\$ 252,084,032

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



KPMG LLP
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Boston, MA 02111

Independent Auditors' 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*

The Board of Trustees
Boston University:

We have audited, in accordance with the 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 statement of financial position as of June 30, 2017, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 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 consolidated 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 the consolidated 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

September 14, 2017



KPMG LLP
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60 South Street
Boston, MA 02111

Independent Auditors' Reports on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Trustees
Boston University:

Report on Compliance for Each Major Federal Program

We have audited Boston University and its subsidiaries' (the University's) compliance with the types of compliance requirements described in the *OMB 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, 2017. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance 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, 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, 2017.



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, 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 the Uniform Guidance, 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.

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 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

December 6, 2017

BOSTON UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2017

(1) Summary of Auditors' Results

Consolidated Financial Statements

Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) _____ yes X no
- Significant deficiency(s) _____ yes X none reported

Noncompliance material to the financial statements noted?

_____ yes X no

Federal Awards

Internal control over each major program:

- Material weakness(es) _____ yes X no
- Significant deficiency(s) _____ yes X none reported

Type of report issued on compliance for each major program:

Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)

_____ yes X no

Identification of Each Major Program

Name of federal program/cluster	CFDA numbers
Research and Development Cluster	Various
Student Financial Assistance Cluster	Various

Dollar threshold used to distinguish between type A and type B programs:

\$3,000,000

Auditee qualified as low risk auditee?

 X yes _____ no

(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.