



## **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, 2018

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Year ended June 30, 2018

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KPMG LLP  
Two Financial Center  
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Boston, MA 02111

## 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, 2018 and 2017, 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 audits 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, 2018 and 2017, 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 13, 2018 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 13, 2018, except as to the supplementary schedule of expenditures of federal awards, which is as of December 6, 2018

**BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2018 and 2017  
(\$000)

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents . . . . .	\$ 148,749	\$ 198,959
Cash and cash equivalents-restricted . . . . .	130,913	268,426
Short-term investments . . . . .	748,869	520,393
Accounts and loans receivable, net. . . . .	219,626	185,067
Pledges receivable, net . . . . .	234,920	210,954
Prepaid expenses and other assets . . . . .	41,580	27,990
Investment in residual asset note . . . . .	36,212	42,685
Long-term investments. . . . .	2,226,940	2,034,697
Property, plant, and equipment, net. . . . .	2,612,480	2,410,125
<b>Total assets</b> . . . . .	<b>\$ 6,400,289</b>	<b>\$ 5,899,296</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accrued payroll and related expenses . . . . .	\$ 121,769	\$ 117,780
Accounts payable and accrued expenses . . . . .	120,485	118,405
Deferred revenue . . . . .	63,068	65,324
Student deposits. . . . .	113,931	102,125
Fair value of interest rate exchange agreements. . . . .	269,626	318,200
Residual asset note obligation . . . . .	36,212	42,685
Capital lease obligations . . . . .	81,921	82,414
Other long-term obligations . . . . .	141,883	142,151
Deferred ground lease revenue. . . . .	98,715	99,877
Bonds and notes payable, net . . . . .	1,429,921	1,404,982
<b>Total liabilities</b> . . . . .	2,477,531	2,493,943
Net assets:		
Unrestricted . . . . .	2,247,701	1,996,102
Temporarily restricted . . . . .	879,307	685,808
Permanently restricted . . . . .	795,750	723,443
<b>Total net assets</b> . . . . .	3,922,758	3,405,353
<b>Total liabilities and net assets</b> . . . . .	<b>\$ 6,400,289</b>	<b>\$ 5,899,296</b>

*See accompanying notes to consolidated financial statements.*

**BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2018 and 2017  
(\$000)

	2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>OPERATING REVENUES</b>				
Student tuition and fees . . . . .	\$ 1,485,167	\$	\$	\$1,485,167
Student aid . . . . .	(385,485)			(385,485)
Net student tuition and fees . . . . .	<u>1,099,682</u>			<u>1,099,682</u>
Sponsored programs-direct . . . . .	263,159			263,159
Sponsored programs-indirect . . . . .	89,070			89,070
External fringe benefit recoveries . . . . .	38,251			38,251
Contributions . . . . .	40,504			40,504
Sales and services . . . . .	114,009			114,009
Spending formula amount and other investment income . . . . .	72,671			72,671
Sponsored program income for student aid . . . . .	14,793			14,793
Auxiliary enterprises . . . . .	286,988			286,988
Student aid . . . . .	(13,365)			(13,365)
Net auxiliary enterprises . . . . .	<u>273,623</u>			<u>273,623</u>
Contributions used for operations . . . . .	12,568			12,568
<b>Total operating revenues . . . . .</b>	<u>2,018,330</u>			<u>2,018,330</u>
<b>OPERATING EXPENSES</b>				
Instruction and departmental research . . . . .	969,220			969,220
Educational support activities . . . . .	187,065			187,065
Sponsored programs . . . . .	260,832			260,832
Libraries . . . . .	28,358			28,358
Institutional support . . . . .	207,571			207,571
Student support . . . . .	10,299			10,299
Auxiliary enterprises . . . . .	211,052			211,052
<b>Total operating expenses . . . . .</b>	<u>1,874,397</u>			<u>1,874,397</u>
<b>Change in net assets from operating activities . . . . .</b>	<u>143,933</u>			<u>143,933</u>
<b>NONOPERATING ACTIVITIES</b>				
Contributions . . . . .		49,507	35,785	85,292
Contributions used for operations . . . . .		(12,568)		(12,568)
Fair value of net assets from acquisition . . . . .		130,311	32,961	163,272
Reinvested endowment and other investment income	13,543	16,094	1,529	31,166
Net realized and unrealized gains on investments and other assets . . . . .	65,032	84,191	782	150,005
Spending formula amount . . . . .	(30,076)	(40,238)	(719)	(71,033)
Net realized and unrealized gains on interest rate exchange agreements . . . . .	20,516			20,516
Net assets released from restrictions- building funds . . . . .	32,203	(32,203)		
Other additions (deductions) and transfers, net . . . . .	6,448	(1,595)	1,969	6,822
<b>Net nonoperating activities . . . . .</b>	<u>107,666</u>	<u>193,499</u>	<u>72,307</u>	<u>373,472</u>
<b>Change in net assets . . . . .</b>	251,599	193,499	72,307	517,405
Beginning net assets . . . . .	1,996,102	685,808	723,443	3,405,353
<b>Ending net assets . . . . .</b>	<u>\$ 2,247,701</u>	<u>\$ 879,307</u>	<u>\$ 795,750</u>	<u>\$3,922,758</u>

**BOSTON UNIVERSITY • CONSOLIDATED STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2018 and 2017  
(\$000)

2017				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ 1,390,128	\$	\$	\$1,390,128	<b>OPERATING REVENUES</b>
(344,110)			(344,110)	Student tuition and fees
1,046,018			1,046,018	Student aid
234,665			234,665	Net student tuition and fees
82,737			82,737	Sponsored programs-direct
39,542			39,542	Sponsored programs-indirect
39,405			39,405	External fringe benefit recoveries
105,320			105,320	Contributions
				Sales and services
58,226			58,226	Spending formula amount and other investment income
13,707			13,707	Sponsored program income for student aid
277,860			277,860	Auxiliary enterprises
(11,441)			(11,441)	Student aid
266,419			266,419	Net auxiliary enterprises
8,996			8,996	Contributions used for operations
1,895,035			1,895,035	<b>Total operating revenues</b>
				<b>OPERATING EXPENSES</b>
894,771			894,771	Instruction and departmental research
180,085			180,085	Educational support activities
235,449			235,449	Sponsored programs
27,270			27,270	Libraries
198,974			198,974	Institutional support
9,287			9,287	Student support
199,267			199,267	Auxiliary enterprises
1,745,103			1,745,103	<b>Total operating expenses</b>
149,932			149,932	<b>Change in net assets from operating activities</b>
	42,055	104,369	146,424	<b>NONOPERATING ACTIVITIES</b>
	(8,996)		(8,996)	Contributions
				Contributions used for operations
16,417	17,241	1,300	34,958	Fair value of net assets from acquisition
				Reinvested endowment and other investment income
91,115	103,144	1,137	195,396	Net realized and unrealized gains on investments and other assets
(26,684)	(37,321)	(459)	(64,464)	Spending formula amount
				Net realized and unrealized gains 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)	<b>Net nonoperating activities</b>
137,010	115,811	104,596	357,417	<b>Change in net assets</b>
286,942	115,811	104,596	507,349	Beginning net assets
1,709,160	569,997	618,847	2,898,004	<b>Ending net assets</b>
\$ 1,996,102	\$ 685,808	\$ 723,443	\$3,405,353	

See accompanying notes to consolidated financial statements.

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

For the years ended June 30, 2018 and 2017  
(\$000)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets . . . . .	\$ 517,405	\$ 507,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation . . . . .	124,325	112,903
Amortization . . . . .	(1,476)	(968)
Fair value of net assets from acquisition . . . . .	(163,272)	
Loss on disposal of property and equipment . . . . .	964	287
Unrealized gains on interest rate exchange agreements . . . . .	(48,574)	(103,620)
Settlements on swap replacement transactions, net . . . . .	11,263	12,987
Net realized and unrealized gains on investments . . . . .	(161,224)	(203,675)
Contributions and pledge payments restricted for long-term investment . .	(61,325)	(63,135)
Gifts of securities and property . . . . .	(10,095)	(4,091)
Unrealized losses (gains) on currency exchange . . . . .	485	(905)
Loss from extinguishment of debt . . . . .	369	12,195
Changes in operating assets and liabilities:		
Decrease (increase) in accounts and loans receivable, net . . . . .	424	(2,741)
Increase in pledges receivable, net . . . . .	(23,966)	(83,289)
(Increase) decrease in prepaid expenses and other assets . . . . .	(13,411)	3,450
Increase in accrued payroll and related expenses . . . . .	1,058	3,408
Increase in accounts payable and accrued expenses . . . . .	1,644	6,317
(Decrease) increase in deferred revenue . . . . .	(3,083)	7,986
Increase in student deposits . . . . .	11,479	2,602
Decrease in other long-term obligations . . . . .	(1,256)	(959)
(Decrease) increase in deferred ground lease revenue . . . . .	(1,162)	63,054
<b>Net cash provided by operating activities . . . . .</b>	<b>180,572</b>	<b>269,155</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments . . . . .	(2,090,318)	(1,483,883)
Proceeds from sales and maturities of investments . . . . .	1,827,951	1,139,865
Purchases of property and equipment . . . . .	(193,909)	(226,047)
Cash contribution from acquisition . . . . .	40,846	
Cash contribution from acquisition-restricted . . . . .	3,028	
Decrease in cash and cash equivalents-restricted . . . . .	137,513	31,623
<b>Net cash used in investing activities . . . . .</b>	<b>(274,889)</b>	<b>(538,442)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes and bonds . . . . .	34,506	201,820
Bond premium received . . . . .		30,019
Payment of bonds, notes, and mortgages . . . . .	(45,746)	(116,854)
Payment of bond issuance costs . . . . .	(38)	(1,148)
Payment of capital lease obligations . . . . .	(493)	(473)
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 . . . . .	(521)	(639)
Contributions and pledge payments restricted for long-term investment . .	61,325	63,135
Proceeds from sale of restricted gifts of securities . . . . .	6,337	4,091
Settlements on swap replacement transactions, net . . . . .	(11,263)	(12,987)
<b>Net cash provided by financing activities . . . . .</b>	<b>44,107</b>	<b>240,989</b>
<b>Net decrease in cash and cash equivalents . . . . .</b>	<b>(50,210)</b>	<b>(28,298)</b>
<b>Cash and cash equivalents beginning of year . . . . .</b>	<b>198,959</b>	<b>227,257</b>
<b>Cash and cash equivalents end of year . . . . .</b>	<b>\$ 148,749</b>	<b>\$ 198,959</b>



For the years ended June 30, 2018 and 2017

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## 1. Organization and Summary of Significant Accounting Policies

### *Organization:*

Boston University (the University) is an independent, nonprofit, coeducational, nonsectarian institute of higher education, founded in 1839 and chartered under the laws of the Commonwealth of Massachusetts on May 26, 1869. The University has three principal campuses, the Charles River Campus in the Back Bay, the Fenway Campus in Boston, and the Medical Campus in the South End, 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. The University's federal net operating loss carryforwards as of June 30, 2018 are \$20,173,000, which expire in various years from 2024 to 2037. Because management believes it is more likely than not that unrelated business activities will generate future taxable income during the periods in which all or part of these operating loss carryforwards will become deductible, a deferred tax asset totaling \$3,432,000 has been recorded as of June 30, 2018. No deferred tax asset was recorded as of June 30, 2017. No current provision for income taxes due was recorded as of June 30, 2018 or 2017. The University has no material uncertain tax positions.

In December 2017, the University entered into a merger agreement with Wheelock College. As a result of the merger, the University's School of Education was renamed the Boston University Wheelock College of Education & Human Development, combining the doctoral programs and research capabilities of the University's School of Education with the early childhood expertise of Wheelock College's School of Education, Child Life and Family Studies.

Effective June 1, 2018, Wheelock College merged with and into the University, with the University as the surviving corporation. All of Wheelock College's assets, liabilities, and net assets were transferred to the University on that date. The endowment-related funds will be maintained in accordance with Massachusetts State Law.

### *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.



For the years ended June 30, 2018 and 2017

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*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-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, monitored, 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.

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.

For the years ended June 30, 2018 and 2017

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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.

*Funds Held in Trust by Others:*

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 \$3,416,000 in 2018 and \$3,135,000 in 2017 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, 2018 and 2017 was \$124,325,000 and \$112,903,000, 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.

The asset retirement obligation at June 30, 2018 and 2017 was \$13,993,000 and \$14,326,000, respectively, and is included in other long-term obligations in the Consolidated Statements of Financial Position.

For the years ended June 30, 2018 and 2017

*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 \$385,485,000 and \$344,110,000 for the years ended June 30, 2018 and 2017, respectively, has been classified as a reduction of student tuition and fees revenue. In addition, student aid in the amount of \$13,365,000 and \$11,441,000 for the years ended June 30, 2018 and 2017, 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 \$10,299,000 and \$9,287,000 for the years ended June 30, 2018 and 2017, respectively, has been presented as an operating expense. Student support includes University-funded work study and other incremental costs to support graduate and undergraduate 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, 2018 and 2017, these expenses are comprised of, in thousands of dollars:

	2018	2017
Operation and maintenance of plant . . . . .	\$ 122,913	\$ 110,978
Interest on indebtedness . . . . .	41,639	33,803
Depreciation . . . . .	124,325	112,903

*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, and certain other activities.

For the years ended June 30, 2018 and 2017

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*Supplemental Disclosure of Cash Flow Information:*

The following information is intended to supplement the Consolidated Statements of Cash Flows for the years ended June 30, 2018 and 2017.

Interest paid in cash, net of capitalized interest of \$6,079,000 in 2018 and \$9,195,000 in 2017, was \$41,496,000 and \$32,772,000 for the years ended June 30, 2018 and 2017, respectively.

Noncash investing and financing activities for the year ended June 30, 2018 included property, plant and equipment, investments, and other assets of \$150,870,000 received and bonds payable of \$36,839,000 assumed from acquisition. Additional noncash investing activity included the change in accounts payable for property, plant and equipment of \$(3,848,000) and \$18,268,000 for the years ended June 30, 2018 and 2017, respectively.

*Reclassifications:*

Certain 2017 balances previously reported have been reclassified to conform to the 2018 presentation.

## 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 funds held in trust by others. 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, 2018 and 2017, 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 \$29 to \$58 per square foot and weighted average capitalization rates of 6.8%. Significant changes in these inputs may result in a significantly lower or higher fair value measure.

*For the years ended June 30, 2018 and 2017*

Cash and investments included in the Consolidated Statements of Financial Position at June 30, 2018 and 2017 were as follows, in thousands of dollars:

	2018	2017
Cash and cash equivalents . . . . .	\$ 148,749	\$ 198,959
Cash and cash equivalents-restricted . . . . .	130,913	268,426
Short-term investments . . . . .	748,869	520,393
Investment in residual asset note . . . . .	36,212	42,685
Long-term investments . . . . .	<u>2,226,940</u>	<u>2,034,697</u>
	<u>3,291,683</u>	<u>3,065,160</u>
Less: assets not reported at fair value:		
Investment in residual asset note . . . . .	(36,212)	(42,685)
Real estate partnerships accounted for under the . . . . . equity method . . . . .	<u>(24,069)</u>	<u>(22,726)</u>
Cash and investments at fair value . . . . .	<u>\$3,231,402</u>	<u>\$2,999,749</u>

The following tables summarize the University's cash and investments in the fair value hierarchy as of June 30, 2018 and 2017, in thousands of dollars:

As of June 30, 2018	Investments Measured at NAV	Investments Classified in the Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
<b>Assets at fair value</b>					
Cash and cash equivalents . . . . .	\$	\$ 279,662	\$	\$	\$ 279,662
Common and preferred equities:					
Domestic . . . . .	91,212	90,893			182,105
International . . . . .	207,684	64,080	71,062		342,826
	<u>298,896</u>	<u>154,973</u>	<u>71,062</u>		<u>524,931</u>
Fixed income:					
Domestic . . . . .		774	1,620		2,394
International . . . . .		8	180		188
U.S. government and agencies . . . . .		862,071	107		862,178
		<u>862,853</u>	<u>1,907</u>		<u>864,760</u>
Alternatives:					
Hedge . . . . .	686,755				686,755
Natural resources . . . . .	103,434				103,434
Private . . . . .	352,083			333	352,416
Real estate . . . . .	61,968			345,184	407,152
	<u>1,204,240</u>			<u>345,517</u>	<u>1,549,757</u>
Funds held in trust by others . . . . .				12,292	12,292
<b>Total assets at fair value . . . . .</b>	<u>\$ 1,503,136</u>	<u>\$ 1,297,488</u>	<u>\$ 72,969</u>	<u>\$ 357,809</u>	<u>\$ 3,231,402</u>

For the years ended June 30, 2018 and 2017

As of June 30, 2017	Investments	Investments Classified in the Fair Value Hierarchy			Total Fair Value
	Measured at NAV	Level 1	Level 2	Level 3	
<b>Assets at fair value</b>					
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>
Funds held in trust by others . . . . .				8,395	8,395
<b>Total assets at fair value . . . . .</b>	<b>\$ 1,347,301</b>	<b>\$ 1,230,453</b>	<b>\$ 81,019</b>	<b>\$ 340,976</b>	<b>\$ 2,999,749</b>

The following tables present a summary of the University's activity for the years ended June 30, 2018 and 2017 for investment classified in Level 3, in thousands of dollars:

2018	Alternatives		Funds held in trust by others	Total Assets at Level 3
	Private	Real Estate		
Fair value, July 1, 2017 . . . . .	\$ 2,237	\$ 330,344	\$ 8,395	\$ 340,976
Additions . . . . .		11,991	3,666	15,657
Sales or redemptions . . . . .	(404)	(1,200)		(1,604)
Unrealized gains (losses) . . . . .	(1,500)	4,049	231	2,780
Fair value, June 30, 2018 . . . . .	<u>\$ 333</u>	<u>\$ 345,184</u>	<u>\$ 12,292</u>	<u>\$ 357,809</u>

2017	Alternatives		Funds held in trust by others	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 (losses) . . . . .	(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>



For the years ended June 30, 2018 and 2017

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The University's policy is to recognize transfers as of the end of the year. For the years ended June 30, 2018 and 2017, there were no transfers between Level 1 and Level 2, and no transfers between Level 2 and Level 3.

*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, 2018 and 2017, the aggregate notional exposure on long-term assets was \$122,661,000 and \$131,264,000, respectively. The associated unrealized loss on these assets was \$3,770,000 and \$806,000, respectively, as of June 30, 2018 and 2017. 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, 2018 and 2017, the carrying value of the investment in residual asset note receivable and related obligation was \$36,212,000 and \$42,685,000, 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, 2018 and 2017

*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, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income . . . . .	\$ 21,504	\$ 10,522	\$ 778	\$ 32,804
Net realized and unrealized gains on investments and other assets. . . . .	65,032	84,191	782	150,005
Total return on investments and other assets . . .	86,536	94,713	1,560	182,809
Less: spending formula . . . . .	(30,076)	(40,238)	(719)	(71,033)
Less: change in value of designated non-core . . . .	(4,065)			(4,065)
Less: other non-endowment income. . . . .	(14,879)		(68)	(14,947)
	(49,020)	(40,238)	(787)	(90,045)
Excess of investment return over spending formula amount . . . . .	\$ 37,516	\$ 54,475	\$ 773	\$ 92,764
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

*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, 2018 and 2017 was \$368,802,000 and \$302,142,000, respectively. Of this amount, approximately 8% and 10% of commitments as of June 30, 2018 and 2017, respectively, was 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, 2018 and 2017

*Liquidity:*

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

As of June 30, 2018	Daily	Monthly	Quarterly	Annually	>1 Year	Total
Cash and cash equivalents* . . . . .	\$ 279,662	\$	\$	\$	\$	\$ 279,662
Common and preferred equities:						
Domestic . . . . .	89,943	1,025	70,287	20,850		182,105
International . . . . .	135,103	141,129	24,422	14,481	27,691	342,826
	<u>225,046</u>	<u>142,154</u>	<u>94,709</u>	<u>35,331</u>	<u>27,691</u>	<u>524,931</u>
Fixed income:						
Domestic . . . . .	2,350	44				2,394
International . . . . .	180	8				188
U.S. government and agencies . . . . .	862,178					862,178
	<u>864,708</u>	<u>52</u>				<u>864,760</u>
Alternatives:						
Hedge . . . . .		9	231,246	328,753	126,747	686,755
Natural resources. . . . .			19,135	22,015	62,284	103,434
Private . . . . .			236	177	352,003	352,416
Real estate . . . . .				263,008	144,144	407,152
		<u>9</u>	<u>250,617</u>	<u>613,953</u>	<u>685,178</u>	<u>1,549,757</u>
Funds held in trust by others . . . . .					12,292	12,292
	<u>\$1,369,416</u>	<u>\$ 142,215</u>	<u>\$ 345,326</u>	<u>\$ 649,284</u>	<u>\$ 725,161</u>	<u>\$3,231,402</u>

\*Cash and cash equivalents includes \$103,785,000 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, 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>
Funds held in trust by others . . . . .					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.

*For the years ended June 30, 2018 and 2017*

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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 \$651,975,000 and \$593,688,000, as well as investments with rolling lockup periods totaling \$73,186,000 and \$38,195,000 as of June 30, 2018 and 2017, respectively.

### **3. Endowment Funds**

Total endowment assets as of June 30, 2018 and 2017 are \$2,179,287,000 and \$1,957,021,000, 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, 2018 and 2017, respectively, the distribution as a percentage of the prior December 31 fair value of the pooled endowment fund was 3.9% and 3.8%.

At June 30, 2018 and 2017, respectively, approximately \$51,000 and \$54,000 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. The University’s endowment also includes temporarily restricted net assets of \$35,412,000 and permanently restricted net assets of \$30,798,000 for the benefit of the Boston University Wheelock College of Education & Human Development, in accordance with the terms of the June 1, 2018 merger with Wheelock College. 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, 2018 and 2017

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, 2018, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted. . . . .	\$ (51)	\$ 632,315	\$ 620,960	\$1,253,224
Institution designated. . . . .	874,959			874,959
Endowment net assets at end of year. . . . .	<u>\$ 874,908</u>	<u>\$ 632,315</u>	<u>\$ 620,960</u>	<u>\$2,128,183</u>

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2018, in thousands of dollars:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year . . . .	\$ 807,308	\$ 541,632	\$ 552,212	\$1,901,152
Reinvested income distribution . . . . .	5,031	1,239	751	7,021
Realized and unrealized gains . . . . .	67,592	94,713	1,492	163,797
Less: spending formula . . . . .	<u>(30,076)</u>	<u>(40,238)</u>	<u>(719)</u>	<u>(71,033)</u>
Undistributed investment income . . . . .	42,547	55,714	1,524	99,785
Contributions . . . . .	3,253	1,247	7,288	11,788
Pledge payments . . . . .	131		29,200	29,331
Other additions, transfers, and net asset reclassifications . . . . .	<u>21,669</u>	<u>33,722</u>	<u>30,736</u>	<u>86,127</u>
Endowment net assets at end of year. . . . .	<u>\$ 874,908</u>	<u>\$ 632,315</u>	<u>\$ 620,960</u>	<u>\$2,128,183</u>

For the years ended June 30, 2018 and 2017

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 . . . . .	65,427	79,781	1,956	147,164
Contributions . . . . .	3,298	1,112	9,117	13,527
Pledge payments . . . . .	316		30,218	30,534
Other additions (deductions), transfers, and net asset reclassifications . . . . .	116,898	837	(994)	116,741
Endowment net assets at end of year. . . . .	<u>\$ 807,308</u>	<u>\$ 541,632</u>	<u>\$ 552,212</u>	<u>\$1,901,152</u>

**4. Accounts Receivable and Pledges Receivable**

*Accounts Receivable:*

Accounts and loans receivable at June 30, 2018 and 2017, in thousands of dollars, consist of the following:

	2018	2017
Accounts receivable, net:		
Students. . . . .	\$ 18,155	\$ 15,591
Less: allowances . . . . .	<u>(7,360)</u>	<u>(6,397)</u>
	10,795	9,194
Grants and contracts . . . . .	69,130	65,234
Departmental sales, services, and other . . . . .	78,917	48,056
Less: allowances . . . . .	<u>(8,944)</u>	<u>(11,659)</u>
	139,103	101,631
Student loans. . . . .	74,448	77,279
Less: allowances . . . . .	<u>(4,720)</u>	<u>(3,037)</u>
	69,728	74,242
Total accounts receivable, net . . . . .	<u>\$ 219,626</u>	<u>\$ 185,067</u>

For the years ended June 30, 2018 and 2017

Federally sponsored student loans receivable represented \$39,244,000 and \$43,337,000 as of June 30, 2018 and 2017, 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 \$40,200,000 and \$39,254,000 as of June 30, 2018 and 2017, respectively, 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, 2018 and 2017, to certain employees. The aggregate amount as of June 30, 2018 and 2017 is \$8,117,000 and \$7,464,000, respectively.

*Pledges Receivable:*

Pledges consist of unconditional written promises by donors to contribute to the University in the future. At June 30, 2018 and 2017, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2018	2017
In one year or less . . . . .	\$ 71,151	\$ 38,792
Between one year and five years . . . . .	152,824	179,226
More than five years . . . . .	56,597	35,184
	280,572	253,202
Discount to present value (at rates ranging from 1.51% to 4.26%) . .	(27,922)	(26,248)
Less: allowance for unfulfilled pledges . . . . .	(17,730)	(16,000)
Pledges receivable . . . . .	\$ 234,920	\$ 210,954

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 at an estimated present value of \$105,172,000 and \$104,800,000 as of June 30, 2018 and 2017, respectively.

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

Property, plant, and equipment and related accumulated depreciation at June 30, 2018 and 2017, in thousands of dollars, consist of the following:

	2018	2017
Land . . . . .	\$ 217,191	\$ 99,991
Buildings and improvements . . . . .	3,327,402	3,036,432
Construction in progress . . . . .	122,656	243,839
Software . . . . .	57,412	56,224
Equipment . . . . .	288,475	278,159
Library books . . . . .	237,607	225,873
	4,250,743	3,940,518
Less: accumulated depreciation . . . . .	(1,638,263)	(1,530,393)
Property, plant, and equipment, net . . . . .	\$ 2,612,480	\$ 2,410,125

*For the years ended June 30, 2018 and 2017*

As of June 30, 2018 and 2017, gross buildings and improvements include \$94,548,000 associated with office and research space under capital lease.

As of June 30, 2018 and 2017, capital expenditures of \$209,986,000 and \$208,942,000, 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. In fiscal year 2018, the remaining amount of \$49,375,000 was placed in service when the final BSL-4 approval was obtained.

**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, 2018 and 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, 2018 and 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, 2018 and 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 2019 to 2023 and in the aggregate for the remaining term of the leases are \$3,135,000, \$2,594,000, \$2,672,000, \$2,752,000, \$2,834,000, and \$34,428,000, respectively.

**7. Other Long-Term Obligations**

Other long-term obligations included in the Consolidated Statements of Financial Position at June 30, 2018 and 2017 were as follows, in thousands of dollars:

	2018	2017
Deposit relating to sale of non-core real estate, net . . . . .	\$ 74,025	\$ 74,025
Federal Perkins loan advances . . . . .	40,200	39,254
Conditional asset retirement obligation. . . . .	13,993	14,326
Annuities and split-interest agreements payable . . . . .	11,565	11,846
Post-retirement obligation . . . . .	2,100	2,700
Other long-term obligations . . . . .	<u>\$ 141,883</u>	<u>\$ 142,151</u>



For the years ended June 30, 2018 and 2017

8. Indebtedness

*Bonds and Notes Payable:*

The principal amounts of bonds and notes payable at June 30, 2018 and 2017, 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, 2018	Interest Rate at June 30, 2017	Outstanding Principal	
				2018	2017
Fixed rate bonds and notes payable:					
MDFA Series P, blended fixed rate . . . . .	05/15/2059	5.63%	5.63%	\$ 100,000	\$ 100,000
MDFA Series W (taxable) . . . . .	10/01/2045	5.20%	5.20%	100,470	100,470
MDFA Series X, blended fixed rate . . . . .	10/01/2048	4.78%	4.78%	111,485	111,485
MDFA Series Z-1 . . . . .	10/01/2019	1.50%	1.50%	63,170	63,170
MDFA Series Z-2 . . . . .	10/01/2019	1.50%	1.50%	10,200	10,200
MDFA Series BB-1 . . . . .	10/01/2046	4.54%	4.54%	111,270	111,270
MDFA Series BB-2 . . . . .	10/01/2040	3.95%	3.95%	52,260	52,260
MDFA Series BB-3 . . . . .	10/01/2029	5.00%	5.00%	38,290	38,290
Century notes (taxable) . . . . .	07/15/2097	7.63%	7.63%	100,000	100,000
Boston Redevelopment Authority					
note (taxable) . . . . .	06/15/2021	0.00%	0.00%	3,435	4,580
Aetna loan (taxable) . . . . .	09/15/2018	10.20%	10.20%	514	1,468
Various notes payable (taxable) . . . . .	various	various	various	1,297	1,776
Total fixed rate bonds and notes payable . . . . .				<u>692,391</u>	<u>694,969</u>
Variable rate bonds payable:					
HEFA Series H . . . . .	12/01/2029	1.53%	0.90%	25,000	25,000
HEFA Series N (taxable) . . . . .	10/01/2034	2.06%	1.20%	28,605	29,585
MDFA Series U-1 . . . . .	10/01/2040	2.26%	1.11%	50,000	50,000
MDFA Series U-2 . . . . .	10/01/2040	2.09%	1.13%	50,000	50,000
MDFA Series U-3 . . . . .	10/01/2040	1.42%	0.89%	50,000	50,000
MDFA Series U-5A . . . . .	10/01/2031	2.23%	1.21%	32,100	33,700
MDFA Series U-5B . . . . .	10/01/2031	2.23%	1.21%	33,500	35,200
MDFA Series U-6A . . . . .	10/01/2042	2.00%	1.31%	62,850	62,850
MDFA Series U-6C . . . . .	10/01/2042	1.47%	0.89%	52,545	52,545
MDFA Series U-6E . . . . .	10/01/2042	2.23%	1.21%	62,695	62,695
Royal Bank of Scotland (taxable) . . . . .	08/15/2029	1.09%	0.77%	26,373	27,569
MDFA Series Y . . . . .	10/01/2039	2.28%	1.18%	35,000	35,000
MDFA Series AA . . . . .	10/01/2039	1.97%	1.34%	162,740	162,740
Boston University term loan (taxable) . . . . .	06/01/2020	2.33%	n/a	34,506	
Total variable rate bonds and notes payable . . . . .				<u>705,914</u>	<u>676,884</u>
Total bonds and notes payable . . . . .				1,398,305	1,371,853
Plus: unamortized bond premium and discount, net . . . . .				35,615	37,420
Less: unamortized bond issuance costs . . . . .				(3,999)	(4,291)
Total bonds and notes payable, net . . . . .				<u>\$ 1,429,921</u>	<u>\$ 1,404,982</u>

*For the years ended June 30, 2018 and 2017*

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 \$43,775,000 and \$45,000,000 as of June 30, 2018 and 2017, 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, 2018 and 2017.

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

Fiscal Year	Scheduled Principal Maturities
2019. ....	\$ 8,670
2020. ....	116,239
2021. ....	8,629
2022. ....	7,955
2023. ....	8,274
Thereafter. ....	<u>1,248,538</u>
Total .....	<u>\$ 1,398,305</u>

Scheduled principal maturities represent aggregate annual payments as required under long-term debt repayment schedules. As of June 30, 2018, the University's debt portfolio includes variable rate demand bonds (VRDBs) of \$156,150,000 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 2019 and June 2022. 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, 2018, aggregate scheduled loan repayments under the VRDB-related LOCs would be as follows: \$26,025,000, \$52,050,000, \$52,050,000, and \$26,025,000 in fiscal years 2019, 2020, 2021, and 2022 respectively. There have been no instances where a bond failed to be remarketed and was put back to the University.

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 were 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, 2018 and 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.

In June 2018, the University entered a term loan in the amount of \$34,506,000 with U.S. Bank N.A. The proceeds of the term loan, together with other funds, were used to defease \$37,120,000 of outstanding principal of the Wheelock College Series C tax exempt bonds assumed by the University as a result of its merger with Wheelock College. Unamortized bond premium, bond discount, and issuance costs of \$281,000 associated with the Wheelock College Series C bonds were written off in other additions (deductions) and transfers in the Consolidated Statement of Activities for the year ended June 30, 2018.

For the years ended June 30, 2018 and 2017

*Bank Lines:*

The University has a total of \$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, 2018 and 2017. The current expiration dates for all lines of credit are in April 2019. 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, 2018 and 2017, in thousands of dollars:

Swap	Notional Amount	Fair Value		Effective Date	Termination Date	University Pays	University Receives
		6/30/18	6/30/17				
Series H . . . . .	\$ 25,000	\$ 6,409	\$ 8,116	10/03/2008	12/01/2027	5.28%	SIFMA
Series N . . . . .	21,495	5,808	7,873	10/03/2008	10/01/2027	6.79%	LIBOR
Series U1-3 . . . . .	75,000	21,287	26,942	10/03/2008	10/01/2040	4.01%	69% of 1-Mo. USD LIBOR
Series U1-3 . . . . .	75,000	20,858	26,471	10/01/2007	10/01/2040	3.94%	69% of 1-Mo. USD LIBOR
Series U5 . . . . .	65,600	9,852	13,720	10/03/2008	10/01/2031	4.10%	67% of 1-Mo. USD LIBOR
Series U6 . . . . .	149,750	81,156	95,161	10/03/2008	10/01/2042	5.42%	SIFMA
Series U6 . . . . .	89,750	48,383	56,719	07/01/2008	10/01/2042	5.42%	SIFMA
Series U6 . . . . .	10,700	706	1,202	10/03/2008	10/01/2022	4.16%	67% of 1-Mo. USD LIBOR
Series Y . . . . .	35,000	12,876	15,593	10/01/2014	10/01/2039	4.70%	SIFMA
Series Z . . . . .	73,370	324	(247)	10/01/2014	08/01/2019	SIFMA	1.265%
Series AA-1 . . . . .	81,370	30,486	37,095	10/01/2015	10/01/2039	4.95%	67% of 1-Mo. USD LIBOR -.027%*
Series AA-2 . . . . .	81,370	30,353	37,075	10/01/2015	10/01/2039	4.95%	67% of 1-Mo. USD LIBOR +.024%**
Royal Bank of Scotland	26,349	6,237	7,539	08/15/2006	08/15/2029	5.645%	3-Mo. GBP LIBOR +45 basis points
Less: credit valuation adjustment . . .		(5,109)	(15,059)				
Total . . . . .		\$ 269,626	\$ 318,200				

\*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, 2018 and 2017

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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 2018 and 2017, the University's net settlement payments on interest rate exchange agreements were \$28,058,000 and \$31,630,000, respectively. These net settlement costs have been reported in nonoperating activities in net realized and unrealized gains on interest rate agreements 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 \$347,545,000 at June 30, 2018, are considered financing activities. During 2018 and 2017, respectively, \$11,263,000 and \$12,987,000 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, 2018 and 2017, the University was required to post collateral of \$98,751,000 and \$186,914,000, 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, 2018 and 2017, respectively, were \$75,885,000 and \$70,310,000.

### *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 2018 and 2017, net of interest costs totaled \$600,000 each year. The University's accrued post-retirement benefit obligation reflected in the Consolidated Statements of Financial Position totaled \$2,100,000 and \$2,700,000 as of June 30, 2018 and 2017, respectively.

For the years ended June 30, 2018 and 2017

## 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 2034. Amounts scheduled include options to extend capital leases through the year 2066, in thousands of dollars, and are summarized below as of June 30, 2018:

Fiscal Year	Operating	Capital
2019	\$ 24,765	\$ 4,021
2020	20,978	4,064
2021	18,773	4,064
2022	18,349	4,064
2023	17,226	4,064
Thereafter	90,044	172,537
	<u>\$ 190,135</u>	<u>\$ 192,814</u>
Less: amounts representing interest		<u>(110,893)</u>
Capital lease obligations		<u>\$ 81,921</u>

For 2018 and 2017, rent expense for educational facilities and office space was \$33,315,000 and \$31,524,000, 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 \$81,663,000 and \$83,407,000 and total liabilities of \$32,727,000 and \$36,030,000 as of June 30, 2018 and 2017, respectively. The total outstanding debt is equal to \$30,355,000 and \$32,532,000 as of June 30, 2018 and 2017, respectively. The University's share of the debt is \$14,568,000 and \$15,645,000 as of June 30, 2018 and 2017, respectively. The total minimum annual lease payments associated with these leases of approximately \$7,513,000 and \$7,502,000 for the years ended June 30, 2018 and 2017, 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 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. In December 2017, the University received final approval to conduct research at BSL-4.

Total construction costs were \$209,986,000 and \$208,942,000 as of June 30, 2018 and 2017, respectively. NIH has reimbursed \$140,921,000 as of June 30, 2018 and 2017, respectively. 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 fiscal years 2018, 2015, and 2012, a pro-rata share of NIH funding, \$24,883,000, \$29,531,000, and \$86,507,000, respectively, was reclassified from temporarily restricted net assets to unrestricted net assets.

*For the years ended June 30, 2018 and 2017*

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*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 related land to the purchaser of the building. The lease term is through 2087. In connection with this transaction, the University received a prepaid lease payment of \$38,625,000 that will be amortized on a straight-line basis over the term of the lease. For the years ended June 30, 2018 and 2017, the University recognized rental revenue of \$515,000 related to the ground lease. The unamortized deferred ground lease revenue as of June 30, 2018 and 2017 is \$35,793,000 and \$36,308,000, 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 agreements to lease the related land to the purchaser of the buildings. 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, 2018, the University recognized rental revenue of \$647,000 related to the ground lease. The unamortized deferred rent as of June 30, 2018 and 2017 is \$62,922,000 and \$63,569,000, respectively.

*Other:*

As of June 30, 2018, the University has commitments of approximately \$268,839,000 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 2018 was approximately \$9,638,000.

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. Wheelock College**

The transaction with Wheelock College discussed in Note 1 has been accounted for under *ASC 958-805, Not-for-Profit Entities: Mergers and Acquisitions*, which defines a combination of one or more not-for-profit activities as either a merger or an acquisition. The transaction has been treated as an acquisition for accounting purposes.

Assets received in the transaction totaled \$207,987,000, with 96% of the balance consisting of endowment investments, perpetual trusts, and land, buildings, and equipment. Liabilities assumed totaled \$44,715,000, including bonds payable of \$36,839,000.

The University is required to establish and maintain appropriate academic or administrative space for the Boston University Wheelock College of Education & Human Development on the Wheelock Campus until the fifth anniversary of the merger on June 1, 2023. Accordingly, the property, plant, and equipment have been classified as temporarily restricted.

Concurrent to the merger, the University legally defeased Wheelock College's bond of \$37,120,000 and recognized a loss on extinguishment of debt of \$369,000.

**12. Subsequent Events**

In August 2018, the University issued its \$300,000,000 Series CC taxable bonds at a fixed interest rate of 4.061%. Final maturity of the bonds is through October 1, 2048. A portion of the Series CC bond proceeds was used to redeem the term loan with U.S. Bank N.A. in the amount of \$34,506,000, plus accrued interest.

The University has assessed the impact of subsequent events through September 13, 2018, the date the Consolidated Financial Statements were issued.

## THE CORPORATION

THE FOUNDERS	Lee Claflin	Isaac Rich	Jacob Sleeper	
THE ASSOCIATE FOUNDERS	Augusta E. Corbin Chester C. Corbin Albert V. Danielsen Edward H. Dunn Rafik B. al-Hariri Charles Hayden	Arthur G. B. Metcalf Stephen P. Mugar Anne A. Ramsey John R. Robinson Roswell R. Robinson	Alden Speare Dewey David Stone Harry K. Stone Gerald Tsai, Jr. An Wang	
THE TRUSTEES	William D. Bloom Richard D. Cohen Jonathan R. Cole Shamim A. Dahod Sudarshana Devadhar Ahmass L. Fakahany Maurice R. Ferré Sandra A. Frazier Carol N. Fulp Ryan K. Roth Gallo Richard C. Godfrey SungEun Han-Andersen	John P. Howe III William A. Kamer Stephen R. Karp Rajen A. Kilachand Robert A. Knox Andrew R. Lack Cataldo W. Leone Kevin Merida Carla E. Meyer Ruth A. Moorman Alicia C. Mullen Peter T. Paul	Jacques P. Perold C. A. Lance Piccolo Allen Questrom Sharon G. Ryan S. D. Shibulal Hugo X. Shong Bippy M. Siegal Kenneth Z. Slater Malek Sukkar Nina C. Tassler Andrea L. Taylor Stephen M. Zide	
THE OVERSEERS	Warren J. Adelson Maureen A. Alphonse-Charles Gayle R. Berg Cassandra M. Clay Cynthia R. Cohen Gerard H. Cohen Suzanne Cutler Shadi Daher Maya Ezratti Bruce J. Feirstein Sidney J. Feltenstein	Michael D. Fricklas David E. Hollowell Esther A. H. Hopkins Karen Elliott House Christine S. Hunter David R. Jones Steven M. Karbank Stewart F. Lane Tonie Leatherberry Philip Libin Kenneth P. Morrison	Rebecca Norlander Elisabeth Schadae Percelay Stuart W. Pratt Jay Roewe Richard C. Shipley Marshall M. Sloane James Stergios Marcy Syms Lisa Ann Wong Lucy Landesman Halperin Zaro	
THE TRUSTEES EMERITI	Terry L. Andreas Christopher A. Barreca Robert J. Brown Frederick H. Chicos Howard L. Clark, Jr. Suzanne Cutler Edson D. de Castro Richard B. DeWolfe Dexter A. Dodge Patricia K. Donahoe Sidney J. Feltenstein	Norman E. Gaut Gerald L. Gitner Vartan Gregorian Leon C. Hirsch Esther A. H. Hopkins Karen Elliott House James M. Howell Richard R. Joaquim Luci Baines Johnson Alan M. Leventhal William F. Macauley	Edward I. Masterman JoAnn McGrath Melvin B. Miller Stuart W. Pratt John R. Robinson Richard C. Shipley Marshall M. Sloane John F. Smith, Jr. Laura Walsh Robert E. Yellin	
THE UNIVERSITY ADMINISTRATION	<p><i>President</i> Robert A. Brown, B.S., M.S., Ph.D.</p> <p><i>University Provost &amp; Chief Academic Officer</i> Jean Morrison, B.A., M.S., Ph.D.</p> <p><i>Provost of the Medical Campus</i> Karen H. Antman, B.S., M.D.</p>	<p><i>Chief Investment Officer</i> Lila C. Hunnewell, B.A., M.B.A.</p> <p><i>Senior Vice President, Chief Financial Officer, and Treasurer</i> Martin J. Howard, B.A., M.B.A., C.P.A., C.F.A., C.F.P.</p> <p><i>Senior Vice President for External Affairs</i> Stephen P. Burgay, B.A., J.D.</p>	<p><i>Senior Vice President for Development &amp; Alumni Relations</i> Scott G. Nichols, B.A., M.S., Ed.D.</p> <p><i>Senior Vice President for Operations</i> Gary W. Nicksa, B.S.B.A., M.S.T., C.P.A.</p>	<p><i>Senior Vice President, Senior Counsel, and Secretary of the Board</i> Todd L. C. Klipp, B.A., J.D.</p> <p><i>Vice President and General Counsel</i> Erika Geetter, B.A., J.D.</p>

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Research and Development Cluster:				
Agency for International Development:				
Agency For International Development	98.001	Direct	\$ 166,106	655,799
Management Sciences for Health	98.001	SIAPS-15-002	—	12,238
Right to Care	98.001	Pass-Through Number Not Available	—	410,765
Save the Children International in Zamb	98.001	84000825	—	138,002
United States Pharmacopeial Convention	98.001	FOG-15-012	—	(49,977)
Wits Health Consortium	98.001	HERO-002	—	564,665
Subtotal			<u>166,106</u>	<u>1,731,492</u>
Right To Care	98.UNK	Pass-Through Number Not Available	—	27,665
University Research Co., LLC	98.UNK	FY17-PO4-7106	—	58,522
Subtotal			<u>—</u>	<u>86,187</u>
Agency for International Development Total			<u>166,106</u>	<u>1,817,679</u>
Department of Agriculture:				
Pennsylvania State University	10.200	E16-022155	—	26,551
Trustees of Indiana University	10.206	Pass-Through Number Not Available	—	(505)
Department of Agriculture	10.310	Direct	97,389	248,258
Department of Agriculture	10.699	Direct	—	55,997
Department of Agriculture	10.UNK	Direct	—	15,254
Department of Agriculture Total			<u>97,389</u>	<u>345,555</u>
Department of Commerce:				
Department of Commerce	11.011	Direct	200,747	285,160
Department of Commerce	11.013	Direct	—	36,457
University of Rhode Island	11.417	0007086/03292018	—	4,960
University of Rhode Island	11.417	5575	—	76,244
Subtotal			<u>—</u>	<u>81,204</u>
Department of Commerce	11.431	Direct	—	175,603
Trustees Of Columbia University	11.431	6(GG012355)	—	70,874
Subtotal			<u>—</u>	<u>246,477</u>
Department of Commerce	11.609	Direct	82,176	276,110
Department of Commerce	11.620	Direct	—	2,000
Georgetown University	11.UNK	Pass-Through Number Not Available	—	24,526
Department of Commerce Total			<u>282,923</u>	<u>951,934</u>
Department of Defense:				
Department of Defense	12.300	Direct	879,521	2,880,494
Arizona State University	12.300	17-205	—	49,421
Massachusetts Institute of Technology	12.300	5710003312	—	(1,706)
President and Fellows of Harvard College	12.300	124020-5101768	—	33,180
Regents of the University of Minnesota	12.300	A005988201	—	31,342
University of California, Santa Barbara	12.300	KK1755	—	83,030
University of California, Santa Barbara	12.300	KK1628	—	97,234
University of Illinois	12.300	071787-14605 (AA669)	—	227,060
Subtotal			<u>879,521</u>	<u>3,400,055</u>
Department of Defense	12.351	Direct	339,654	642,518
The Geneva Foundation	12.351	S-1340-01	—	113,606
Subtotal			<u>339,654</u>	<u>756,124</u>
Institute of International Education	12.357	2603-BU-12-GO-051-PO4	—	129,839
Institute of International Education	12.357	2603-BU-12-GO-051-P03	—	209,950
Subtotal			<u>—</u>	<u>339,789</u>
Department of Defense	12.420	Direct	2,083,871	4,907,821
Augusta University	12.420	31760-2	—	45,120
Drexel University	12.420	840014_BU	—	7,212
Drexel University	12.420	202353	—	10,861
Icahn School of Medicine at Mount Sinai	12.420	0258-0791-4609	—	33,787
Massachusetts General Hospital	12.420	225098	—	4,154
Massachusetts General Hospital	12.420	215444	—	35
Northern California Institute for Research	12.420	CHAO2022-02	—	8,392
The Brigham and Women's Hospital, Inc.	12.420	113197	—	32,731
The Children's Hospital Corporation	12.420	RSTFD0000599809	—	163
The Henry M. Jackson Foundation	12.420	721595	—	190,729
Trustees of Dartmouth College	12.420	1577R134	—	3,926
University Hospitals of Cleveland	12.420	W81XWH-15-1-0080	—	262,823
University of Southern California	12.420	74911078	—	20,388
University of Texas Health Science Center	12.420	0012211A	—	6,343



**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
University of Texas Health Science Center	12.420	162153/155536	\$ —	279,763
Virginia Commonwealth University	12.420	PT-108802-SC107142	—	7,658
Subtotal			2,083,871	5,821,906
Department of Defense	12.431	Direct	74,143	446,146
Brown University	12.431	1221	—	4,543
Massachusetts General Hospital	12.431	224591	—	5,909
Massachusetts Institute of Technology	12.431	36080	—	218,807
University of Texas at Austin	12.431	UTA12-001015	—	87,646
Subtotal			74,143	763,051
Department of Defense	12.630	Direct	—	28,444
University of California, Berkeley	12.630	10028801-BU	—	9,925
University of Utah	12.630	10028801-BU-BPP	49,974	417,211
Subtotal			49,974	455,580
Department of Defense	12.800	Direct	1,442	1,191,481
Aim Photonics	12.800	Pass-Through Number Not Available	—	118,156
Northwestern University	12.800	SP0032777-PROJ0011974	—	78,608
University of California, Los Angeles	12.800	0965 G UA474	—	87,545
University of California, Los Angeles	12.800	0965 G VA010	—	130,811
University of Illinois at Urbana-Champaign	12.800	076988-16407	—	201,815
Subtotal			1,442	1,808,416
Department of Defense	12.900	Direct	—	101,768
Department of Defense	12.910	Direct	333,584	1,732,160
Massachusetts Institute of Technology	12.910	Pass-Through Number Not Available	—	10,816
Massachusetts Institute of Technology	12.910	5710004066	—	184,208
Massachusetts Institute of Technology	12.910	111648	—	225,603
Northeastern University	12.910	505068-78051	—	100,294
President & Fellows of Harvard College	12.910	152304.5106733.0007	—	70,300
Trustees of the University of Pennsylvania	12.910	564000	—	(941)
University of California, Berkeley	12.910	9549	—	72,353
Subtotal			333,584	2,394,793
Department of Defense	12.UNK	Direct	5,820	816,169
Becton, Dickinson and Company	12.UNK	AGR_IPCON_295	—	49,329
DRS Advanced ISR, LLC	12.UNK	2463BOS000	—	121,115
Energenis Pharmaceuticals, Inc	12.UNK	Pass-Through Number Not Available	—	(148)
Evidation Health, Inc.	12.UNK	201608BU	—	181,855
HRL Laboratories, LLC	12.UNK	15082-162372-DS	—	99,442
Johns Hopkins University Applied Physics	12.UNK	142735	—	32,812
L-3 Applied Technologies Inc.	12.UNK	82SC160015	59,300	97,152
MacAulay-Brown, Inc.	12.UNK	DSC3089-04	—	2,460
Massachusetts Institute of Technology	12.UNK	16332	—	14,319
Massachusetts Institute of Technology	12.UNK	5710004199	—	132,539
Massachusetts Institute of Technology	12.UNK	5710003952-005	—	340,556
Massachusetts Institute of Technology	12.UNK	7000381969	—	11,241
Massachusetts Institute of Technology	12.UNK	PO 7000319355	—	21,495
Massachusetts Institute of Technology	12.UNK	7000405841	—	31,625
Massachusetts Institute of Technology	12.UNK	7000389803	—	75,000
Massachusetts Institute of Technology	12.UNK	7000384531	—	83,587
Physical Sciences, Inc.	12.UNK	SC7367-014-6931-1	—	64,854
Power Fingerprinting, Inc.	12.UNK	BU-1015-DARPA-01	—	59,579
Q-Peak, Inc.	12.UNK	SC58909-2738	—	32,544
Regents of the University of Colorado	12.UNK	1556360	—	6,866
Regents of the University of Minnesota	12.UNK	A005959605	—	101,534
San Diego Composites	12.UNK	SDC15-1125	—	105,746
SOFAR Acoustics, LLC	12.UNK	Pass-Through Number Not Available	—	(1,907)
SOFAR Acoustics, LLC	12.UNK	Pass-Through Number Not Available	—	19,433
SOFAR Acoustics, LLC	12.UNK	Pass-Through Number Not Available	—	125,992
SOSSEC Consortium	12.UNK	PLA-0007	108,869	429,910
SRI International	12.UNK	PO2496	—	57,858
SRI International	12.UNK	PO2457	—	102,391
U.S. Army Research Institute of Environment	12.UNK	Direct	—	192,417
University of Illinois at Urbana-Champaign	12.UNK	084424-16186	—	97,801
White River Technologies, Inc.	12.UNK	WRT-BU20150716	—	(231)
White River Technologies, Inc.	12.UNK	N68335-16-C-0397	—	128,388
Subtotal			173,989	3,633,723
Department of Defense Total			3,936,178	19,475,205

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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 Education:				
Department of Education	84.015	Direct	\$ —	569,972
President and Fellows of Harvard College	84.015	BUAY1718	—	96,000
Subtotal			—	665,972
Department of Education	84.022	Direct	—	31,928
Department of Education	84.133	Direct	—	(61)
University of Arkansas	84.305	SA1508063	—	66,309
University of Wisconsin System	84.305	706K716	—	50,184
Subtotal			—	116,493
Department of Education	84.324	Direct	253,148	798,901
University of Nebraska-Lincoln	84.365	24-1708-0112-002	—	30,151
Department of Education Total			253,148	1,643,384
Department of Energy:				
Department of Energy	81.049	Direct	78,892	2,777,647
ALEM-RMD Joint Venture	81.049	C09-13	—	213
The Board of Trustees of the Leland Stanford Junior University	81.049	61351721-124215	61,930	233,587
University of Illinois	81.049	090634-16923	—	63,009
Subtotal			140,822	3,074,456
Department of Energy	81.086	Direct	—	202,552
MOxST, Inc.	81.086	Pass-Through Number Not Available	—	906
Subtotal			—	203,458
Department of Energy	81.087	Direct	80,000	314,716
Department of Energy	81.089	Direct	—	428,357
Atrex Energy, Inc.	81.089	ACUBU20151001	—	28
Atrex Energy, Inc.	81.089	ATRBUE20160907	—	19,997
Subtotal			—	448,382
Department of Energy	81.135	Direct	—	47,906
Infinium Metals Inc.	81.135	Pass-Through Number Not Available	—	(573)
Newton Energy Group LLC	81.135	Pass-Through Number Not Available	—	103,060
University of Delaware	81.135	46100	—	127,048
Subtotal			—	277,441
Battelle Energy Alliance, LLC	81.UNK	113954	—	18
Battelle Energy Alliance, LLC	81.UNK	128776	—	90,218
Brookhaven National Laboratory	81.UNK	312168	—	78,536
Fermi National Accelerator Laboratory	81.UNK	606923	—	(7)
Fermi National Accelerator Laboratory	81.UNK	621572	—	3
Fermi National Accelerator Laboratory	81.UNK	617650	—	271
Fermi National Accelerator Laboratory	81.UNK	641399	—	5,197
Fermi National Accelerator Laboratory	81.UNK	621941	—	5,703
Fermi National Accelerator Laboratory	81.UNK	615323	—	6,725
Fermi National Accelerator Laboratory	81.UNK	643005	—	18,395
Fermi National Accelerator Laboratory	81.UNK	606923	—	78,525
Fermi National Accelerator Laboratory	81.UNK	634798	—	82,528
Fermi National Accelerator Laboratory	81.UNK	633674	—	161,474
Los Alamos National Laboratory	81.UNK	459531	—	33,344
Pacific Northwest National Laboratory	81.UNK	383576	—	4,862
Pacific Northwest National Laboratory	81.UNK	323114	—	23,071
Pacific Northwest National Laboratory	81.UNK	381509	—	61,895
Pacific Northwest National Laboratory	81.UNK	272743	—	5,600
Sandia National Laboratories	81.UNK	1797608	—	132,756
UT-Battelle, LLC	81.UNK	4200000639	—	24,456
Subtotal			—	813,570
Department of Energy Total			220,822	5,132,023
Department of Health and Human Services:				
Department of Health and Human Services	93.059	Direct	—	821,901
Department of Health and Human Services	93.061	Direct	—	17,428
Muhimbili University of Health And Allie	93.067	Pass-Through Number Not Available	—	37,450
Department of Health and Human Services	93.073	Direct	—	300,098
Commonwealth of Massachusetts – Department of Public Health	93.073	INTF3122H78500224038	—	349,635
Subtotal			—	649,733
Commonwealth of Massachusetts – Department of Public Health	93.074	INTF6208HH4300522131	—	(7,392)

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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
American Heart Association	93.077	FX-ATRAC-BU-03	\$ —	(2,371)
American Heart Association	93.077	FX-ATRAC-BU-04	—	53,253
American Heart Association	93.077	FX-ATRAC-BU-05	—	415,104
American Heart Association	93.077	FX-ATRAC-BU-05S	—	39
Subtotal			—	466,025
New England Pediatric Device Consortium	93.103	NEPDC-006	—	18,731
University of Massachusetts, Worcester	93.107	OSP2016108	—	4,789
Department of Health and Human Services	93.110	Direct	48,690	748,180
Department of Health and Human Services	93.113	Direct	800,970	3,291,519
Duke University	93.113	14-NIH-1127	—	115,424
Harvard Pilgrim Health Care	93.113	PH000552C	—	13,822
Henry Ford Health System	93.113	B11166BU	—	65,506
Icahn School of Medicine at Mount Sinai	93.113	0255-0182-4609	—	18,708
Icahn School of Medicine at Mount Sinai	93.113	0255-1871-4609	—	39,651
The President and Fellows of Harvard College	93.113	112150-5098856	—	10,558
Trustees of Tufts College, Inc	93.113	101366-00001	—	39,555
Subtotal			800,970	3,594,743
Department of Health and Human Services	93.121	Direct	644,695	3,162,661
Commonwealth of Massachusetts – Department of Public Health	93.121	MASS DPH---NIH NIDCR	—	(2,097)
Forsyth Institute	93.121	BU024468-2495	—	168,311
Michigan State University	93.121	RC104367BU	—	(141)
University of Puerto Rico	93.121	Pass-Through Number Not Available	—	9,486
Subtotal			644,695	3,338,220
Johns Hopkins University	93.135	2002892416	—	369,608
Department of Health and Human Services	93.143	Direct	499,720	1,500,660
University of Massachusetts, Worcester	93.145	OSP2016084	—	236
University of Massachusetts, Worcester	93.145	WA00597542/OSP2018005	—	14,839
Subtotal			—	15,075
Department of Health and Human Services	93.172	Direct	63,065	536,820
University of Massachusetts, Worcester	93.172	WA00494189/OSP2017083	—	4,373
University of Massachusetts, Worcester	93.172	OSP2018040	—	44,819
Subtotal			63,065	586,012
Department of Health and Human Services	93.173	Direct	1,281,355	6,835,886
Beth Israel Deaconess Medical Center, Inc.	93.173	1028984	—	39,969
Beth Israel Deaconess Medical Center, Inc.	93.173	1028984	—	52,213
Massachusetts Eye and Ear Infirmary	93.173	2300048	—	28,861
Massachusetts General Hospital	93.173	206553	—	1
Massachusetts General Hospital	93.173	230322	—	421,832
Northwestern University	93.173	SP0037464-PROJ0010405	—	225,335
Vanderbilt University Medical Center	93.173	VUMC64753	—	741
Subtotal			1,281,355	7,604,838
Department of Health and Human Services	93.213	Direct	138,519	912,669
Beth Israel Deaconess Medical Center, Inc.	93.213	1029129	—	1,569
Butler Hospital	93.213	9244-8311	—	30,059
Massachusetts General Hospital	93.213	228246	—	1,405
President & Fellows of Harvard College	93.213	153090.5097123.0002	—	26,033
University of Connecticut	93.213	7067	—	(1)
Yale University	93.213	GR102045 (CON-80001147)	—	6,057
Yale University	93.213	GR101629 (CON-80001055)	—	13,633
Subtotal			138,519	991,424
Boston Medical Center Corporation	93.225	6497	—	57,890
Department of Health and Human Services	93.226	Direct	—	116,629
Duke Clinical Research Institute	93.226	203-7633	—	7,494
The George Washington University	93.226	16-M120	—	51,833
University of Utah	93.226	10042477-01	—	37,432
Yale University	93.226	M13A11548 (A09064)	—	9,220
Subtotal			—	222,608
National Jewish Health	93.233	20091205	—	67,673
Department of Health and Human Services	93.242	Direct	1,296,073	9,034,122
Beth Israel Deaconess Medical Center, Inc.	93.242	1029386	—	15,578
Dartmouth College	93.242	R779	—	26,447
Duke University	93.242	2036606	—	23,303

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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
Emory University	93.242	T675344	\$ —	23,939
Icahn School of Medicine at Mount Sinai	93.242	0255-4261-4609	—	15,304
Massachusetts General Hospital	93.242	229354	—	31,547
Massachusetts Institute of Technology	93.242	5710004137	—	(1,332)
Massachusetts Institute of Technology	93.242	53440	—	155,810
McLean Hospital Corporation	93.242	401122	—	704
McLean Hospital Corporation	93.242	401122	—	131,471
Medical University of South Carolina	93.242	MUSC15-084	—	124,925
Michigan State University	93.242	RC105383Boston	—	13,063
Palo Alto Veterans Institute for Research	93.242	WIS0003-01	—	39,167
Research Foundation for Mental Hygiene	93.242	26363	—	58,867
The Miriam Hospital	93.242	7147045JR	—	79,617
The Regents of the University of California	93.242	8315sc	—	102,632
Trustees Of Columbia University	93.242	6(GG012936-01)	—	215,870
Trustees of Indiana University	93.242	IN-4694751-BU	—	(57)
University of California, San Diego	93.242	89881635	—	142,657
University of Massachusetts, Boston	93.242	B000644975	—	24,449
University of Massachusetts, Boston	93.242	B000535813	—	140,775
University of New England	93.242	230068-101	—	57,733
Subtotal			1,296,073	10,456,591
Department of Health and Human Services	93.262	Direct	—	(247)
Icahn School of Medicine at Mount Sinai	93.262	0254-5943-4609	—	10,321
President and Fellows of Harvard College	93.262	114960-5097784	—	104,976
The George Washington University	93.262	16-M107	—	8,660
The George Washington University	93.262	16-M112	—	21,960
Subtotal			—	145,670
Duke University	93.266	203-8085	—	1,980
Department of Health and Human Services	93.273	Direct	464,496	4,628,582
Boston Medical Center Corporation	93.273	6437	—	2,492
Boston Medical Center Corporation	93.273	6196	—	12,277
Boston Medical Center Corporation	93.273	6242	—	24,752
Boston Medical Center Corporation	93.273	3014	—	36,170
Boston Medical Center Corporation	93.273	4297	—	57,103
Boston Medical Center Corporation	93.273	5584	—	124,772
Butler Hospital	93.273	9256-8311	—	2,416
Butler Hospital	93.273	9193-8311	—	8,444
Butler Hospital	93.273	9452-8311	—	25,494
Butler Hospital	93.273	9053-8311	—	29,235
Butler Hospital	93.273	9132-8311	—	101,002
Syracuse University	93.273	SP-27189-1-04460-S01	—	61,026
Syracuse University	93.273	27189-04107-S01	—	249,904
The Regents of the University of California	93.273	9820sc	—	48,942
The Regents of the University of California	93.273	10444SC	—	57,867
Tridium	93.273	Pass-Through Number Not Available	—	5,713
Tridium	93.273	Pass-Through Number Not Available	—	14,518
Vanderbilt University Medical Center	93.273	VUMC 64150	—	44,896
Yellowstone Scientific Instruments	93.273	5R44AA022559-03	—	21,121
Subtotal			464,496	5,556,726
Department of Health and Human Services	93.279	Direct	245,605	2,190,885
Boston Medical Center Corporation	93.279	5777	—	4,848
Boston Medical Center Corporation	93.279	6064	—	49,170
Boston Medical Center Corporation	93.279	2765	—	(34)
Boston Medical Center Corporation	93.279	2115	—	120
Boston Medical Center Corporation	93.279	6049	—	3,333
Boston Medical Center Corporation	93.279	3010	—	11,651
Boston Medical Center Corporation	93.279	5726	—	13,216
Boston Medical Center Corporation	93.279	2138	—	17,513
Boston Medical Center Corporation	93.279	6162	—	78,914
Boston Medical Center Corporation	93.279	4268	—	117,714
Brain Solutions Inc	93.279	128001	—	6,539
Brown University	93.279	1067	—	6,575
Brown University	93.279	1196	—	18,176
Butler Hospital	93.279	9116-8311	—	16,243
Butler Hospital	93.279	9240-8311	—	29,235
Butler Hospital	93.279	9068-8311	—	34,196
Butler Hospital	93.279	9275-8311	—	35,089
Butler Hospital	93.279	9242-8311	—	35,619
McLean Hospital Corporation	93.279	401108	—	69,738

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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
McLean Hospital Corporation	93.279	401108	\$ —	233,504
The Board of Trustees of the Leland Stanford Junior University	93.279	61608847-124841	—	87,338
University of Texas	93.279	UTA18-000423	—	31,966
University of Wisconsin System	93.279	813K385	—	17,564
Yale University	93.279	M17A12695 (A10325)	—	45,636
Yale University	93.279	M14A11732 (CON-80000245)	—	109,304
Subtotal			245,605	3,264,052
Department of Health and Human Services	93.286	Direct	1,096,552	3,992,857
Hansjorg Wyss Institute for Biologically	93.286	Chen.NIH.UG3	—	16,922
Massachusetts General Hospital	93.286	231361	—	53,371
Massachusetts General Hospital	93.286	230331	—	164,033
Rutgers, The State University of New Jersey	93.286	6221	—	44,627
The Brigham and Women's Hospital, Inc.	93.286	113729	—	6,823
The Brigham and Women's Hospital, Inc.	93.286	113729	—	13,637
The Brigham and Women's Hospital, Inc.	93.286	113955	—	104,761
Trustees of Tufts College, Inc	93.286	HH4976	—	(1,831)
Trustees of Tufts College, Inc	93.286	HS4976	—	1,502
University of Massachusetts, Lowell	93.286	S5110000031136	—	9,999
Weill Medical College of Cornell University	93.286	16111826-BOSTON	—	(418)
Weill Medical College of Cornell University	93.286	15121870-03	—	(13)
Subtotal			1,096,552	4,406,270
Department of Health and Human Services	93.307	Direct	—	184,502
Boston Medical Center Corporation	93.307	4156	—	33,778
Massachusetts General Hospital	93.307	227351	—	19,245
New York University	93.307	F7543-01	—	10,114
President and Fellows of Harvard College	93.307	112527-5091238_Admi	—	28,424
President and Fellows of Harvard College	93.307	112527-5109037-DS	—	53,374
President and Fellows of Harvard College	93.307	112527-5096605-P1	—	54,923
President and Fellows of Harvard College	93.307	112527-5096607-P3	—	96,599
President and Fellows of Harvard College	93.307	112527-5096602-CEC	28,695	134,832
Subtotal			28,695	615,791
Department of Health and Human Services	93.310	Direct	18,900	2,515,112
The Brigham and Women's Hospital, Inc.	93.310	116239	—	175,931
University of Massachusetts, Worcester	93.310	WA00626094/RFS2016047	—	67,977
University of North Carolina at Chapel Hill	93.310	5106186	—	16,181
University of North Carolina at Chapel Hill	93.310	5108604	—	42,413
University of Wisconsin, Madison	93.310	776K963	—	36,449
Subtotal			18,900	2,854,063
Department of Health and Human Services	93.350	Direct	583,303	7,161,707
Boston Medical Center Corporation	93.350	6244	—	26,969
Trustees of the University of Pennsylvania	93.350	571955	—	5,122
University of Pittsburgh	93.350	0055353(129324-11)	—	123,379
Subtotal			583,303	7,317,177
Department of Health and Human Services	93.351	Direct	23,746	1,006,368
Department of Health and Human Services	93.360	Direct	12,690,251	15,983,039
Boston Medical Center Corporation	93.361	5310	—	23,250
Butler Hospital	93.361	9241-8311	—	120,254
Subtotal			—	143,504
Department of Health and Human Services	93.389	Direct	—	(1)
Department of Health and Human Services	93.393	Direct	871,283	6,928,291
Beth Israel Deaconess Medical Center, Inc.	93.393	1027119	—	92,380
City of Hope	93.393	52454.2002720.669305	—	14,612
Fred Hutchinson Cancer Research Center	93.393	886704	—	2,826
Georgetown University	93.393	GR410057	—	(1,186)
Rector & Visitors of the University of Virginia	93.393	GB10416.154569	—	150,259
Roswell Park Cancer Institute	93.393	63-01	—	87,192
Simmetrix Inc.	93.393	NIH1TRC17B	—	8,381
Vanderbilt University Medical Center	93.393	VUMC59137	—	36,406
Vanderbilt University Medical Center	93.393	VUMC 58931	—	147,272
Subtotal			871,283	7,466,433
Department of Health and Human Services	93.394	Direct	918,300	1,898,683
Mayo Clinic	93.394	BOS-211750-02	—	95,160
The Regents of The University of California	93.394	9452sc	—	19,801
University of California, Los Angeles	93.394	1562GTA938	—	592,401
Subtotal			918,300	2,606,045

**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Department of Health and Human Services	93.395	Direct	\$ —	305,375
Abtelum Biomedical, Inc.	93.395	1R43CA221555-01A1	—	23,331
Beth Israel Deaconess Medical Center, Inc.	93.395	1026146	—	30,560
Boston Medical Center Corporation	93.395	5276	—	3,383
Virginia Commonwealth University	93.395	FP00006681-SA001	—	40,983
Subtotal			—	403,632
Department of Health and Human Services	93.396	Direct	217,114	1,066,693
Anasys Instruments	93.396	Pass-Through Number Not Available	—	100,000
Harvard School of Public Health	93.396	113098-5093071	—	106,118
Subtotal			217,114	1,272,811
Department of Health and Human Services	93.398	Direct	—	217,150
Department of Health and Human Services	93.433	Direct	389,662	2,818,848
Kent State University	93.433	403014-BU	—	91,721
New York University	93.433	17-A0-00-007667	—	5,920
Spaulding Rehabilitation Hospital	93.433	500373	—	15,805
Spaulding Rehabilitation Hospital	93.433	500405	—	30,350
University of Massachusetts, Medical School	93.433	WA00498474/OSP2017117	—	27,174
Subtotal			389,662	2,989,818
Department of Health and Human Services	93.516	Direct	270,703	680,843
Brandeis University	93.575	403599	—	15,556
Brandeis University	93.575	403313	—	27,441
Subtotal			—	42,997
ALEM-RMD Joint Venture	93.701	C10-16	—	397
Kaiser Permanente	93.701	115-9155-01-M1	—	1
Subtotal			—	398
Commonwealth of Massachusetts – Department of Public Health	93.758	INTF1200HH4300522006	—	340,020
Department of Health and Human Services	93.837	Direct	1,242,607	11,674,295
Albert Einstein College of Medicine	93.837	R01HL136266	—	172,925
Beth Israel Deaconess Medical Center, Inc.	93.837	1029109	—	243,377
Boston Biomedical Innovation Center	93.837	118874	—	22,421
Broad Institute, Inc., The	93.837	5100151-5500000879	—	168,474
Cedars-Sinai Medical Center	93.837	1409087	—	9,850
Cincinnati Children's Hospital Medical Center	93.837	138511	—	349
Emory University	93.837	T846793	—	18,669
Massachusetts General Hospital	93.837	232371	—	35,726
Massachusetts General Hospital	93.837	229760	—	316,380
Hansjorg Wyss Institute for Biologically	93.837	CHEN.NIH.R01	—	8,781
Hansjorg Wyss Institute for Biologically	93.837	Chen.NIH.R01	—	75,859
Johns Hopkins University	93.837	2002953683	—	215,187
Joslin Diabetes Center	93.837	100028	—	31,047
Massachusetts General Hospital	93.837	218179	—	8,256
Massachusetts General Hospital	93.837	227547	—	90,200
Massachusetts General Hospital	93.837	227603	—	248,705
McGill University Health Center	93.837	PO CC418	—	172,205
Temple University of the Commonwealth System of Higher Education	93.837	257816	—	146,457
The Brigham and Women's Hospital, Inc.	93.837	118874	—	20,141
The Brigham and Women's Hospital, Inc.	93.837	116480	—	96,419
The Brigham and Women's Hospital, Inc.	93.837	114139	—	183,181
The Regents of the University of California	93.837	9760sc	—	430,113
The University of Iowa	93.837	W000507502	—	(491)
The University of Iowa	93.837	W000868715	—	491
Trustees of the University of Pennsylvania	93.837	569052	—	15,815
Trustees of the University of Pennsylvania	93.837	569298	—	59,908
Trustees of the University of Pennsylvania	93.837	564894	—	75,305
University of Alabama in Huntsville	93.837	000393678-001	—	(8,150)
University of Massachusetts, Lowell	93.837	S51110000032770	—	194,736
University of Michigan	93.837	3004511240	—	81,676
University of Mississippi	93.837	Pass-Through Number Not Available	—	31
University of Mississippi Medical Center	93.837	66100160213-BU	—	(12,625)
University of Utah	93.837	10022504-00	—	(2,162)
University of Washington	93.837	Pass-Through Number Not Available	—	4,870
University of Washington	93.837	UWSC8258	—	24,743
University of Washington	93.837	UWSC6246	—	24,843
University of Washington	93.837	UWSC7565	—	53,932
Washington University	93.837	WU-13-91-MOD-6	—	35,406
Washington University	93.837	WU-17-318	—	41,908
Washington University	93.837	WU-14-110-MOD-4	—	144,091
Yale University	93.837	M16A12611 (CON-80000517)	—	30,233
Yale University	93.837	GR100589 (CON-80000842)	—	99,592
Subtotal			1,242,607	15,253,169

**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Department of Health and Human Services	93.838	Direct	\$ 938,137	5,499,220
Beth Israel Deaconess Medical Center, Inc.	93.838	1029304	—	20,175
Cincinnati Children's Hospital Medical Center	93.838	137990	—	278,874
Massachusetts General Hospital	93.838	230841	—	68,743
Harvard School of Public Health	93.838	5077080-113087	—	151,117
Mayo Clinic	93.838	BOS-196079-04	—	77,137
The Brigham and Women's Hospital, Inc.	93.838	118677	—	7,131
The Brigham and Women's Hospital, Inc.	93.838	117080	—	11,496
The Brigham and Women's Hospital, Inc.	93.838	114533	—	82,315
The Brigham and Women's Hospital, Inc.	93.838	110676	—	197,646
Thomas Jefferson University	93.838	080-18007-S26501	—	14,457
University of California, Los Angeles	93.838	1460GKB108	—	(4)
University of Rochester	93.838	416531	—	31,550
University of Vermont & State Agriculture	93.838	28530SUB51632 BU	—	185,292
Subtotal			938,137	6,625,149
Department of Health and Human Services	93.839	Direct	138,225	1,671,864
Boston Medical Center Corporation	93.839	5846	—	180,438
Cetya Therapeutics	93.839	R41HL136068	—	70,669
Subtotal			138,225	1,922,971
Department of Health and Human Services	93.846	Direct	792,364	5,164,355
Beth Israel Deaconess Medical Center, Inc.	93.846	1029215	—	54,183
Children's Research Institute	93.846	30004438-03	—	88,184
Hebrew Rehabilitation Center For Aged	93.846	90054	—	63,556
Hebrew SeniorLife	93.846	90070	—	38,711
Hebrew SeniorLife	93.846	90077	—	98,920
Massachusetts General Hospital	93.846	224534	—	21,163
Northwestern University	93.846	60049341 BU	—	47,830
The Brigham and Women's Hospital, Inc.	93.846	109379	—	(34,331)
The Brigham and Women's Hospital, Inc.	93.846	114745	—	6,201
The Brigham and Women's Hospital, Inc.	93.846	114522	—	94,074
The Brigham and Women's Hospital, Inc.	93.846	113176	—	109,503
Trustees of the University of Pennsylvania	93.846	570153	—	2,368
Trustees of the University of Pennsylvania	93.846	560224	—	7,016
Trustees of the University of Pennsylvania	93.846	570153	—	19,566
Trustees of the University of Pennsylvania	93.846	572644	—	88,601
University of Nevada, Reno	93.846	UNR-17-71	—	142,598
University of Pittsburgh	93.846	9014773 (130843-1)	—	13,706
University of Pittsburgh	93.846	0055852 (130841-2)	—	76,798
Subtotal			792,364	6,103,002
Department of Health and Human Services	93.847	Direct	1,210,733	10,254,686
Augusta University	93.847	30367-1	—	(5,679)
Augusta University	93.847	30835/30367-1	350,701	479,750
Beth Israel Deaconess Medical Center, Inc.	93.847	1028538	—	144,747
Boston Medical Center Corporation	93.847	5514	—	(21)
Boston Medical Center Corporation	93.847	4849	—	931
Boston Medical Center Corporation	93.847	4861	—	1,589
Boston Medical Center Corporation	93.847	5957	—	3,000
Boston Nutrition Obesity Research Center	93.847	5771	—	3,000
Boston Nutrition Obesity Research Center	93.847	6175	—	3,000
Broad Institute	93.847	5216282-5500000982	—	137,605
Massachusetts General Hospital	93.847	226236	—	(296)
Joslin Diabetes Center	93.847	2-20-877-40	—	29,124
Joslin Diabetes Center	93.847	Sub_P30DK036836_Kasif	—	(1,447)
Joslin Diabetes Center	93.847	Sub_P30DK036836_Kasif	—	32,068
Joslin Diabetes Center	93.847	Sub_P30DK036836_P&F	—	47,427
Massachusetts General Hospital	93.847	229965	—	(1,397)
Massachusetts General Hospital	93.847	223192	—	(75)
Massachusetts General Hospital	93.847	207092	—	(1)
Massachusetts General Hospital	93.847	226142	—	292,009
MyoSyntax Corporation	93.847	1R43HL134529-01	—	38,705
New England Research Institutes	93.847	R21DK100820	—	29
Ohio University	93.847	UT19243	—	2,526
Regents of the University of Colorado	93.847	FY16.810.001	—	112,415
Regents of the University of Minnesota	93.847	P663654801	—	(12,861)
Regents of the University of Minnesota	93.847	P006540204	—	45,286
Regents of the University of Minnesota	93.847	P004760201	—	99,326
SRI International	93.847	PO4705	—	185,420
The University of Alabama at Birmingham	93.847	UA17-031	—	188,077
Trustees of the University of Pennsylvania	93.847	565369	—	42,770

**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
University of Florida	93.847	UF10103	\$ —	1
University of Texas at Austin	93.847	UTA16-001014	—	178,032
Vanderbilt University	93.847	VUMC30937	—	(238)
Washington University	93.847	WU-15-110-MOD-5	—	79,041
Subtotal			<u>1,561,434</u>	<u>12,378,549</u>
Department of Health and Human Services	93.853	Direct	3,030,520	10,038,662
Acorda Therapeutics, Inc.	93.853	Pass-Through Number Not Available	—	2,157
Aquinnah Pharmaceuticals, Inc.	93.853	Pass-Through Number Not Available	—	2,248
California Institute Of Technology	93.853	18B-1096662	—	10,888
California Institute Of Technology	93.853	18B-1098570	—	81,198
Cold Spring Harbor Laboratory	93.853	64100315	—	113,118
Mayo Clinic	93.853	BOS-193537-03	—	282,860
President & Fellows of Harvard College	93.853	150935.5081742.0008	—	6,173
Regents of the University of Colorado	93.853	FY16.414.002	—	301,070
University of Texas Health Science Center	93.853	0010073B	—	44,941
University of Texas Health Science Center	93.853	Pass-Through Number Not Available	—	54,149
University of Texas Health Science Center	93.853	Pass-Through Number Not Available	—	195,613
University of Utah	93.853	10028348	—	1,166
Whitehead Institute for Biomedical Research	93.853	11-4011-0402	—	88,353
Subtotal			<u>3,030,520</u>	<u>11,222,596</u>
Department of Health and Human Services	93.855	Direct	2,801,775	23,021,456
Augusta University	93.855	23069-38	—	(55)
Benaroya Research Institute at Virginia	93.855	FY171TN254	—	21,620
Boston Medical Center Corporation	93.855	5322	—	14,099
Boston Medical Center Corporation	93.855	5037	—	17,693
Boston Medical Center Corporation	93.855	4700	—	119,745
Boston Medical Center Corporation	93.855	5582	—	121,887
Boston Medical Center Corporation	93.855	4275	—	176,814
Duke University	93.855	2034733	—	16,580
Duke University	93.855	2036280	—	237,230
Hektoen Institute for Medical Research	93.855	50612-324-BU1-AI034993	—	26,643
Micro Analysis LLC	93.855	001	—	(1,838)
The Children's Hospital Corporation	93.855	GENFD0001320537	—	78,559
The Miriam Hospital	93.855	7109155HA	—	1,968
The Miriam Hospital	93.855	710-9156-RB	—	27,959
The Miriam Hospital	93.855	7109156	—	33,242
The Miriam Hospital	93.855	710-9160	—	103,675
The Regents of the University of California	93.855	9299SC	—	9,899
The Scripps Research Institute	93.855	5-53306	—	145,457
Trustees of Tufts College, Inc	93.855	101315-00001	—	73,827
University of Kansas	93.855	FY2015-005	—	52,821
University of New Mexico	93.855	3RZ17	—	3,198
University of Toronto	93.855	501095-Subgrant2	—	213,336
University of Wisconsin System	93.855	561K234	—	(52)
University of Wisconsin System	93.855	762K090	—	805,403
Vanderbilt University	93.855	VUMC62518	—	72,180
Vanderbilt University Medical Center	93.855	VUMC 65588	—	8,895
Wits Health Consortium	93.855	D1403300-04	—	172,171
Subtotal			<u>2,801,775</u>	<u>25,574,412</u>
Department of Health and Human Services	93.859	Direct	471,420	11,637,964
Acpharis, Inc.	93.859	Pass-Through Number Not Available	—	57,292
Carnegie Mellon University	93.859	1090515-390618	—	19,873
Dana-Farber Cancer Institute	93.859	1260001	—	34,537
Dartmouth College	93.859	1281	—	(115)
Massachusetts General Hospital	93.859	230194	—	331,666
Massachusetts Institute of Technology	93.859	6934907	—	18,988
MassTech Inc.	93.859	BOS001	—	2,963
NanoValent Pharmaceuticals, Inc.	93.859	116530-01A1SUB	—	11,950
President & Fellows of Harvard College	93.859	JAMES_CHUANG_153204_2018	—	1,088
President & Fellows of Harvard College	93.859	James_Chuang_152369_2017	—	28,275
Texas A&M University	93.859	02-S150244	—	138,509
The University of California, Santa Cruz	93.859	A00-0506-S002-P0557351	—	33,374
Trustees of the University of Pennsylvania	93.859	565220	—	45,129
University of California, San Diego	93.859	99036615	—	12,251
University of Cincinnati	93.859	008632-006	—	14,353
University of Illinois	93.859	2010-00365-03	—	(634)
University of Southern California	93.859	47735772	—	3,620
Subtotal			<u>471,420</u>	<u>12,391,083</u>



**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
International Society of Travel Medicine	93.860	Pass-Through Number Not Available	\$ —	170,990
Department of Health and Human Services	93.865	Direct	1,212,512	4,235,422
AbleLink Technologies, Inc.	93.865	Pass-Through Number Not Available	—	17,368
Boston Medical Center Corporation	93.865	6259	—	18,049
Florida State University	93.865	R01955	—	46,437
Hansjorg Wyss Institute for Biologically	93.865	167971-5099650	—	130,729
Mayo Clinic	93.865	BOS-201208-04	—	105,619
Regents of the University of Michigan	93.865	3003795363	—	28,157
Simbex, LLC	93.865	SIMBEX-001	—	62,971
Transtation of Rehabilitation Engineering	93.865	Pass-Through Number Not Available	—	(91)
Trustees of Dartmouth College dba Dartmo	93.865	R870	—	171,833
Tufts – New England Medical Center	93.865	5014606-SERV	—	11,184
University of California, San Diego	93.865	92623940	—	41,045
University of Maryland	93.865	43924-20751001	—	237,985
University of Massachusetts, Worcester	93.865	WA00421402/OSP2016189	—	100,849
University of North Carolina at Chapel Hill	93.865	5108778	—	5,806
Washington University	93.865	WU-15-13	—	(2,675)
Washington University	93.865	WU-14-121	—	(420)
Washington University	93.865	WU-17-66-MOD-2	—	8,047
Washington University	93.865	WU-18-9	—	130,667
Subtotal			<u>1,212,512</u>	<u>5,348,982</u>
Department of Health and Human Services	93.866	Direct	3,192,920	17,656,329
Boston Medical Center Corporation	93.866	4041	—	106,329
Boston Medical Center Corporation	93.866	4044	—	163,641
Brandeis University	93.866	402461	1,073	(4,299)
Buck Institute for Research on Aging	93.866	SA36011-BU	—	35,443
California Pacific Medical Center	93.866	2803227-S183	7,606	(2,482)
California Pacific Medical Center	93.866	2803226-S160	—	3,199
California Pacific Medical Center	93.866	280201008-S189	—	130,127
Harvard University	93.866	114963-5096729	—	33,421
Hebrew Rehabilitation Center For Aged	93.866	10.10.90072	—	34,551
Hebrew SeniorLife	93.866	90075	—	18,598
Hebrew SeniorLife	93.866	90067	—	19,812
Jackson Laboratory	93.866	PO 208766	—	11,988
Johns Hopkins University	93.866	2002404455	—	(1,236)
Michigan State University	93.866	RC106619A	—	73,242
Northwestern University	93.866	60034742 BU	—	(30,312)
Northwestern University	93.866	60044936 BU	—	103,930
Rush University Medical Center	93.866	15012302-Sub01-Amend02	—	7,327
The Brigham and Women's Hospital, Inc.	93.866	109638	—	(3,125)
The Brigham and Women's Hospital, Inc.	93.866	113340	—	17,895
The Brigham and Women's Hospital, Inc.	93.866	115904	—	21,047
The Brigham and Women's Hospital, Inc.	93.866	113049	—	52,385
The Brigham and Women's Hospital, Inc.	93.866	114185	—	136,885
The Brigham and Women's Hospital, Inc.	93.866	117618	—	319,554
Trustees of the University of Pennsylvania	93.866	563259	—	4,423
Trustees of the University of Pennsylvania	93.866	571708	—	24,228
Trustees of the University of Pennsylvania	93.866	571185/10052383/19532	—	58,859
Trustees of the University of Pennsylvania	93.866	571185/10052383/19533	—	168,935
Trustees of the University of Pennsylvania	93.866	568785/10047877/14658-01	—	294,547
Trustees of the University of Pennsylvania	93.866	564315	—	345,644
University of California, San Diego	93.866	45891078	—	(17,256)
University of California, San Diego	93.866	79786571	—	28,008
University of California, San Diego	93.866	64588650	—	30,837
University of California, San Diego	93.866	95993052	—	68,342
University of California, San Diego	93.866	74138593	—	138,414
University of California, San Diego	93.866	66602940	—	922,064
University of Michigan	93.866	3004657720	—	6,684
University of Michigan	93.866	3004604523	—	80,064
University of Mississippi Medical Center	93.866	66104160315-BU	—	5,082
University of Southern California	93.866	65949619	—	53,185
University of Southern California	93.866	75696109	—	82,772
University of Southern California	93.866	79685083	—	85,745
University of Texas Health Science Center	93.866	Pass-Through Number Not Available	—	105,684
University of Texas Health Science Center	93.866	Pass-Through Number Not Available	—	116,131
University of Texas Health Science Center	93.866	Pass-Through Number Not Available	—	303,935
University of Texas Health Science Center	93.866	Pass-Through Number Not Available	—	561,689
University of Washington	93.866	UWSC7719	—	26,771
University of Washington	93.866	UWSC10173	—	28,532
University of Washington	93.866	UWSC 7896	—	29,265
University of Washington	93.866	UWSC10019	—	60,367
University of Wisconsin, Madison	93.866	771K551	—	45,832
Subtotal			<u>3,201,599</u>	<u>22,563,032</u>

**BOSTON UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Department of Health and Human Services	93.867	Direct	\$ 424,018	3,553,654
Duke University	93.867	2036376	—	42,903
Northwestern University	93.867	SP0028943-PROJ0007596	—	42,619
President & Fellows of Harvard College	93.867	153088.5092436.0002	—	16,346
Trustees of the University of Pennsylvania	93.867	569710	—	12,501
University of Southern California	93.867	75683842	—	10,660
Subtotal			424,018	3,678,683
Department of Health and Human Services	93.884	Direct	15,333	427,345
Boston Medical Center Corporation	93.884	5422	—	37,025
Boston Medical Center Corporation	93.884	5423	—	58,177
Subtotal			15,333	522,547
Department of Health and Human Services	93.924	Direct	182,138	268,274
Department of Health and Human Services	93.928	Direct	20,410	244,607
Commonwealth of Massachusetts – Department of Public Health	93.944	INTF4971M04500824097	—	23,377
Department of Health and Human Services	93.989	Direct	26,408	53,116
Dartmouth College Medical School	93.989	R265	—	15,111
Harvard School of Public Health	93.989	5101819-116559	—	15,564
Subtotal			26,408	83,791
Department of Health and Human Services	93.UNK	Direct	351,182	6,812,894
Arizona Board of Regents, University of Arizona	93.UNK	260904	—	20,507
Broad Institute	93.UNK	5000610-5500000961	—	116,702
Butler Hospital	93.UNK	Pass-Through Number Not Available	—	4,227
Cleveland Clinic Lerner College of Medicine	93.UNK	Pass-Through Number Not Available	—	16,532
Duke University	93.UNK	2035950	—	7,548
McKing Consulting Corporation	93.UNK	BU-02-6240	—	98,944
RAND Corporation	93.UNK	9920160005	—	(2,417)
University of Mississippi Medical Center	93.UNK	66102690414-04BU	—	36,358
Vanderbilt University	93.UNK	Pass-Through Number Not Available	—	5,566
Veterans Affairs Medical Center of Washington	93.UNK	Direct	—	5,052
Vysnova Partners Inc.,	93.UNK	SC-2017-3034-BU	—	118,928
Wave 80 Biosciences, Inc.	93.UNK	W802010001	—	(266)
Westat, Inc.	93.UNK	6579-S36	—	28,302
Westat, Inc.	93.UNK	6101-S081	—	28,770
Subtotal			351,182	7,297,647
Department of Health and Human Services Total			39,001,779	220,549,834
Department of Homeland Security:				
Northeastern University	97.061	505126-78050	—	80,996
Northeastern University	97.061	505035-78050	—	285,819
Subtotal			—	366,815
Department of Homeland Security	97.UNK	Direct	—	186,399
Northeastern University	97.UNK	505118-78051	—	113,007
Subtotal			—	299,406
Department of Homeland Security Total			—	666,221
Department of Housing and Urban Development:				
Harvard School of Public Health	14.906	114941-5085771	—	4,879
Department of Housing And Urban Development Total			—	4,879
Department of Justice:				
Department of Justice	16.560	Direct	159,031	705,604
Boston Medical Center Corporation	16.560	3984	—	3,797
Flashscan3D, LLC.	16.560	NIJ02	—	33,983
RTI International	16.560	1-340-0215509-52912L	—	65,192
RTI International	16.560	1-340-0215510-52935L	—	110,967
The President and Fellows of Harvard College	16.560	116230-5099851	—	58,209
University of Illinois	16.560	14855	—	1,266
Subtotal			159,031	979,018
Medical University of South Carolina	16.582	MUSC17-113-8C959	—	73,288
Partners For Youth With Disabilities	16.726	PYD-OJJD-004	—	9,327
Portland State University	16.726	203KEL366	—	(198)
University of Massachusetts, Boston	16.726	B000256225	—	14,443
Subtotal			—	23,572
Department of Justice Total			159,031	1,075,878

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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 Labor:				
Institute for Educational Leadership	17.720	OD-23804-12-75-4-11	\$ —	62,698
Ohio State University Research Foundation	17.UNK	RF01505779	—	37,998
Department of Labor Total			—	100,696
Department of the State:				
Institute of International Education	19.010	IIE0138_BU_7.1.17	—	208,604
Department of the State Total			—	208,604
Department of the Interior:				
Merrimack Valley Planning Commission	15.153	32324-B	—	14,769
Merrimack Valley Planning Commission	15.153	32324-F	40,399	42,134
Subtotal			40,399	56,903
Department of the Interior	15.808	Direct	29,434	100,992
Department of the Interior	15.944	Direct	—	57,384
Department of the Interior	15.UNK	Direct	—	120,057
Systems and Technology Research	15.UNK	2017-0030	—	347,356
Subtotal			—	467,413
Department of the Interior Total			69,833	682,692
Department of Transportation:				
Department of Transportation	20.109	Direct	194,033	507,481
Department of Transportation Total			194,033	507,481
Department of Veterans Affairs:				
Department of Veterans Affairs	64.UNK	Direct	—	3,209,270
The MITRE Corporation	64.UNK	119096	—	48,525
Department of Veterans Affairs Total			—	3,257,795
Environmental Protection Agency:				
The Research Foundation For The State University of New York	66.437	66833	—	89,179
Duke University	66.509	15-EPA-1056	—	38,969
The President and Fellows of Harvard College	66.509	112546-5096985_Admi	—	20,026
The President and Fellows of Harvard College	66.509	112546-5102000_CEC	8,414	50,697
The President and Fellows of Harvard College	66.509	112544-5107548	—	54,531
The President and Fellows of Harvard College	66.509	112546-5102002_P1	—	67,402
The President and Fellows of Harvard College	66.509	112546-5102006_P3	—	68,017
Subtotal			8,414	299,642
Environmental Protection Agency	66.514	Direct	—	18,655
Environmental Protection Agency Total			8,414	407,476
Executive Office of the President:				
Boston Medical Center Corporation	95.007	Pass-Through Number Not Available	—	18,831
Executive Office of the President Total			—	18,831
National Aeronautics and Space Administration:				
National Aeronautics and Space Administration	43.001	Direct	592,876	3,997,353
Atmospheric and Environmental Research	43.001	P2088-001	—	65,984
City University of New York	43.001	49A36-A	—	34,872
Earth Big Data, LLC	43.001	EBD-C302-01	—	49,493
Jet Propulsion Laboratory	43.001	1548099	—	(60)
Jet Propulsion Laboratory	43.001	1569876	—	4,018
Jet Propulsion Laboratory	43.001	1597249	—	5,119
Jet Propulsion Laboratory	43.001	1567967	—	5,437
Jet Propulsion Laboratory	43.001	1569022	—	11,978
Jet Propulsion Laboratory	43.001	1579437	—	35,000
Planetary Science Institute	43.001	1553 Boston Univ	—	9,477
Regents of the University of Minnesota	43.001	H006201402	—	87,789
Smithsonian Astrophysical Observatory	43.001	GO6-17105X	—	7,773
South Dakota State University	43.001	3TB613	—	76,849
Southwest Research Institute	43.001	E99019MO	—	(265)
The Research Foundation for the State University of New York	43.001	68198-1117928-2	—	51,501
The Trustees Of Columbia University In the City of New York	43.001	1(GG012542)	—	83,626
Universities Space Research Association	43.001	SOF 04-0055	—	1
Universities Space Research Association	43.001	SOF-06-0039-CLEMENS	—	6,844
Universities Space Research Association	43.001	SOF-06-0014-CLEMENS	—	6,844
Universities Space Research Association	43.001	SOF-06-0013-CLEMENS	—	6,844
Universities Space Research Association	43.001	SOF 06-0012	—	9,482
Universities Space Research Association	43.001	SOF 06-0047	—	9,482

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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
Universities Space Research Association	43.001	SOF 04-0026	\$ —	13,724
Universities Space Research Association	43.001	SOF 05-0036	—	18,257
University of Maryland	43.001	9940-Z6867001	—	13,537
University of Michigan	43.001	3004063795	—	18,316
University of Wisconsin, Madison	43.001	775K736	—	44,009
Woods Hole Research Center	43.001	WHRC – WG0871-01	—	65,460
Subtotal			592,876	4,738,744
Jet Propulsion Laboratory	43.UNK	1560017	—	8,833
Jet Propulsion Laboratory	43.UNK	1503094	—	33,819
Massachusetts Institute of Technology	43.UNK	5700022302	—	(357)
Regents of the University of Colorado	43.UNK	1000320450	—	222,338
Regents of the University of Colorado	43.UNK	1000713692	—	275,188
Space Telescope Science Institute	43.UNK	HST-GO-13794.001-A	—	(222)
Space Telescope Science Institute	43.UNK	HST-GO-15147.001-A	—	1,195
Space Telescope Science Institute	43.UNK	HST-GO-15155.002-A	—	2,008
Space Telescope Science Institute	43.UNK	HST-GO-14048.001-A	—	5,823
Space Telescope Science Institute	43.UNK	HST-GO – 15098.001-A	—	6,149
Space Telescope Science Institute	43.UNK	HST-GO-15165.001-A	—	10,345
Space Telescope Science Institute	43.UNK	HST-GO-14646.007-A	—	11,641
Space Telescope Science Institute	43.UNK	HST-GO-15097.001-A	—	16,226
Space Telescope Science Institute	43.UNK	HST-GO-14193.001-A	—	17,412
Space Telescope Science Institute	43.UNK	HST-GO-14105.002-A	—	32,499
Space Telescope Science Institute	43.UNK	HST-GO-14752.001-A	—	42,055
Space Telescope Science Institute	43.UNK	HST-GO-14267.002-A	—	67,701
Space Telescope Science Institute	43.UNK	HST-GO-14634.002-A	—	80,429
Space Telescope Science Institute	43.UNK	HST-AR-14576.001-A	—	24,088
START International, Inc.	43.UNK	Pass-Through Number Not Available	—	29,224
University of California, Berkeley	43.UNK	9763	—	20,342
Subtotal			—	906,736
National Aeronautics and Space Administration Total			592,876	5,645,480
National Endowment for the Humanities:				
Duke University	45.161	343-0648	—	11,371
Metropolitan State University of Denver	45.161	1216-1	—	14,049
National Endowment for the Humanities Total			—	25,420
National Science Foundation:				
National Science Foundation	47.041	Direct	271,834	5,240,248
Flashscan3D, LLC.	47.041	NSF01	—	303
Massachusetts Institute of Technology	47.041	5710003977	—	120,946
Nanoview Diagnostics Inc.	47.041	Pass-Through Number Not Available	—	58,623
Rensselaer Polytechnic Institute	47.041	A12020	61,737	286,665
Trustees of the University of Pennsylvania	47.041	570440	—	241,291
University of California, San Diego	47.041	79408553	—	103,773
University of Michigan	47.041	3003575316	—	19,687
Subtotal			333,571	6,071,536
National Science Foundation	47.049	Direct	3,546	5,932,841
Massachusetts Institute of Technology	47.049	62197	—	23,905
The Children's Hospital Corporation	47.049	GENFD0001321241	—	27,929
The Research Foundation For The State University of New York	47.049	76749/1136652/2R&D	—	40,684
The Research Foundation For The State University of New York	47.049	76749/1136652/2M&O	—	119,976
The Research Foundation For The State University of New York	47.049	76749/1136652/2Tier2	—	692,084
Wellesley College	47.049	26348-1	—	18,259
Subtotal			3,546	6,855,678
National Science Foundation	47.050	Direct	120,053	2,206,138
Conservation International	47.050	1000483	—	8,726
Marine Biological Laboratory	47.050	52679	—	1,020
Massachusetts Institute of Technology	47.050	5710003379	—	1,119
Massachusetts Institute of Technology	47.050	5710003495	—	28,958
Pennsylvania State University	47.050	4754-BU-NSF-0507	—	9,443
University of North Carolina at Chapel Hill	47.050	5109382	—	16,673
University of Southern California	47.050	90931209	—	20,000
Subtotal			120,053	2,292,077
National Science Foundation	47.070	Direct	210,085	8,190,490
Hansjorg Wyss Institute for Biologically	47.070	167907-5084537	—	74,493
Harvard University	47.070	123777-5103881	—	106,436
Raytheon BBN Technologies Corp.	47.070	3001	—	43,019
Raytheon BBN Technologies Corp.	47.070	14564	—	47,122
Raytheon BBN Technologies Corp.	47.070	9500012010	—	(25)

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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
The Research Foundation for the State University of New York	47.070	75508/1133893/2	\$ —	105,036
University of Illinois	47.070	14449	—	138,373
Virginia Polytechnic Institute and State University	47.070	479859-19C90	—	26,740
Virginia Polytechnic Institute and State University	47.070	479859-19C90A	—	26,740
Subtotal			<u>210,085</u>	<u>8,758,424</u>
National Science Foundation	47.074	Direct	133,294	3,433,449
Cary Institute of Ecosystem Studies	47.074	3298/200201806	—	2,945
Cary Institute of Ecosystem Studies	47.074	3340/200201857	—	29,647
Oregon State University	47.074	S1798A-A	—	18,676
President and Fellows of Harvard College	47.074	131706-5056666	—	80,914
Rector & Visitors of the University of Virginia	47.074	GA11020-142303	—	43,863
University of Denver	47.074	SC37363-02	—	84,887
University of North Carolina at Chapel Hill	47.074	5108644	—	144,637
University of Wisconsin System	47.074	173405016	—	60,752
Subtotal			<u>133,294</u>	<u>3,899,770</u>
National Science Foundation	47.075	Direct	67,368	1,424,942
Rutgers University	47.075	78	—	97,383
Subtotal			<u>67,368</u>	<u>1,522,325</u>
National Science Foundation	47.076	Direct	57,026	3,346,057
University of Massachusetts, Amherst	47.076	11006701A00	—	(31)
University of Wisconsin, Madison	47.076	782K460	—	33,151
Subtotal			<u>57,026</u>	<u>3,379,177</u>
National Science Foundation	47.079	Direct	—	31,044
Boston Medical Center Corporation	47.079	3772	—	15,079
Subtotal			<u>—</u>	<u>46,123</u>
National Science Foundation	47.UNK	Direct	—	750,738
National Science Foundation Total			<u>924,943</u>	<u>33,575,848</u>
Social Security Administration: Trustees of Boston College	96.007	5002110-S2	—	44,999
Social Security Administration Total			<u>—</u>	<u>44,999</u>
United States Institute of Peace: United States Institute of Peace	91.UNK	Direct	—	14,537
United States Institute of Peace Total			<u>—</u>	<u>14,537</u>
Research and Development Cluster Total			<u>45,907,475</u>	<u>296,152,451</u>
Student Financial Assistance Cluster: Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	Direct	—	2,808,798
Federal Work Study	84.033	Direct	—	2,753,790
Perkins Loan Program	84.038	Direct	—	44,512,915
Federal Pell Grant Program	84.063	Direct	—	13,005,283
Pell Administrative Cost Allowance	84.063	Direct	—	14,165
Federal Direct PLUS Loan Program	84.268	Direct	—	97,579,302
Federal Direct Stafford Loan Program	84.268	Direct	—	160,557,353
Teacher Education Assistance for College and Higher Education Grants	84.379	Direct	—	55,866
Department of Education Total			<u>—</u>	<u>321,287,472</u>
Department of Health and Human Services:				
Health Professions Student Loans – Dental	93.342	Direct	—	1,154,385
Health Professions Student Loans – Medical	93.342	Direct	—	2,878
Loans for Disadvantaged Students – Dental	93.342	Direct	—	575,005
Loans for Disadvantaged Students – Medical	93.342	Direct	—	214,916
Medical – Primary Care	93.342	Direct	—	952,599
Department of Health and Human Services Total			<u>—</u>	<u>2,899,783</u>
Student Financial Assistance Cluster Total			<u>—</u>	<u>324,187,255</u>
Other Program Awards: TRIO Cluster: Trio Direct Programs: Department of Education	84.047	Direct	—	651,162
Department of Education Total			<u>—</u>	<u>651,162</u>
TRIO Cluster Total			<u>—</u>	<u>651,162</u>

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Child Nutrition Cluster:				
Child Nutrition Pass-through Programs:				
Commonwealth of Massachusetts:				
Department of Agriculture	10.559	Direct	\$ —	14,449
Commonwealth of Massachusetts Total			—	14,449
Child Nutrition Cluster Total			—	14,449
Special Education Cluster (IDEA):				
Special Education Pass-through Programs:				
Commonwealth of Massachusetts:				
Department of Education	84.027	Direct	—	269,186
Commonwealth of Massachusetts Total			—	269,186
Special Education Cluster Total			—	269,186
Direct Programs:				
Department of Defense:				
U.S. Army Research Institute of Environment	12.UNK	Direct	—	(599)
Department of Defense Total			—	(599)
Department of Education:				
Department of Education	84.305	Direct	187,967	218,207
Department of Education Total			187,967	218,207
Department of Energy:				
Department of Energy	81.049	Direct	—	10,000
Department of Energy Total			—	10,000
Department of Health and Human Services:				
Health Resources and Services Administration	93.059	Direct	—	86,723
Health Resources and Services Administration	93.110	Direct	116,994	468,462
Substance Abuse and Mental Health Service Administration	93.243	Direct	145,560	711,723
Health Resources and Services Administration	93.330	Direct	—	159,148
Health Resources and Services Administration	93.914	Direct	585,412	1,759,709
Health Resources and Services Administration	93.924	Direct	—	574,507
Health Resources and Services Administration	93.928	Direct	88,926	722,551
Department of Health and Human Services Total			936,892	4,482,823
Department of State:				
Department of State	19.900	Direct	—	80,516
Department of State Total			—	80,516
Environmental Protection Agency:				
Environmental Protection Agency	66.UNK	Direct	—	7,500
Environmental Protection Agency Total			—	7,500
National Endowment For The Arts:				
National Endowment For The Arts	45.024	Direct	—	33,340
National Endowment for the Arts Total			—	33,340
National Endowment For The Humanities:				
National Endowment For The Humanities	45.160	Direct	—	42,000
National Endowment For The Humanities	45.161	Direct	—	14,397
National Endowment For The Humanities	45.163	Direct	—	50,515
National Endowment For The Humanities Total			—	106,912
Other Program Awards Total			1,124,859	4,938,699
Other Program Awards:				
Pass-through Awards:				
Corporation for National and Community Service:				
Jumpstart For Young Children, Inc.	94.006	CFDA-94.006-JS-SITE 84_	—	(1)
Jumpstart For Young Children, Inc.	94.006	840,200	—	68,945
Subtotal			—	68,944
Greenlight Fund, Inc	94.019	B-04	—	117,118
Corporation for National and Community Service Total			—	186,062

**BOSTON UNIVERSITY**  
 Supplementary Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2018

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:				
Bronx Veterans Medical Research Foundation	12.420	GW110054	\$ —	7,397
Academy of Applied Sciences, Inc.	12.630	Pass-Through Number Not Available	—	10,108
Charles Stark Draper Laboratory, Inc.	12.UNK	001-0001033814	—	(1,353)
Beth Israel Deaconess Medical Center	12.UNK	W81XWH-13-1-0050	—	7,422
Beth Israel Deaconess Medical Center	12.UNK	1026018	—	12,912
Subtotal			—	18,981
Department of Defense Total			—	36,486
Department of Education:				
City of Boston/Boston Public Schools	84.010	PO 0000616040	—	(95)
West African Research Association	84.018	Pass-Through Number Not Available	—	(5,121)
Institute for Educational Leadership	84.264	Pass-Through Number Not Available	—	76,919
Public Broadcasting Service	84.295	Pass-Through Number Not Available	—	148,884
SERP Institute	84.305	Pass-Through Number Not Available	—	26,842
Commonwealth of Massachusetts	84.334		—	8,850
Department of Education Total			—	256,279
Department of Energy:				
President and Fellows of Harvard College	81.049	Pass-Through Number Not Available	—	(599)
Department of Energy Total			—	(599)
Department of Health and Human Services:				
Association of Maternal and Child Health	93.110	5105333	—	40,678
Boston Medical Center Corporation	93.243	1756	—	(24)
Casa Esperanza, Inc.	93.243	1H79SM060845-03	—	(531)
Casa Esperanza, Inc.	93.243	1H79TI026603-01	—	8,587
Casa Esperanza, Inc.	93.243	1H79TI025576-03	—	22,635
Casa Esperanza, Inc.	93.243	1H79TI026380-02	25,241	31,307
Commonwealth of Massachusetts – Department of Public Health	93.243	INTF4107M04W16012090	—	16,971
Institute for Health and Recovery, Inc.	93.243	Pass-Through Number Not Available	—	(436)
Institute for Health and Recovery, Inc.	93.243	Pass-Through Number Not Available	—	34,278
Institute for Health and Recovery, Inc.	93.243	Pass-Through Number Not Available	—	49,465
Jewish Family & Children's Service	93.243	Pass-Through Number Not Available	—	77,859
Subtotal			25,241	240,111
City of Boston/Boston Public Health Commission	93.738	FY15015222	—	163,516
Commonwealth of Massachusetts – Department of Public Health	93.918	INTF3712M04500824251	—	(42)
Boston VA Research Institute, Inc.	93.UNK	Pass-Through Number Not Available	—	(76)
Center for Social Innovation, LLC	93.UNK	BRSS TACS 2-BY-BU	—	2,624
Center for Social Innovation, LLC	93.UNK	BRSS TACS-OY1-BU	—	15,556
Commonwealth of Massachusetts – Department of Public Health	93.UNK	INTF3712M04500824252	—	18,181
Subtotal			—	36,285
Department of Health and Human Services Total			25,241	480,548
National Aeronautics and Space Administration:				
Massachusetts General Hospital	43.001	226844	—	33,245
University of Toledo	43.001	N-125107-01 (F-2016-22)	—	257,047
National Aeronautics and Space Administration Total			—	290,292
National Endowment For The Humanities:				
The Library Company of Philadelphia	45.160	Pass-Through Number Not Available	—	(5)
National Endowment For The Humanities Total			—	(5)
Other Program Awards Pass-through Total			25,241	1,249,063
Other Program Awards Total			1,150,100	6,187,762
Total Expenditures of Federal Awards			\$ 47,057,575	627,462,265

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, 2018

#### (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, 2018. 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, 2018 for on campus and off campus sponsored research activities. The base rates in effect for the year ended June 30, 2018 were 64.5% for on campus research and 26% 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, 2018

**(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:

	<b>Federal CFDA number</b>	<b>Balance as of July 1, 2017</b>	<b>Loans issued</b>	<b>Payments received</b>	<b>Balance as of June 30, 2018</b>
Perkins Loan Program	84.038	\$ 41,768,907	2,744,008	(6,431,838)	38,081,077
Medical-Primary Care	93.342	952,599	—	(287,704)	664,895
Health Professions Student Loans (HPSL):					
Medical	93.342	2,878	—	—	2,878
Dental	93.342	1,094,385	60,000	(132,960)	1,021,425
Loans for Disadvantaged Students (LOS):					
Medical	93.342	214,916	—	(16,018)	198,898
Dental	93.342	530,005	45,000	(69,282)	505,723
<b>Totals</b>		\$ <u>44,563,690</u>	<u>2,849,008</u>	<u>(6,937,802)</u>	<u>40,474,896</u>

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, 2018.

*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, 2018 are summarized as follows:

	<b>Federal CFDA number</b>	<b>Loans distributed</b>
Federal Direct Stafford Loan Program	84.268	\$ 160,557,353
Federal Direct PLUS Loan Program	84.268	97,579,302
<b>Total Federal Direct Student Loans</b>		\$ <u>258,136,655</u>

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



KPMG LLP  
Two Financial Center  
60 South Street  
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, 2018, 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 13, 2018.

**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 13, 2018



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

## **Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Trustees  
Boston University:

### **Report on Compliance for 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 the University's major federal program for the year ended June 30, 2018. The University's major federal program is 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 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 the University's major federal program 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 the 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 the University's major federal program. However, our audit does not provide a legal determination of the University's compliance.

#### *Opinion on 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 its major federal program for the year ended June 30, 2018.



## 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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, 2018

**BOSTON UNIVERSITY**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2018

**(1) Summary of Auditors' Results**

*Consolidated Financial Statements*

Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with U.S. 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 consolidated 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 auditors' report issued on compliance for 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 Major Program*

Name of federal program/cluster	CFDA numbers
Research and Development 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.