BROWN UNIVERSITY

Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

BROWN UNIVERSITY

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KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report

The President and Corporation
Brown University:

Opinion

We have audited the financial statements of Brown University (the University), which comprise the balance sheets as of June 30, 2026 and 2025, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Providence, Rhode Island
October 27, 2026

BROWN UNIVERSITY

Balance Sheets

June 30, 2026 and 2025
(Dollars in thousands)

Assets		2026	2025
Cash and cash equivalents	$	703,076	653,117
Accounts receivable and other assets		117,850	142,163
Contributions receivable, net		390,349	455,699
Funds held in trust by others		42,829	40,562
Operating lease right-of-use assets		72,664	65,839
Investments		9,687,806	8,180,357
Land, buildings and equipment, net		1,905,582	1,746,131
Total assets	$	12,920,156	11,283,868
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities	$	147,651	126,557
Student deposits and deferred revenue		88,081	89,420
Funds held for others		508,405	261,757
Operating lease obligations		75,409	68,082
Other long-term obligations		181,715	76,270
Retirement benefit obligations		76,164	62,929
Bonds, loans and notes payable		1,781,268	1,664,464
Total liabilities		2,858,693	2,349,479
Net assets:			
Without donor restrictions		1,991,726	1,728,866
With donor restrictions		8,069,737	7,205,523
Total net assets		10,061,463	8,934,389
Total liabilities and net assets	$	12,920,156	11,283,868

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2026
(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Net tuition and fees	$ 428,292	—	428,292
Grants and contracts	296,403	—	296,403
Contributions	76,330	37,322	113,652
Endowment return appropriated	343,729	13,073	356,802
Sales and services of auxiliary enterprises	149,119	—	149,119
Other income	148,735	—	148,735
Net assets released from restrictions	32,986	(32,986)	—
Total operating revenues	1,475,594	17,409	1,493,003
Operating expenses:			
Salaries and wages	615,891	—	615,891
Employee benefits	192,494	—	192,494
Graduate student support	94,783	—	94,783
Purchased services	159,817	—	159,817
Supplies and general	271,346	—	271,346
Utilities and occupancy	44,728	—	44,728
Interest	66,497	—	66,497
Depreciation	97,822	—	97,822
Operating expenses	1,543,378	—	1,543,378
Change in net assets from operating activities	(67,784)	17,409	(50,375)
Nonoperating activities:			
Contributions	21,237	151,813	173,050
Net investment return	303,520	1,076,914	1,380,434
Endowment return appropriated	(51,223)	(305,579)	(356,802)
Other changes, net	(5,326)	(13,907)	(19,233)
Net assets released from restrictions	62,436	(62,436)	—
Change in net assets from nonoperating activities	330,644	846,805	1,177,449
Change in net assets	262,860	864,214	1,127,074
Net assets, beginning of year	1,728,866	7,205,523	8,934,389
Net assets, end of year	$ 1,991,726	8,069,737	10,061,463

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2025
(Dollars in thousands)

	Without donor restrictions	With donor restrictions	Total
Operating revenues:			
Net tuition and fees	$ 414,466	—	414,466
Grants and contracts	310,264	—	310,264
Contributions	86,682	51,537	138,219
Endowment return appropriated	337,929	13,717	351,646
Sales and services of auxiliary enterprises	145,601	—	145,601
Other income	121,547	—	121,547
Net assets released from restrictions	37,037	(37,037)	—
Total operating revenues	1,453,526	28,217	1,481,743
Operating expenses:			
Salaries and wages	610,019	—	610,019
Employee benefits	179,220	—	179,220
Graduate student support	93,337	—	93,337
Purchased services	161,586	—	161,586
Supplies and general	261,198	—	261,198
Utilities and occupancy	38,787	—	38,787
Interest	38,173	—	38,173
Depreciation	96,824	—	96,824
Operating expenses	1,479,144	—	1,479,144
Change in net assets from operating activities	(25,618)	28,217	2,599
Nonoperating activities:			
Contributions	15,266	153,083	168,349
Net investment return	129,527	670,127	799,654
Endowment return appropriated	(52,973)	(298,673)	(351,646)
Other changes, net	(22,100)	1,101	(20,999)
Net assets released from restrictions	1,228	(1,228)	—
Change in net assets from nonoperating activities	70,948	524,410	595,358
Change in net assets	45,330	552,627	597,957
Net assets, beginning of year	1,683,536	6,652,896	8,336,432
Net assets, end of year	$ 1,728,866	7,205,523	8,934,389

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2026 and 2025
(Dollars in thousands)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 1,127,074	597,957
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(1,567,778)	(849,457)
Depreciation	97,822	96,824
Amortization of bond premium and refinancing gain	(6,131)	(5,862)
Net loss from disposals of land, building and equipment	773	503
Change in funded status of pension obligation	(18,425)	(6,406)
Change in fair value of interest rate swap liabilities	(1,658)	(578)
Change in asset retirement obligation	340	690
Change in estimate of split-interest obligations	3,676	1,685
Contributions restricted for plant and endowment	(225,123)	(216,580)
Change in accounts receivable and other assets	41,439	(31,091)
Change in accounts payable and accrued liabilities	13,691	(2,072)
Change in contributions receivable, net	65,350	43,202
Change in funds held for others	246,648	211,815
Change in other assets and liabilities, net	117,326	30,942
Net cash used in operating activities	(104,976)	(128,428)
Cash flows from investing activities:		
Additions to land, buildings and equipment	(259,599)	(202,393)
Purchases of investments	(1,181,690)	(1,763,330)
Sales and redemptions of investments	1,215,978	1,805,662
Notes repaid by students and others, net	1,299	1,501
Change in funds held in trust by others	(2,267)	3,212
Net cash used in investing activities	(226,279)	(155,348)
Cash flows from financing activities:		
Contributions restricted for plant and endowment	225,123	216,580
Proceeds from sale of restricted gifts of securities	34,997	10,642
Payments under split-interest obligations	(1,841)	(2,994)
Payments on long-term debt	(510,110)	(10,295)
Proceeds from issuance of debt, including premium	500,000	354,719
Proceeds from issuance of commercial paper	133,045	43,794
Net cash provided by financing activities	381,214	612,446
Change in cash and cash equivalents	49,959	328,670
Cash and cash equivalents, beginning of year	653,117	324,447
Cash and cash equivalents, end of year	$ 703,076	653,117

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Brown University (the University or Corporation) is a private, not-for-profit, nonsectarian, co-educational institution of higher education with approximately 7,200 undergraduate students and 4,000 graduate and medical students. Established in 1764, Brown University offers educational programs for undergraduates in liberal arts and engineering, professional training for students pursuing a career in medicine, and graduate education and training in the arts and sciences, engineering and medicine.

(b) Basis of Presentation and Tax Status

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and present balances and transactions according to the existence or absence of donor-imposed restrictions.

The John Nicholas Brown Center for the Study of American Civilization and certain other entities established to hold investments are all legally separate entities that are consolidated in the financial statements. Brown University and these consolidated entities are collectively referred to herein as the University. All significant inter-entity transactions and balances have been eliminated.

(c) Tax Status

The University is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC), as amended, and is generally exempt from income taxes. The University assesses uncertain tax positions and has determined there are no such positions that have a material effect on the financial statements.

For fiscal years 2026 and 2025, the University was subject to the federal excise tax of 1.4% on net investment income imposed on colleges and universities meeting certain criteria under the Tax Cuts and Jobs Act signed into law on December 22, 2017. Net investment income generally includes interest, dividends, and net realized gains on investments and other assets subject to the tax.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, significantly modifying the federal excise tax for taxable years beginning after December 31, 2025 (fiscal year 2027 for the University). For institutions still subject to the tax, OBBBA replaces the previous 1.4% flat rate with a tiered structure under which the applicable rates of 1.4%, 4%, or 8.0% depend on an institution's student-adjusted endowment. The University's applicable federal excise tax rate will increase from 1.4% to 4.0% in fiscal year 2027.

The University measures a deferred tax liability for future excise tax payable on net unrealized gains in excess of the tax basis of these assets using the enacted rate expected to apply when these temporary differences reverse in future periods. Accordingly, deferred tax liabilities as of June 30, 2026 and 2025, have been recognized using enacted rates of 4.0% and 1.4%, respectively. Current and deferred tax liabilities, respectively, are included within accounts payable and accrued expenses and other long-term obligations on the balance sheets, and related expenses are included in net investment return and other changes, net, on the statements of activities.

(d) Classification of Net Assets

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions into two classes of net assets. Accordingly, net assets of the University are classified and reported as follows:

- *Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that are more specific than broad limits resulting from a not-for-profit's nature, environment in which it operates and incorporating documents. Some donors impose restrictions that are temporary in nature for example, stipulating that resources be used only after a specific date, for particular programs or services, or to acquire buildings and equipment. Other donors impose restrictions that are perpetual in nature, such as those establishing donor-restricted endowment funds for scholarships or other purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains (losses) on investments are reported as increases (decreases) in net assets without donor restrictions, respectively, unless their use is restricted by explicit donor stipulations or by law. The University is incorporated in and subject to the laws of Rhode Island, which contain the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, the net assets of a donor-restricted endowment fund may be appropriated for expenditure by the Corporation of the University in accordance with the standard of prudence prescribed by UPMIFA.

(e) Fair Value Measurements

Investments, funds held in trust by others, funds held for others, and interest rate swaps are reported at fair value in the University's 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. The University uses a three-tiered hierarchy to categorize those assets and liabilities based on the valuation methodologies employed. The hierarchy is defined as follows:

- Level 1 – Valuation based on quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Valuations based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Valuation based on unobservable inputs used in situations in which little or no observable market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The University utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability. Transfers between fair value categories are recognized at the end of the reporting period.

Investments measured at net asset value as a practical expedient to estimate fair value are not categorized in the fair value hierarchy.

(f) Statements of Activities

The statements of activities separately report changes in net assets from operating and nonoperating activities. Operating activities consist principally of revenues and expenses related to ongoing educational and research programs, including endowment return appropriated by the Corporation to support those programs. Nonoperating activities consist of contributions for long-term purposes, net investment return, an offset for endowment return appropriated for operating activities, changes in fair values of interest rate swaps, changes in retirement benefit obligations and other long-term obligations, net assets released from donor restrictions for property placed in service, and other activities not in direct support of annual operations.

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price). Revenues are derived from various sources, as follows:

- Revenue from student education, residence, and dining services is determined based on published rates and is billed and reflected net of reductions from institutional student aid, which may be funded by endowment funds or other institutional resources. Such revenue is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Aid in excess of a student's tuition and fees is reflected as a reduction of residence and dining charges. Disbursements made directly to students for living costs or other purposes are reported as an expense. Payments for student services are generally received prior to the commencement of each academic term and are reported as student deposits to the extent services will be rendered in the following fiscal year. The student deposits are included in student deposits and deferred revenue on the balance sheets and were $52,987 and $55,950, respectively, at June 30, 2026 and 2025.

  The composition of student tuition and fee revenue was as follows for the years ended June 30, 2026 and 2025:

		2026	2025
Undergraduate	$	557,983	535,189
Graduate and masters programs		241,976	236,843
Tuition and fees		799,959	772,032
Less university scholarships		(371,667)	(357,566)
Net tuition and fees	$	428,292	414,466

Sales and services of auxiliary enterprises revenue is recognized when goods or services are provided to students and customers. Auxiliary enterprises revenues consisted of the following for the years ended June 30, 2026 and 2025:

		2026	2025
Residence, dining and health services	$	122,715	119,262
Bookstore, rental and other auxiliary income		26,404	26,339
Total	$	149,119	145,601

- Contributions, including unconditional promises from donors reported as contributions receivable, are recognized at fair value in the period received and are classified based upon the existence or absence of donor-imposed restrictions. Expirations of donor-imposed restrictions are reported as net assets released from restrictions. Contributions which impose donor restrictions that are met in the same fiscal year they are received are reported as increases in net assets without donor restrictions. Bequest intentions and conditional promises are not recorded in the University's financial statements.
- Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreements are met. Accordingly, the University generally recognizes such revenue directly in net assets without donor restrictions. Payments received from sponsors in advance of conditions being met are reported as deferred revenue, which totaled $34,634 and $33,007 as of June 30, 2026 and 2025, respectively. Conditional awards outstanding from federal sponsors as of June 30, 2026 were $257,633.

  The University conducts research sponsored by the federal government, which reimburses the University for certain direct and indirect costs incurred. Indirect costs include capital and operating outlays by the University for essential research infrastructure, such as facilities, labs, technology, and safety and compliance systems required to carry out research activities. A portion of these costs is recovered from federal granting agencies through negotiated and approved reimbursement rates.

  The composition of grants and contracts revenue recognized in net assets without donor restrictions was as follows for the years ended June 30, 2026 and 2025:

		2026	2025
Grants and contracts - direct	$	224,259	234,890
Grants and contracts - indirect		72,144	75,374
Total	$	296,403	310,264

- Dividends, interest and realized and unrealized gains (losses) on investments are reported as increases (decreases) in (1) net assets with donor restrictions if the terms of the contributions require them to be added to principal or if the terms of the related contributions impose restrictions on their availability or use; or (2) net assets without donor restrictions in all other cases. Investment return attributable to donor-restricted endowment funds is reported as net assets with donor restrictions to the extent not appropriated and spent.

(g) Cash Equivalents

For purposes of the statements of cash flows, cash equivalents, except those held by investment managers or as collateral for debt or interest rate swaps, consist of money market funds and investments with original maturities of three months or less and are carried at cost, which approximates fair value.

(h) Accounts Receivable and Other Assets

Accounts receivable and other assets include amounts due from students, reimbursements due from sponsors of externally funded research, accrued income on investments, inventory and prepaid expenses. Notes and accounts receivable are presented net of allowances for expected credit losses based on current and historical factors.

(i) Land, Buildings and Equipment

Land, buildings and equipment are stated at cost of acquisition or construction (including capitalized interest) or, to the extent received as a gift, at estimated fair value at the time of receipt, and are presented net of accumulated depreciation. All other expenditures for maintenance and repairs are charged to operating activities as incurred.

Depreciation is calculated using the straight-line method over estimated useful lives of 30-to-40 years for buildings, 20-to-30 years for building improvements, and 3-to-15 years for equipment, depending upon asset class. Depreciation on buildings that support research efforts are componentized and depreciated over useful lives ranging from 15–to-40 years.

(j) Funds Held in Trust by Others

Funds held in trust by others represent funds held and administered by outside trustees, including perpetual trusts established by donors of $40,722 and $38,536 at June 30, 2026 and 2025, respectively. The University receives all or a specified portion of the return on the underlying assets of most of the trusts, which is primarily restricted for scholarships. Most of these trust interests are classified in Level 3 in the fair value hierarchy. Other trusteed funds of $2,107 and $2,026 at June 30, 2026 and 2025, respectively, represent debt proceeds to be utilized for construction projects or otherwise required to be held as collateral or in reserve in accordance with debt or interest rate swap agreements and are classified in Level 1 in the fair value hierarchy.

(k) Collections

The University's collections include works of art, historical treasures, and artifacts that are maintained in the University's libraries and museums. These collections are protected and preserved for education and research purposes. The collections are not recognized as assets in the University's financial statements.

(l) Derivatives

The University uses derivatives for both debt and investment-related purposes. Interest-rate swaps, as described in note 7(c), are initially used to manage interest-rate risk by fixing the rate on associated variable-rate debt issuances. In addition, certain of the University's investment strategies utilize various derivative financial instruments for a number of investment purposes, including hedging or altering exposure to certain asset classes or cost-effectively adding exposures to portions of the portfolio. Positions are expected to create gains or losses which, when combined with the applicable portion of the total investment portfolio, provide an expected result. Derivative instruments entered from time to time include total return swaps to manage exposures in equity markets and foreign currency forward contracts to manage currency exposures. The University has established policies and procedures to monitor and manage risks related to these instruments. In connection with its investment derivative activities, the University generally maintains master netting agreements and collateral agreements with counterparties. The agreements provide the University the right, in the event of default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty.

(m) Other Long-Term Obligations

Other long-term obligations consisted of the following for the years ended June 30, 2026 and 2025:

		2026	2025
Federal student loan advances	$	812	1,884
Split-interest obligations		10,294	8,459
Asset retirement obligation		21,650	21,310
Interest rate swap liabilities		8,959	10,617
Deferred tax liability		140,000	34,000
Total	$	181,715	76,270

(n) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates made by management include the valuation of certain investments, the actuarially determined pension obligation, and certain other accrued liabilities.

(o) Leasing

The University determines if an arrangement is a lease at inception. The University has leases for which it is a lessee. Operating leases are reflected as operating lease right-of-use assets and related operating lease obligations on the balance sheets.

Lease right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense is recognized on a straight-line basis over the lease term. Cash paid under operating leases for the years ended June 30, 2026 and 2025 was $5,551 and $4,897, respectively.

Rental income arising from operating leases as a lessor is included in operating revenues in other income in the statement of activities.

(p) Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

(2) Liquidity and Availability

Financial assets available for general expenditures within one year of June 30 are as follows:

		2026	2025
Financial assets:			
Cash and cash equivalents	$	703,076	653,117
Accounts receivable, net		52,853	92,034
Contributions receivable available for operations and due within one year		18,723	19,156
Working capital investments		569,968	502,164
Approved endowment income appropriated for upcoming fiscal year		374,996	356,797
Total financial assets available within one year		1,719,616	1,623,268
Additional liquidity resources available:			
Tax-exempt commercial paper		23,161	156,206
Taxable commercial paper		125,000	125,000
Bank line of credit		200,000	200,000
Total financial assets and liquidity resources available within one year	$	2,067,777	2,104,474

(Continued)

The University manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. In addition, the University invests cash in excess of daily requirements in short-term investments or fixed income securities. To supplement working capital, as of June 30, 2026 and 2025 the University had access to $200,000 in tax-exempt commercial paper, of which $176,839 and $43,794 was issued, respectively, $125,000 in taxable commercial paper, and $200,000 under a bank line of credit. On August 13, 2026, bank line of credit capacity was increased from $200,000 to $300,000.

Additionally, the University has Corporation-designated endowment funds without donor restrictions of $1,106,226 and $979,208 as of June 30, 2026 and 2025, respectively. Although the University does not intend to spend from its Corporation-designated endowment funds, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its Corporation-designated endowment funds could be made available if necessary. However, both the Corporation-designated funds and donor-restricted endowment funds contain investments with liquidity constraints, of which $3,962,309 can be liquidated on a daily to quarterly basis at June 30, 2026 (see note 4).

(3) Contributions Receivable

The University's contributions receivable are reported net of discounts at rates commensurate with the risks involved and after allowances for uncollectible accounts. Contributions receivable were as follows at June 30:

		2026	2025
Contributions expected to be received in:			
Less than one year	$	143,658	152,108
Between one and five years		209,870	279,616
More than five years		92,777	92,297
Gross contributions receivable		446,305	524,021
Unamortized discount (at rates ranging from 0.32% to 4.56%) and allowance for uncollectibles		(55,956)	(68,322)
Contributions receivable, net	$	390,349	455,699

At June 30, 2026, the ten largest contributions receivable balances comprised approximately 47% of the gross contribution receivable. At June 30, 2026, the University had conditional promises to give of $325,275. These conditional promises to give are not recognized as assets or revenue in the financial statements.

(4) Investments

Investment Strategy

In addition to traditional stocks and fixed-income securities, the University may also hold shares or units in institutional funds as well as in alternative investment funds involving absolute return, private equity and real asset strategies. Absolute return 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 absolute return 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, and are valued accordingly. Private equity funds employ buyout and venture capital strategies and may focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITs), commercial properties, commodities, or oil and gas, generally through commingled funds. Private equity and real asset strategies therefore generally require estimation of fair values by fund managers in the absence of readily determinable market values.

Direct investments are primarily valued using a combination of independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach, or cost approach). The income approach is primarily based on the investment's anticipated future income using one of two principal methods: the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized with these techniques may be subjective, unobservable, and require judgment regarding significant matters such as estimating the amount of timing of future cash flows, forward pricing assumptions and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost of the investment is determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. When applicable, the University examines market data and collaborates closely with independent appraisers and investment managers to arrive at the best estimation of fair value for each respective asset. The University makes determinations on significant matters impacting valuation that may arise from time to time.

Investments also include assets related to donor annuities, pooled income funds, and charitable remainder trusts. Certain of these funds are held in trust by the University for one or more beneficiaries who are generally paid lifetime income, after which the principal is made available to the University in accordance with donor restrictions, if any. The assets are reported at fair value and related liabilities, which are reported as split-interest obligations, represent the present value of estimated future payments to beneficiaries.

Basis of Reporting

Investments are reported at estimated fair value. If an investment is held directly by the University and an active market where quoted prices exists, the market price of an identical security is used to report fair value. Fair values for shares in registered mutual funds are based on published share prices. The University's interests in alternative investment funds are generally reported at the net asset value (NAV) reported by the fund managers and assessed as reasonable by the University, which 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. At June 30, 2026 and 2025, the University had no plans or intentions to sell investments at amounts different from NAV.

Because of the inherent uncertainties of valuation, these estimated fair values 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, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The following tables summarize the University's investments by strategy type as of June 30, 2026 and 2025:

	2026				
	Investments measured at NAV	Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Investments:					
Equities:					
Domestic	$ 161,178	222,768	21,886	4,357	410,189
Global	723,010	30,672	—	—	753,682
Fixed income:					
Domestic	246,165	446	17,322	50,184	314,117
Global	355,182	—	28,822	—	384,004
Absolute return:					
General arbitrage	583,588	—	—	—	583,588
Global	1,688,492	362,834	—	—	2,051,326
Private equity:					
Buy-out	1,725,328	—	—	14,287	1,739,615
Venture	2,340,298	—	—	14,488	2,354,786
Real assets:					
Real estate	688,326	7,213	1,070	48,334	744,943
Commodities, oil and gas	64,602	—	47,989	4,562	117,153
Cash and cash equivalents	—	234,403	—	—	234,403
Total	$ 8,576,169	858,336	117,089	136,212	9,687,806

(Continued)

	2025				
	Investments measured at NAV	Investments classified in the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
Investments:					
Equities:					
Domestic	$ 144,920	176,929	—	4,482	326,331
Global	567,007	43,626	1,572	—	612,205
Fixed income:					
Domestic	212,611	62,812	15,781	51,415	342,619
Global	275,921	—	22,835	—	298,756
Absolute return:					
General arbitrage	507,139	—	—	—	507,139
Distressed	74	—	—	—	74
Global	970,289	334,409	—	—	1,304,698
Private equity:					
Buy-out	1,747,409	—	—	82,076	1,829,485
Venture	1,781,320	—	—	29,078	1,810,398
Real assets:					
Real estate	572,168	5,552	1,070	56,306	635,096
Commodities, oil and gas	51,457	—	87,036	8,557	147,050
Cash and cash equivalents	—	366,506	—	—	366,506
Total	$ 6,830,315	989,834	128,294	231,914	8,180,357

Registered mutual funds and directly held equity securities are classified in Level 1 of the fair value hierarchy. Investments classified in Level 2 and 3 consist of directly held investments that have valuations based on inputs other than quoted prices.

Certain funds contain “rolling” lock-up provisions. Under such provisions, tranches of the investment are available for redemption once every two to five years, if the University makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement. Private equity and real assets are held in funds that have initial terms of ten to twelve years with extensions of one to three years, and have an average remaining life of approximately eight to twelve years.

(Continued)

The following tables present activities for the years ended June 30, 2026 and 2025 for the University's investments classified in Level 3:

	2026				
Level 3 roll forward	**Equities**	**Fixed income**	**Private equity**	**Real assets**	**Total**
Fair value at June 30, 2025	$ 4,482	51,415	111,154	64,863	231,914
Acquisitions	—	15	2,489	322	2,826
Dispositions	—	(6,782)	(19,009)	(11,259)	(37,050)
Transfers to level 1	—	—	(17,221)	—	(17,221)
Net realized and unrealized gains (losses)	(125)	5,536	(48,638)	(1,030)	(44,257)
Fair value at June 30, 2026	$ 4,357	50,184	28,775	52,896	136,212

	2025				
Level 3 roll forward	**Equities**	**Fixed income**	**Private equity**	**Real assets**	**Total**
Fair value at June 30, 2024	$ 4,385	3,601	129,936	75,201	213,123
Acquisitions	—	—	100	132	232
Dispositions	—	—	(156)	(1,622)	(1,778)
Net realized and unrealized gains (losses)	97	47,814	(18,726)	(8,848)	20,337
Fair value at June 30, 2025	$ 4,482	51,415	111,154	64,863	231,914

Total investment return is included in the statements of activities as follows for the years ended June 30:

	2026	**2025**
Operating:		
Endowment return appropriated	$ 356,802	351,646
Included in other income	57,726	39,112
Nonoperating activities:		
Net investment return	1,380,434	799,654
Endowment return appropriated	(356,802)	(351,646)
Total return	$ 1,438,160	838,766

(Continued)

(a) Liquidity

Investment liquidity as of June 30, 2026 and 2025 is aggregated below based on redemption or sale ability:

	2026					
	Daily	Monthly	Quarterly	Subject to rolling lock-ups	Illiquid	Total
Equities	$ 349,055	289,068	387,189	86,772	51,787	1,163,871
Fixed income	51,039	—	296,113	—	350,969	698,121
Absolute return	—	174,582	2,058,884	289,505	111,943	2,634,914
Private equity	—	—	6,121	96,548	3,991,732	4,094,401
Real assets	115,855	—	—	—	746,241	862,096
Cash and cash equivalents	234,403	—	—	—	—	234,403
Total	$ 750,352	463,650	2,748,307	472,825	5,252,672	9,687,806

	2025					
	Daily	Monthly	Quarterly	Subject to rolling lock-ups	Illiquid	Total
Equities	$ 228,252	189,094	405,379	86,579	29,232	938,536
Fixed income	105,609	—	212,588	62,995	260,183	641,375
Absolute return	—	138,404	1,082,741	519,310	71,456	1,811,911
Private equity	—	—	29,408	236,825	3,373,650	3,639,883
Real assets	151,729	—	—	—	630,417	782,146
Cash and cash equivalents	366,506	—	—	—	—	366,506
Total	$ 852,096	327,498	1,730,116	905,709	4,364,938	8,180,357

Investments with daily liquidity generally do not require advance notice prior to withdrawal. Investments with monthly and quarterly redemption frequency typically require notice periods, ranging from 5 to 180 days, at June 30, 2026 and 2025.

(b) Commitments

Private equity and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the University is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years or more, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the

terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with private equity, real assets and private credit as of June 30, 2026 and 2025 was $1,290,509 and $1,340,095, respectively.

(5) Endowment

The University's endowment consists of approximately 3,900 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Corporation to function as endowments. Net assets associated with the endowment are classified and reported based upon the existence or absence of donor-imposed restrictions.

Endowment net assets consist of the following at June 30, 2026:

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:				
Historical gift value	$	—	2,518,319	2,518,319
Appreciation		—	4,608,061	4,608,061
Corporation-designated endowment funds		1,106,226	63,586	1,169,812
Total endowment net assets	$	1,106,226	7,189,966	8,296,192

Endowment net assets consist of the following at June 30, 2025:

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds:				
Historical gift value	$	—	2,386,798	2,386,798
Appreciation		—	3,848,988	3,848,988
Corporation-designated endowment funds		979,208	63,258	1,042,466
Total endowment net assets	$	979,208	6,299,044	7,278,252

(Continued)

Changes in endowment net assets for the year ended June 30, 2026 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2025	$	979,208	6,299,044	7,278,252
Investment return, net		177,517	1,066,860	1,244,377
Endowment return appropriated		(51,223)	(305,579)	(356,802)
Contributions		10	127,363	127,373
Reclassifications and other changes		714	2,278	2,992
Endowment net assets, June 30, 2026	$	1,106,226	7,189,966	8,296,192

Changes in endowment net assets for the year ended June 30, 2025 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2024	$	930,713	5,788,072	6,718,785
Investment return, net		101,828	661,717	763,545
Endowment return appropriated		(52,973)	(298,673)	(351,646)
Contributions		4	133,457	133,461
Reclassifications and other changes		(364)	14,471	14,107
Endowment net assets, June 30, 2025	$	979,208	6,299,044	7,278,252

(a) Interpretation of Relevant Laws

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the University and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the University
- The investment policies of the University

(b) Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the fund's historic dollar value. Deficiencies of this nature are reported in net assets

with donor restrictions. As of June 30, 2025, funds with an original gift value of $27,163 were underwater by $493. There were no underwater funds at June 30, 2026.

(c) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, including both donor-restricted and designated funds. The long-term investment return objective is formulated to maintain purchasing power after accounting for both inflation and spending. The Corporation has set a long-term return goal at 5.5% above the Higher Education Price Index. Actual returns in any given year or period of years may vary from this amount.

(d) Strategies Employed for Achieving Objectives

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 (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

(e) Spending Policy and How the Investment Objectives Relate to Spending Policy

The University invests its endowment funds in accordance with the total return concept. The endowment utilization is determined in accordance with the policy adopted by the Corporation. This policy fixes the spending range between 4.5% and 5.5% of the average fair value of applicable endowments over the prior twelve quarters, with the objective being to hold the spending rate to no more than a 5% average over time. Applicable endowments include Corporation-designated and donor-restricted endowment funds.

(6) Land, Buildings and Equipment

Land, buildings and equipment include the following at June 30:

		2026	2025
Land	$	111,591	112,149
Buildings		1,303,995	1,243,260
Improvements		1,545,329	1,474,515
Equipment		307,559	311,155
Construction in progress		337,421	229,020
		3,605,895	3,370,099
Accumulated depreciation		(1,700,313)	(1,623,968)
Land, buildings and equipment, net	$	1,905,582	1,746,131

Outstanding commitments on uncompleted construction contracts total $141,559 at June 30, 2026.

(7) Bonds, Loans and Notes Payable

The University has entered into various agreements primarily for the purpose of financing the acquisition, renovation, and improvement of its facilities. The bonds, loans and notes payable outstanding for these purposes are as follows:

Name of issue	Interest rate(s)	Type of rate	Final maturity	Balance at June 30 2026	Balance at June 30 2025
Rhode Island Health and Education Building Corporation (RIHEBC) Facilities Revenue Bonds:					
Series 2003B	2.62%	Variable	2044	$ 35,985	36,645
Series 2005A	2.70%	Variable	2035	85,500	85,500
Series 2015	3.38%	Variable	2046	31,530	33,165
Series 2017A	4.00%–5.00%	Fixed	2048	132,550	135,785
Series 2019	5.00%	Fixed	2030	54,560	54,560
Series 2022	5.00%	Fixed	2034	84,435	85,410
Series 2023	5.00%	Fixed	2044	89,055	92,560
Series 2024	5.00%	Fixed	2037	47,005	47,005
Tax-exempt commercial paper, revolving through 2055	2.44%–2.60%	Fixed	revolving	176,839	43,794
Brown University Taxable Bonds:					
Series 2020A	1.91%–2.92%	Fixed	2051	665,000	665,000
Commercial bank term loans:					
Fiscal year 2025 issuance	4.86%	Fixed	2032	300,000	300,000
Promissory note	noninterest bearing	N/A	2030	2,400	2,500
Total bonds, loans and notes payable before premium				1,704,859	1,581,924
Unamortized premium, net				76,409	82,540
Total bonds, loans and notes payable				$ 1,781,268	1,664,464

(a) Tax-Exempt Bonds

The University's tax-exempt debt, primarily Facilities Revenue Bonds, is issued through RIHEBC, a state agency serving as a conduit issuer of tax-exempt debt. The University is required under certain of its financing agreements with RIHEBC to appropriate funds from operating and other net assets for payment of principal and interest and for maintenance of the related properties. The Revenue Bonds currently outstanding were issued primarily to finance new and ongoing capital projects, student housing, academic, research and administrative buildings, and infrastructure.

(Continued)

In December 2024, the University issued through RIHEBC tax-exempt bonds with a par value of $47,005 at an interest rate of 5.0%, maturing in 2037. The bonds were sold at a premium of $7,714, resulting in an effective yield of 2.86%. The proceeds were used to fund the purchase of the University's space in South Street Landing.

Principal payments of bonds, notes and loans payable as of June 30, 2026 for each of the succeeding five fiscal years ending June 30 and thereafter are as follows:

Fiscal year:		
2027	$	185,789
2028		9,395
2029		9,860
2030		94,750
2031		106,605
Thereafter		1,298,460
Total	$	1,704,859

The principal payments due in fiscal 2027 includes $176,839 in tax-exempt commercial paper. As the outstanding commercial paper mature, the University intends to roll the commercial paper into new issuances.

(b) Other Debt

In July 2025, the University borrowed $500,000 through a commercial bank term loan at an interest rate of 4.44%, maturing in July 2030, to be used for general purposes. The term loan was paid in full in March 2026, and the agreement was subsequently terminated.

In April 2025, the University borrowed $300,000 through a commercial bank term loan at an interest rate of 4.86%, maturing in 2032. The proceeds will be used for general purposes.

In February 2025, the University reestablished its $200,000 tax-exempt commercial paper through RIHEBC. Proceeds from the tax-exempt commercial paper program must be used within 18 months; however, once debt is issued, the University can continue to rollover the tax-exempt commercial paper until the end of the program in 2055. The issuance of new commercial paper requires renewal by RIHEBC every eighteen months. As of June 30, 2026, $176,839 was outstanding. In September 2026, the University increased its tax-exempt commercial paper program through RIHEBC to $300,000.

The University has a $125,000 Taxable Commercial Paper Program that allows for the issuance of Standard Commercial Paper Notes, Series A. These unsecured, taxable promissory notes can be issued in various amounts with maturities no greater than 270 days. At June 30, 2026 and 2025, there were no outstanding notes.

At June 30, 2026 and 2025, the University had a $200,000 committed line of credit. In August 2025, the agreement was renewed to extend the maturity date from November 2025 to November 2026. Borrowings under the line are available at a rate of the secured overnight financing rate (SOFR) plus 75 basis points, resulting in an effective borrowing rate of 4.53% at June 30, 2026. There were no amounts drawn or outstanding as of June 30, 2026 and 2025. In August 2026, the line of credit was again renewed to extend the maturity date to November 2027 and to increase the committed capacity to $300,000 with a rate of SOFR plus 75 basis points.

The University provided self-liquidity for its taxable and tax-exempt commercial paper programs at June 30, 2026 and 2025. In the event that the Series 2003B and Series 2005A bonds, respectively, cannot be remarketed, the University has stand-by bond purchase agreements with financial institutions for $36,387 maturing in August 2028 and $86,456 maturing in December 2027. There were no amounts outstanding at June 30, 2026 and 2025 under these agreements, nor has either agreement ever been called upon.

(c) Interest Rate Swaps

At June 30, 2026 and 2025, the University had two interest-rate swap agreements in place to effectively convert a portion of its variable-rate debt to fixed rates until maturity of the associated bonds. The notional amounts for the JP Morgan swap and the $85,500 Goldman Sachs swap match the par amounts of the bonds and amortize at the same rate as the associated debt.

As of June 30, the following interest-rate swap agreements were outstanding:

Counterparty	Associated debt	Expiration date	June 30, 2026 remaining notional value	Swap fixed rate	Fair value of liability at June 30 2026	Fair value of liability at June 30 2025
JP Morgan	Series 2003B	9/1/2043	$ 35,985	3.73 %	$ (3,434)	(4,322)
Goldman Sachs	Series 2005A	5/1/2035	85,500	3.98	(5,279)	(5,941)
Goldman Sachs	None	9/1/2032	7,715	3.89	(246)	(354)
					$ (8,959)	(10,617)

The variable rate on the two Goldman Sachs swaps is based on the USD-BMA Municipal Swap Index. The variable rate on the JP Morgan swap is based on the daily secured overnight financing rate plus fallback spread times 67%. The Goldman Sachs swaps require posting of collateral by either party at thresholds based on their respective credit ratings. Cash collateral must be posted by the University if the aggregate mark-to-market liability payable by the University exceeds $25,000. The JP Morgan swap stipulates that if the University meets a minimum credit rating there are no collateral posting requirements. There was no collateral posting requirement at June 30, 2026 and 2025.

Interest rate volatility, remaining outstanding notional value and time to maturity will affect each swap's fair value at subsequent reporting dates. To the extent the University holds a swap through its expiration date, the swap's fair value will reach zero. Because the swap fair values are based

predominantly on observable inputs corroborated by market data, they are classified in Level 2 in the fair value hierarchy.

(8) Retirement Benefit Plans

The University participates in two contributory retirement plans. The expense to the University, representing its contributions to the accounts of faculty and staff, was $45,692 and $43,502 for the years ended June 30, 2026 and 2025, respectively.

The University also has a non-qualified deferred compensation plan under IRC 457(b) that is offered to a select group of employees. Assets are held by a custodian on behalf of the University and are restricted for payments to participants and beneficiaries. At June 30, 2026 and 2025, total assets held by the University were $76,164 and $62,929, respectively, and are included in investments on the balance sheets. A corresponding liability is included in retirement benefit obligations.

The Brown University Dining Services and Facilities Management Employees' Pension Plan is a qualified, noncontributory defined benefit plan which provides pensions for certain full-time weekly paid employees. The policy of the University is to fund pension costs in accordance with the Employee Retirement Income Security Act of 1974, as amended.

Information regarding the defined benefit pension plan for the years ended June 30 is as follows:

		2026	2025
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	118,443	114,413
Service cost		4,217	4,232
Interest cost		6,364	5,961
Benefits paid		(4,607)	(4,512)
Actuarial gain		(1,587)	(1,651)
Projected benefit obligation at end of year	$	122,830	118,443

The actuarial gains for both 2026 and 2025 relate to changes in the discount rate.

The projected benefit obligation was determined using the following assumptions as of June 30:

	2026	2025
Discount rate	5.60 %	5.46 %
Rate of compensation increase	3.00	3.00

(Continued)

The following is a summary of activity under the plan for the years ended June 30:

		2026	2025
Change in plan assets:			
Fair value of plan assets at beginning of year	$	124,545	114,109
Actual return on plan assets		26,419	12,948
Contributions		1,000	2,000
Benefits paid		(4,607)	(4,512)
Fair value of plan assets at end of year		147,357	124,545
Projected benefit obligation at end of year		(122,830)	(118,443)
Funded status included in accounts receivable and other assets	$	24,527	6,102

		2026	2025
Net periodic pension cost:			
Service cost	$	4,217	4,232
Interest cost		6,364	5,961
Expected return on assets		(7,936)	(7,330)
Amortization of unrecognized loss and prior service cost		(880)	(486)
Net periodic pension cost	$	1,765	2,377

Net periodic pension cost was determined using the following assumptions for the years ended June 30:

	2026	2025
Discount rate	5.46 %	5.32 %
Rate of compensation increase	3.00	3.00
Expected long-term rate of return	6.50	6.50

The expected rate of return on plan assets was derived based upon assumptions of inflation, real returns, anticipated value added by the investment manager and expected asset class allocations.

(Continued)

Net periodic pension cost is reflected in operating activities on the statements of activities. As of June 30, 2026 and 2025, items not yet recognized as components of net periodic pension cost are unrecognized prior service cost of $1,127 and $1,266, respectively, and a net unrecognized actuarial gain of $45,886 and $26,835, respectively. These changes affecting the funded status of the plan are included in other changes, net in nonoperating activities in the statements of activities.

The plan assets at June 30, 2026 and 2025 consist of investments with various equity and fixed income focuses, which are classified as Level 1 in the GAAP fair value hierarchy.

The investment strategy for the Plan considers several factors consistent with the characteristics of an employee pension plan. As such, the strategy recognizes a long-term time horizon where a substantial allocation to equities is appropriate and will help to maximize returns; broad diversification to increase return and reduce risk; and investment in institutional retirement annuities that serves to reduce administrative costs.

The actual asset allocation for the pension plan as of June 30, 2026 and 2025, and the weighted average asset targeted allocation are as follows:

		Actual	
	Target	**2026**	**2025**
Equity funds	75 %	82 %	77 %
Fixed income funds	25	18	23
Total	100 %	100 %	100 %

The University's estimated contribution for 2027 is $2,000.

Estimated future benefit payments as of June 30, 2026 are as follows:

Fiscal year:		
2027	$	5,931
2028		6,197
2029		6,679
2030		7,202
2031		7,630
2032–2036		43,921

(Continued)

(9) Net Assets

The University's net assets as of June 30 are as follows:

	2026	2025
Without donor restrictions:		
Corporation-designated endowment funds	$ 1,106,226	979,208
Investment in plant, net	463,681	453,286
University operations	421,819	296,372
Total without donor restrictions	1,991,726	1,728,866
With donor restrictions:		
Donor-restricted endowment funds:		
Scholarships and student support	2,408,839	2,096,473
Professorships	1,858,011	1,632,641
Departmental and programmatic support	1,615,873	1,408,469
General use	490,333	436,442
Instruction and lectureships	431,808	384,501
Fellowships	385,102	340,518
	7,189,966	6,299,044
Contributions receivable, net	390,349	455,699
Donor restricted for programs	263,773	256,434
Split-interest net assets	73,939	64,085
Investment in plant, net	151,710	130,261
Total with donor restrictions	8,069,737	7,205,523
	$ 10,061,463	8,934,389

(10) Functional Classification of Expenses

The statements of activities present expenses by natural classification. The University also summarizes its operating expenses by functional classification. Functional categories are reported after allocating, on a square footage basis, expenses for operation and maintenance of plant, interest on indebtedness, and depreciation.

(Continued)

Operating expenses by nature and function are summarized as follows for the fiscal year ended June 30, 2026:

	2026					
	Instruction and departmental research	Sponsored programs	Academic and student support	Auxiliary services	Institutional support	Total
Salaries and wages	$ 276,422	85,978	120,293	44,550	88,648	615,891
Employee benefits	85,038	27,811	36,393	13,240	30,012	192,494
Graduate student support	22,286	23,803	48,694	—	—	94,783
Purchased services	42,192	52,079	15,066	13,725	36,755	159,817
Supplies and general	53,825	26,801	109,720	28,064	52,936	271,346
Utilities and occupancy	11,200	2,787	9,431	13,084	8,226	44,728
Interest	21,452	6,377	13,958	22,064	2,646	66,497
Depreciation	31,557	9,381	20,533	32,457	3,894	97,822
	$ 543,972	235,017	374,088	167,184	223,117	1,543,378

Operating expenses by nature and function are summarized as follows for the fiscal year ended June 30, 2025:

	2025					
	Instruction and departmental research	Sponsored programs	Academic and student support	Auxiliary services	Institutional support	Total
Salaries and wages	$ 268,402	88,226	119,520	45,083	88,788	610,019
Employee benefits	74,887	25,985	32,857	12,306	33,185	179,220
Graduate student support	19,952	22,794	50,591	—	—	93,337
Purchased services	45,801	59,792	16,783	13,526	25,684	161,586
Supplies and general	47,872	28,426	96,712	38,030	50,158	261,198
Utilities and occupancy	10,546	2,906	8,878	13,012	3,445	38,787
Interest	10,941	3,613	7,181	11,638	4,800	38,173
Depreciation	30,229	9,983	19,839	32,155	4,618	96,824
	$ 508,630	241,725	352,361	165,750	210,678	1,479,144

(Continued)

(11) Commitments and Contingencies

All funds expended in conjunction with government grants and contracts are subject to audit by governmental 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.

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

(12) Related-Party Transactions

Members of the Corporation and senior management may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires annual reporting by each Corporation member, individuals who serve on committees of the Corporation, and University senior management. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, based on terms that are fair and reasonable to and in the best interest of the University.

Effective July 1, 2017, the University, along with The Neurology Foundation, Inc.; University Emergency Medicine Foundation; University Medicine Foundation; University Surgical Associates, Inc.; Brown Urology, Inc.; and Brown Dermatology, Inc. (collectively the Foundations), joined to create the nonprofit Brown Physicians, Inc. (BPI). BPI is an affiliated clinical practice that enhanced the partnership between the Foundations and the Warren Alpert Medical School. Under the formation and support agreement, the University was obligated to pay BPI $25,000 over a 10-year period. The final payment was made in 2025. In addition, the University authorized a line of credit agreement with BPI, up to $30,000. There was no amount outstanding under the line of credit at June 30, 2025. On September 24, 2025 the University terminated the formation and support agreement and the line of credit with BPI.

In June 2024, the University signed a set of expanded affiliation agreements with Lifespan Corporation (Lifespan). Three of Lifespan's hospitals, including Rhode Island, The Miriam, and Bradley, are academic teaching hospitals in Rhode Island, and many of the faculty members of Brown's Warren Alpert Medical School are employed by Lifespan. As part of the agreements, Lifespan changed its name and rebranded as Brown University Health (Brown Health). Brown Health and the University will continue as separate, independent organizations. The agreements also formalize a series of terms around academic affiliation, including establishing that the Warren Alpert Medical School will be the exclusive medical school affiliate of Brown Health, and Brown Health will continue to be home to eleven of the medical schools' clinical departments.

Beginning July 1, 2024, the University began to make annual investments in Brown Health, which will total $150,000 over seven years. The funds will support Brown Health's capacity to sustain and advance the shared academic mission of the University and Brown Health. Following that seven-year period, Brown Health will pay $15,000 annually to support the Warren Alpert Medical School's medical education and research efforts for the life of the agreement. The agreement is effective through June 26, 2044, and is subject to renewal for successive five-year terms, unless a termination notice is given by either party.

In addition, the University will manage approximately $600,000 to $800,000 of Brown Health's investment portfolio, creating the capacity for increased returns to support Brown Health's mission. The transfer of funds is being phased-in on a schedule expected to result in up to approximately $200,000 in transfers annually over four years. Brown Health transferred $200,000 into the University's investment pool in each of the fiscal years 2026 and 2025. The total fair value of Brown Health's investment managed by Brown was $508,405 and $261,757 at June 30, 2026 and 2025, respectively, and is included in investments with an offsetting liability reported as funds held for others on the balance sheets.

(13) Supplemental Disclosure of Cash Flow Information

The following is information intended to supplement the statements of cash flows for the years ended June 30:

	2026	2025
Cash paid for interest, including recurring swap settlements, net of capitalized interest of $4,020 and $2,944	$ 72,408	45,041
(Decrease) increase in accounts payable for land, buildings and equipment	(1,553)	2,346
Increase (decrease) in payables for purchases of investments	8,956	(36)

(14) Subsequent Events

The University considers events or transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued October 27, 2026, and subsequent events have been evaluated through that date.