



BROWN UNIVERSITY

Independent Auditors' Reports as Required by Uniform Guidance
and *Government Auditing Standards* and Related Information

Year ended June 30, 2020

BROWN UNIVERSITY

Independent Auditors' Reports as Required by Uniform Guidance
and *Government Auditing Standards* and Related Information

Year ended June 30, 2020

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

Independent Auditors' Report

The President and Corporation
Brown University:

Report on the Financial Statements

We have audited the accompanying financial statements of Brown University (the University), which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Brown University as of June 30, 2020 and 2019, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020 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

October 16, 2020

BROWN UNIVERSITY

Balance Sheets

June 30, 2020 and 2019

(Dollars in thousands)

Assets	2020	2019
Cash and cash equivalents	\$ 452,767	208,926
Accounts receivable and other assets	61,165	76,262
Contributions receivable, net	279,082	277,443
Notes receivable, net	19,667	23,928
Funds held in trust by others	53,439	62,886
Investments	4,766,897	4,368,716
Land, buildings and equipment, net	1,261,176	1,191,132
Total assets	<u>\$ 6,894,193</u>	<u>6,209,293</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 91,564	89,562
Liabilities associated with investments	6,344	24,423
Student deposits and grant advances	49,754	74,286
Other long-term obligations	111,859	98,176
Retirement obligations	85,896	61,618
Bonds, loans and notes payable	1,069,945	787,709
Total liabilities	<u>1,415,362</u>	<u>1,135,774</u>
Net assets:		
Without donor restrictions	1,143,271	1,125,901
With donor restrictions	4,335,560	3,947,618
Total net assets	<u>5,478,831</u>	<u>5,073,519</u>
Total liabilities and net assets	<u>\$ 6,894,193</u>	<u>6,209,293</u>

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2020

(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating revenues:			
Net tuition and fees	\$ 399,031	—	399,031
Grants and contracts	209,263	—	209,263
Contributions	68,830	31,622	100,452
Endowment return appropriated	156,066	3,881	159,947
Sales and services of auxiliary enterprises	86,046	—	86,046
Other income	43,129	—	43,129
Net assets released from restrictions	20,553	(20,553)	—
	<u>982,918</u>	<u>14,950</u>	<u>997,868</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	421,848	—	421,848
Employee benefits	115,302	—	115,302
Graduate student support	89,390	—	89,390
Purchased services	96,521	—	96,521
Supplies and general	138,866	—	138,866
Utilities	35,073	—	35,073
Interest	22,823	—	22,823
Depreciation	86,941	—	86,941
	<u>1,006,764</u>	<u>—</u>	<u>1,006,764</u>
Operating expenses			
Change in net assets from operating activities	<u>(23,846)</u>	<u>14,950</u>	<u>(8,896)</u>
Nonoperating activities:			
Contributions	4,709	130,544	135,253
Net investment return	96,729	385,012	481,741
Endowment return appropriated	(25,516)	(134,431)	(159,947)
Other changes, net	(52,886)	10,047	(42,839)
Net assets released from restrictions	18,180	(18,180)	—
	<u>41,216</u>	<u>372,992</u>	<u>414,208</u>
Change in net assets from nonoperating activities			
Change in net assets	17,370	387,942	405,312
Net assets, beginning of year	<u>1,125,901</u>	<u>3,947,618</u>	<u>5,073,519</u>
Net assets, end of year	<u>\$ 1,143,271</u>	<u>4,335,560</u>	<u>5,478,831</u>

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statement of Activities

Year ended June 30, 2019

(Dollars in thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating revenues:			
Net tuition and fees	\$ 372,951	—	372,951
Grants and contracts	200,909	—	200,909
Contributions	60,726	31,518	92,244
Endowment return appropriated	150,574	3,283	153,857
Sales and services of auxiliary enterprises	102,712	—	102,712
Other income	44,891	—	44,891
Net assets released from restrictions	19,802	(19,802)	—
	<u>952,565</u>	<u>14,999</u>	<u>967,564</u>
Total operating revenues			
Operating expenses:			
Salaries and wages	402,639	—	402,639
Employee benefits	114,255	—	114,255
Graduate student support	81,749	—	81,749
Purchased services	99,154	—	99,154
Supplies and general	152,084	—	152,084
Utilities	35,665	—	35,665
Interest	24,438	—	24,438
Depreciation	82,942	—	82,942
	<u>992,926</u>	<u>—</u>	<u>992,926</u>
Operating expenses			
Change in net assets from operating activities	<u>(40,361)</u>	<u>14,999</u>	<u>(25,362)</u>
Nonoperating activities:			
Contributions	7,358	191,986	199,344
Net investment return	90,809	358,370	449,179
Endowment return appropriated	(25,048)	(128,809)	(153,857)
Other changes, net	(32,091)	(185)	(32,276)
Net assets released from restrictions	47,124	(47,124)	—
	<u>88,152</u>	<u>374,238</u>	<u>462,390</u>
Change in net assets from nonoperating activities			
Change in net assets	47,791	389,237	437,028
Net assets, beginning of year	<u>1,078,110</u>	<u>3,558,381</u>	<u>4,636,491</u>
Net assets, end of year	<u>\$ 1,125,901</u>	<u>3,947,618</u>	<u>5,073,519</u>

See accompanying notes to financial statements.

BROWN UNIVERSITY

Statements of Cash Flows

Years ended June 30, 2020 and 2019

(Dollars in thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 405,312	437,028
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(502,425)	(467,714)
Depreciation	86,941	82,942
Amortization of bond premium	(6,230)	(4,717)
Loss from disposals of land, building and equipment	182	336
Change in funded status of pension obligation	20,705	14,336
Change in fair value of interest rate swap liabilities	19,562	13,503
Change in asset retirement obligation	849	843
Change in estimate of split-interest obligations	546	1,967
Contributions restricted for plant and endowment	(165,446)	(128,917)
Change in accounts receivable and other assets	15,097	(13,762)
Change in accounts payable and accrued liabilities	(3,380)	(10,185)
Change in contributions receivable, net	(1,639)	(59,809)
Change in other operating liabilities, net	(25,639)	9,134
Net cash used in operating activities	<u>(155,565)</u>	<u>(125,015)</u>
Cash flows from investing activities:		
Additions to land, buildings and equipment	(151,785)	(156,223)
Purchases of investments	(892,292)	(1,801,696)
Sales and redemptions of investments	957,964	1,890,149
Notes repaid by students and others, net	4,261	4,378
Change in funds held in trust by others, excluding swap collateral	22,547	37,557
Net cash used in investing activities	<u>(59,305)</u>	<u>(25,835)</u>
Cash flows from financing activities:		
Contributions restricted for plant and endowment	165,446	128,917
Proceeds from sale of restricted gifts of securities	20,493	23,407
Payments under split-interest obligations	(2,594)	(2,554)
Payments on long-term debt	(82,590)	(102,235)
Proceeds from issuance of debt, including premium	371,056	75,000
Cash collateral posted under swap agreements	(36,100)	(9,500)
Cash collateral returned under swap agreements	23,000	3,500
Advance from line of credit	50,000	32,000
Payment of advance from line of credit	(50,000)	(32,000)
Net cash provided by financing activities	<u>458,711</u>	<u>116,535</u>
Change in cash and cash equivalents	243,841	(34,315)
Cash and cash equivalents, beginning of year	<u>208,926</u>	<u>243,241</u>
Cash and cash equivalents, end of year	\$ <u>452,767</u>	<u>208,926</u>

See accompanying notes to financial statements.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

(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 6,670 undergraduate students and 3,000 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 entities established by the University's investment office that holds certain investment funds, are all separate legal 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.

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

(c) 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, for example, donor-restricted endowment funds stipulating that resources be maintained in perpetuity.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

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 and losses on investment are reported as increases or decreases in net assets without donor restrictions 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 funds may be appropriated for expenditure by the Corporation of the University in accordance with the standard of prudence prescribed by UPMIFA.

(d) Fair Value Measurements

Investments, funds held in trust by 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 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 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.

(e) 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 net investment return, an offset for endowment return appropriated for operating activities, changes in fair values of interest rate swaps, change in pension plan and other long-term obligations, contributions for long-term purposes, net assets released from donor restrictions for property placed in service, and other activities not in direct support of annual operations.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

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 we expect 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 (contract liabilities) to the extent services will be rendered in the following fiscal year.

The composition of student tuition and fee revenue was as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Undergraduate	\$ 418,456	394,857
Graduate and masters programs	168,391	163,163
Other	<u>29,047</u>	<u>23,891</u>
Tuition and fees	615,894	581,911
Less university scholarships	<u>(216,863)</u>	<u>(208,960)</u>
Net tuition and fees	<u>\$ 399,031</u>	<u>372,951</u>

Sales and services of auxiliary enterprises revenues are recognized when goods or services are provided to customers. Auxiliary enterprises revenue consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Residence, dining and health services	\$ 68,502	82,344
Bookstore, rental and other auxiliary income	<u>17,544</u>	<u>20,368</u>
Total	<u>\$ 86,046</u>	<u>102,712</u>

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

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. The University has elected the simultaneous release policy available under ASU 2018-08, which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. Total revenue from grants and contracts recognized in net assets without donor restrictions was \$209,263 and \$200,909 for the years ended June 30, 2020 and 2019, respectively. Payments received from sponsors in advance of conditions being met are reported as grant advances, which totaled \$27,089 and \$23,150 as of June 30, 2020 and 2019, respectively. Conditional awards from federal sponsors outstanding as of June 30, 2020 were \$514,648.
- 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.

Expenses are reported as decreases in net assets without donor restrictions.

(f) Cash Equivalents

For purposes of the statements of cash flows, cash equivalents, except for those held by investment managers and those held 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.

(g) Accounts Receivable and Other Assets and Notes Receivable

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 an allowance for uncollectible amounts.

(h) 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.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

Depreciation is calculated using the straight-line method with 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 15–40 years.

(i) Fund Held in Trust by Others

Funds held in trust by others represent funds that are held and administered by outside trustees, including perpetual trusts established by donors of \$32,712 and \$28,887 at June 30, 2020 and 2019, 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 trustee funds of \$20,727 and \$33,999 at June 30, 2020 and 2019, 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. These are classified in Level 1 in the fair value hierarchy because the underlying securities held by the trustee are based on quoted market prices.

(j) Federal Student Loan Advances

The University holds certain amounts advanced by the U.S. government under the Federal Perkins Loan Program and the Health Professions Student Loan Program (the Programs). Under federal law, the authority for schools to make new loans under the Programs ended on September 30, 2017, and final distributions to student were permitted through June 30, 2018.

(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 financial statements of the University.

(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 and 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. Among the derivative instruments that may be entered from time to time include total return swaps to manage exposures in equity markets, foreign currency forward contracts to manage currency exposures in the portfolio. 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 its 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.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

(m) Liabilities Associated with Investments

The University may, from time to time, incur liabilities associated with its investments portfolio as a result of securities sold short or other transactions. In order to terminate a short position, the University must acquire and deliver to the lender a security identical to the one it borrowed and sold short, and a realized gain or loss is recognized for the difference between the short sale proceeds and the cost of the identical security acquired. Liabilities reported on the balance sheets at June 30, 2020 and 2019 include \$0 and \$21,581, respectively, representing the fair value of identical securities that must be acquired to settle obligations to the lender. The liabilities would be classified as Level 1 in the fair value hierarchy given that they are measured based on quoted market prices. In addition, liabilities associated with investments include the fair value swaps of \$6,344 and \$2,842 entered into in fiscal 2020 and 2019, respectively.

(n) Other Long-Term Obligations

Other long-term obligations consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Federal student loan advances	\$ 15,698	20,378
Split interest obligations	14,384	16,432
Asset retirement obligations	16,956	16,107
Interest-rate swap liabilities	<u>64,821</u>	<u>45,259</u>
Total	<u>\$ 111,859</u>	<u>98,176</u>

(o) 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.

(p) Risks and Uncertainties

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. Although it is not possible to determine the pandemic's ultimate length, severity, or impacts on the economy or the University's finances, the University could experience adverse effects posed by the risks, or our stakeholders' perceptions of the risks, related to COVID-19. As a result of the pandemic, beginning in March 2020, the University suspended in-person education and other campus-based activities.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

The University announced its Plan for a Healthy and Safe 2020-21 in July 2020, providing the roadmap for the steps Brown is taking to mitigate the impact of the global COVID-19 pandemic during the phased resumption of on-campus instruction and operations. The full extent of the impact of COVID-19 on the University will depend on various future developments, particularly the duration and depth of the pandemic, which may be influenced by emerging medical treatments and applicable health and safety regulations.

(g) Recent Accounting Pronouncements

ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, was issued by the FASB in November 2016. This ASU requires that a statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The University adopted the new standard on a retrospective basis as of July 1, 2018 and determined there were no material changes to the statements of cash flows.

(r) Reclassifications

Certain 2019 financial information has been reclassified to conform to the 2020 presentation.

(2) Liquidity and Availability

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

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 452,767	208,926
Accounts receivable, net	41,105	48,579
Pledge payments available for operations	18,274	13,159
Working capital investments	294,954	274,148
Approved endowment income appropriated for upcoming fiscal year	<u>182,129</u>	<u>159,985</u>
Total financial assets available within one year	989,229	704,797
Liquidity resources:		
Taxable commercial paper	125,000	125,000
Bank line of credit	<u>100,000</u>	<u>50,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,214,229</u>	<u>879,797</u>

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

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 requirement in short-term investments or fixed income securities. To supplement working capital, the University has lines of credit totaling \$100,000 and a \$125,000 taxable commercial paper program at June 30, 2020.

Additionally, the University has Corporation-designated endowments of \$635,594 and \$571,146 as of June 30, 2020 and 2019, 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 \$1,910,536 can be liquidated on a daily to quarterly basis at June 30, 2020 (refer to note 4 for disclosures about investments).

(3) Contributions Receivable

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

	<u>2020</u>	<u>2019</u>
Contributions expected to be received in:		
Less than one year	\$ 71,145	64,882
Between one and five years	142,007	142,615
More than five years	<u>144,055</u>	<u>148,532</u>
Gross contributions receivable	357,207	356,029
Unamortized discount (at rates ranging from 0.3% to 4.8%) and allowance for uncollectibles	<u>(78,125)</u>	<u>(78,586)</u>
Contributions receivable, net	<u>\$ 279,082</u>	<u>277,443</u>

At June 30, 2020, the University had conditional promises to give of \$215,933. These conditional promises to give are not recognized as assets or revenue in the financial statements.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

(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 often require the estimation of fair values by fund managers in the absence of readily determinable market values.

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, 2020 and 2019, 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.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

The following tables summarize the University's investments by strategy type as of June 30, 2020 and 2019:

	2020				
	Investments measured at NAV	Investments classified in the fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Investments:					
Equities:					
Domestic	\$ 53,658	67,748	21,753	218,675	361,834
Global	512,024	81,666	—	—	593,690
Fixed income:					
Domestic	55,308	93,764	16,377	3,333	168,782
Global	106,835	—	55,715	50	162,600
Absolute return:					
General arbitrage	462,863	2	—	746	463,611
Distressed	589	—	—	—	589
Global	1,001,996	204,030	—	—	1,206,026
Private equity:					
Buy-out	610,920	—	—	30,030	640,950
Venture	827,478	—	—	19,114	846,592
Real assets:					
Real estate	130,427	1,960	—	37,162	169,549
Commodities, oil and gas	—	21,920	17,237	15,552	54,709
Cash and cash equivalents	—	97,965	—	—	97,965
Total	<u>\$ 3,762,098</u>	<u>569,055</u>	<u>111,082</u>	<u>324,662</u>	<u>4,766,897</u>

BROWN UNIVERSITY

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June 30, 2020 and 2019

(Dollars in thousands)

	2019				
	Investments measured at NAV	Investments classified in the fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Investments:					
Equities:					
Domestic	\$ 120,151	140,655	28,936	106,176	395,918
Global	593,084	84,012	—	—	677,096
Fixed income:					
Domestic	160,547	10,428	33,838	11,115	215,928
Global	34,134	—	48,064	50	82,248
Absolute return:					
General arbitrage	478,939	61	—	732	479,732
Distressed	1,209	—	—	—	1,209
Global	924,336	171,035	—	—	1,095,371
Private equity:					
Buy-out	615,697	—	—	9,788	625,485
Venture	473,081	—	—	18,343	491,424
Real assets:					
Real estate	44,657	3,265	—	40,346	88,268
Commodities, oil and gas	—	28,154	16,058	23,980	68,192
Cash and cash equivalents	—	147,845	—	—	147,845
Total	<u>\$ 3,445,835</u>	<u>585,455</u>	<u>126,896</u>	<u>210,530</u>	<u>4,368,716</u>

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 four to seven years.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

The following tables present activities for the years ended June 30, 2020 and 2019 for the University's investments classified in Level 3:

2020						
Level 3 roll forward	Equities	Fixed income	Private equity	Real assets	Absolute return	Total
Fair value as of June 30, 2019	\$ 106,176	11,165	28,131	64,326	732	210,530
Acquisitions	541	—	30,025	233	—	30,799
Dispositions	(23,395)	(8,309)	(13,342)	(4,439)	—	(49,485)
Net realized and unrealized gains (losses)	135,353	527	4,330	(7,406)	14	132,818
Fair value at June 30, 2020	<u>\$ 218,675</u>	<u>3,383</u>	<u>49,144</u>	<u>52,714</u>	<u>746</u>	<u>324,662</u>

2019						
Level 3 roll forward	Equities	Fixed income	Private equity	Real assets	Absolute return	Total
Fair value as of June 30, 2018	\$ 18,080	10,291	21,174	62,491	850	112,886
Acquisitions	38,618	5,350	1,828	16,541	—	62,337
Dispositions	(2,551)	(5,363)	—	(5,906)	—	(13,820)
Net realized and unrealized gains (losses)	52,029	887	5,129	(8,800)	(118)	49,127
Fair value at June 30, 2019	<u>\$ 106,176</u>	<u>11,165</u>	<u>28,131</u>	<u>64,326</u>	<u>732</u>	<u>210,530</u>

There were no transfers between Levels 1 and 2 and no transfers between Levels 2 and 3 in 2020 and 2019, respectively.

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

	2020	2019
Operating:		
Endowment return appropriated	\$ 159,947	153,857
Included in other income	13,046	15,258
Nonoperating activities:		
Net investment return	481,741	449,179
Endowment return appropriated	(159,947)	(153,857)
Total return	<u>\$ 494,787</u>	<u>464,437</u>

Total investment management and advisory expenses, including internal costs, were \$14,088 and \$13,131 for the years ended June 30, 2020 and 2019, respectively, and have been netted against the total return.

BROWN UNIVERSITY

Notes to Financial Statements

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(Dollars in thousands)

(a) Liquidity

Investment liquidity as of June 30, 2020 and 2019 is aggregated below based on redemption or sale ability:

	2020						
	Daily	Monthly	Quarterly	Semi-annually to annually	Subject to rolling lock-ups	Illiquid	Total
Equities	\$ 217,470	60,761	272,882	130,414	38,085	235,912	955,524
Fixed income	169,125	—	87,013	—	10,038	65,206	331,382
Absolute return	1,974	130,200	832,029	112,977	585,063	7,983	1,670,226
Private equity	—	—	—	—	31,844	1,455,698	1,487,542
Real assets	41,117	—	—	—	—	183,141	224,258
Cash and cash equivalents	97,965	—	—	—	—	—	97,965
Total	\$ 527,651	190,961	1,191,924	243,391	665,030	1,947,940	4,766,897

	2019						
	Daily	Monthly	Quarterly	Semi-annually to annually	Subject to rolling lock-ups	Illiquid	Total
Equities	\$ 326,063	95,784	319,849	103,789	27,302	200,227	1,073,014
Fixed income	92,330	—	63,803	—	9,743	132,300	298,176
Absolute return	102,061	134,373	683,068	178,328	465,266	13,216	1,576,312
Private equity	—	—	—	—	17,675	1,099,234	1,116,909
Real assets	47,477	—	—	—	—	108,983	156,460
Cash and cash equivalents	147,845	—	—	—	—	—	147,845
Total	\$ 715,776	230,157	1,066,720	282,117	519,986	1,553,960	4,368,716

Investments with daily liquidity generally do not require advance notice prior to withdrawal. Investments with monthly, quarterly, semi-annual, and annual redemption frequency typically require notice periods, ranging from 5 to 180 days, at June 30, 2020 and 2019.

(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, 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 and real assets as of June 30, 2020 was \$743,402 and \$161,849, respectively.

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(c) Investment Derivatives

The University's investment-related derivative positions, categorized by primary underlying risk, are as follows as of June 30, 2020 and 2019:

	2020		
	<u>Long notional</u>	<u>Short notional</u>	<u>Unrealized gain (loss)</u>
Instrument type:			
Total return swaps	\$ 141,122	—	(4,271)
Futures and options	20,916	—	332
Total	<u>\$ 162,038</u>	<u>—</u>	<u>(3,939)</u>
	2019		
	<u>Long notional</u>	<u>Short notional</u>	<u>Unrealized gain (loss)</u>
Instrument type:			
Total return swaps	\$ 139,154	(146,528)	7,993
Futures and options	110,618	(14,828)	3,048
Foreign currency forwards	13,246	—	139
Total	<u>\$ 263,018</u>	<u>(161,356)</u>	<u>11,180</u>

Contracts in a net asset position are included in investments on the balance sheets, and contracts in a net liability position are included in liabilities associated with investments on the balance sheets and are as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Instrument type included in investments:		
Total return swaps	\$ 2,074	10,835
Foreign currency forwards	—	139
Futures and options	820	3,781
Instrument type included in liabilities associated with investments:		
Total return swaps	\$ 6,344	2,842

BROWN UNIVERSITY

Notes to Financial Statements

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(5) Endowment

The University's endowment consists of approximately 3,100 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, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ —	1,657,198	1,657,198
Appreciation	—	2,019,376	2,019,376
Corporation-designated endowment funds	<u>635,594</u>	<u>65,298</u>	<u>700,892</u>
Total endowment net assets	\$ <u><u>635,594</u></u>	<u><u>3,741,872</u></u>	<u><u>4,377,466</u></u>

Endowment net assets consist of the following at June 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ —	1,591,827	1,591,827
Appreciation	—	1,752,139	1,752,139
Corporation-designated endowment funds	<u>571,146</u>	<u>61,582</u>	<u>632,728</u>
Total endowment net assets	\$ <u><u>571,146</u></u>	<u><u>3,405,548</u></u>	<u><u>3,976,694</u></u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 571,146	3,405,548	3,976,694
Investment return, net	72,592	382,623	455,215
Endowment return appropriated	(25,516)	(134,431)	(159,947)
Contributions	41	79,309	79,350
Reclassifications and other changes	<u>17,331</u>	<u>8,823</u>	<u>26,154</u>
Endowment net assets, June 30, 2020	\$ <u><u>635,594</u></u>	<u><u>3,741,872</u></u>	<u><u>4,377,466</u></u>

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(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 526,150	3,077,698	3,603,848
Investment return, net	68,784	359,355	428,139
Endowment return appropriated	(25,048)	(128,809)	(153,857)
Contributions	143	91,625	91,768
Reclassifications and other changes	1,117	5,679	6,796
Endowment net assets, June 30, 2019	<u>\$ 571,146</u>	<u>3,405,548</u>	<u>3,976,694</u>

(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. There were no donor-restricted endowment funds underwater at June 30, 2020 and 2019.

(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.

BROWN UNIVERSITY

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(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 and allocates the related return for expenditure 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:

	<u>2020</u>	<u>2019</u>
Land	\$ 91,899	89,215
Buildings	765,659	745,592
Improvements	1,258,238	1,156,824
Equipment	239,158	226,821
Intangible assets	364	364
Construction in progress	<u>112,275</u>	<u>93,013</u>
	2,467,593	2,311,829
Accumulated depreciation	<u>(1,206,417)</u>	<u>(1,120,697)</u>
Land, buildings and equipment, net	<u>\$ 1,261,176</u>	<u>1,191,132</u>

Outstanding commitments on uncompleted construction contracts total \$146,390 at June 30, 2020.

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(Dollars in thousands)

(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	
				2020	2019
Rhode Island Health and Education Building Corporation (RIHEBC) Facilities Revenue Bonds:					
Series 2003B	1.90%	Variable	2044	\$ 39,635	40,165
Series 2005A	1.85%	Variable	2035	85,500	85,500
Series 2009	5.00%	Fixed	2040	—	70,795
Series 2011	3.25%–5.00%	Fixed	2033	36,455	41,390
Series 2012	5.00%	Fixed	2023	118,240	118,240
Series 2013	4.00%–5.00%	Fixed	2044	124,085	127,070
Series 2015	0.57%	Variable	2046	40,315	41,560
Series 2017A	4.00%–5.00%	Fixed	2048	141,125	141,125
Series 2019	5.00%	Fixed	2030	54,560	—
Brown University Taxable Bonds:					
Series 2020	1.91%–2.92%	Fixed	2051	300,000	—
Commercial bank term loans:					
Fiscal year 2019 issuance	0.41%	Variable	2022	73,000	75,000
Promissory note	noninterest bearing	N/A	2030	3,000	3,100
Total bonds, loans and notes payable before premium				1,015,915	743,945
Unamortized premium				54,030	43,764
Total bonds, loans and notes payable				\$ 1,069,945	787,709

(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.

In July 2019, the University issued through RIHEBC tax-exempt bonds with a total par value of \$54,560 at an interest rate of 5.0%, maturing in 2030. The bonds were sold at a premium of \$16,496, resulting in an effective yield of 1.73%. The proceeds were used to refinance \$70,795 of Series 2009 tax-exempt bonds.

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(b) Taxable Bonds and Other Debt

In May 2020, Series 2020 taxable bonds were issued in the amount of \$300,000 at interest rates of 1.91% to 2.92%, maturing in 2051. The proceeds will be used for general purposes, capital projects, and may also be used to pay down existing debt.

In July 2018, the University borrowed \$75,000 through a commercial bank term loan at a variable rate of one-month LIBOR plus 25 basis points, maturing in 2022. The proceeds were used to repay a maturing \$47,800 commercial bank loan, and the remaining proceeds were used to pay down \$27,200 of the Series 2009 Taxable Bond. University capital was used to retire the remaining 2009 Taxable Bond. The transaction resulted in a make whole redemption expense of \$1,005, which is included in other changes on the 2019 statement of activities.

The University has a \$125,000 Taxable Commercial Paper Program that allows for the issuance of Standard Commercial Paper Notes, Series A. In July 2019, the Taxable Commercial Paper Program was amended to increase the maximum amount of taxable promissory notes from \$50,000 to \$125,000 and to terminate the Extendible Commercial Paper Notes, Series B. These unsecured, taxable promissory notes can be issued in various amounts with maturities no greater than 270 days. At June 30, 2020 and 2019, there were no outstanding notes.

Principal payments of bonds, notes and loans payable as of June 30, 2020 for each of the succeeding five fiscal years ending June 30 and thereafter are as follows:

Fiscal year:		
2021	\$	9,775
2022		136,765
2023		70,100
2024		10,165
2025		11,655
Thereafter		<u>777,455</u>
Total	\$	<u>1,015,915</u>

At June 30, 2020, the University had two \$50,000 committed lines of credit. The first line of credit was reduced from \$125,000 to \$50,000 in July 2019 and subsequently amended in May 2020. The line of credit matures in July 2021 and is available at a rate of one month LIBOR floor rate of 1% plus 75 basis points. In May 2020, the University executed an additional \$50,000 line of credit at a rate of one month LIBOR floor rate of 1% plus 150 basis points, which matures in May 2021. As of June 30, 2020, and 2019, the full lines of credit in the amounts of \$100,000 and \$125,000, respectively, were available.

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The University has two stand-by bond purchase agreements with financial institutions totaling approximately \$126,000 in the event that the Series 2003B and Series 2005A bonds cannot be remarketed. The \$85,500 agreement expires in November 2020 and is expected to be substituted with a comparable agreement. The \$40,078 agreement matures January 2023. There were no amounts outstanding at June 30, 2020 and 2019, under these agreements, nor has either agreement ever been called upon.

The University provided self-liquidity for its taxable commercial paper program at June 30, 2020 and 2019.

(c) Interest Rate Swaps

At June 30, 2020 and 2019, 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 JPMorgan 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, 2020 remaining notional value	Swap fixed rate	Fair value of liability at June 30	
					2020	2019
JP Morgan	Series 2003B	9/1/2043	\$ 39,635	3.732 %	\$ (21,122)	(14,459)
Goldman Sachs	Series 2005A	5/1/2035	85,500	3.979	(40,734)	(28,459)
Goldman Sachs	None	9/1/2032	12,798	3.891	(2,965)	(2,341)
					<u>\$ (64,821)</u>	<u>(45,259)</u>

The variable rate on the two Goldman Sachs swaps is based on the USD-BMA Municipal Swap Index. The variable rate on the JPMorgan swap is based on 67% of one-month LIBOR-BBA. 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 JPMorgan swap stipulates that if the University meets a minimum credit rating there are no collateral posting requirements. At June 30, 2020, the collateral posting requirement was \$18,699; however, \$19,100 was on deposit as collateral to ensure continuing collateral coverage.

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 GAAP fair value hierarchy.

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(8) Retirement Benefits

The University participates in two contributory retirement plans. The expense to the University, representing its contributions to the accounts of faculty and staff, was \$30,396 and \$28,775 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, total assets held by the University were \$31,026 and \$27,453, respectively, and included in investments on the balance sheet. A corresponding liability is included in retirement obligations.

The Brown University Food Services and Plant Operations 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:

	<u>2020</u>	<u>2019</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 116,793	99,758
Service cost	4,636	3,965
Interest cost	3,938	4,016
Benefits paid	(2,937)	(2,695)
Actuarial gain	<u>18,053</u>	<u>11,749</u>
Projected benefit obligation at end of year	<u>\$ 140,483</u>	<u>116,793</u>

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

	<u>2020</u>	<u>2019</u>
Discount rate	2.56 %	3.41 %
Rate of compensation increase	3.00	3.00

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

	<u>2020</u>	<u>2019</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 82,628	79,929
Actual return on plan assets	3,422	2,894
Contributions	2,500	2,500
Benefits paid	<u>(2,937)</u>	<u>(2,695)</u>
Fair value of plan assets at end of year	85,613	82,628
Projected benefit obligation at end of year	<u>(140,483)</u>	<u>(116,793)</u>
Funded status included in retirement obligations	\$ <u><u>(54,870)</u></u>	\$ <u><u>(34,165)</u></u>
	<u>2020</u>	<u>2019</u>
Net periodic pension cost:		
Service cost	\$ 4,636	3,965
Interest cost	3,938	4,016
Expected return on assets	(4,943)	(5,192)
Amortization of unrecognized loss and prior service cost	<u>1,324</u>	<u>325</u>
Net periodic pension cost	\$ <u><u>4,955</u></u>	\$ <u><u>3,114</u></u>

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

	<u>2020</u>	<u>2019</u>
Discount rate	3.41 %	4.09 %
Rate of compensation increase	3.00	3.00
Expected long-term rate of return	6.00	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.

Net periodic pension cost is reflected in operating activities on the statements of activities. As of June 30, 2020 and 2019, items not yet recognized as components of net periodic pension cost are unrecognized prior service cost of \$933 and \$948, respectively, and a net unrecognized actuarial loss of \$44,464 and \$26,209, respectively. These changes affecting the funded status of the plan are included in other changes, net in nonoperating activities in the statements of activities.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

The plan assets at June 30, 2020 and 2019 consist of variable annuity 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 takes into account 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 in order 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, 2020 and 2019, and the weighted average asset targeted allocation are as follows:

	Target	Actual	
		2020	2019
Equity funds	75 %	75 %	77 %
Fixed income funds	25	25	23
Total	100 %	100 %	100 %

The University's estimated contribution for 2021 is \$2,700.

Estimated future benefit payments as of June 30, 2020 are as follows:

Fiscal year:		
2021	\$	3,859
2022		4,069
2023		4,369
2024		4,665
2025		5,004
2026–2030		30,023

BROWN UNIVERSITY
Notes to Financial Statements
June 30, 2020 and 2019
(Dollars in thousands)

(9) Net Assets

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

	2020	2019
Without donor restrictions:		
Corporation-designated endowment funds	\$ 635,594	571,146
Investment in plant, net	281,518	311,364
University operations	226,159	243,391
Total without donor restrictions	1,143,271	1,125,901
With donor restrictions:		
Donor-restricted endowment funds:		
Scholarships and student support	1,192,189	1,140,230
Departmental and programmatic support	822,260	694,021
Professorships	978,916	875,488
General use	289,709	268,566
Instruction and lectureships	245,683	233,643
Fellowships	213,115	193,600
	3,741,872	3,405,548
Contributions receivable	279,082	277,443
Donor restricted for programs	173,777	142,525
Split-interest net assets	56,699	54,092
Investment in plant, net	84,130	68,010
Total with donor restrictions	4,335,560	3,947,618
	\$ 5,478,831	5,073,519

(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.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

Operating expenses by nature and function are summarized as follows for the fiscal year ended June 30, 2020:

	2020					
	<u>Instruction and departmental research</u>	<u>Sponsored programs</u>	<u>Academic and student support</u>	<u>Auxiliary services</u>	<u>Institutional support</u>	<u>Total</u>
Salaries and wages	\$ 191,391	58,033	78,285	30,641	63,498	421,848
Employee benefits	52,836	17,261	23,494	8,740	12,971	115,302
Graduate student support	8,264	16,182	64,944	—	—	89,390
Purchased services	29,068	35,272	8,311	9,057	14,813	96,521
Supplies and general	36,280	16,000	60,443	14,653	11,490	138,866
Utilities	10,333	2,530	7,147	12,404	2,659	35,073
Interest	7,228	2,223	4,688	7,522	1,162	22,823
Depreciation	27,534	8,468	17,858	28,656	4,425	86,941
	<u>\$ 362,934</u>	<u>155,969</u>	<u>265,170</u>	<u>111,673</u>	<u>111,018</u>	<u>1,006,764</u>

Operating expenses by nature and function are summarized as follows for the fiscal year ended June 30, 2019:

	2019					
	<u>Instruction and departmental research</u>	<u>Sponsored programs</u>	<u>Academic and student support</u>	<u>Auxiliary services</u>	<u>Institutional support</u>	<u>Total</u>
Salaries and wages	\$ 179,382	52,270	80,093	30,919	59,975	402,639
Employee benefits	51,213	15,755	22,858	8,527	15,902	114,255
Graduate student support	7,629	14,999	59,121	—	—	81,749
Purchased services	28,881	33,667	10,862	11,139	14,605	99,154
Supplies and general	37,615	19,393	68,554	14,118	12,404	152,084
Utilities	8,650	2,468	6,947	12,102	5,498	35,665
Interest	7,692	2,366	4,989	8,006	1,385	24,438
Depreciation	26,268	8,078	17,036	27,338	4,222	82,942
	<u>\$ 347,330</u>	<u>148,996</u>	<u>270,460</u>	<u>112,149</u>	<u>113,991</u>	<u>992,926</u>

(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 normal course of its operations. Although the final 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.

BROWN UNIVERSITY

Notes to Financial Statements

June 30, 2020 and 2019

(Dollars in thousands)

(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 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 will enhance the partnership between the Foundations and the Warren Alpert Medical School. Under the formation and support agreement, the University is obligated to pay BPI \$25,000 over a 10-year period. In 2020, the University paid \$2,500 to BPI, with the remaining \$15,000 included in accounts payable and accrued liabilities at June 30, 2020. 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, 2020.

(13) Supplemental Disclosure of Cash Flow Information

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

	<u>2020</u>	<u>2019</u>
Cash paid for interest, including recurring swap settlements, net of capitalized interest of \$2,242 and \$2,981	\$ 28,948	29,834
Noncash investing activities:		
Increase (decrease) in accounts payable for land, buildings and equipment	\$ 5,382	(6,541)
Decrease in payables for purchases of investments	(18,079)	(35,705)

(14) Subsequent Events

In September 2020, the University issued taxable bonds with a total par value of \$365,000 at an interest rate of 2.92%, maturing in fiscal year 2051; to add to the Series 2020A taxable bonds issued in May 2020. The bonds were sold at a premium of \$37,026, resulting in an effective yield of 2.44%. The proceeds will be used for general corporate purposes.

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 16, 2020, and subsequent events have been evaluated through that date.

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Research and Development Cluster:				
Corporation for National and Community Service:				
U.S. Department of Veterans Affairs	94.000	VA – IPA – P. Moyo	\$ —	14,365
Providence VA Medical Center	94.000	Vietnam Era Vets	—	43,490
Corporation for National and Community Service total			—	57,855
Department of Commerce:				
University of Rhode Island	11.417	0007089/051518	—	28,800
Climate and Atmospheric Research	11.431	Direct	—	252,367
Science, Technology, Business and/or Education Outreach	11.620	Direct	—	119,767
Department of Commerce total			—	400,934
Department of Defense:				
Department of Defense – Other research	12.000	Direct	130,156	981,950
The Charles Stark Draper Laboratory, Inc.	12.000	PO001-0001055667	—	4,665
The Charles Stark Draper Laboratory, Inc.	12.000	PO: 001-0001058101	—	3,051
Imaging Systems Technology	12.000	IST-6126	—	107,903
Providence VA Medical Center	12.000	VA241-15-D-0097 / PO 650D94010	—	3,570
Systems and Technology Research	12.000	2018-0047	—	271,941
Tufts University	12.000	AR0002	—	127,670
Women and Infants Hospital	12.000	9607	—	18,308
Subtotal			130,156	1,519,058
Basic and Applied Scientific Research				
Boston University	12.300	Direct	1,799,219	5,111,997
Cornell University	12.300	4500002205	—	294,189
Johns Hopkins University	12.300	81825-10893	—	373,712
ReliaCoat Technologies, LLC	12.300	2003341862	—	39,570
Stevens Institute of Technology	12.300	GR5220056	—	54,460
Tufts University	12.300	2102747-01	—	356,079
University of California, Berkeley	12.300	ONR278	—	63,330
University of Colorado, Boulder	12.300	00009340	—	29,561
University of Wisconsin, Madison	12.300	1553984	—	163,299
University of Wisconsin, Madison	12.300	825K311	—	192,589
University of Wisconsin, Madison	12.300	817K692	—	432,845
University of Wisconsin, Madison	12.300	831K235	—	73,588
Subtotal			1,799,219	7,185,219

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Military Medical Research and Development	12.420	Direct	\$ 45,766	663,095
Case Western Reserve University	12.420	RES514776	—	24,814
Duke University Medical Center	12.420	3130852	—	7,222
Massachusetts General Hospital	12.420	232994	—	46,458
Ocean State Research Institute	12.420	292,207	—	6,218
Rhode Island Hospital	12.420	701-7137164	—	19,442
Yale University	12.420	C16-J2326 (J00246)	—	55,309
Yale University	12.420	C16J12287 (J00244)	—	14,877
Subtotal			<u>45,766</u>	<u>837,435</u>
Basic Scientific Research	12.431	Direct	858,644	2,251,868
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Direct	—	72,418
University of Utah	12.630	10028801-BROWN-APP	—	186,572
Subtotal			<u>—</u>	<u>258,990</u>
Air Force Defense Research Sciences Program	12.800	Direct	170,644	875,418
Electronics of the Future, Inc.	12.800	STTR-1/Brown	—	36,780
Imaging Systems Technology	12.800	IST-8453 rev B	—	54,489
Subtotal			<u>170,644</u>	<u>966,687</u>
Mathematics Science Grants	12.901	Direct	—	45,599
Research and Technology Development	12.910	Direct	1,904,750	5,624,040
Charles River Analytics, Inc.	12.910	SC1623302	—	270,275
Raytheon ITSS	12.910	W911NF19C0008	—	172,845
University of California, San Diego	12.910	104628989	—	224,806
University of Pennsylvania	12.910	574468	—	191,343
Subtotal			<u>1,904,750</u>	<u>6,483,309</u>
Department of Defense total			<u>4,909,179</u>	<u>19,548,165</u>
Central Intelligence Agency:				
Central Intelligence Agency	13.000	Direct	196,248	969,089
Central Intelligence Agency total			<u>196,248</u>	<u>969,089</u>
Department of Education:				
Education Research, Development and Dissemination	84.305A	Direct	—	379,809
Evaluation of State Education Programs and Policies	84.305E	Direct	66,291	98,984
Partnerships and Collaborations Focused on Problems of Practice or Policy	84.305H	Direct	132,314	564,582
National Professional Development Program	84.365Z	Direct	—	636,653
Department of Education total			<u>198,605</u>	<u>1,680,028</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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 Energy:				
Department of Energy – Other Research	81.000	Direct	\$ —	(21,326)
Brookhaven National Laboratory	81.000	325180	—	155,240
Fermi National Accelerator Laboratory	81.000	PO 573783	—	9,716
Fermi National Accelerator Laboratory	81.000	PO629713	—	(52,243)
Fermi National Accelerator Laboratory	81.000	PO635300	—	(965)
Fermi National Accelerator Laboratory	81.000	PO658618	—	32,759
Fermi National Accelerator Laboratory	81.000	652923	—	19,257
Fermi National Accelerator Laboratory	81.000	648835	—	13,803
Fermi National Accelerator Laboratory	81.000	656186	—	200,134
Fermi National Accelerator Laboratory	81.000	664117	—	554,303
Fermi National Accelerator Laboratory	81.000	662034	—	201,879
Fermi National Accelerator Laboratory	81.000	663849	—	18,413
Honeywell Federal Manufacturing & Technologies LLC	81.000	N000341467	—	96,602
Lawrence Livermore National Laboratory	81.000	B630141	—	37
Los Alamos National Laboratory	81.000	Basic 419093, Sub 420101	—	118,652
Los Alamos National Laboratory	81.000	537672	—	45,000
Oak Ridge National Laboratory	81.000	4000126928	—	102,607
Oak Ridge National Laboratory	81.000	400175016	—	37,292
Oak Ridge National Laboratory	81.000	4000175015	—	22,474
Pacific Northwest National Laboratory	81.000	433306	—	136,920
Pacific Northwest National Laboratory	81.000	456,824	—	180,453
Sandia National Laboratories	81.000	1926728	—	161,503
Sandia National Laboratories	81.000	2111577	—	29,365
Sandia National Laboratories	81.000	2104755	—	62,561
Sandia National Laboratories	81.000	2033819	—	150,000
The Regents of the University of California	81.000	7388270	—	12,857
The Regents of the University of California – LBNL	81.000	7265413	—	20,007
Subtotal			—	2,307,300
Office of Science Financial Assistance Program	81.049	Direct	345,946	3,370,567
Oak Ridge National Laboratory	81.049	4000174243	—	111,484
University of Nebraska	81.049	N/A	—	65,060
Subtotal			345,946	3,547,111
General Motors Corporation	81.086	4301051656	—	14,268
General Motors Corporation	81.087	4300501631	—	64,851
Department of Energy total			345,946	5,933,530
Department of Health and Human Services:				
Department of Health and Human Services – Other research	93.000	Direct	837,945	4,123,014
Dartmouth College	93.000	R997	—	91,202
Lynntech, Inc.	93.000	Lynntech	—	18,335
National Academy of Sciences	93.000	2000010318 – O000027424	—	68,861
Research Triangle Institute	93.000	1-312-0216664-65752L/Master Agreement 888-19-27-21	—	27,869
Subtotal			837,945	4,329,281

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
State of Rhode Island Department of Health	93.070	2018-2019 Agreement – PO3423017	\$ —	16,058
Research Triangle Institute	93.070	1-312-0217189-6547L	—	17,536
Subtotal			—	33,594
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	Direct	8,743	455,194
Ohio State University	93.077	60074535	—	19,565
University of Vermont	93.077	32359SUB52490	—	320,780
Wake Forest University	93.077	WFUHS 119438	—	40,115
Wake Forest University	93.077	WFUHS119379	—	404,085
Subtotal			8,743	1,239,739
President and Fellows of Harvard College	93.084	116532-5097266	—	7,182
Model State-supported Area Health Education Centers	93.107	Direct	196,242	279,687
Biological Response to Environmental Health Hazards	93.113	Direct	495,807	3,125,803
Boston University	93.113	4500002243	—	22,503
Johns Hopkins University	93.113	2004166016	—	32,835
Pennsylvania State University	93.113	S000446-NIH	—	41,575
President and Fellows of Harvard College – SPH	93.113	112190-5104406	—	41,865
President and Fellows of Harvard College – SPH	93.113	113130-5105236	—	19,090
University of Cincinnati	93.113	011150-002	—	16,320
University of Southern California	93.113	80000762 / P.O. #50504945	—	37,055
Westat, Inc.	93.113	6714-00-S001	—	35,458
Subtotal			495,807	3,372,504
Boston Medical Center	93.136	7038 – PO#11649045 – Activity #0478404	—	59,167
Brandeis University	93.136	GR403952	—	31,668
Rhode Island Hospital	93.136	7137153	—	22,949
Rhode Island Hospital	93.136	7017137520	—	41,036
State of Rhode Island Department of Health	93.136	2018-2019 Agreement – PO3423017	—	53,169
Subtotal			—	207,989
NGS Detectors LLC	93.121	0001	—	53,380
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143	Direct	65,881	1,917,456
Human Genome Research	93.172	Direct	—	29,113
Research Related to Deafness and Communication Disorders	93.173	Direct	55,502	1,644,554
Stanford University	93.173	60951264-116469	—	40,778
Subtotal			55,502	1,685,332
Research and Training in Complementary and Integrative Health	93.213	Direct	843,255	1,919,057
Duke University	93.213	203-7980	—	9,064
Yale University	93.213	GR106113)CON-80001756)	—	12,284
Subtotal			843,255	1,940,405
National Research Service Awards Health Services Research Training	93.225	Direct	—	463,461

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct	\$ 5,975	2,102,557
University of Massachusetts Medical Center	93.226	OSP27392-02 – PO # WA00826359	—	21,903
Beth Israel Deaconess Medical Center	93.226	01061109	—	43,761
Subtotal			<u>5,975</u>	<u>2,168,221</u>
Rhode Island Hospital	93.233	7137326	—	2,999
Mental Health Research Grants	93.242	Direct	2,761,343	9,736,913
AINGEAL	93.242	2019001	—	16,179
Boston University	93.242	4500003428	—	5,354
Bradley Hospital	93.242	712-7572	—	68,828
Bradley Hospital	93.242	7127519	—	45,445
Bradley Hospital	93.242	712-7528	—	106,668
Bradley Hospital	93.242	712-7551	—	165,887
Butler Hospital	93.242	9232-8328	—	3,188
Butler Hospital	93.242	9234-8328	—	23,532
Butler Hospital	93.242	9272-8328	—	5,880
Butler Hospital	93.242	5001421-MOITRA	—	51,837
Butler Hospital	93.242	5001571-RCTBROWN	—	15,415
Columbia University	93.242	139567	—	28,429
Emory University	93.242	A175688	—	24,878
Emory University	93.242	A202614	—	26,976
Massachusetts General Hospital	93.242	224840	—	98,702
Michigan State University	93.242	RC105383-Brown	—	(25,630)
Michigan State University	93.242	RC108970BU	—	566,765
Michigan State University	93.242	RC110477BROWN	—	15,198
MindSciences, LLC	93.242	1R41MH118130-01	—	112,621
Miriam Hospital	93.242	7147045OG	—	18,990
Miriam Hospital	93.242	7147068AN	—	221,038
Princeton University	93.242	SUB0000226	—	(1,447)
Regents of the University of Michigan	93.242	SUBK00008747	—	28,816
Rhode Island Hospital	93.242	701-7137293	—	77,235
Rhode Island Hospital	93.242	7137207	—	28,969
Rhode Island Hospital	93.242	7137412	—	20,595
Rhode Island Hospital	93.242	7137413	—	34,164
University of Cape Town	93.242	IRMA26935	—	50,461
University of Cape Town	93.242	IRMA31344	—	48,181
University of California, Berkeley	93.242	00009418	—	124,403
University of Colorado, Boulder	93.242	1556815	—	968
University of North Carolina, Chapel Hill	93.242	5113262	—	62,169
Hunter College	93.242	CM00001185-01	—	74,360
University of Maryland, Baltimore	93.242	8639-SR00002907	—	(288)
University of Maryland – College Park	93.242	2003802	—	170,022
Wayne University	93.242	WSU20004	—	25,178
Subtotal			<u>2,761,343</u>	<u>12,076,879</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct	\$ 896,963	1,876,780
State of Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals	93.243	SPF-PFS	—	(335)
University of Missouri – Kansas City	93.243	0074604/00056793	—	(4)
University of Rhode Island	93.243	5132-071415	—	30,510
University of Rhode Island	93.243	6172/022217	—	37,428
University of Rhode Island	93.243	7096/07092018	—	25,853
Subtotal			<u>896,963</u>	<u>1,970,232</u>
Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment Under the President's Emergency Plan for AIDS Relief	93.266	Direct	—	536,981
Adult Viral Hepatitis Prevention and Control	93.270	Direct	—	33,587
Alcohol Research Programs	93.273	Direct	731,675	7,432,121
Boston Children's Hospital	93.273	GENFD0001297183	—	7,614
Boston University	93.273	4500003456	—	166,771
Bradley Hospital	93.273	712-7525	—	66,353
Burnham University	93.273	60871-13184-Brown	—	49,884
Butler Hospital	93.273	9132-8328	—	10,430
Lehigh University	93.273	543781-78003	—	12,409
Miriam Hospital	93.273	710-9192	—	10,241
Miriam Hospital	93.273	1002-98-7660	—	58
Miriam Hospital	93.273	710-9908	—	219
Northeastern University	93.273	500597-78050	—	17,883
Ohio University	93.273	UT19397	—	(615)
Research Foundation of CUNY at Brooklyn College	93.273	CM00001836-00	—	40,567
Rhode Island Hospital	93.273	7017137290-1	—	73,500
University of Florida	93.273	UFDSP00012297	—	19,465
University of New Mexico	93.273	028328-87T6	—	(582)
University of Missouri, Columbia	93.273	C00064471-1	—	31,113
University of Southern California	93.273	103132179	—	43,462
University of Washington	93.273	UWSC9451	—	(633)
University of Wisconsin Milwaukee	93.273	193405412	—	63,617
Subtotal			<u>731,675</u>	<u>8,043,877</u>
Drug Abuse and Addiction Research Programs	93.279	Direct	1,612,804	6,458,569
Boston Children's Hospital	93.279	GENFD0001711879	—	201,165
Boston Medical Center	93.279	7334	—	11,174
Brigham & Women's Hospital	93.279	119349	—	55,932
Butler Hospital	93.279	5001471Brown-Abrantes	—	5,298
Emory University	93.279	T856876	—	21,027
Emory University	93.279	T994721	—	13,040
Hennepin Healthcare Research Institute	93.279	15212-2	—	7,301
Johns Hopkins University	93.279	2004025742	—	40,018
Kent State University	93.279	403030-BU	—	71,479

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Miriam Hospital	93.279	710-7147067	\$ —	40,728
Miriam Hospital	93.279	710-9993	—	9,239
Miriam Hospital	93.279	710-7147113	—	44,162
Miriam Hospital	93.279	7147056	—	94,837
Miriam Hospital	93.279	7147185ASN	—	5,425
Miriam Hospital	93.279	7147060BM	—	27,876
Miriam Hospital	93.279	7147098BM	—	30,949
Public Health Institute	93.279	00414	—	53,412
Rhode Island Hospital	93.279	7137539	—	43,345
Rutgers University	93.279	0679 – PO#936325	—	23,619
Truth Initiative	93.279	7016-Brown	—	84,169
Tufts University	93.279	102314-00001/NIH025_Spirito	—	3,351
University of British Columbia	93.279	20R22505 / 1UO1DA0299996	—	3,451
University of British Columbia	93.279	20R48670	—	8,282
University of California, Davis	93.279	A18-0560-S001	—	8,282
University of California, San Francisco	93.279	9081sc	—	414
University of Kansas Medical Center Research Institute Inc.	93.279	ZAN00050	—	33,053
University of Texas, Austin	93.279	UTA18-000152	—	13,190
University of Washington	93.279	UWSC11305	—	17,060
Weill Cornell Medical College	93.279	201851-3	—	146,630
Yale University	93.279	GR105610 (CON-80001690)	—	30,832
Subtotal			<u>1,612,804</u>	<u>7,607,309</u>
Mental Health National Research Service Awards for Research Training	93.282	Direct	—	(3,216)
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	Direct	109,238	234,964
State of Rhode Island Department of Health	93.296	2018-2019 Agreement – PO3423017	—	76,353
Minority Health and Health Disparities Research	93.307	Direct	9,563	160,700
Bradley Hospital	93.307	712-7573	—	20,084
Rhode Island Hospital	93.307	7137328	—	9,679
University of North Carolina, Chapel Hill	93.307	5115733	—	32,585
Subtotal			<u>9,563</u>	<u>223,048</u>
Rhode Island Hospital	93.310	7137538	—	57,421
Women and Infants Hospital	93.310	9525	—	(2,367)
Women and Infants Hospital	93.310	5001451-Braun	—	45,563
Women and Infants Hospital	93.310	5001441	—	42,078
Westat, Inc.	93.310	6366-S02	—	25,823
Subtotal			<u>—</u>	<u>168,518</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Miriam Hospital	93.349	710-7147144	\$ —	153,178
Research Infrastructure Programs	93.351	Direct	—	600,000
Dana-Farber Cancer Institute	93.353	1204001	—	35,055
Nursing Research	93.361	Direct	331,836	726,858
Butler Hospital	93.361	9074-8328	—	383
Butler Hospital	93.361	9241-8328	—	12,958
Butler Hospital	93.361	9452-8328	—	5,236
Johns Hopkins University	93.361	2004240764	—	35,501
University of California, San Diego	93.361	123245755	—	19,792
Subtotal			<u>331,836</u>	<u>800,728</u>
National Center for Research Resources	93.389	Direct	1,509,611	2,407,906
Cancer Cause and Prevention Research	93.393	Direct	120,965	714,309
Fox Chase Cancer Center	93.393	FCCC # 15152-01	—	191
Massachusetts General Hospital	93.393	232008	—	43,954
Northwestern University	93.393	60038259BU	—	47,352
Tufts University	93.393	100805-00001	—	23,084
University of California, San Diego	93.393	93597220	—	178,958
University of California, San Francisco	93.393	10234sc	—	197,082
University of Florida	93.393	UFDSP00012157	—	(230)
University of Texas MD Anderson	93.393	3001528852	—	30,730
University of Rhode Island	93.393	000620-092417	—	27,911
Subtotal			<u>120,965</u>	<u>1,263,341</u>
Cancer Detection and Diagnosis Research	93.394	Direct	80,468	934,054
American College of Radiology	93.394	1670	—	40,050
University of South Carolina	93.394	20-4014	—	37,058
University of Massachusetts, Worcester	93.394	WA00522513/OSP2016160	—	9,137
Subtotal			<u>80,468</u>	<u>1,020,299</u>
Cancer Treatment Research	93.395	Direct	38,232	497,521
Dana-Farber Cancer Institute	93.395	1173706	—	50,833
Dana-Farber Cancer Institute	93.395	1227204	—	(4,948)
Dana-Farber Cancer Institute	93.395	1227206	—	(92,832)
Dana-Farber Cancer Institute	93.395	1800007	—	1,379,693
ECOG-ACRIN Medical Research Foundation, Inc	93.395	1UG1CA189828-01-BRWB1	—	17,724
ECOG-ACRIN Medical Research Foundation, Inc	93.395	1UG1CA189828-01-BRWN2	—	19,793
ECOG-ACRIN Medical Research Foundation, Inc	93.395	5UG1CA189828-03-BRWN4	—	144,039
ECOG-ACRIN Medical Research Foundation, Inc	93.395	U10CA180820-02BRWN1	—	(2,944)
Subtotal			<u>38,232</u>	<u>2,008,879</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Cancer Biology Research	93.396	Direct	\$ —	(1,197)
Duke University	93.396	A032495	—	34,274
Subtotal			—	33,077
Indiana University	93.397	8102	—	14,400
Indiana University – Bloomington	93.397	IN4687590BU	—	13,396
Subtotal			—	27,796
Cancer Research Manpower	93.398	Direct	191,149	906,638
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN2	—	194,882
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN3	—	760,319
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN1	—	217,578
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN-EA2185-PRO	—	51,479
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN-EA2185-CEA	—	56,207
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN-EA2185-PCyst	—	91,051
Subtotal			—	1,371,516
Rhode Island Administrative Office of State Court	93.586	RI State Court	—	115,131
Care New England	93.650	100001-1	—	20,628
Recovery Act – Comparative Effectiveness Research – AHRQ	93.715	Direct	—	12
ABT Associates, Inc.	93.779	47360	—	55,592
Leading Age South Carolina	93.779	CMP Fund	—	9,911
Subtotal			—	65,503
University of Missouri – Kansas City	93.788	0081641/00061663	—	278,992
Cell Biology and Biophysics Research	93.821	Direct	—	(1,302)
Hennepin Healthcare Research Institute	93.830	15019-5	—	9,325
Cardiovascular Diseases Research	93.837	Direct	1,368,899	2,412,678
Butler Hospital	93.837	9273-8328	—	6,980
Lundquist Institute	93.837	031690-01-Brown/PO# 20006410	—	2,477
Miriam Hospital	93.837	710-7147009	—	68,393
Miriam Hospital	93.837	710-7147188	—	2,497
Miriam Hospital	93.837	7147164	—	13,303
Mount Sinai School of Medicine	93.837	0255-8173-4609	—	2
New York University School of Medicine	93.837	19-A0-00-1002499	—	96,453
Ocean State Research Institute	93.837	122202	—	(5,572)
Rhode Island Hospital	93.837	701-7137449	—	171,972
University of Connecticut	93.837	133693	—	81,140
University of Pennsylvania	93.837	577870	—	97,520
University of Pittsburgh	93.837	0054665 (129258-2)	—	75,770
University of Rhode Island	93.837	0006829/110818 – P.O. #144830	—	48,963
Yale University	93.837	GR100608 (CON-80001019)	—	14
Yale University	93.837	GR104259 (CON-80001412)	—	368,180
Subtotal			1,368,899	3,440,770

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Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Lung Diseases Research	93.838	Direct	\$ (1,839)	568,977
Ocean State Research Institute	93.838	122208	—	90,793
Rhode Island Hospital	93.838	701-7137089	—	(23,731)
Rhode Island Hospital	93.838	701-7137305	—	62,739
Rhode Island Hospital	93.838	7137552	—	365
Yale University	93.838	M15A12057(CON-8000343)	—	8,012
Subtotal			<u>(1,839)</u>	<u>707,155</u>
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct	207,291	820,384
Lifespan, Inc.	93.846	7017137231	—	55,698
Rhode Island Hospital	93.846	7017137519	—	16,639
Subtotal			<u>207,291</u>	<u>892,721</u>
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct	108,335	1,557,935
Miriam Hospital	93.847	710-7147150	—	26,338
Miriam Hospital	93.847	710-7147122	—	21,554
Miriam Hospital	93.847	7147169	—	18,311
Rhode Island Hospital	93.847	7017137407	—	124,974
University of California, Irvine	93.847	2018-3543	—	8,718
University of California, San Diego	93.847	100511936 – PTE 5R01DK106157 – PO S9001907 – PED1898	—	7,212
University of California, San Diego	93.847	100512083 – PO S9001908 – PED6332	—	8,755
University of California, San Diego	93.847	100512437 – PO S9001901 – PED5291	—	8,690
Subtotal			<u>108,335</u>	<u>1,782,487</u>
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct	306,256	3,726,108
Baylor College of Medicine	93.853	7000000370	—	193,634
Baylor College of Medicine	93.853	7000000738	—	160,887
Baylor College of Medicine	93.853	7000000765	—	92,607
Central Michigan University	93.853	F63541	—	14,055
Connecticut College	93.853	141584	—	10,732
Massachusetts General Hospital	93.853	2015D009117	—	113,580
Massachusetts General Hospital	93.853	227057	—	1,007,140
New York University	93.853	19-A0-00-1002081/113033	—	109,140
New York University	93.853	19-A0-001002081/113030	—	119,509
Rhode Island Hospital	93.853	701-7137201	—	108,955
Rhode Island Hospital	93.853	7017137409SJ	—	15,475
Rhode Island Hospital	93.853	7017137409DB	—	143,594
Subtotal			<u>306,256</u>	<u>5,815,416</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Allergy and Infectious Diseases Research	93.855	Direct	\$ 1,841,876	6,918,362
Case Western Reserve University	93.855	RES512770	—	43,912
Indiana University – Bloomington	93.855	IN4688928BRWN	—	149
Indiana University – Indianapolis	93.855	IN4681945BU	—	(478)
Johns Hopkins University	93.855	2004103391	—	63,112
Lynntech, Inc.	93.855	NIH-825	—	6,155
Miriam Hospital	93.855	7147085JH	—	62,100
Miriam Hospital	93.855	7109155KB	—	4,036
Miriam Hospital	93.855	7147101JWH	—	8,359
Miriam Hospital	93.855	7147103JH	—	137,434
Miriam Hospital	93.855	7147105CK	—	78,774
Miriam Hospital	93.855	7147101W	—	32,078
Miriam Hospital	93.855	7147102DO	—	20,334
Miriam Hospital	93.855	7147154JH	—	26,882
Miriam Hospital	93.855	7147108ASN	—	73,950
Miriam Hospital	93.855	7141705JAP	—	10,690
Mount Sinai School of Medicine	93.855	0255-C441-4609	—	88,051
The Regents of the University of California – Merced	93.855	E251GUB334	—	43,480
University of California, San Francisco	93.855	9507sc	—	155,694
University of California, San Francisco	93.855	10968sc	—	24,565
University of North Carolina, Chapel Hill	93.855	5112553	—	54,146
University of North Carolina, Chapel Hill	93.855	5112615	—	76,134
University of North Carolina, Chapel Hill	93.855	5113719	—	29,681
University of Rhode Island	93.855	0006818-08162018 – PO#000141488	—	27,978
Subtotal			<u>1,841,876</u>	<u>7,985,578</u>
Butler Hospital	93.856	5001511-9	—	139,336
Biomedical Research and Research Training	93.859	Direct	580,651	13,671,924
Butler Hospital	93.859	5001511-2	—	43,375
Butler Hospital	93.859	5001511-4	—	24,597
Butler Hospital	93.859	5001511-5	—	41,502
Emory University	93.859	T648004	—	207,963
Celdara Medical, LLC	93.859	Celdara Medical 2018/2019	—	43,217
Lifespan Center for Cancer Research Development	93.859	701-7137398	—	49,233
Maine Medical Center Research Institute	93.859	LIAW-111001-1A	—	3,270
Miriam Hospital	93.859	7147128PB	—	282,161
Ocean State Research Institute	93.859	312240-6512	—	133,438
Ocean State Research Institute	93.859	312240	—	99,498
Ocean State Research Institute	93.859	312240-6503	—	260,933
Ocean State Research Institute	93.859	312240-6504	—	265,110
Ocean State Research Institute	93.859	312240-6500	—	292,234
Ocean State Research Institute	93.859	312240-6510	—	31,838
Ocean State Research Institute	93.859	312240-6501	—	245,164
Ocean State Research Institute	93.859	312240-6511	—	7,721

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Rhode Island Hospital	93.859	701-7137077-8985	\$ —	33,939
Rhode Island Hospital	93.859	701-7137358	—	(2,597)
Rhode Island Hospital	93.859	7137385BM	—	257,048
Rhode Island Hospital	93.859	7137418JWH	—	268,993
Rhode Island Hospital	93.859	7017137296	—	183,961
Rhode Island Hospital	93.859	7017137300	—	240,014
Rhode Island Hospital	93.859	7017137301	—	145,464
Rhode Island Hospital	93.859	7017137313	—	57,872
Rhode Island Hospital	93.859	7137384MM	—	19,931
Rhode Island Hospital	93.859	7017137506	—	100,139
Rhode Island Hospital	93.859	7137384PM	—	15,185
University of Rhode Island	93.859	0005697/060216	—	78
University of Rhode Island	93.859	0005098/012915	—	(46)
University of Rhode Island	93.859	0007887/08232019B	—	49,319
University of Rhode Island	93.859	Advance	—	53,843
Women and Infants Hospital	93.859	5001301	—	51,383
Women and Infants Hospital	93.859	9719	—	27,166
Women and Infants Hospital	93.859	9721	—	20,374
Subtotal			580,651	17,225,244
Child Health and Human Development Extramural Research	93.865	Direct	661,811	2,746,812
Bradley Hospital	93.865	7127549	—	36,290
Butler Hospital	93.865	9221-8328	—	17,651
Butler Hospital	93.865	9276-8328	—	11,761
Children's Hospital of Philadelphia	93.865	3201770721	—	26,633
Indiana University – Bloomington	93.865	IN4688378BU	—	150,844
Miriam Hospital	93.865	710-9115	—	4,580
Northern Arizona University	93.865	1003926-02	—	7,242
Northeastern University	93.865	500649-78052	—	65,188
Princeton University	93.865	SUB000089	—	53,883
Research Triangle Institute	93.865	2-312-0215374-65459L	—	64,426
Rhode Island Hospital	93.865	7017137362-1	—	40,036
Tulane University	93.865	TUL-HSC-556515-18/19	—	12,432
Tulane University	93.865	TUL-HSC-557477-19/20	—	43,615
University of North Carolina, Chapel Hill	93.865	5110643	—	(11,548)
University of North Carolina, Chapel Hill	93.865	5113861	—	252,681
University of North Carolina, Chapel Hill	93.865	5117443	—	10,994
Yale University	93.865	GR104750(CON-80001511)	—	19,094
Subtotal			661,811	3,552,614
Aging Research	93.866	Direct	5,450,216	17,964,257
Albert Einstein College of Medicine	93.866	311214	—	77,770
Brigham & Women's Hospital	93.866	120138	—	5,462

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
California Pacific Medical Center Research Institute	93.866	2803227-S191	\$ —	469
Duke University	93.866	A03-1237	—	31,825
Duke University	93.866	A03-2024	—	6,682
Hebrew SeniorLife	93.866	10.10.90063	—	17,180
Hebrew SeniorLife	93.866	10.10.91531	—	109,799
Hebrew SeniorLife	93.866	90068	—	12
Hebrew SeniorLife	93.866	90084	—	33,579
Hebrew SeniorLife	93.866	92331	—	(1,985)
Hebrew SeniorLife	93.866	92371	—	(8,374)
Hebrew SeniorLife	93.866	Hebrew Rehab Center – 90088	—	252,509
Hebrew SeniorLife	93.866	90087	—	15,882
Hebrew SeniorLife	93.866	92372	—	218,335
Hebrew SeniorLife	93.866	92332	—	27,354
Indiana University – Bloomington	93.866	IN4683237BRWN	—	275,026
Johns Hopkins University	93.866	2004313048	—	50,062
Massachusetts General Hospital	93.866	232815	—	65,751
Massachusetts General Hospital	93.866	235379	—	34,078
NemaMetrix Inc.	93.866	NemaMetrix	—	32,561
Oregon Health & Science University	93.866	1014922_Brown	—	33,417
Regents of the University of Michigan	93.866	3004822522	—	52,595
Regents of the University of Michigan	93.866	3004832691	—	52,595
Regents of the University of Minnesota	93.866	P007096953	—	13,221
Rhode Island Hospital	93.866	701-7137465	—	19,705
University of Minnesota	93.866	P007424455	—	5,274
University of South Florida – Tampa	93.866	1229-1107-00-A	—	246,051
University of Utah College of Nursing	93.866	10044839-01 – PO #U000156299	—	13,802
University of Washington	93.866	UWSC9787	—	40,123
Weill Cornell Medical College	93.866	190636-3	—	5,231
Yale University	93.866	GR104962(CON-80001575)	—	27,583
Subtotal			<u>5,450,216</u>	<u>19,717,831</u>
Vision Research	93.867	Direct	—	2,951,432
Johns Hopkins University	93.867	2003947802	—	1,816
University of California, San Diego	93.867	125650149	—	24,476
Subtotal			<u>—</u>	<u>2,977,724</u>
Northeastern University	93.879	500495-78052 – P.O. P1802611	—	5,864
Northeastern University	93.879	500663-78051	—	46,858
Subtotal			<u>—</u>	<u>52,722</u>
International Research and Research Training	93.989	Direct	133,347	722,503
University of Cape Town	93.989	UCT00029094	—	41,707
Subtotal			<u>133,347</u>	<u>764,210</u>
State of Rhode Island Department of Health	93.994	2018-2019 Agreement – PO3423017	—	287,034
Department of Health and Human Services total			<u>21,560,040</u>	<u>125,156,419</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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 Housing and Urban Development:				
National Center for Healthy Housing	14.902	NCHH-19-1332	\$ —	47,609
Department of Housing and Urban Development total			—	47,609
Department of the Interior:				
Earth, Environmental, and Planetary Sciences	15.807	118058111	—	39,000
Natural Resource Stewardship	15.944	Direct	—	23,225
Department of the Interior total			—	62,225
Department of State:				
University of Connecticut	19.009	313820	—	137,221
Overseas Refugee Assistance Programs for Strategic Global Priorities	19.522	Direct	—	73,441
Department of State total			—	210,662
Department of Transportation:				
Giner, Inc.	20.000	402372	—	18,612
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724	Direct	—	66,059
Department of Transportation total			—	84,671
Department of Veterans Affairs:				
Department of Veterans Affairs – Other Research	64.000	Direct	—	112,533
Providence VA Medical Center	64.000	36C24120N0364 – REQ 650-20-2-755-0025 – 650D04002	—	15,494
Providence VA Medical Center	64.000	36C24E19D0002 / PO 650D04004	—	108
Providence VA Medical Center	64.000	36C24E19D0002 / PO 650D94024	—	1,293
Providence VA Medical Center	64.000	650D05026	—	77,110
Providence VA Medical Center	64.000	650D82013	—	5,285
Providence VA Medical Center	64.000	650D83016	—	33,101
Providence VA Medical Center	64.000	650D83054	—	79,285
Providence VA Medical Center	64.000	650D92010	—	2,879
Providence VA Medical Center	64.000	650D93027	—	4,210
Providence VA Medical Center	64.000	650D93035	—	33,934
Providence VA Medical Center	64.000	650D93037	—	22,912
Providence VA Medical Center	64.000	COIN CIN 13-419 – Jutkowitz (2) – P.O. 650 D93006	—	7,781
Providence VA Medical Center	64.000	IIR 17 – 192 – PO 650D93008	—	27,343
Providence VA Medical Center	64.000	IPA-Beth Travers	—	28,231
Providence VA Medical Center	64.000	PO #650D05031 – CIN 13-419	—	1,272
Providence VA Medical Center	64.000	VA IPA IIR 15-310 – 11-1-19	—	3,130
Providence VA Medical Center	64.000	VA241-15-D-0097 (TO#23 Silva) PO 650D84017	—	(51)
Providence VA Medical Center	64.000	VA241-15-D-0097 / PO 650D84023	—	(413)
Providence VA Medical Center	64.000	VA241-15-D-0097 / PO 650D94002	—	97,248
Providence VA Medical Center	64.000	VA241-15-D-0097 / PO 650D94009	—	13,469
Providence VA Medical Center	64.000	VA241-15D-0097 / PO 650D94022	—	48,572
Providence VA Medical Center	64.000	VA241-16-J-0097 – PO650D64000	—	13
Canandaigua VA Medical Center	64.000	GECDAC IPA Makineri 10-1-18	—	8,788
Department of Veterans Affairs – VA Boston Health Care System	64.000	36C24119N0595 / PO 650D94005	—	23,997
San Francisco VA Health Care System	64.000	662D07060	—	5,729
Department of Veterans Affairs total			—	653,253

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Environmental Protection Agency:				
P3 Award: National Student Design Competition for Sustainability	66.516	Direct	\$ —	14,524
Environmental Protection Agency total			—	14,524
National Aeronautics and Space Administration:				
Jet Propulsion Laboratory	43.000	1549766	—	70,768
Jet Propulsion Laboratory	43.000	1585019	—	12,329
Jet Propulsion Laboratory	43.000	1634100	—	20,565
Jet Propulsion Laboratory	43.000	JPL 1488322	—	49,079
Johns Hopkins University Applied Physics Laboratory, LLC.	43.000	110619	—	30,410
University of Arizona	43.000	546247	—	46,971
University of Maryland – College Park	43.000	23913-Z6927002	—	34,347
Subtotal			—	264,469
Science	43.001	Direct	168,859	1,861,481
Smithsonian Astrophysical Observatory	43.001	SV8-88013	—	42,991
Universities Space Research Association	43.001	02282-03	—	15,158
Universities Space Research Association	43.001	02298-01	—	16,059
University of Arizona	43.001	375964	—	12,257
University of Washington	43.001	UWSC11750	—	202
Subtotal			168,859	1,948,148
Office of Stem Engagement (OSTEM)	43.008	Direct	359,487	478,403
Space Technology	43.012	Direct	—	(5,390)
National Aeronautics and Space Administration total			528,346	2,685,630
National Endowment for the Arts & Humanities:				
Promotion of the Humanities Division of Preservation and Access	45.149	Direct	22,040	44,129
Promotion of the Humanities Research	45.161	Direct	1,361	1,714
National Endowments for the Arts & Humanities total			23,401	45,843
National Science Foundation:				
National Science Foundation – Other Research	47.000	Direct	—	75,777
Engineering Grants	47.041	Direct	79,945	2,187,979
University of Pennsylvania	47.041	575402	—	39,847
Yale University	47.041	GR105152 (CON-80001605)	—	90,330
Subtotal			79,945	2,318,156
Mathematical and Physical Sciences	47.049	Direct	98,047	7,736,598
Brandeis University	47.049	402430	—	75,944
University of California, Berkeley	47.049	62102-Z4776001	—	36,575
University of Maryland, College Park	47.049	00009384	—	65,132
University of Notre Dame	47.049	QuarkNet Program – PHY1806631	—	2,750
Subtotal			98,047	7,916,999

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Geosciences	47.050	Direct	\$ 21,119	2,599,470
Stanford University	47.050	61833835-128348	—	14,466
University of Arizona	47.050	124741	—	(2,123)
University of Oregon	47.050	2008POA	—	12,687
University of Southern California	47.050	90703474	—	(143)
University of Texas, Austin	47.050	UTA17-001150	—	27,490
Subtotal			<u>21,119</u>	<u>2,651,847</u>
Computer and Information Science and Engineering	47.070	Direct	34,564	3,114,547
Northeastern University	47.070	502268-78052	—	(8,738)
Subtotal			<u>34,564</u>	<u>3,105,809</u>
Biological Sciences	47.074	Direct	834,782	3,617,143
University of Colorado, Boulder	47.074	1555726	—	(206)
University of Florida	47.074	UFDSP00012216	—	3
Subtotal			<u>834,782</u>	<u>3,616,940</u>
Social, Behavioral, and Economic Sciences	47.075	Direct	22,804	1,204,471
National Bureau of Economic Research, Inc	47.075	36300.00.00.00.6600	—	616
Western Washington University	47.075	51191-B	—	11,533
Subtotal			<u>22,804</u>	<u>1,216,620</u>
Education and Human Resources	47.076	Direct	11,665	2,130,310
American Association of Physics Teachers	47.076	MOU – AAPT	—	92,450
American Education Research Association	47.076	N/A	—	19,311
Council of Graduate Schools	47.076	1661272	—	39,207
President and Fellows of Harvard College	47.076	108162-5112184	—	3,390
Vassar College	47.076	1525691.1	—	131,671
Subtotal			<u>11,665</u>	<u>2,416,339</u>
Polar Programs	47.078	Direct	—	(934)
Office of International Science and Engineering (OISE)	47.079	Direct	99,806	294,042
CRDF Global	47.079	AOISE-17-62967-1	—	32,654
University of Wisconsin, Madison	47.079	873K972	—	73,946
Subtotal			<u>99,806</u>	<u>400,642</u>
University of Rhode Island	47.081	0005916-101617 – PO# 0000128824	—	588,024
Office of Integrative Activities	47.083	Direct	121,805	413,736
Dartmouth College	47.083	R896	—	320,944
University of Idaho	47.083	IMK400-SB-001	—	356,139
University of Idaho	47.083	SH2106-SB1-772972	—	150,506
University of Rochester	47.083	416751-G	—	66,238
Subtotal			<u>121,805</u>	<u>1,307,563</u>
National Science Foundation total			<u>1,324,537</u>	<u>25,613,782</u>
Research and Development Cluster total			<u>29,086,302</u>	<u>183,164,219</u>

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

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
Student Financial Assistance Cluster:				
Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	Direct	\$ —	816,187
Federal Work-Study Program	84.033	Direct	—	1,316,126
Federal Perkins Loan Program (note 3)	84.038	Direct	—	18,274,511
Federal Pell Grant Program	84.063	Direct	—	4,824,997
Federal Direct Student Loans (note 3)	84.268	Direct	—	37,045,099
Teacher Education Assistance for College and Higher Education Grant (TEACH Grants)	84.379	Direct	—	11,280
Department of Education total			—	62,288,200
Department of Health and Human Services:				
Health Professions Student Loans, Including Primary Care-Loans/Loans for Disadvantaged Students (note 3)	93.342	Direct	—	567,763
Department of Health and Human Services total			—	567,763
Student Financial Assistance Cluster total			—	62,855,963
Corporation for National and Community Service:				
State of Rhode Island Department of Education	94.006	2725-20902-001	—	148,607
State of Rhode Island Department of Education	94.006	2725-20902-907	—	10
State of Rhode Island Department of Education	94.006	2725-20902-801	—	590
Subtotal			—	149,207
Rhode Island Commission for National and Community Services	94.013	17VSARI002	—	34,152
Corporation for National and Community Service total			—	183,359
Department of Education:				
Fulbright Hays Doctoral Dissertation Research Abroad	82.022A	Direct	—	30,563
Overseas Programs – Doctoral Dissertation Research Abroad	84.022A	Direct	—	15,479
State of Rhode Island Department of Education	84.287	2725-16602-720	—	14
State of Rhode Island Department of Education	84.287	2725-16602-730	—	2,187
Subtotal			—	48,243
BPE	84.411C	50115	—	659
State of Massachusetts Department of Elementary and Secondary Education	84.000	19OPRCC2	—	146,864
One Neighborhood Builders	84.287C	2019-1	—	86,110
Department of Education total			—	281,876
Department of Energy:				
Fermi National Accelerator Laboratory	81.000	652506	—	2,305
Department of Energy total			—	2,305

BROWN UNIVERSITY

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Department of Health and Human Services:				
Oral Diseases and Disorders Research	93.121	Direct	\$ —	46,521
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct	—	(2,307)
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct	—	32,764
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct	—	64,052
Biomedical Research and Research Training	93.859	Direct	—	388,102
International Research and Research Training	93.989	Direct	—	34,270
University of Rhode Island	93.829	0007944/06202019	—	59,737
State of Rhode Island Department of Health	93.136	2018-2020 Agreement – PO3573706	—	6,301
State of Rhode Island Department of Health	93.243	2018-2020 Agreement – PO3573706	—	50,940
State of Rhode Island Department of Health	93.910	2018-2019 Agreement – PO3423017	—	57,777
State of Rhode Island Department of Health	93.994	2018-2020 Agreement – PO3573706	—	246,070
State of Rhode Island Department of Health	93.898	2018-2020 Agreement – PO3573706	—	40,867
State of Rhode Island Department of Health	93.354	2018-2020 Agreement – PO3573706	—	2,295
State of Rhode Island Department of Health	93.354	3614854-1	—	38,866
Department of Health and Human Services total			—	1,066,255
Department of Interior:				
Cultural Resources Management	15.946	Direct	—	85,254
Department of Interior total			—	85,254
Department of Veteran Affairs:				
Providence VA Medical Center	64.000	650D95003	—	41,312
Department of Veteran Affairs total			—	41,312
National Aeronautics and Space Administration:				
Other Research	43.000	Direct	—	19,619
Science	43.001	Direct	—	387,864
Office of Stem Engagement (OSTEM)	43.008	Direct	—	446,116
National Aeronautics and Space Administration total			—	853,599
National Endowment for the Arts & Humanities:				
Promotion of the Humanities Research	45.161	Direct	—	4,853
New England Foundation for the Arts	45.025	18-34462 (NEFA)	—	47
National Endowment for the Arts & Humanities total			—	4,900
Other Programs total			—	2,518,860
Total Expenditures of Federal Awards			\$ 29,086,302	248,539,042

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

BROWN UNIVERSITY

Notes to Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2020

(1) Basis of Presentation

The accompanying supplementary schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of Brown University (the University) under programs funded by the federal government for the year ended June 30, 2020. 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 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 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

For purposes of the Schedule, expenditures for federal award programs are recognized as incurred using the accrual method of accounting and the cost accounting principles. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Expenditures under the research and development cluster include facilities and administrative (F&A) cost recoveries, relating primarily to facilities operation and maintenance; facilities and equipment depreciation; and general, divisional, and departmental administration services, which are charged to applicable federal grants under negotiated rates agreed to with DHHS, the University's federal cognizant agency. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Federal Student Financial Assistance

Student Loan Programs

The Federal Perkins Loan and Health Professional Student Loan programs are administered directly by the University and balances and transactions relating to these programs are included in the University's financial statements. Loan activities and balances consist of the following:

	Federal CFDA number	Balance as of June 30, 2019	Loans issued	Payments received and other adjustments	Balance as of June 30, 2020
Perkins Loan Program	84.038	\$ 18,274,511	—	(3,846,873)	14,427,638
Health Professions Student Loans (HPSL)	93.342	492,263	75,500	(100,375)	467,388
Totals		\$ 18,766,774	75,500	(3,947,248)	14,895,026

BROWN UNIVERSITY

Notes to Supplementary Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Congress did not renew the Federal Perkins Loan Program after September 2017 and the transition period permitting disbursements ended June 30, 2018. Therefore, no new loans have been awarded after September 2017 and the University will continue to service outstanding loans throughout the repayment period. For the year ended June 30, 2020, the University did not recover an administrative cost allowance under the Federal Perkins Loan Program.

Federal Direct Loans

Federally-guaranteed loans awarded to students of the University during the year ended June 30, 2020 are summarized as follows:

Subsidized Stafford Loan Program	\$	3,087,304
Unsubsidized Stafford Loan Program		20,416,546
PLUS Loan Program		<u>13,541,249</u>
Total	\$	<u><u>37,045,099</u></u>

The University is responsible only for the performance of certain administrative duties relating to Federal Direct Loans and, accordingly, these loans are not included in the University's financial statements. It is not practical to determine the balances of loans outstanding to students of the University under this program as of June 30, 2020.



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

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 President and Corporation
Brown 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 financial statements of Brown University (the University), which comprise the balance sheet as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

October 16, 2020



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

Independent Auditors' Report on Compliance for Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The President and Corporation
Brown University:

Report on Compliance for Major Federal Program

We have audited Brown University's (the University) 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, 2020. 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 the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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* (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 major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on the 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, 2020.



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 its 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.

Report on Supplementary Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University as of and for the year ended June 30, 2020, and have issued our report thereon dated October 16, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020 is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the 2020 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 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 2020 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

March 11, 2021

BROWN UNIVERSITY
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2020

(1) Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether financial statements were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified? yes none reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Program

<u>Name of federal program/cluster</u>	<u>CFDA numbers</u>
Student Financial Assistance Cluster	Various

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

Auditee qualified as low risk auditee? yes no

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

None.

(3) Findings and Questioned Costs Relating to Federal Awards

None.