



**BROWN UNIVERSITY**

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

Year ended June 30, 2021

**BROWN UNIVERSITY**

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

Year ended June 30, 2021

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KPMG LLP  
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## 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, 2021 and 2020, 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 the University as of June 30, 2021 and 2020, 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.

#### *Emphasis of Matter*

As discussed in note 1(q) to the financial statements, in 2021, the University adopted Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), as amended. Our opinion is not modified with respect to this matter.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 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 27, 2021

**BROWN UNIVERSITY**

## Balance Sheets

June 30, 2021 and 2020

(Dollars in thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 724,876	452,767
Accounts receivable and other assets	91,975	80,832
Contributions receivable, net	306,557	279,082
Funds held in trust by others	50,114	53,439
Right-of-use assets-operating	98,634	—
Investments	7,225,770	4,766,897
Land, buildings and equipment, net	1,295,182	1,261,176
Total assets	<u>\$ 9,793,108</u>	<u>6,894,193</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 124,163	91,564
Liabilities associated with investments	38,313	6,344
Student deposits and grant advances	95,822	49,754
Operating lease obligations	99,172	—
Other long-term obligations	91,768	111,859
Retirement obligations	74,938	85,896
Bonds, loans and notes payable	1,454,801	1,069,945
Total liabilities	<u>1,978,977</u>	<u>1,415,362</u>
Net assets:		
Without donor restrictions	1,567,060	1,143,271
With donor restrictions	6,247,071	4,335,560
Total net assets	<u>7,814,131</u>	<u>5,478,831</u>
Total liabilities and net assets	<u>\$ 9,793,108</u>	<u>6,894,193</u>

See accompanying notes to financial statements.

**BROWN UNIVERSITY**

Statement of Activities

Year ended June 30, 2021

(Dollars in thousands)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Operating revenues:			
Net tuition and fees	\$ 330,835	—	330,835
Grants and contracts	236,053	—	236,053
Contributions	59,856	47,597	107,453
Endowment return appropriated	167,499	14,600	182,099
Sales and services of auxiliary enterprises	62,904	—	62,904
Other income	46,255	—	46,255
Net assets released from restrictions	38,270	(38,270)	—
Total operating revenues	<u>941,672</u>	<u>23,927</u>	<u>965,599</u>
Operating expenses:			
Salaries and wages	418,854	—	418,854
Employee benefits	127,226	—	127,226
Graduate student support	96,137	—	96,137
Purchased services	133,001	—	133,001
Supplies and general	120,101	—	120,101
Utilities and occupancy	41,357	—	41,357
Interest	33,455	—	33,455
Depreciation	88,826	—	88,826
Operating expenses	<u>1,058,957</u>	<u>—</u>	<u>1,058,957</u>
Change in net assets from operating activities	<u>(117,285)</u>	<u>23,927</u>	<u>(93,358)</u>
Nonoperating activities:			
Contributions	9,246	192,319	201,565
Net investment return	501,348	1,875,959	2,377,307
Endowment return appropriated	(29,214)	(152,885)	(182,099)
Other changes, net	30,981	904	31,885
Net assets released from restrictions	28,713	(28,713)	—
Change in net assets from nonoperating activities	<u>541,074</u>	<u>1,887,584</u>	<u>2,428,658</u>
Change in net assets	423,789	1,911,511	2,335,300
Net assets, beginning of year	<u>1,143,271</u>	<u>4,335,560</u>	<u>5,478,831</u>
Net assets, end of year	<u>\$ 1,567,060</u>	<u>6,247,071</u>	<u>7,814,131</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)	—
Total operating revenues	<u>982,918</u>	<u>14,950</u>	<u>997,868</u>
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
Operating expenses	<u>1,006,764</u>	<u>—</u>	<u>1,006,764</u>
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)	—
Change in net assets from nonoperating activities	<u>41,216</u>	<u>372,992</u>	<u>414,208</u>
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**

Statements of Cash Flows

Years ended June 30, 2021 and 2020

(Dollars in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,335,300	405,312
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(2,400,866)	(502,425)
Depreciation	88,826	86,941
Amortization of bond premium	(7,395)	(6,230)
Net (gain) loss from disposals of land, building and equipment	(570)	182
Change in funded status of pension obligation	(20,856)	20,705
Change in fair value of interest rate swap liabilities	(16,466)	19,562
Change in asset retirement obligation	811	849
Change in estimate of split-interest obligations	2,220	546
Contributions restricted for plant and endowment	(169,062)	(165,446)
Change in accounts receivable and other assets	(15,807)	15,097
Change in accounts payable and accrued liabilities	38,533	(3,380)
Change in contributions receivable, net	(27,475)	(1,639)
Change in other operating liabilities, net	52,526	(25,639)
Net cash used in operating activities	<u>(140,281)</u>	<u>(155,565)</u>
Cash flows from investing activities:		
Additions to land, buildings and equipment	(128,196)	(151,785)
Purchases of investments	(1,872,601)	(892,292)
Sales and redemptions of investments	1,814,012	957,964
Notes repaid by students and others, net	4,664	4,261
Change in funds held in trust by others, excluding swap collateral	(8,075)	22,547
Net cash used in investing activities	<u>(190,196)</u>	<u>(59,305)</u>
Cash flows from financing activities:		
Contributions restricted for plant and endowment	169,062	165,446
Proceeds from sale of restricted gifts of securities	32,551	20,493
Payments under split-interest obligations	(2,678)	(2,594)
Payments on long-term debt	(9,775)	(82,590)
Proceeds from issuance of debt, including premium	402,026	371,056
Cash collateral posted under swap agreements	(3,800)	(36,100)
Cash collateral returned under swap agreements	15,200	23,000
Advance from line of credit	—	50,000
Payment of advance from line of credit	—	(50,000)
Net cash provided by financing activities	<u>602,586</u>	<u>458,711</u>
Change in cash and cash equivalents	272,109	243,841
Cash and cash equivalents, beginning of year	<u>452,767</u>	<u>208,926</u>
Cash and cash equivalents, end of year	\$ <u>724,876</u>	<u>452,767</u>

See accompanying notes to financial statements.



## BROWN UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

(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, 2021 and 2020

(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 investments 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 fund 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 identical assets or liabilities;
- Level 2 – Valuations based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Valuation based on unobservable inputs used in situations in which little or no observable market data is available.

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

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

#### **(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, 2021 and 2020

(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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Undergraduate	\$ 381,477	418,456
Graduate and masters programs	172,219	168,391
Other	—	29,047
	<u>553,696</u>	<u>615,894</u>
Tuition and fees	553,696	615,894
Less university scholarships	<u>(222,861)</u>	<u>(216,863)</u>
Net tuition and fees	<u>\$ 330,835</u>	<u>399,031</u>

Sales and services of auxiliary enterprises revenues are recognized when goods or services are provided to students and customers. Auxiliary enterprises revenues consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Residence, dining and health services	\$ 54,826	68,502
Bookstore, rental and other auxiliary income	<u>8,078</u>	<u>17,544</u>
Total	<u>\$ 62,904</u>	<u>86,046</u>

## BROWN UNIVERSITY

### Notes to Financial Statements

June 30, 2021 and 2020

(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 \$236,053 and \$209,263 for the years ended June 30, 2021 and 2020, respectively. Payments received from sponsors in advance of conditions being met are reported as grant advances, which totaled \$38,510 and \$27,089 as of June 30, 2021 and 2020, respectively. Conditional awards from federal sponsors outstanding as of June 30, 2021 were \$438,234.
- 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 and Notes Receivable and Other Assets**

Accounts receivable and other assets include amounts due from students, reimbursements due from sponsors of externally funded research, accrued income on investments, inventory and prepaid expenses. Notes and accounts receivable are presented net of 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, 2021 and 2020

(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 \$40,821 and \$32,712 at June 30, 2021 and 2020, 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 \$9,293 and \$20,727 at June 30, 2021 and 2020, 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, 2021 and 2020

(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, 2021 and 2020 include \$35,376 and \$0, 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 and futures of \$2,937 and \$6,344 entered into in fiscal 2021 and 2020, respectively.

#### **(n) Other Long-Term Obligations**

Other long-term obligations consisted of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Federal student loan advances	\$ 11,720	15,698
Split interest obligations	13,926	14,384
Asset retirement obligations	17,767	16,956
Interest-rate swap liabilities	<u>48,355</u>	<u>64,821</u>
Total	<u>\$ 91,768</u>	<u>111,859</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.

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 Plan for a Healthy and Safe 2020-21 included a one-time transition to three semesters and an extensive COVID-19 testing program. The full extent of the continual 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 new COVID-19 variants.

## **BROWN UNIVERSITY**

### Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

#### **(q) Recent Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), as amended, that requires, among other things, a lessee to recognize a right-of-use asset representing an entity's right to use the underlying asset for the lease term and a liability for lease payments on the balance sheet, regardless of classification of a lease as an operating or finance lease. As permitted by the ASU, for leases with a term of twelve months or less as a lessee, the University has elected not to recognize lease assets and liabilities and account for the lease similar to existing guidance for operating leases. The University adopted ASU 2016-02 in fiscal year 2021 using the modified retrospective approach. Right-of-use assets and related lease obligations of \$105,502 were recognized as of July 1, 2020 and are included in the balance sheet. The guidance did not materially impact the University's results of operations.

#### **(r) Leasing**

The University determines if an arrangement is a lease at inception. The University has leases for which it is a lessor. Operating leases are included in right of use assets, and the related lease obligations in the balance sheet.

Lease right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized at commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Rental income arising from operating leases as a lessor is included in operating revenue in other sources in the statement of activities. The cash paid for amounts included in the measurement of these liabilities, under ASC 842, for operating leases for the year ended June 30, 2021 was \$8,845.

**BROWN UNIVERSITY**  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Dollars in thousands)

**(2) Liquidity and Availability**

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 724,876	452,767
Accounts receivable, net	58,627	41,105
Pledge receivables available for operations	18,134	18,274
Working capital investments	440,611	294,954
Approved endowment income appropriated for upcoming fiscal year	<u>194,632</u>	<u>182,129</u>
Total financial assets available within one year	1,436,880	989,229
Liquidity resources:		
Taxable commercial paper	125,000	125,000
Bank line of credit	<u>100,000</u>	<u>100,000</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,661,880</u>	<u>1,214,229</u>

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 a \$100,000 line of credit and a \$125,000 taxable commercial paper program at June 30, 2021.

Additionally, the University has Corporation-designated endowments of \$960,328 and \$635,594 as of June 30, 2021 and 2020, 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 \$2,468,312 can be liquidated on a daily to quarterly basis at June 30, 2021 (refer to note 4 for disclosures about investments).



## BROWN UNIVERSITY

### Notes to Financial Statements

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(Dollars in thousands)

#### (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>2021</u>	<u>2020</u>
Contributions expected to be received in:		
Less than one year	\$ 79,136	71,145
Between one and five years	162,341	142,007
More than five years	<u>131,739</u>	<u>144,055</u>
Gross contributions receivable	373,216	357,207
Unamortized discount (at rates ranging from 0.3% to 4.8%) and allowance for uncollectibles	<u>(66,659)</u>	<u>(78,125)</u>
Contributions receivable, net	<u>\$ 306,557</u>	<u>279,082</u>

At June 30, 2021, the University had conditional promises to give of \$247,938. These conditional promises to give are not recognized as assets or revenue in the financial statements.

#### (4) Investments

##### *Investment Strategy*

In addition to traditional stocks and fixed-income securities, the University may also hold shares or units in institutional funds as well as in alternative investment funds involving absolute return, private equity and real asset strategies. Absolute return strategies involve funds whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. Funds with absolute return strategies generally hold securities or other financial instruments for which a ready market exists and may include stocks, bonds, put or call options, swaps, currency hedges and other instruments, and are valued accordingly. Private equity funds employ buyout and venture capital strategies and may focus on investments in turn-around situations. Real asset funds generally hold interests in public real estate investment trusts (REITs), commercial properties, commodities, or oil and gas, generally through commingled funds. Private equity and real asset strategies therefore 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.

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#### *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, 2021 and 2020, the University had no plans or intentions to sell investments at amounts different from NAV.

Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The following tables summarize the University's investments by strategy type as of June 30, 2021 and 2020:

	2021				
	Investments measured at NAV	Investments classified in the fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Investments:					
Equities:					
Domestic	\$ 144,703	135,372	449,847	41,370	771,292
Global	612,105	127,776	—	—	739,881
Fixed income:					
Domestic	103,441	97,746	5,514	3,166	209,867
Global	130,550	—	38,518	50	169,118
Absolute return:					
General arbitrage	411,737	2	—	—	411,739
Distressed	311	—	—	—	311
Global	1,141,575	272,117	—	—	1,413,692
Private equity:					
Buy-out	1,024,586	26	—	28,705	1,053,317
Venture	1,807,555	—	—	27,010	1,834,565
Real assets:					
Real estate	166,027	1,783	—	37,063	204,873
Commodities, oil and gas	63,869	18,673	74,393	19,390	176,325
Cash and cash equivalents	—	240,790	—	—	240,790
Total	\$ 5,606,459	894,285	568,272	156,754	7,225,770

**BROWN UNIVERSITY**

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June 30, 2021 and 2020

(Dollars in thousands)

	<b>2020</b>				
	<b>Investments measured at NAV</b>	<b>Investments classified in the fair value hierarchy</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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>

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.

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The following tables present activities for the years ended June 30, 2021 and 2020 for the University's investments classified in Level 3:

Level 3 roll forward	2021					
	Equities	Fixed income	Private equity	Real assets	Absolute return	Total
Fair value as of June 30, 2020	\$ 218,675	3,383	49,144	52,714	746	324,662
Acquisitions	1,782	—	7,575	—	—	9,357
Dispositions	(389,710)	—	(28)	(1,242)	—	(390,980)
Net realized and unrealized gains (losses)	210,623	(167)	(976)	4,981	(746)	213,715
Fair value at June 30, 2021	\$ 41,370	3,216	55,715	56,453	—	156,754

  

Level 3 roll forward	2020					
	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	\$ 218,675	3,383	49,144	52,714	746	324,662

There were no transfers between Levels 1 and 2 and no transfers between Levels 2 and 3 in 2021 and 2020, respectively.

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

	2021	2020
Operating:		
Endowment return appropriated	\$ 182,099	159,947
Included in other income	9,973	13,046
Nonoperating activities:		
Net investment return	2,377,307	481,741
Endowment return appropriated	(182,099)	(159,947)
Total return	\$ 2,387,280	494,787

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Total investment management and advisory expenses, including internal costs, were \$19,523 and \$14,088 for the years ended June 30, 2021 and 2020, respectively, and have been netted against the total return.

**(a) Liquidity**

Investment liquidity as of June 30, 2021 and 2020 is aggregated below based on redemption or sale ability:

	2021						
	Daily	Monthly	Quarterly	Semi- annually to annually	Subject to rolling lock-ups	Illiquid	Total
Equities	\$ 280,108	119,047	485,323	448,224	104,715	73,756	1,511,173
Fixed income	144,887	—	131,807	—	25,000	77,291	378,985
Absolute return	2	131,169	801,449	—	863,015	30,107	1,825,742
Private equity	—	—	—	—	158,566	2,729,316	2,887,882
Real assets	94,848	38,882	—	—	—	247,468	381,198
Cash and cash equivalents	240,790	—	—	—	—	—	240,790
Total	<u>\$ 760,635</u>	<u>289,098</u>	<u>1,418,579</u>	<u>448,224</u>	<u>1,151,296</u>	<u>3,157,938</u>	<u>7,225,770</u>

  

	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	<u>\$ 527,651</u>	<u>190,961</u>	<u>1,191,924</u>	<u>243,391</u>	<u>665,030</u>	<u>1,947,940</u>	<u>4,766,897</u>

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, 2021 and 2020.

**(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, real assets and private credit as of June 30, 2021 and 2020 was \$1,019,846 and \$905,251, 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, 2021 and 2020:

	<b>2021</b>		
	<u>Long notional</u>	<u>Short notional</u>	<u>Unrealized gain (loss)</u>
Instrument type:			
Total return swaps	\$ 145,970	—	17,425
Futures and options	255,427	—	4,092
Total	<u>\$ 401,397</u>	<u>—</u>	<u>21,517</u>
	<b>2020</b>		
	<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>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Instrument type included in investments:		
Total return swaps	\$ 19,248	2,074
Futures and options	5,206	820
Instrument type included in liabilities associated with investments:		
Total return swaps	\$ 1,823	6,344
Futures and options	1,114	—

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**(5) Endowment**

The University's endowment consists of approximately 3,400 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, 2021:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ —	1,786,756	1,786,756
Appreciation	—	3,710,943	3,710,943
Corporation-designated endowment funds	<u>960,328</u>	<u>62,148</u>	<u>1,022,476</u>
Total endowment net assets	\$ <u><u>960,328</u></u>	<u><u>5,559,847</u></u>	<u><u>6,520,175</u></u>

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>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 635,594	3,741,872	4,377,466
Investment return, net	353,818	1,854,479	2,208,297
Endowment return appropriated	(29,214)	(152,885)	(182,099)
Contributions	41	126,733	126,774
Reclassifications and other changes	<u>89</u>	<u>(10,352)</u>	<u>(10,263)</u>
Endowment net assets, June 30, 2021	\$ <u><u>960,328</u></u>	<u><u>5,559,847</u></u>	<u><u>6,520,175</u></u>

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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	17,331	8,823	26,154
Endowment net assets, June 30, 2020	<u>\$ 635,594</u>	<u>3,741,872</u>	<u>4,377,466</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, 2021 and 2020.

**(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**

Notes to Financial Statements

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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>2021</u>	<u>2020</u>
Land	\$ 93,323	91,899
Buildings	798,992	765,659
Improvements	1,318,731	1,258,602
Equipment	247,710	239,158
Construction in progress	<u>128,815</u>	<u>112,275</u>
	2,587,571	2,467,593
Accumulated depreciation	<u>(1,292,389)</u>	<u>(1,206,417)</u>
Land, buildings and equipment, net	<u>\$ 1,295,182</u>	<u>1,261,176</u>

Outstanding commitments on uncompleted construction contracts total \$89,013 at June 30, 2021.

**BROWN UNIVERSITY**

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**(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	
				2021	2020
Rhode Island Health and Education Building Corporation (RIHEBC)					
Facilities Revenue Bonds:					
Series 2003B	0.12%	Variable	2044	\$ 39,080	39,635
Series 2005A	0.02%	Variable	2035	85,500	85,500
Series 2011	3.25%–5.00%	Fixed	2033	33,780	36,455
Series 2012	5.00%	Fixed	2023	118,240	118,240
Series 2013	4.00%–5.00%	Fixed	2044	120,945	124,085
Series 2015	0.50%	Variable	2046	39,010	40,315
Series 2017A	4.00%–5.00%	Fixed	2048	141,125	141,125
Series 2019	5.00%	Fixed	2030	54,560	54,560
Brown University Taxable Bonds:					
Series 2020A	1.91%–2.92%	Fixed	2051	665,000	300,000
Commercial bank term loans:					
Fiscal year 2019 issuance	0.34%	Variable	2022	71,000	73,000
Promissory note	noninterest bearing	N/A	2030	2,900	3,000
Total bonds, loans and notes payable before premium				1,371,140	1,015,915
Unamortized premium				83,661	54,030
Total bonds, loans and notes payable				\$ 1,454,801	1,069,945

**(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.

## BROWN UNIVERSITY

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#### **(b) Taxable Bonds and Other Debt**

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.

In May 2020, Series 2020A 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.

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, 2021 and 2020, there were no outstanding notes.

Principal payments of bonds, notes and loans payable as of June 30, 2021 for each of the succeeding five fiscal years ending June 30 and thereafter are as follows:

Fiscal year:		
2022	\$	167,760
2023		67,185
2024		7,105
2025		9,215
2026		9,645
Thereafter		<u>1,110,230</u>
Total	\$	<u><u>1,371,140</u></u>

At June 30, 2021, the University had a \$100,000 committed line of credit. The line of credit matures in May 2024 and is available at a rate of one-month LIBOR plus 55 basis points. At June 30, 2020 the University had two \$50,000 committed lines of credit. The first line of credit matured in July 2021 and was available at a rate of LIBOR floor rate of 1% plus 75 basis points. In May 2020, the University executed an \$50,000 line of credit at a rate of one-month LIBOR floor rate of 1% plus 150 basis points, which matured in May 2021. As of June 30, 2021, and 2020, the full lines of credit in the amounts of \$100,000 were available.

The University has two stand-by bond purchase agreements with financial institutions totaling approximately \$125,000 in the event that the Series 2003B and Series 2005A bonds cannot be remarketed. The \$85,500 agreement expired in November 2020 and was substituted with a comparable agreement, which matures in December 2023. The \$39,517 agreement matures January 2023. There were no amounts outstanding at June 30, 2021 and 2020, under these agreements, nor has either agreement ever been called upon.

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The University provided self-liquidity for its taxable commercial paper program at June 30, 2021 and 2020.

**(c) Interest Rate Swaps**

At June 30, 2021 and 2020, 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:

<u>Counterparty</u>	<u>Associated debt</u>	<u>Expiration date</u>	<u>June 30, 2021</u>		<u>Fair value of liability at June 30</u>	
			<u>remaining notional value</u>	<u>Swap fixed rate</u>	<u>2021</u>	<u>2020</u>
JP Morgan	Series 2003B	9/1/2043	\$ 39,080	3.732 %	\$ (15,697)	(21,122)
Goldman Sachs	Series 2005A	5/1/2035	85,500	3.979	(30,467)	(40,734)
Goldman Sachs	None	9/1/2032	12,033	3.891	(2,191)	(2,965)
					<u>\$ (48,355)</u>	<u>(64,821)</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, 2021, the collateral posting requirement was \$7,658; however, \$7,700 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.

**(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 \$21,833 and \$30,396 for the years ended June 30, 2021 and 2020, respectively.

**BROWN UNIVERSITY**

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

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, 2021 and 2020, total assets held by the University were \$40,924 and \$31,026, 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>2021</u>	<u>2020</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 140,483	116,793
Service cost	6,055	4,636
Interest cost	3,595	3,938
Benefits paid	(3,485)	(2,937)
Actuarial (gain) loss	<u>(3,167)</u>	<u>18,053</u>
Projected benefit obligation at end of year	<u>\$ 143,481</u>	<u>140,483</u>

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

	<u>2021</u>	<u>2020</u>
Discount rate	2.72 %	2.56 %
Rate of compensation increase	3.00	3.00

**BROWN UNIVERSITY**  
Notes to Financial Statements  
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(Dollars in thousands)

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

	<b>2021</b>	<b>2020</b>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 85,613	82,628
Actual return on plan assets	24,839	3,422
Contributions	2,500	2,500
Benefits paid	(3,485)	(2,937)
Fair value of plan assets at end of year	109,467	85,613
Projected benefit obligation at end of year	(143,481)	(140,483)
Funded status included in retirement obligations	\$ (34,014)	(54,870)
	<b>2021</b>	<b>2020</b>
Net periodic pension cost:		
Service cost	\$ 6,055	4,636
Interest cost	3,595	3,938
Expected return on assets	(3,999)	(4,943)
Amortization of unrecognized loss and prior service cost	2,646	1,324
Net periodic pension cost	\$ 8,297	4,955

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

	<b>2021</b>	<b>2020</b>
Discount rate	2.56 %	3.41 %
Rate of compensation increase	3.00	3.00
Expected long-term rate of return	4.70	6.00

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, 2021 and 2020, items not yet recognized as components of net periodic pension cost are unrecognized prior service cost of \$812 and \$933, respectively, and a net unrecognized actuarial loss of \$17,932 and \$44,464, respectively. These changes affecting the funded status of the plan are included in other changes, net in nonoperating activities in the statements of activities.

The plan assets at June 30, 2021 and 2020 consist of variable annuity investments with various equity and fixed income focuses, which are classified as Level 1 in the GAAP fair value hierarchy.

**BROWN UNIVERSITY**

Notes to Financial Statements

June 30, 2021 and 2020

(Dollars in thousands)

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, 2021 and 2020, and the weighted average asset targeted allocation are as follows:

	<u>Target</u>	<u>Actual</u>	
		<u>2021</u>	<u>2020</u>
Equity funds	75 %	79 %	75 %
Fixed income funds	25	21	25
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The University's estimated contribution for 2021 is \$3,000.

Estimated future benefit payments as of June 30, 2021 are as follows:

Fiscal year:		
2022	\$	4,254
2023		4,406
2024		4,706
2025		5,046
2026		5,390
2027–2031		31,906

**BROWN UNIVERSITY**  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Dollars in thousands)

**(9) Net Assets**

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

	<b>2021</b>	<b>2020</b>
Without donor restrictions:		
Corporation-designated endowment funds	\$ 960,328	635,594
Investment in plant, net	295,207	281,518
University operations	311,525	226,159
Total without donor restrictions	1,567,060	1,143,271
With donor restrictions:		
Donor-restricted endowment funds:		
Scholarships and student support	1,785,175	1,192,189
Professorships	1,485,884	978,916
Departmental and programmatic support	1,192,920	822,260
General use	419,444	289,709
Instruction and lectureships	358,885	245,683
Fellowships	317,539	213,115
	5,559,847	3,741,872
Contributions receivable	306,557	279,082
Donor restricted for programs	214,095	173,777
Split-interest net assets	77,708	56,699
Investment in plant, net	88,864	84,130
Total with donor restrictions	6,247,071	4,335,560
	\$ 7,814,131	5,478,831

**(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, 2021 and 2020

(Dollars in thousands)

Operating expenses by nature and function are summarized as follows for the fiscal year ended June 30, 2021:

	<b>2021</b>					
	<b>Instruction and departmental research</b>	<b>Sponsored programs</b>	<b>Academic and student support</b>	<b>Auxiliary services</b>	<b>Institutional support</b>	<b>Total</b>
Salaries and wages	\$ 185,577	62,080	77,446	29,413	64,338	418,854
Employee benefits	52,649	18,260	22,562	8,403	25,352	127,226
Graduate student support	7,600	16,982	71,555	—	—	96,137
Purchased services	22,827	45,408	31,823	7,864	25,079	133,001
Supplies and general	13,698	14,520	57,758	15,093	19,032	120,101
Utilities and occupancy	12,594	3,160	7,704	13,982	3,917	41,357
Interest	10,595	3,258	6,872	11,027	1,703	33,455
Depreciation	28,131	8,652	18,245	29,277	4,521	88,826
	<b>\$ 333,671</b>	<b>172,320</b>	<b>293,965</b>	<b>115,059</b>	<b>143,942</b>	<b>1,058,957</b>

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

	<b>2020</b>					
	<b>Instruction and departmental research</b>	<b>Sponsored programs</b>	<b>Academic and student support</b>	<b>Auxiliary services</b>	<b>Institutional support</b>	<b>Total</b>
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 and occupancy	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
	<b>\$ 362,934</b>	<b>155,969</b>	<b>265,170</b>	<b>111,673</b>	<b>111,018</b>	<b>1,006,764</b>

**(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, 2021 and 2020

(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 2021, the University paid \$2,500 to BPI, with the remaining \$12,500 included in accounts payable and accrued liabilities at June 30, 2021. 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, 2021.

#### (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>2021</u>	<u>2020</u>
Cash paid for interest, including recurring swap settlements, net of capitalized interest of \$3,454 and \$2,242	\$ 38,993	28,948
(Decrease) increase in accounts payable for land, buildings and equipment	(5,934)	5,382
Increase (decrease) in payables for purchases of investments	31,969	(18,079)

#### (14) Subsequent Events

In September 2021, the University paid down Series 2011 tax-exempt bonds in the amount of \$33,780 and the commercial bank term loan in the amount of \$71,000. In addition, in September 2021, the University made a bullet payment of \$57,640 on Series 2012 tax-exempt bond.

The University considers events or transactions that occur after the balance sheet date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued October 27, 2021, and subsequent events have been evaluated through that date.

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing 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	\$ —	28,686
Providence VA Medical Center	94.000	Vietnam Era Vets	—	47,830
Subtotal			—	76,516
Rhode Island Commission for National and Community Services	94.013	17VSARI002	—	4
Corporation for National and Community Service total			—	76,520
Department of Agriculture:				
Agriculture and Food Research Initiative (AFRI)	10.310	Direct	—	95,375
Wake Forest University	10.310	20-013	—	6,261
Department of Agriculture total			—	101,636
Department of Commerce:				
Climate and Atmospheric Research	11.431	Direct	—	73,236
Science, Technology, Business and/or Education Outreach	11.620	Direct	—	298,731
Department of Commerce total			—	371,967
Department of Defense:				
Department of Defense – Other research	12.000	Direct	842,283	2,344,983
Auburn University	12.000	21-CIVENG-202667-BROWN	—	55,250
Charles River Analytics, Inc.	12.000	SC1935902	—	59,764
The Charles Stark Draper Laboratory, Inc.	12.000	PO: 001-0001058101	—	50,542
Imaging Systems Technology	12.000	IST-6126	—	9,487
Paragon Professional Services, LLC	12.000	PPS-2210020-BU	—	54,556
Systems and Technology Research	12.000	2018-0047	—	273,399
Tufts University	12.000	AR0002	—	39,620
University of Rhode Island	12.000	0007844/010421	—	10,103
Subtotal			842,283	2,897,704
Basic and Applied Scientific Research	12.300	Direct	1,540,369	4,589,954
Boston University	12.300	4500002205	—	209,730
Cornell University	12.300	81825-10893	—	288,984
ReliaCoat Technologies, LLC	12.300	RCT1023S	—	70,840
Stevens Institute of Technology	12.300	2102747-01	—	174,793
University of Central Florida	12.300	00009340	—	153,032
University of Colorado, Boulder	12.300	1553984	—	(7,692)
University of Pennsylvania	12.300	579262	—	99,555
University of Wisconsin, Madison	12.300	825K311	—	98,724
University of Wisconsin, Madison	12.300	817K692	—	144,860
University of Wisconsin, Madison	12.300	831K235	—	77,108
University of Wisconsin, Madison	12.300	0000001087	—	456,144
Subtotal			1,540,369	6,356,032

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Military Medical Research and Development	12.420	Direct	\$ 119,544	552,359
Case Western Reserve University	12.420	RES514776	—	30,973
Duke University Medical Center	12.420	3130852	—	964
Massachusetts General Hospital	12.420	232994	—	45,209
Rhode Island Hospital	12.420	701-7137164	—	6,683
Rhode Island Hospital	12.420	7137575	—	65,309
Yale University	12.420	C16-J2326 (J00246)	—	8,746
Subtotal			119,544	710,243
Basic Scientific Research	12.431	Direct	788,695	2,468,157
Oklahoma State University	12.431	1-500751-BU	—	62,929
Subtotal			788,695	2,531,086
Basic, Applied, and Advanced Research in Science and Engineering	12.630	Direct	—	113,059
Advanced Regenerative Manufacturing Institute	12.630	T0159-B	—	68,253
University of Utah	12.630	10028801-BROWN-APP	—	110,933
Subtotal			—	292,245
Air Force Defense Research Sciences Program	12.800	Direct	376,613	993,880
Imaging Systems Technology	12.800	IST-8453 rev B	—	141,411
Subtotal			376,613	1,135,291
Mathematics Science Grants	12.901	Direct	—	51,031
Research and Technology Development	12.910	Direct	1,345,164	3,482,053
Applied Research Associates Inc	12.910	PO21-00864	—	7,794
Charles River Analytics, Inc.	12.910	SC1623302	—	275,964
Raytheon ITSS	12.910	W911NF19C0008	—	161,578
University of California, San Diego	12.910	104628989	—	11,596
University of Pennsylvania	12.910	574468	—	283,674
Subtotal			1,345,164	4,222,659
Department of Defense total			5,012,668	18,196,291
Central Intelligence Agency:				
Central Intelligence Agency	13.000	Direct	308,185	1,323,935
Central Intelligence Agency total			308,185	1,323,935
Department of Education:				
Fullbright Hays Doctoral Dissertation Research Abroad	84.022A	Direct	—	45,941
Education Research, Development and Dissemination	84.305A	Direct	—	402,651
Partnerships and Collaborations Focused on Problems of Practice or Policy	84.305H	Direct	182,580	1,143,543
Education Research, Development and Dissemination	84.305U	Direct	—	163,002
English Language Acquisition State Grant	84.365Z	Direct	—	558,742
State of Rhode Island Department of Education	84.372A	PO 3706188	—	188,506
Department of Education total			182,580	2,502,385

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Department of Energy:				
Brookhaven National Laboratory	81.000	325180	\$ —	169,824
Fermi National Accelerator Laboratory	81.000	648835	—	327
Fermi National Accelerator Laboratory	81.000	656186	—	134,143
Fermi National Accelerator Laboratory	81.000	658618	—	35,088
Fermi National Accelerator Laboratory	81.000	664117	—	822,136
Fermi National Accelerator Laboratory	81.000	662034	—	34,779
Fermi National Accelerator Laboratory	81.000	663849	—	35,782
Fermi National Accelerator Laboratory	81.000	670272	—	34,451
Honeywell Federal Manufacturing & Technologies LLC	81.000	N000341467	—	31,815
Lawrence Livermore National Laboratory	81.000	B630141	—	(38)
Oak Ridge National Laboratory	81.000	4000126928	—	20,571
Oak Ridge National Laboratory	81.000	400175016	—	52,676
Oak Ridge National Laboratory	81.000	4000175015	—	84,138
Pacific Northwest National Laboratory	81.000	433306	—	136,710
Pacific Northwest National Laboratory	81.000	456824	—	115,927
Sandia National Laboratories	81.000	1926728	—	67,499
Sandia National Laboratories	81.000	2111577	—	114,291
Sandia National Laboratories	81.000	2104755	—	87,439
Sandia National Laboratories	81.000	2178181	—	39,139
The Regents of the University of California	81.000	7388270	—	11,824
Department of Energy – Other Research	81.000	664117	—	93,124
Subtotal			—	2,121,645
Office of Science Financial Assistance Program	81.049	Direct	268,348	3,106,692
Oak Ridge National Laboratory	81.049	4000174243	—	24,861
Oak Ridge National Laboratory	81.049	4000183969	—	49,170
University of Nebraska-Lincoln	81.049	25-0521-0226-005	—	273,152
Subtotal			268,348	3,453,875
General Motors Corporation	81.086	4301051656	—	114,932
Western Michigan University	81.086	10566-Brown	—	132,822
Subtotal			—	247,754
General Motors Corporation	81.087	4300501631	—	(17)
University of California, San Diego	81.087	703616	—	91,692
Subtotal			—	91,675
Texas A & M University – College Station	81.135	M2102099	—	4,348
Department of Energy total			268,348	5,919,297

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Department of Health and Human Services:				
Department of Health and Human Services – Other research	93.000	Direct	\$ 619,745	3,001,510
Bradley Hospital	93.000	712-1001	—	8,979
Dana-Farber Cancer Institute	93.000	1317307	—	55,365
Dartmouth College	93.000	R997	—	92,778
McLean Hospital	93.000	401766	—	22,581
Research Triangle Institute	93.000	1-312-0216664-65752L/Master Agreement 888-19-27-21	—	67,821
Research Triangle Institute	93.000	888-19-27-21	—	(148)
Subtotal			619,745	3,248,886
Research Triangle Institute	93.070	1-312-0217189-6547L	—	45,733
State of Michigan Procurement	93.070	MA20000000860 – DO Doc ID: 210000005535	—	32,668
Subtotal			—	78,401
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	Direct	16,463	416,247
Ohio State University	93.077	60074535	—	(9,280)
University of Oklahoma	93.077	RS20200039-01	—	44,112
University of Vermont	93.077	32359SUB52490	—	317,070
Wake Forest University	93.077	WFUHS 119438	—	40,083
Wake Forest University	93.077	WFUHS119379	—	331,171
Wake Forest University	93.077	273-100500-119421	—	339,902
Subtotal			16,463	1,479,305
Model State-Supported Area Health Education Centers	93.107	Direct	288,590	268,832
COVID-19 – Model State-Supported Area Health Education Centers	93.107	Direct	—	71,195
COVID-19 – Model State-Supported Area Health Education Centers	93.107	Direct	—	23,188
Subtotal			288,590	363,215
Biological Response to Environmental Health Hazards	93.113	Direct	391,302	3,577,396
Cincinnati Childrens Hospital Medical Center	93.113	314404	—	3,989
Johns Hopkins University	93.113	2004166016	—	36,250
Michigan State University	93.113	RC112064A	—	15,381
Pennsylvania State University	93.113	S000446-NIH	—	85,944
President and Fellows of Harvard College – SPH	93.113	112190-5104406	—	81,666
President and Fellows of Harvard College – SPH	93.113	113130-5105236	—	17,494
Westat, Inc.	93.113	6714-00-S001	—	36,792
Subtotal			391,302	3,854,912
Oral Diseases and Disorders Research	93.121	Direct	—	88,258
NGS Detectors LLC	93.121	0001	—	42,385
Subtotal			—	130,643
Injury Prevention and Control research and State and Community Based Programs	93.136	Direct	33,861	127,299
Brandeis University	93.136	GR403952	—	5,023
Rhode Island Hospital	93.136	7137153	—	4,524
Rhode Island Hospital	93.136	7017137520	—	122,434
State of Rhode Island Department of Health	93.136	2018-2019 Agreement – PO3573706	—	13,266
Subtotal			33,861	272,546

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143	Direct	\$ —	392,220
Human Genome Research	93.172	Direct	—	330
Research Related to Deafness and Communication Disorders	93.173	Direct	139,757	1,745,074
Stanford University	93.173	60951264-116469	—	3,317
Stanford University	93.173	62532441-116469	—	29,927
University of Massachusetts Medical School	93.173	OSP32755-00	—	7,202
Subtotal			<u>139,757</u>	<u>1,785,520</u>
Research and Training in Complementary and Integrative Health	93.213	Direct	341,838	1,154,701
Massachusetts General Hospital	93.213	236,636	—	13,507
Yale University	93.213	GR106113 CON-80001756)	—	11,031
Subtotal			<u>341,838</u>	<u>1,179,239</u>
National Research Service Awards Health Services Research Training	93.225	Direct	—	679,858
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct	42,615	723,198
COVID-19 – Research on Healthcare Costs, Quality and Outcomes	93.226	Direct	—	156,477
University of Massachusetts Medical Center	93.226	OSP27392-02 – PO # WA00826359	—	20,453
Beth Israel Deaconess Medical Center	93.226	01061109	—	36,434
Subtotal			<u>42,615</u>	<u>936,562</u>
Rhode Island Hospital	93.233	7137326	—	6
Mental Health Research Grants	93.242	Direct	3,555,171	10,715,886
AINGEAL	93.242	2019001	—	163,778
Baylor College of Medicine	93.242	7000001191	—	10,967
Boston University	93.242	4500003428	—	9,491
Bradley Hospital	93.242	712-7572	—	48
Bradley Hospital	93.242	7127519	—	36,684
Bradley Hospital	93.242	712-7528	—	(3,431)
Bradley Hospital	93.242	712-7551	—	40,194
Butler Hospital	93.242	9232-8328	—	4,084
Butler Hospital	93.242	9272-8328	—	5,693
Butler Hospital	93.242	5001421-MOITRA	—	41,403
Butler Hospital	93.242	5001571-RCTBROWN	—	29,889
Butler Hospital	93.242	5001621	—	5,722
Butler Hospital	93.242	5001701BROWN	—	31,030
Columbia University	93.242	139567	—	28,166
Dartmouth Medical School	93.242	R1441	—	254,502
Emory University	93.242	A175688	—	20,466
Emory University	93.242	A202614	—	23,017
Hunter College	93.242	CM00001185-01	—	140,018
Massachusetts General Hospital	93.242	224840	—	1,141
Massachusetts General Hospital	93.242	236496	—	116,757
Massachusetts General Hospital	93.242	236969	—	70,012
Massachusetts General Hospital	93.242	236910	—	30,681
McLean Hospital	93.242	401755	—	69,321
McLean Hospital	93.242	401665	—	260,270

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Michigan State University	93.242	RC105383-Brown	\$ —	113,890
Michigan State University	93.242	RC108970BU	—	53,873
Michigan State University	93.242	RC110477BROWN	—	20,311
Miriam Hospital	93.242	7147068AN	—	284,861
Regents of the University of Michigan	93.242	SUBK00008747	—	42,323
Rhode Island Hospital	93.242	701-7137293	—	57,609
Rhode Island Hospital	93.242	7137207	—	(48,760)
Rhode Island Hospital	93.242	7137412	—	23,086
Rhode Island Hospital	93.242	7137413	—	32,907
Rhode Island Hospital	93.242	7137602	—	49,733
University of Cape Town	93.242	IRMA26935	—	30,681
University of Cape Town	93.242	IRMA31344	—	16,051
University of California, Berkeley	93.242	00009418	—	82,314
University of California, Los Angeles	93.242	1935 G YA101	—	70,759
University of Georgia	93.242	SUB00002270	—	65,926
University of North Carolina, Chapel Hill	93.242	5113262	—	33,954
University of Maryland – College Park	93.242	2003802	—	291,462
Wayne University	93.242	WSU20004	—	21,893
Women and Infants Hospital	93.242	5001541-1	—	110,542
Subtotal			<u>3,555,171</u>	<u>13,459,204</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct	817,532	1,875,437
State of Rhode Island Department of Health	93.243	2018-2020 Agreement – PO3573706	—	21,299
University of Missouri – Kansas City	93.243	0074604/00056793	—	4
University of Rhode Island	93.243	6172/022217	—	32,155
University of Rhode Island	93.243	7096/07092018	—	20,545
Subtotal			<u>817,532</u>	<u>1,949,440</u>
Geriatric Academic Career Awards Department of Health and Human Services	93.250	Direct	10,785	11,647
Health Systems Strengthening and HIV/AIDS Prevention, Care and Treatment Under the President's Emergency Plan for AIDS Relief	93.266	Direct	—	753,959
Adult Viral Hepatitis Prevention and Control	93.270	Direct	—	147,214
Alcohol Research Programs	93.273	Direct	1,172,046	8,926,634
Boston University	93.273	4500003456	—	219,465
Bradley Hospital	93.273	712-7525	—	96,670
Burnham Institute	93.273	60871-13184-Brown	—	48,489
Butler Hospital	93.273	9132-8328	—	2,655
Butler Hospital	93.273	501681Brown	—	939
Lehigh University	93.273	543781-78003	—	15
Research Foundation of CUNY at Brooklyn College	93.273	CM00001836-00	—	33,778
Rhode Island Hospital	93.273	7017137290-1	—	106,883
Trustees of Boston University	93.273	4500003904	—	56,319
University of Florida	93.273	UFDSP00012297	—	(9)
University of Missouri, Columbia	93.273	C00064471-1	—	13,903
University of Southern California	93.273	103132179	—	43,135
University of Wisconsin Milwaukee	93.273	193405412	—	(12,328)
Subtotal			<u>1,172,046</u>	<u>9,536,548</u>



**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Drug Abuse and Addiction Research Programs	93.279	Direct	\$ 1,768,207	6,969,490
Boston Children's Hospital	93.279	GENFD0001711879	—	225,405
Boston Medical Center	93.279	7334	—	16,609
Butler Hospital	93.279	5001471Brown-Abrantes	—	18,980
Emory University	93.279	T856876	—	25,314
Emory University	93.279	T994721	—	27,227
Hennepin Healthcare Research Institute	93.279	15212-2	—	54,460
Kent State University	93.279	403030-BU	—	50,016
Miriam Hospital	93.279	710-7147067	—	42,530
Miriam Hospital	93.279	710-7147113	—	42,582
Miriam Hospital	93.279	7147056	—	26,088
Miriam Hospital	93.279	7147185ASN	—	25,700
Miriam Hospital	93.279	7147060BM	—	3,629
Partnership to End Addiction	93.279	R24DA051946	—	21,040
Public Health Institute	93.279	00414	—	41,458
Rhode Island Hospital	93.279	7137539	—	22,435
Rhode Island Hospital	93.279	7017137452	—	41,231
Rutgers University	93.279	0679 – PO#936325	—	8,859
Truth Initiative	93.279	7016-Brown	—	71,432
Tufts University	93.279	102314-00001/NIH025_Spirito	—	38,168
University of British Columbia	93.279	20R48670	—	20,768
University of California, Davis	93.279	A18-0560-S001	—	25,792
University of Chicago	93.279	AWD059270	—	10,566
University of Kansas Medical Center Research Institute Inc.	93.279	ZAN00050	—	35,788
University of Texas, Austin	93.279	UTA18-000152	—	256
University of Wisconsin, Madison	93.279	0000000881	—	14,969
Weill Cornell Medical College	93.279	201851-3	—	198,397
Women and Infants Hospital	93.279	5001631-2	—	3,654
Yale University	93.279	GR105610 (CON-80001690)	—	54,128
Subtotal			1,768,207	8,136,971
Mental Health National Research Service Awards for Research Training	93.282	Direct	—	730
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	Direct	34,557	98,975
State of Rhode Island Department of Health	93.296	2018-2019 Agreement – PO3423017	—	72,277
Minority Health and Health Disparities Research	93.307	Direct	6,353	92,484
Bradley Hospital	93.307	712-7573	—	45,645
Rhode Island Hospital	93.307	7137328	—	30,805
University of North Carolina, Chapel Hill	93.307	5115733	—	44,442
Subtotal			6,353	213,376

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Trans-NIH Research Support	93.310	Direct	\$ 1,806,659	205,553
COVID-19 – Trans-NIH Research Support	93.310	Direct	—	2,203,014
Carnegie Mellon University	93.310	1090661-437999	—	8,248
Rhode Island Hospital	93.310	7137538	—	187,690
University of California, San Diego	93.310	KR 704365	—	464
University of Southern California	93.310	139505811	—	7,080
Women and Infants Hospital	93.310	5001441	—	5,561
Yale University	93.310	GR111817(CON-8002845)	—	111,005
Subtotal			1,806,659	2,728,615
Connecticut Department of Public Health	93.323	PDH Log #2021-0110.	—	35,401
Miriam Hospital	93.349	710-7147144	—	40,290
Dana-Farber Cancer Institute	93.353	1204001	—	25,534
Nursing Research	93.361	Direct	130,478	203,942
Butler Hospital	93.361	9241-8328	—	9,527
Johns Hopkins University	93.361	2004240764	—	37,055
University of California, San Diego	93.361	123245755	—	27,046
Subtotal			130,478	277,570
National Center for Research Resources	93.389	Direct	1,878,454	2,801,349
COVID-19 – National Center for Research Resources	93.389	Direct	—	635,193
Subtotal			1,878,454	3,436,542
Cancer Cause and Prevention Research	93.393	Direct	147,329	814,175
Fox Chase Cancer Center	93.393	FCCC # 15152-01	—	56,627
Massachusetts General Hospital	93.393	232008	—	39,446
Mount Sinai School of Medicine	93.393	0255-D871-4609	—	20,081
Northwestern University	93.393	60038259BU	—	8,469
University of California, San Diego	93.393	93597220	—	179,963
University of California, San Francisco	93.393	10234sc	—	248,835
University of Illinois at Chicago	93.393	21060951	—	9,050
University of Texas MD Anderson	93.393	3001528852	—	82,666
University of Rhode Island	93.393	000620-092417	—	10,465
Subtotal			147,329	1,469,777
Cancer Detection and Diagnosis Research	93.394	Direct	30,540	963,541
American College of Radiology	93.394	1670	—	63,230
University of South Carolina	93.394	20-4014	—	19,000
University of Massachusetts, Worcester	93.394	WA00522513/OSP2016160	—	3,186
Subtotal			30,540	1,048,957
Cancer Treatment Research	93.395	Direct	28,268	558,969
Dana-Farber Cancer Institute	93.395	1227206	—	178,665
Dana-Farber Cancer Institute	93.395	1317307	—	17,276
Dana-Farber Cancer Institute – COVID-19	93.395	1317307	—	10,923
Dana-Farber Cancer Institute	93.395	1800007	—	1,197,659
Subtotal			28,268	1,963,492

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Duke University	93.396	A032495	\$ —	34,313
University of Massachusetts, Worcester	93.396	OSP32272-BROWN	—	26,649
Subtotal			—	60,962
Indiana University	93.397	8102	—	3,367
Indiana University – Bloomington	93.397	IN4687590BU	—	2,296
Indiana University – Indianapolis	93.397	8,671	—	18,656
Subtotal			—	24,319
Cancer Research Manpower	93.398	Direct	164,970	436,614
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN2	—	216,219
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN3	—	767,469
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN1	—	217,889
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN-EA2185-PRO	—	117,743
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-06-BRWN-EA2185-CEA	—	88,311
ECOG-ACRIN Medical Research Foundation, Inc	93.399	2UG1CA189828-06-BRWN-EA2185-PCyst	—	251,367
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-07-BRWN-COVID	—	33,370
ECOG-ACRIN Medical Research Foundation, Inc	93.399	UG1CA189828-07-BRWN-AYA	—	79,301
Subtotal			—	1,771,669
PPHF National Public Health Improvement Initiative	93.507	Direct	—	39,959
Rhode Island Administrative Office of State Court	93.586	RI State Court	—	26,704
Opioid STR	93.788	Direct	88,907	—
University of Missouri – Kansas City	93.788	0081641/00061663	—	229,248
University of Missouri – Kansas City	93.788	0099144/00070013	—	92,819
University of Missouri – Kansas City	93.788	103,285,000,070,912	—	143,218
Subtotal			88,907	465,285
Cell Biology and Biophysics Research	93.821	Direct	—	312
University of Rhode Island	93.829	0007944/6202019	—	46,921
University of Rhode Island	93.829	0007944/6202019	—	20,188
University of Rhode Island	93.829	0009144/02082021	—	17,961
Subtotal			—	85,070

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

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Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Hennepin Healthcare Research Institute	93.830	15019-5	\$ —	11,634
Cardiovascular Diseases Research	93.837	Direct	1,264,040	2,663,632
Lundquist Institute	93.837	031690-01-Brown/PO# 20006410	—	27,589
Miriam Hospital	93.837	710-7147188	—	10,684
Miriam Hospital	93.837	7147164	—	16,361
New York University School of Medicine	93.837	19-A0-00-1002499	—	71,930
Rhode Island Hospital	93.837	7017137449	—	210,705
Rhode Island Hospital	93.837	7137489	—	7,989
University of California, San Francisco	93.837	12377sc	—	3,901
University of Connecticut	93.837	133693	—	2
University of Pennsylvania	93.837	577870	—	91,471
University of Pittsburgh	93.837	0054665 (129258-2)	—	66,107
University of Rhode Island	93.837	0006829/110818 – P.O. #144830	—	52,340
Yale University	93.837	GR104259 (CON-80001412)	—	232,633
Subtotal			<u>1,264,040</u>	<u>3,455,344</u>
Lung Diseases Research	93.838	Direct	—	766,234
Ocean State Research Institute	93.838	122208	—	51,862
Rhode Island Hospital	93.838	701-7137089	—	20,651
Rhode Island Hospital	93.838	701-7137305	—	84,495
Rhode Island Hospital	93.838	7137552	—	4,319
Subtotal			<u>—</u>	<u>927,561</u>
Blood Diseases and Resources Research	93.839	Direct	140,170	342,350
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct	140,887	570,413
Lifespan, Inc.	93.846	7017137231	—	27,984
Rhode Island Hospital	93.846	7017137519	—	20,358
Children's Hospital of Philadelphia	93.846	GRT-00000242/ PO# 20190018	—	308,969
Subtotal			<u>140,887</u>	<u>927,724</u>
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct	234,021	1,661,224
Miriam Hospital	93.847	710-7147150	—	22,397
Miriam Hospital	93.847	710-7147122	—	20,095
Miriam Hospital	93.847	7107147191	—	66,851
Miriam Hospital	93.847	7147169	—	11,006
Rhode Island Hospital	93.847	7017137407	—	106,033
University of California, San Diego	93.847	100511936 – PTE 5R01DK106157 – PO S9001907 – PED1898	—	11,090
University of California, San Diego	93.847	100512083 – PO S9001908 – PED6332	—	8,875
Subtotal			<u>234,021</u>	<u>1,907,571</u>

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct	\$ 809,668	5,476,421
Baylor College of Medicine	93.853	7000000370	—	134,027
Baylor College of Medicine	93.853	7000000738	—	176,782
Baylor College of Medicine	93.853	7000000765	—	100,439
Baylor College of Medicine	93.853	7000000909	—	15,162
Central Michigan University	93.853	F63541	—	(7,268)
Central Michigan University	93.853	F64485	—	23,226
Cleveland Clinic	93.853	1483-SUB	—	13,323
Connecticut College	93.853	141584	—	10,722
Massachusetts General Hospital	93.853	2015D009117	—	22,132
Massachusetts General Hospital	93.853	227057	—	343,976
Massachusetts General Hospital	93.853	230484	—	5,356
Massachusetts General Hospital	93.853	236808	—	54,646
New York University	93.853	19-A0-00-1002081/113033	—	304,241
New York University	93.853	19-A0-001002081/113030	—	465,090
Rhode Island Hospital	93.853	701-7137201	—	83,715
Rhode Island Hospital	93.853	7017137409SJ	—	5,604
Rhode Island Hospital	93.853	7017137409DB	—	11,720
University of California, San Francisco	93.853	12322sc	—	128,175
Subtotal			<u>809,668</u>	<u>7,367,489</u>
Allergy and Infectious Diseases Research	93.855	Direct	925,725	5,663,181
Case Western Reserve University	93.855	RES512770	—	66,145
Indiana University – Indianapolis	93.855	IN4681945BU	—	478
Johns Hopkins University	93.855	2004103391	—	74,671
Lynntech, Inc.	93.855	NIH-825	—	31,756
Miriam Hospital	93.855	7147085JH	—	51,827
Miriam Hospital	93.855	7147103JH	—	140,323
Miriam Hospital	93.855	7147105CK	—	82,279
Miriam Hospital	93.855	7147101W	—	32,457
Miriam Hospital	93.855	7147102DO	—	20,002
Miriam Hospital	93.855	7147154JH	—	42,804
Miriam Hospital	93.855	7147108A SN	—	68,799
Miriam Hospital	93.855	7141705JAP	—	3,890
Miriam Hospital	93.855	71417205A SN	—	109,314
Miriam Hospital	93.855	71417205LBW	—	27,900
Miriam Hospital	93.855	71417205JAS	—	61,963
Miriam Hospital	93.855	71417207JWH	—	22,812
Miriam Hospital	93.855	71417101A SK	—	14,228
Miriam Hospital	93.855	71417100JAK	—	4,943
Mount Sinai School of Medicine	93.855	0255-C441-4609	—	101,201
The Regents of the University of California – Merced	93.855	E251GUB334	—	(5,052)
University of California, San Francisco	93.855	9507sc	—	132,040
University of California, San Francisco	93.855	10968sc	—	27,842
University of California, San Francisco	93.855	12313sc	—	33,844
University of California, San Francisco	93.855	12421sc	—	24,988

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

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Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
University of Chicago	93.855	AWD66835 (SUB00000425)	\$ —	15,864
University of North Carolina, Chapel Hill	93.855	5112553	—	149,441
University of North Carolina, Chapel Hill	93.855	5112615	—	52,131
University of North Carolina, Chapel Hill	93.855	5113719	—	37,131
University of Rhode Island	93.855	0006818-08162018 – PO#000141488	—	94,560
University of Texas, Health Science Center at Houston	93.855	SA0001701	—	6,197
Subtotal			<u>925,725</u>	<u>7,189,959</u>
Butler Hospital	93.856	5001511-9	—	121,021
Biomedical Research and Research Training	93.859	Direct	567,451	13,263,551
Bradley Hospital	93.859	712-1000 Sasaki	—	4,839
Butler Hospital	93.859	5001511	—	4,771
Butler Hospital	93.859	5001511-2	—	28,990
Butler Hospital	93.859	5001511-4	—	57,669
Butler Hospital	93.859	5001511-5	—	46,120
Emory University	93.859	T648004	—	150,254
Celdara Medical, LLC	93.859	Celdara Medical 2018/2019	—	37,273
Celdara Medical, LLC	93.859	Celdara Medical, LLC	—	26,228
Maine Medical Center Research Institute	93.859	LIAW-111001-1A	—	11,995
Massachusetts Institute of Technology	93.859	55275	—	85,059
Miriam Hospital	93.859	7147128PB	—	136,135
Ocean State Research Institute	93.859	312240	—	94,982
Ocean State Research Institute	93.859	312240-6503	—	125,309
Ocean State Research Institute	93.859	312240-6504	—	111,462
Ocean State Research Institute	93.859	312240-6500	—	252,065
Ocean State Research Institute	93.859	312240-6510	—	35,386
Ocean State Research Institute	93.859	312240-6501	—	266,575
Ocean State Research Institute	93.859	312240-6512	—	97,405
Rhode Island Hospital	93.859	7137385BM	—	257,722
Rhode Island Hospital	93.859	7137418JWH	—	318,782
Rhode Island Hospital	93.859	7017137296	—	159,507
Rhode Island Hospital	93.859	7017137300	—	205,543
Rhode Island Hospital	93.859	7017137301	—	238,058
Rhode Island Hospital	93.859	7017137313	—	81,996
Rhode Island Hospital	93.859	7137384MM	—	5
Rhode Island Hospital	93.859	7017137506	—	34,507
Rhode Island Hospital	93.859	7137384PM	—	24,815
Rhode Island Hospital	93.859	7137384BPJ	—	13,350
University of Chicago	93.859	AWD065769 (SUB00000441)	—	6,094
University of Rhode Island	93.859	0005098/012915	—	34
University of Rhode Island	93.859	0007887/08232019B	—	94,573
West Virginia University	93.859	12-303G-BU	—	115,866
Women and Infants Hospital	93.859	5001301	—	96,144
Women and Infants Hospital	93.859	5001301-17	—	254,129
Women and Infants Hospital	93.859	9721	—	20,984
Yale University	93.859	GR111848 (CON-80002879)	—	35,173
Subtotal			<u>567,451</u>	<u>16,793,350</u>

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Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Child Health and Human Development Extramural Research	93.865	Direct	\$ 1,167,110	4,045,071
Bradley Hospital	93.865	7127549	—	39,759
Butler Hospital	93.865	9221-8328	—	13,662
Butler Hospital	93.865	9276-8328	—	8,539
Children's Hospital of Philadelphia	93.865	3201770721	—	37,814
Indiana University – Bloomington	93.865	IN4688378BU	—	116,951
Northern Arizona University	93.865	1003926-02	—	6,945
Northeastern University	93.865	500649-78052	—	69,487
Pennsylvania State University	93.865	5918-BU-DHHS-4158	—	17,394
Research Triangle Institute	93.865	2-312-0215374-65459L	—	57,965
Rhode Island Hospital	93.865	7017137362-1	—	39,975
Rhode Island Hospital	93.865	7017137362-2	—	14,553
Tulane University	93.865	TUL-HSC-557477-19/20	—	1,752
Tulane University	93.865	TUL-HSC-557490-19/20	—	11,387
University of North Carolina, Chapel Hill	93.865	5113861	—	139
University of North Carolina, Chapel Hill	93.865	5117443	—	145,762
University of Wisconsin, Madison	93.865	0000000682	—	17,620
Wayne State University	93.865	WSU20064	—	26,564
Yale University	93.865	GR104750(CON-80001511)	—	871
Subtotal			1,167,110	4,672,210
Aging Research	93.866	Direct	6,999,344	23,911,208
COVID-19 – Aging Research	93.866	Direct	—	313,606
Albert Einstein College of Medicine	93.866	311214	—	59,962
Duke University	93.866	A03-1237	—	16,462
Duke University	93.866	A03-2024	—	1,229
Hebrew SeniorLife	93.866	10.10.91531	—	97,891
Hebrew SeniorLife	93.866	90084	—	3,420
Hebrew SeniorLife	93.866	Hebrew Rehab Center – 90088	—	276,479
Hebrew SeniorLife	93.866	90087	—	13,548
Hebrew SeniorLife	93.866	92372	—	(16,963)
Hebrew SeniorLife	93.866	92332	—	(2,456)
Hebrew SeniorLife	93.866	92333	—	30,955
Hebrew SeniorLife	93.866	92373	—	231,639
Hebrew SeniorLife	93.866	90104	—	92,723
Hebrew SeniorLife	93.866	92303	—	11,009
Indiana University – Bloomington	93.866	IN4683237BRWN	—	341,046
Johns Hopkins University	93.866	2004313048	—	57,117
Massachusetts General Hospital	93.866	232815	—	49,200
Massachusetts General Hospital	93.866	235379	—	107,449
Mount Sinai School of Medicine	93.866	0254-4608-4609	—	14,041
NemaMetrix Inc.	93.866	NemaMetrix	—	5,705
Oregon Health & Science University	93.866	1014922_Brown	—	70,152
Regents of the University of Michigan	93.866	3004822522	—	55,559
Regents of the University of Michigan	93.866	3004832691	—	54,919
Regents of the University of Minnesota	93.866	P007096953	—	1,570
Regents of the University of Minnesota	93.866	P008441953	—	18,212
Rhode Island Hospital	93.866	701-7137465	—	24,020
The University of Alabama, Tuscaloosa	93.866	A19-0473-S004	—	10,163

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
University of California, San Diego	93.866	70394	\$ —	48,782
University of Minnesota	93.866	P007424455	—	1,053
University of South Florida – Tampa	93.866	1229-1107-00-A	—	168,671
University of South Florida – Tampa	93.866	1229-1107-79-A	—	38,094
University of Southern California	93.866	134741490	—	25,333
University of Utah College of Nursing	93.866	10044839-01 – PO #U000156299	—	15,052
University of Washington	93.866	UWSC9787	—	52,077
Weill Cornell Medical College	93.866	190636-3	—	4,310
Yale University	93.866	GR104962(CON-80001575)	—	513
Subtotal			6,999,344	26,203,750
Vision Research	93.867	Direct	—	2,940,504
University of California, San Diego	93.867	125650149	—	55,916
Subtotal			—	2,996,420
Medical Library Assistance	93.879	Direct	—	50,509
Northeastern University	93.879	500663-78051	—	69,012
Subtotal			—	119,521
State of Rhode Island Department of Health	93.898	2018-2020 Agreement – PO3573706	—	2,106
International Research and Research Training	93.989	Direct	166,545	771,538
University of Cape Town	93.989	UCT00029094	—	57,128
Yale University	93.989	GR11640	—	18,903
Subtotal			166,545	847,569
State of Rhode Island Department of Health	93.910	2018-2019 Agreement – PO3423017	—	50,221
University of Illinois at Chicago	93.978	18336	—	8,135
Maternal and Child Health Services Block Grant to the States	93.994	Direct	27,464	—
Rhode Island Department of Administration	93.994	2018-2021 Agreement – PO 3573706-8	—	451,828
State of Rhode Island Department of Health	93.994	2018-2019 Agreement – PO3423017	—	61,177
State of Rhode Island Department of Health	93.994	2018-2019 Agreement – PO3573706	—	59,261
State of Rhode Island Department of Health	93.994	2019-2021 Agreement – PO 3573706-8	—	3,848
State of Rhode Island Department of Health	93.994	2018-2021 Agreement – PO 3573706-8	—	686,422
COVID-19 – State of Rhode Island Department of Health	93.994	2018-2021 Agreement – PO 3573706-8	—	553,532
Subtotal			27,464	1,816,068
Department of Health and Human Services total			25,956,852	138,479,059
Department of Homeland Security:				
Tufts University	97.061	FSU327_Blaum	—	24,690
Department of Homeland Security total			—	24,690
Department of Housing and Urban Development:				
National Center for Healthy Housing	14.902	NCHH-19-1332	—	28,227
Department of Housing and Urban Development total			—	28,227



**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Department of the Interior:				
Natural Resource Stewardship	15.944	Direct	\$ —	54,231
University of Southern California	15.807	131435712	—	29,975
State of Rhode Island Department of Environmental Management	15.634	3711040	—	4,660
Department of the Interior total			—	88,866
Department of Labor:				
Rhode Island Department of Labor and Training	17.225	3,679,256	—	40,986
Department of Housing and Urban Development total			—	40,986
Department of State:				
Overseas Refugee Assistance Programs for Strategic Global Priorities	19.522	Direct	—	103,143
Department of State total			—	103,143
Department of Transportation:				
Pipeline Safety Research Competitive Academic Agreement Program (CAAP)	20.724	Direct	—	162,916
Department of Transportation total			—	162,916
Department of Veterans Affairs:				
Department of Veterans Affairs – Other Research	64.000	Direct	—	81,600
Philadelphia VA Medical Center	64.000	Philadelphia VA IPA – Moyo – PO 642D16015	—	10,757
Providence VA Medical Center	64.000	36C24120N0364 – REQ 650-20-2-755-0025 – 650D04002	—	15,012
Providence VA Medical Center	64.000	36C24E19D0002 / PO 650D04004	—	866
Providence VA Medical Center	64.000	36C24E19D0002 / PO 650D04013	—	182
Providence VA Medical Center	64.000	650D05015	—	3,761
Providence VA Medical Center	64.000	650D05016	—	11,537
Providence VA Medical Center	64.000	650D05026	—	34,802
Providence VA Medical Center	64.000	650D05034	—	51,103
Providence VA Medical Center	64.000	650D05040	—	35,175
Providence VA Medical Center	64.000	650D15032	—	5,208
Providence VA Medical Center	64.000	650D83016	—	28,722
Providence VA Medical Center	64.000	650D83054	—	96,077
Providence VA Medical Center	64.000	650D92010	—	4,920
Providence VA Medical Center	64.000	650D93027	—	4,437
Providence VA Medical Center	64.000	650D93035	—	29,535
Providence VA Medical Center	64.000	650D93037	—	5,986
Providence VA Medical Center	64.000	IIR 17 – 192 – PO 650D93008	—	20,545
Providence VA Medical Center	64.000	IPA-Beth Travers	—	69,547
Providence VA Medical Center	64.000	PO #650D05031 – CIN 13-419	—	16,942

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
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 650D94009	—	495
Providence VA Medical Center	64.000	VA241-15-D-0097 / PO 650D94002	—	731
Providence VA Medical Center	64.000	VA241-15D-0097 / PO 650D94022	—	10,232
Providence VA Medical Center	64.000	Clark IIPA – Resnik	—	5,425
Providence VA Medical Center	64.000	650-21-2-753-0023	—	22,191
Providence VA Medical Center	64.000	36C24120D0027 / 650D14008	—	4,831
Providence VA Medical Center	64.000	36C24120D0027 / 650D14009	—	829
Department of Veterans Affairs – VA Boston Health Care System	64.000	36C24119N0595 / PO 650D94005	—	2,352
San Francisco VA Health Care System	64.000	662D07060	—	6,938
Department of Veterans Affairs total			—	580,789
Environmental Protection Agency:				
P3 Award: National Student Design Competition for Sustainability	66.516	Direct	—	26,821
University of Southern Maine	66.129	SNEP-08	—	24,770
Purdue University	66.511	16200038-031	—	38,426
Environmental Protection Agency total			—	90,017
Foundations and Not for Profits:				
Hebrew Senior Life	93.866	90108	—	4,960
Foundations and Not for Profits total			—	4,960
National Aeronautics and Space Administration:				
Other Research	43.000	Direct	—	7,552
Jet Propulsion Laboratory	43.000	1549766	—	52,315
Jet Propulsion Laboratory	43.000	1634100	—	14,093
Johns Hopkins University Applied Physics Laboratory, LLC.	43.000	110619	—	32,834
University of Arizona	43.000	546247	—	39,505
University of Arizona	43.000	570406	—	1,786
University of Maryland – College Park	43.000	23913-Z6927002	—	25,045
California Institute of Technology	43.000	S465370	—	18,205
Subtotal			—	191,335
Science	43.001	Direct	239,526	2,108,861
Smithsonian Astrophysical Observatory	43.001	SV8-88013	—	27,566
Universities Space Research Association	43.001	02282-03	—	23,062
Universities Space Research Association	43.001	02298-01	—	8,121
University of California, Los Angeles	43.001	0995 G YA294	—	36,596
University of Idaho	43.001	SP4662-880966	—	37,166
University of Idaho	43.001	SP3085-880291	—	17,383
University of Washington	43.001	UWSC11750	—	101,122
Subtotal			239,526	2,359,877
Aeronautics	43.002	Direct	—	35,584
Office of Stem Engagement (OSTEM)	43.008	Direct	267,535	298,258
National Aeronautics and Space Administration total			507,061	2,885,054

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
National Endowment for the Arts & Humanities:				
Promotion of the Humanities Division of Preservation and Access	45.149	Direct	\$ 19,766	40,380
National Leadership Grants	45.312	Direct	6,426	15,664
National Endowments for the Arts & Humanities total			26,192	56,044
National Science Foundation:				
National Science Foundation – Other Research	47.000	Direct	—	(778)
Engineering Grants	47.041	Direct	19,852	1,358,408
COVID-19 – Engineering Grants	47.041	Direct	—	49,925
University of Pennsylvania	47.041	575402	—	37,859
Yale University	47.041	GR105152 (CON-80001605)	—	45,284
Subtotal			19,852	1,491,476
Mathematical and Physical Sciences	47.049	Direct	244,273	8,017,662
Brandeis University	47.049	402430	—	120,540
Brandeis University	47.049	GR404040	—	31,174
University of Notre Dame	47.049	QuarkNet Program – PHY1806631	—	2,700
University of Utah	47.049	10066084-S1	—	108,679
Subtotal			244,273	8,280,755
Geosciences	47.050	Direct	91,460	3,370,590
COVID-19 – Geosciences	47.050	Direct	—	135,357
Columbia University	47.050	86C(GG009393-04)	—	6,886
Stanford University	47.050	61833835-128348	—	(33)
University of Southern California	47.050	90703474	—	143
Subtotal			91,460	3,512,943
Computer and Information Science and Engineering	47.070	Direct	81,873	3,630,992
Computing Research Association	47.070	CIF2020-BU-04	—	65,914
Computing Research Association	47.070	CIF2020-BU-24	—	65,914
Subtotal			81,873	3,762,820
Biological Sciences	47.074	Direct	1,221,058	3,967,541
University of Alabama, Birmingham	47.074	000527304-SC001	—	9,003
University of Florida	47.074	UFDSP00012216	—	(3)
Subtotal			1,221,058	3,976,541
Social, Behavioral, and Economic Sciences	47.075	Direct	22,442	1,061,478
COVID-19 – Social, Behavioral, and Economic Sciences	47.075	Direct	—	4,760
National Bureau of Economic Research, Inc	47.075	36300.00.00.00.6600	—	29,143
Regents of the University of Minnesota	47.075	H007399002	—	27,863
Subtotal			22,442	1,123,244

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

Federal grantor/pass-through grantor/program or cluster title	Assistance Listing number	Direct award or pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Education and Human Resources	47.076	Direct	\$ 7,045	1,644,427
American Association of Physics Teachers	47.076	MOU – AAPT	—	8,201
American Education Research Association	47.076	N/A	—	14,700
President and Fellows of Harvard College	47.076	108162-5112184	—	45,084
Vassar College	47.076	1525691.1	—	1,974
Subtotal			<u>7,045</u>	<u>1,714,386</u>
Office of International Science and Engineering (OISE)	47.079	Direct	—	537
CRDF Global	47.079	R-202104-67710	—	6,211
University of Wisconsin, Madison	47.079	873K972	—	5,314
Subtotal			<u>—</u>	<u>12,062</u>
University of Rhode Island	47.081	0005916-101617 – PO# 0000128824	—	463,016
Office of Integrative Activities	47.083	Direct	607,245	964,886
Dartmouth College	47.083	R896	—	140,858
University of Idaho	47.083	IMK400-SB-001	—	554,833
University of Rhode Island	47.083	0005916-101617 – PO# 0000128824	—	5,300
University of Rochester	47.083	416751-G	—	57,185
Subtotal			<u>607,245</u>	<u>1,723,062</u>
National Science Foundation total			<u>2,295,248</u>	<u>26,059,527</u>
Research and Development Cluster total			<u>34,557,134</u>	<u>197,096,309</u>
Student Financial Assistance Cluster:				
Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	Direct	—	1,457,998
Federal Work-Study Program	84.033	Direct	—	680,533
Federal Perkins Loan Program (note 3)	84.038	Direct	—	14,427,638
Federal Pell Grant Program	84.063	Direct	—	4,843,139
Federal Direct Student Loans (note 3)	84.268	Direct	—	34,869,073
Teacher Education Assistance for College and Higher Education Grant (TEACH Grants)	84.379	Direct	—	3,764
Department of Education total			<u>—</u>	<u>56,282,145</u>
Department of Health and Human Services:				
Health Professions Student Loans, Including Primary Care-Loans/Loans for Disadvantaged Students (note 3)	93.342	Direct	—	513,388
Department of Health and Human Services total			<u>—</u>	<u>513,388</u>
Student Financial Assistance Cluster total			<u>—</u>	<u>56,795,533</u>
Other Federal Awards:				
Corporation for National and Community Service:				
State of Rhode Island Department of Education	94.006	2725-20902-001	—	8,598
Rhode Island Commission for National and Community Services	94.013	17VSARI002	—	32,660
Corporation for National and Community Service total			<u>—</u>	<u>41,258</u>

**BROWN UNIVERSITY**

Supplementary Schedule of Expenditures of Federal Awards

Year ended June 30, 2021

<u>Federal grantor/pass-through grantor/program or cluster title</u>	<u>Assistance Listing number</u>	<u>Direct award or pass-through entity identifying number</u>	<u>Passed through to subrecipients</u>	<u>Total federal expenditures</u>
Department of Education:				
State of Massachusetts Department of Elementary and Secondary Education	84.000	19OPRCC2	\$ —	(4,468)
ONE Neighborhood Builders	84.287C	2019-1	—	69,613
Subtotal			—	65,145
COVID-19 – Higher Education Emergency Relief Funds – Student Portion	84.425E	Direct	—	4,818,750
COVID-19 – Higher Education Emergency Relief Funds – Institutional Portion	84.425F	Direct	—	4,587,517
Higher Education Emergency Relief Funds total			—	9,406,267
Department of Education total			—	9,471,412
Department of Interior:				
Cultural Resources Management	15.946	Direct	—	83,890
Department of Interior total			—	83,890
Department of State				
University of Connecticut	19.009	313820	—	(13,014)
Department of State total			—	(13,014)
Department of Veteran Affairs:				
Providence VA Medical Center	64.000	650D95003	—	16,089
Department of Veteran Affairs total			—	16,089
National Aeronautics and Space Administration:				
Science	43.001	Direct	—	250,933
Office of Stem Engagement (OSTEM)	43.008	Direct	—	470,701
National Aeronautics and Space Administration total			—	721,634
Other Federal Awards total			—	10,321,269
Total Expenditures of Federal Awards			\$ 34,557,134	264,213,111

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, 2021

**(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, 2021. 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:

	<b>Federal CFDA number</b>	<b>Balance as of June 30, 2020</b>	<b>Loans issued</b>	<b>Payments received and other adjustments</b>	<b>Balance as of June 30, 2021</b>
Perkins Loan Program	84.038	\$ 14,427,638	—	(3,657,454)	10,770,184
Health Professions Student Loans (HPSL)	93.342	467,388	46,000	(139,434)	373,954
Totals		\$ 14,895,026	46,000	(3,796,888)	11,144,138

**BROWN UNIVERSITY**

Notes to Supplementary Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

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, 2021, 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, 2021 are summarized as follows:

Subsidized Stafford Loan Program	\$	2,004,427
Unsubsidized Stafford Loan Program		19,913,091
PLUS Loan Program		<u>12,951,555</u>
Total	\$	<u>34,869,073</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, 2021.



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## **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, 2021, 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 27, 2021. This report included an emphasis of matter paragraph relating to the University adoption of Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), as amended, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

### **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 27, 2021



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

## **Independent Auditors' Report on Compliance for Each 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 Each 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 each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the University's compliance.

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

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



## **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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, 2021, and have issued our report thereon dated October 27, 2021, 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, 2021 is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the 2021 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 2021 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 2021 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 8, 2022

**BROWN UNIVERSITY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

**(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 Programs*

<u>Name of federal program/cluster</u>	<u>ALN numbers</u>
Research and Development COVID-19 Higher Education Emergency Relief Fund	Various 84.425E and 84.425F

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.