BOSTON UNIVERSITY

CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2025 AND 2024

Clockwise from top:
Charles River Campus, Medical Campus, Fenway Campus

BOSTON UNIVERSITY

Letter from the Treasurer

This past fiscal year unfolded in a period of economic headwinds and the continuing influence of geopolitical tensions and international conflicts. These pressures—coupled with recent federal actions—presented new challenges for institutions like Boston University. Shifts in federal financial aid policy, new regulations affecting international students, and changes impacting federal research funding have all required vigilance and adaptability.

Despite these pressures, the University achieved meaningful progress. Total net assets rose to $6.35 billion, a 6.6% increase over the previous year, reflecting sound financial stewardship and the strength of our foundation. Our endowment also continued its upward trajectory, exceeding $4 billion, and we achieved yet another year of positive operating results, with gains of over $48 million. This robust financial base allows us to navigate uncertainty while investing strategically in our future.

One of the most powerful indicators of our momentum is the continued strength of our research enterprise and its impact on society. With $574 million in research awards, Boston University is driving discoveries across fields ranging from climate science and public health to engineering and global policy. This research is not only advancing knowledge but also delivering real-world solutions that improve human health and address complex global challenges. Research Professor Ed Damiano's development of an automated insulin delivery device for people with type 1 diabetes brings world-class technology to those who need it most. BU's LEXI telescope landing on the moon marks a major leap in space science, enabling unprecedented views of Earth's magnetic field from the lunar surface—advancing atmospheric research in space and lunar-based astronomy. These efforts not only drive innovation but also position us to respond to the world's most pressing issues, even as the research landscape grows more complex.

Equally important is our commitment to fostering a community rooted in dignity, respect, and global understanding. In times of conflict and division, the University looks to its core values, which is why we launched the Living Our Values Initiative, to ensure that dialogue, mutual respect, and shared responsibility remain central to how we learn, teach, and move forward together.

As these financial statements make clear, the landscape of higher education is shifting in ways that demand a new level of agility and discipline. Recent budget constraints and workforce reductions underscore the reality that we must operate differently, making difficult choices while remaining focused on our mission. Yet even in this environment, we cannot retreat from investing in our future. To remain a vibrant, competitive institution, we must continue to support innovation, research, and student success, aligning resources with our highest priorities. The challenges are real, but so too is our resilience. By adapting how we operate and by embracing change with clarity and purpose, Boston University can emerge stronger and better prepared to lead in the years ahead.

Sincerely,

Nicole K. Tirella
Senior Vice President, CFO, and Treasurer

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SELECT FINANCIAL & STATISTICAL DATA unaudited For the years ended June 30 ($000s)	2021	2022	2023	2024	2025
CONSOLIDATED STATEMENTS OF ACTIVITIES HIGHLIGHTS					
Student tuition and fees, net of financial aid	$ 1,152,579	$ 1,297,659	$ 1,343,938	$ 1,357,339	$ 1,391,328
Grants, contracts, and contributions	616,511	676,068	649,281	642,374	731,616
Auxiliary enterprises, net of financial aid	153,911	261,044	279,255	288,590	313,552
Other revenues	189,966	226,585	283,370	327,001	331,550
Total operating revenues	**2,112,967**	**2,461,356**	**2,555,844**	**2,615,304**	**2,768,046**
Total operating expenses	**1,969,478**	**2,285,169**	**2,403,477**	**2,530,881**	**2,719,848**
Net operating activities	**143,489**	**176,187**	**152,367**	**84,423**	**48,198**
Endowment and other long-term investment activities, net	895,298	(463,666)	64,302	178,834	345,706
Other non-operating activities, net	110,186	176,678	197,935	41,269	1,652
Net non-operating activities	**1,005,484**	**(286,988)**	**262,237**	**220,103**	**347,358**
Total change in net assets	**$ 1,148,973**	**$ (110,801)**	**$ 414,604**	**$ 304,526**	**$ 395,556**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS					
Cash and investments	$ 4,878,144	$ 4,517,918	$ 4,601,644	$ 4,890,730	$ 5,535,314
Property, plant, and equipment, net	2,823,127	2,921,042	3,051,887	3,052,004	3,116,344
Other assets	590,611	585,730	667,957	546,605	616,862
Total assets	**8,291,882**	**8,024,690**	**8,321,488**	**8,489,339**	**9,268,520**
Debt, lease obligation, and interest rate swaps	2,324,424	2,138,033	2,064,465	1,998,053	2,244,304
Other liabilities	618,941	648,941	604,703	534,440	671,814
Total liabilities	**2,943,365**	**2,786,974**	**2,669,168**	**2,532,493**	**2,916,118**
Total net assets	**$ 5,348,517**	**$ 5,237,716**	**$ 5,652,320**	**$ 5,956,846**	**$ 6,352,402**
Total endowment assets	**$ 3,397,221**	**$ 2,989,671**	**$ 3,154,514**	**$ 3,541,514**	**$ 4,045,503**
CREDIT RATING					
Standard & Poor's	AA-	AA-	AA-	AA-	AA-
Moody's	Aa3	Aa3	Aa3	Aa3	Aa3
STUDENTS					
Student full-time equivalent (FTE)*					
Undergraduate	16,222	17,355	17,558	17,783	18,090
Graduate	10,455	11,818	11,994	11,661	11,542
Applications	61,007	75,778	80,796	80,495	78,769
First-year selectivity	20%	19%	14%	11%	11%
First-year yield	24%	28%	31%	36%	37%
Undergraduate tuition rate	$ 56,854	$ 58,560	$ 61,050	$ 63,798	$ 66,670
Percent increase over prior year	3.90%	3.00%	4.25%	4.50%	4.50%

*End of fall semester full-time equivalent enrollment

DISCUSSION OF FINANCIAL RESULTS

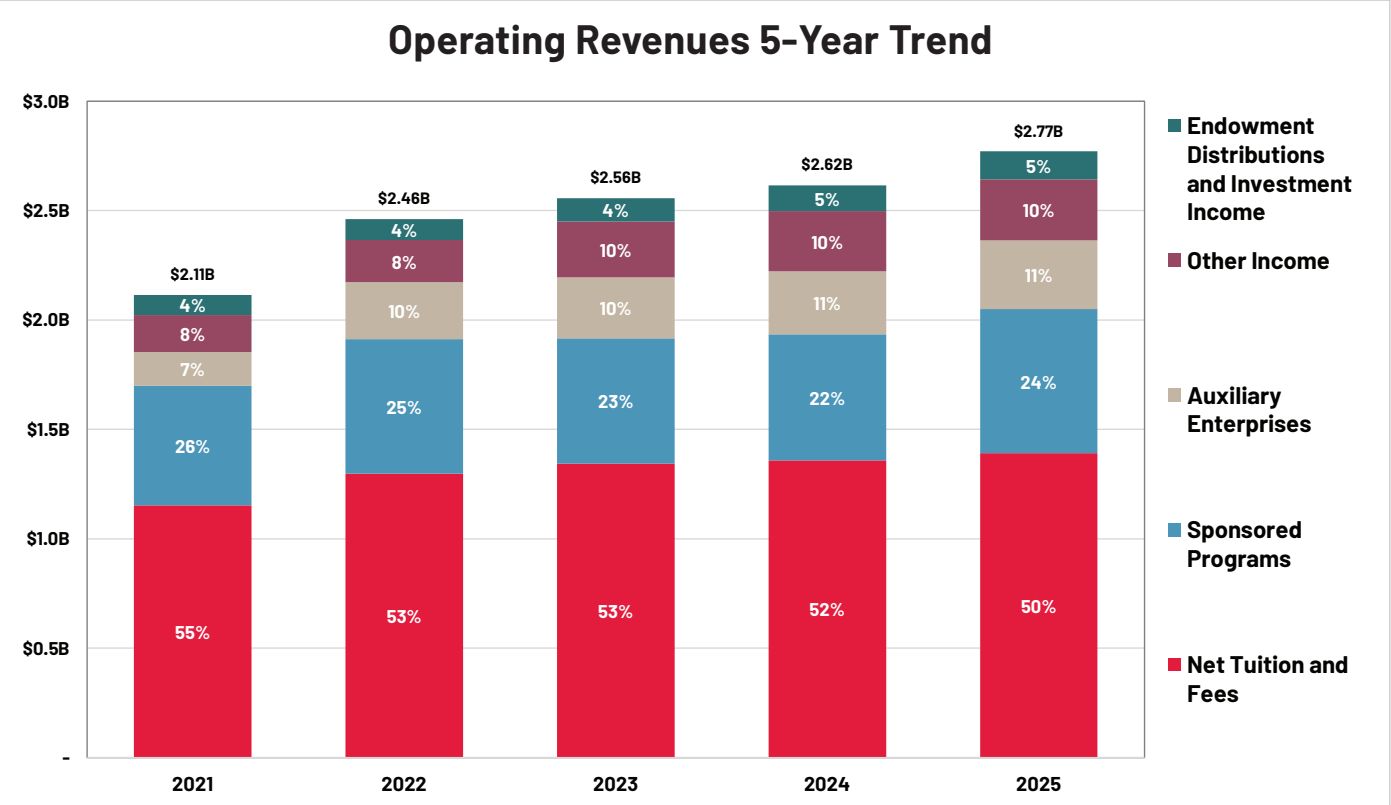
During the fiscal year, Boston University navigated a complex financial landscape, maintaining its overall stability despite emerging economic pressures. While the statements of financial position showed measured growth and liquidity remained strong, the environment required prudent financial management. The University accessed the capital markets to strengthen its financial position, refinancing existing debt under favorable conditions and issuing new debt to advance a major renovation of the large dormitory, Warren Towers.

Boston University ended the fiscal year with a net operating gain of $48 million, compared to $84 million in fiscal year 2024. Although operating revenues exceeded previous years, the operating margin declined as pressures on expenses, most notably financial aid and personnel costs, continued to mount. In response, the University is actively engaging schools and administrative units to identify savings opportunities, align resources with priorities, and protect core mission activities. These efforts come at a time of rising operational costs, federal funding uncertainties, and demographic shifts affecting enrollment and revenue. Advancing this work is critical to ensuring long-term financial sustainability and operational excellence.

Operating Revenues

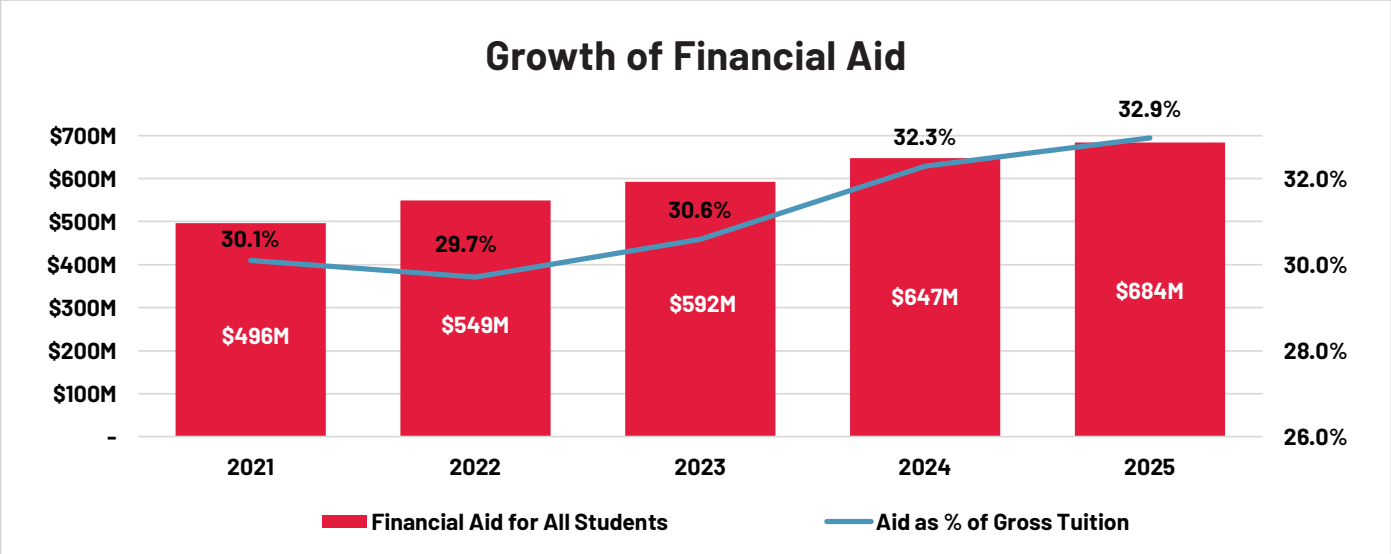
Operating revenues and other support, net of financial aid, totaled $2.8 billion in fiscal year 2025, increasing $153 million over the prior fiscal year. Revenue from student-facing activities including net tuition and fees along with room and board continue to be the University's largest revenue source, comprising over 59% of total operating income. Undergraduate tuition, net of financial aid, rose by 3%, driven by a tuition rate increase of 4.5%, with growth moderated by higher financial aid. On the graduate side, tuition net of financial aid decreased slightly, 1%, as enrollment for some programs softened. Net room and board revenue increased $16.6 million or 7.4%, this increase ensures the University is able to keep residential campus life running smoothly and supports the services students use every day.

In addition, sponsored program revenue grew mainly from Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator (CARB-x) as a result of strengthened research partnerships accelerating a diverse portfolio of innovative antibacterial products towards clinical development and regulatory approval. Notably, in fiscal years 2024 and 2025 the University also received FEMA reimbursements for expenditures related to COVID-19 testing performed during the pandemic, significantly increasing the sponsored program revenue reflected below.



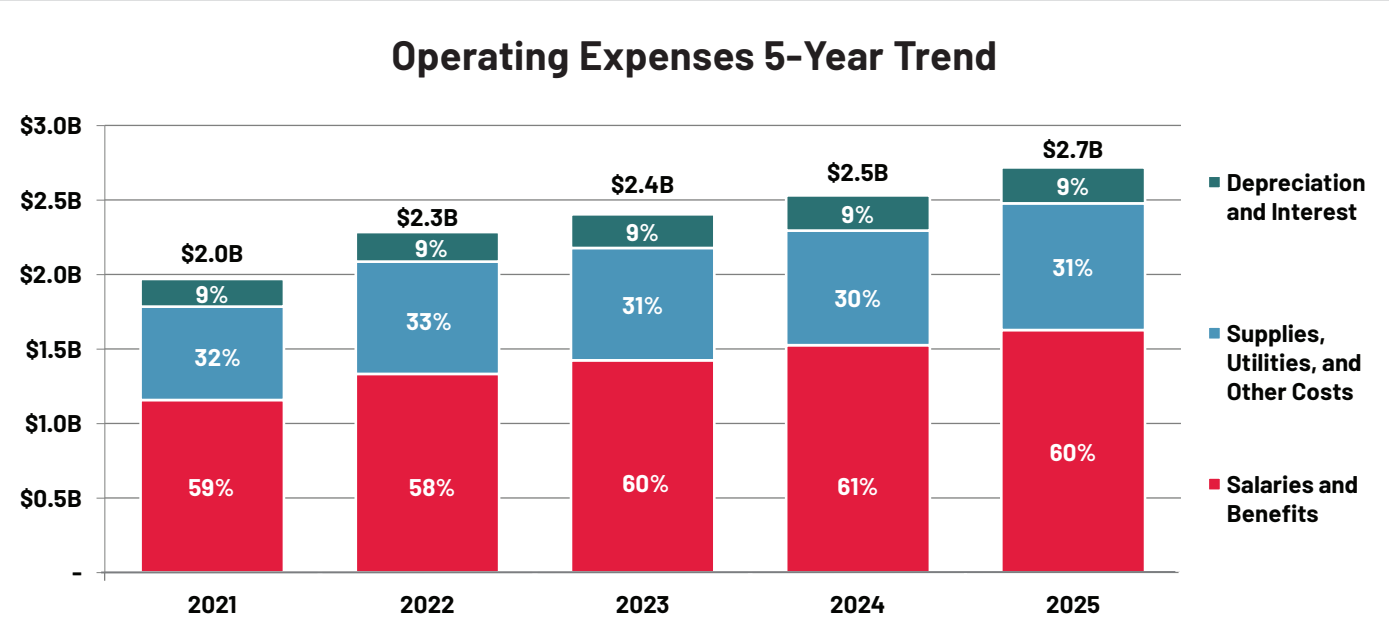
Other revenues, including endowment distributions, investment income, contributions, sales & service revenues, and other auxiliary enterprise revenues make up less than 20% of total operating revenues.

The University's deliberate expansion of financial aid underscores its commitment to access and affordability for students from all socioeconomic backgrounds. In fiscal year 2025, the average undergraduate financial aid award per recipient rose by 6%, contributing to a 32.9% tuition discount rate. Since fiscal year 2021, financial aid has grown by more than 38%, an increase of $188 million, representing a compounded annual growth rate of 8.3%. This sustained investment demonstrates the University's dedication to reducing financial barriers and supporting student success.



Operating Expenses

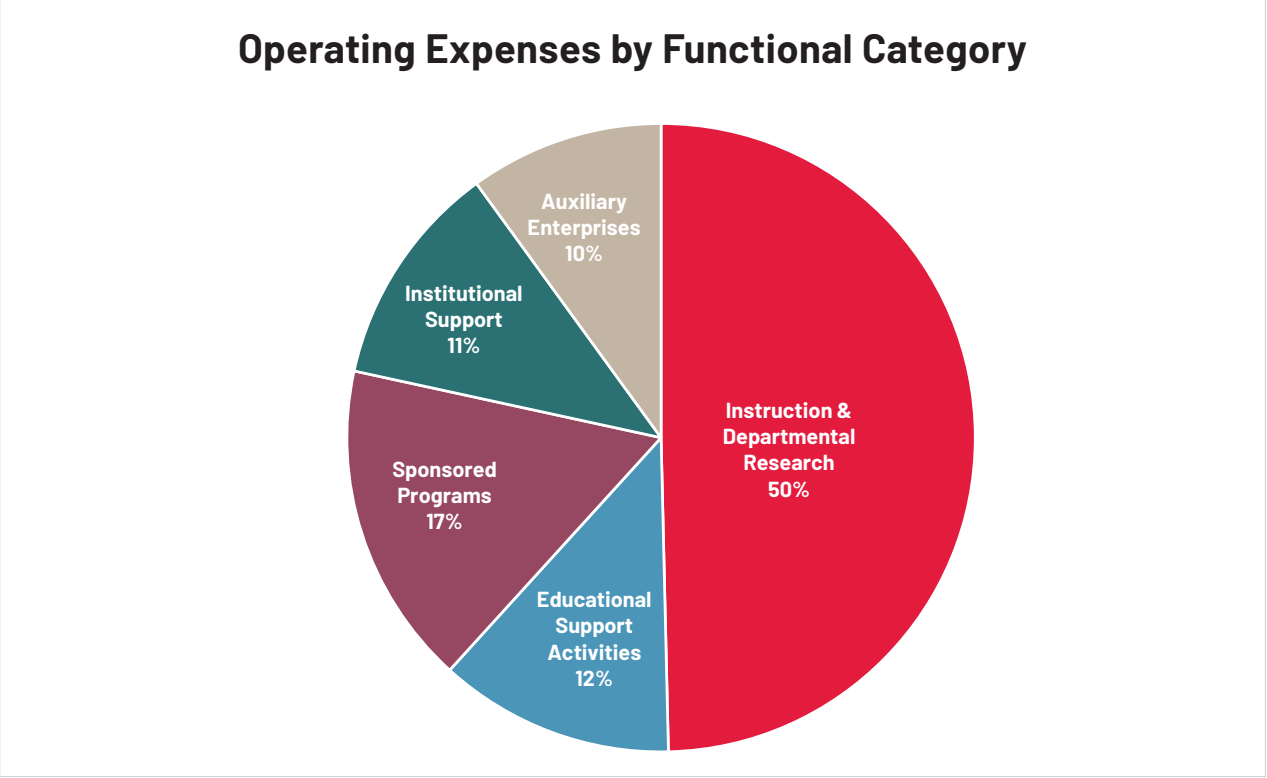
Operating expenses totaled $2.7 billion in fiscal year 2025, exceeding prior year by $189 million, or 7.5%.



Personnel costs account for more than 60% of the University's operating expenses. Salaries rose $74 million (6.3%) year-over-year, largely reflecting the higher costs of filling vacant positions due to inflation and employee turnover. Employee benefits increased $29 million (8.0%), driven by rising healthcare expenses, higher employer contributions to retirement plans, and other statutory benefits. The majority of salary and benefit spending is directed toward the University's core mission of instruction and departmental research. In the past year alone, these costs increased $55 million (8%), with a compound annual growth rate of 7.4% since 2021. Faculty headcount has grown by more than 400 over this same period (a compound annual growth rate of 2.5%), closely tracking enrollment growth of more than 2.5% annually during this period.

In May 2024, the University completed the implementation of a new student information system designed to modernize support for the academic mission and deliver a more seamless experience for students, faculty, and staff. During the transition, and amid delays stemming from the Department of Education's rollout of the Free Application for Federal Student Aid (FAFSA), management temporarily waivered certain payment enforcement controls, which led to growth in student accounts receivable and delayed some repayments. With the system now fully operational and FAFSA challenges resolved, the University has strengthened its collections process by enhancing student billing and portal access, expanding payment plan options, and implementing targeted collection strategies.

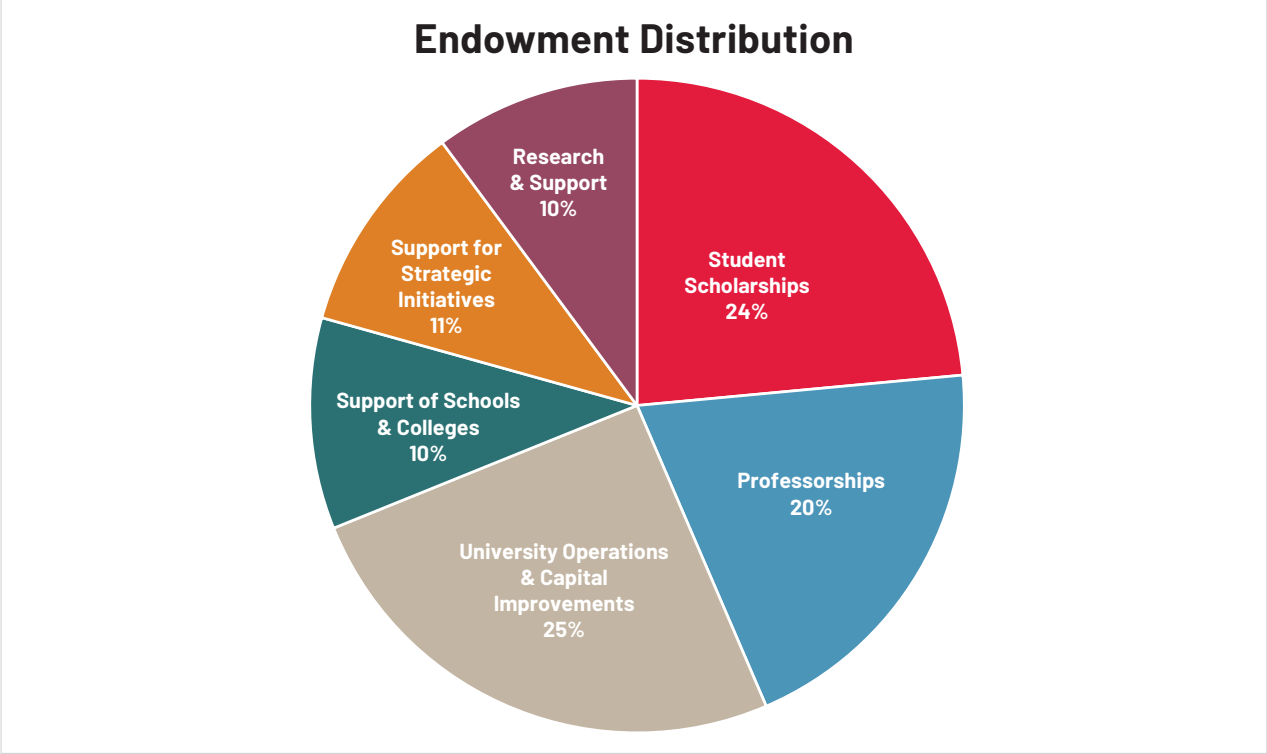
Boston University's commitment to its mission of providing a high-quality educational experience for our students as well as supporting innovative research is evident in the functional analysis below with 79% of expenditures focused on student-related and research activities.



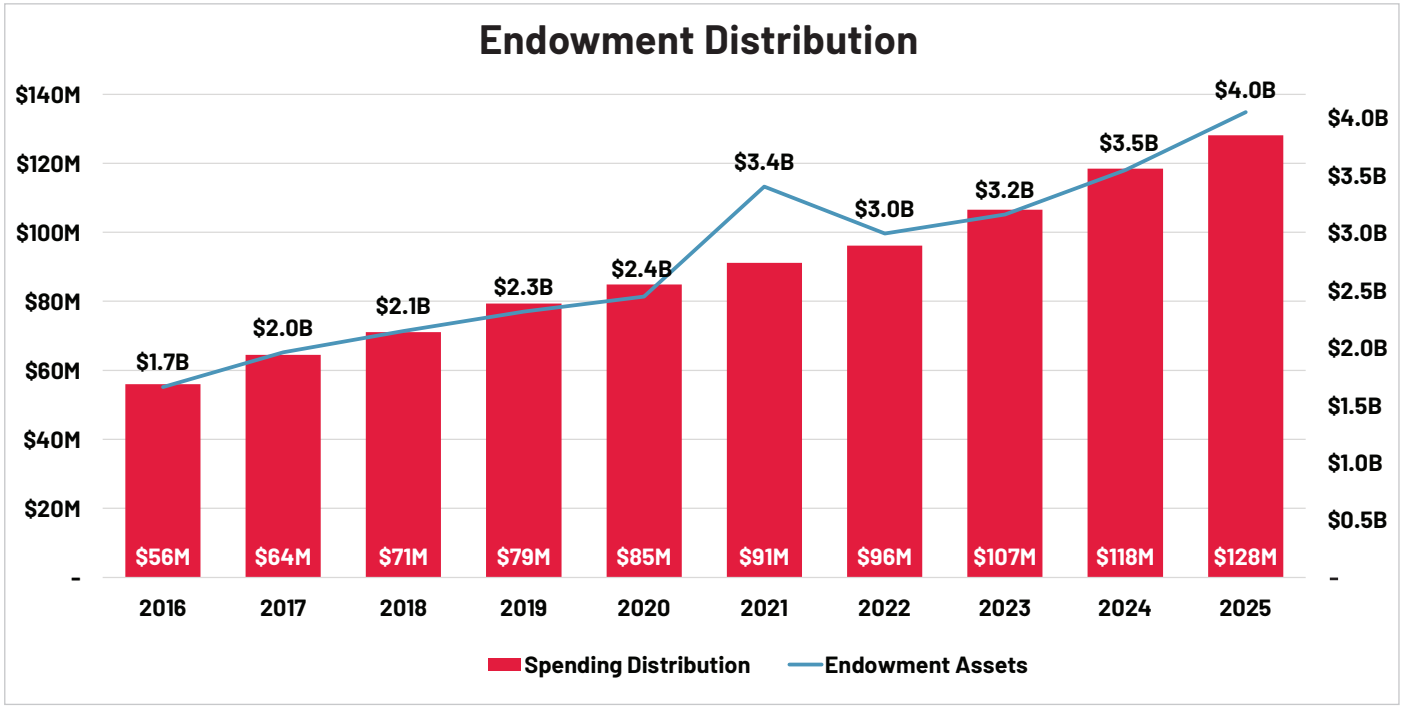
Endowment Assets and Distribution

BU's endowment serves as a critical financial foundation for the University's mission of teaching, learning, and research. It is composed of donor gifts designated for a specific purpose and funds set aside by the Board of Trustees, also known as quasi-endowments, together reinforcing the University's stability and long-term vitality. These funds are prudently invested in a diversified portfolio to preserve their value and sustain support for generations to come.

The University's endowment assets increased to $4 billion as of June 30, 2025, an increase of $504 million or 14.2%. This growth reflects strong investment returns in the equity markets combined with new gifts and additions of $166 million offset by spendable distributions of $128 million. The University established 67 new endowments totaling $19 million, including 35 endowed scholarships and 9 endowed for research support. Since 2015, the University's endowment has grown by over $2.4 billion, reflecting a compound annual growth rate of 9.4%.



Endowment spendable distributions increased 8.6% in fiscal year 2025, providing an additional $10 million in operational support compared to the prior year. These distributions are an essential source of support, with over half restricted to particular programs, departments, or initiatives, and governed by the terms established by the donor. Endowment distributions have more than doubled over the past eight years—growing from $64 million in fiscal year 2017 to a record $128 million in fiscal year 2025, providing unprecedented support for the University's mission. To support the development of the annual budget, the University applies its endowment spending guideline several months before the start of each fiscal year to establish a spending rate. The guideline, based on the average endowment value over the past 20 quarters as of the most recent calendar year-end, is designed to provide steadily increasing support for operations. This averaging approach helps smooth the impact of market volatility—tempering distribution growth in strong markets while building reserves to sustain distributions in weaker markets. To ensure an appropriate balance between current and future generations, the annual distribution must also fall within 3% and 5% of the endowment's value at the most recent calendar year end.



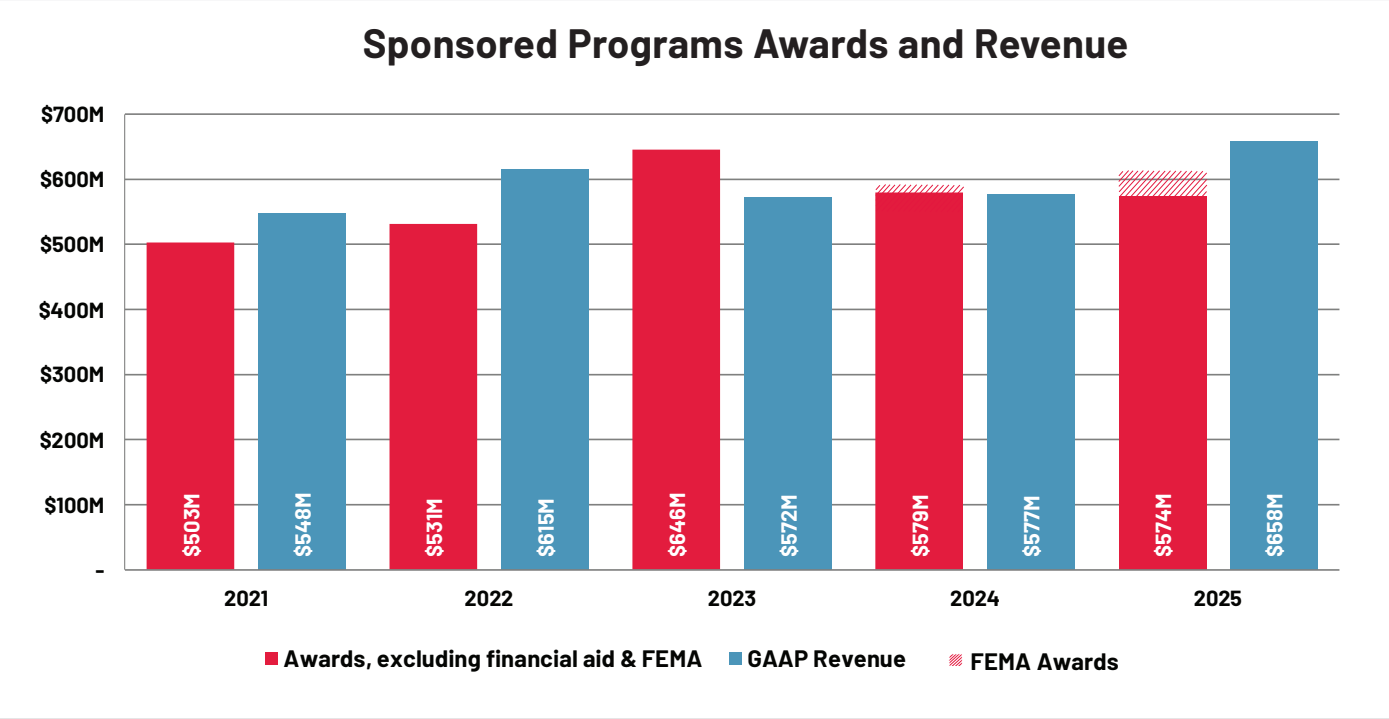
Sponsored Programs

Sponsored research at universities plays a vital role in driving discovery, innovation, and societal progress. It fuels the nation's competitiveness by advancing science, technology, health, and policy, while also training the next generation of scholars and innovators. By tackling complex challenges, ranging from public health to climate change, university-led research produces the knowledge and insights that shape our collective future. Federal, state, and foundation sponsors partner with institutions of higher education to ensure that these ideas are not only pursued but translated into real-world impact, benefiting both the country and the global community.

Each year, the University submits thousands of proposals to federal, state, and foundation sponsors, resulting in sponsored program awards that provide essential support for both current and future research. As research is conducted and expenses are incurred, the University seeks reimbursement from sponsors and recognizes the associated revenues. In some cases, awards are funded in advance, creating a timing gap between when funds are awarded and when revenue is recorded.

Sponsored program activity remains strong, with awards (excluding financial aid) exceeding $574 million in fiscal year 2025. Federal agencies, most prominently the Department of Health and Human Services and National Science Foundation, continue to be the primary funding sources, representing 61% of total awards.

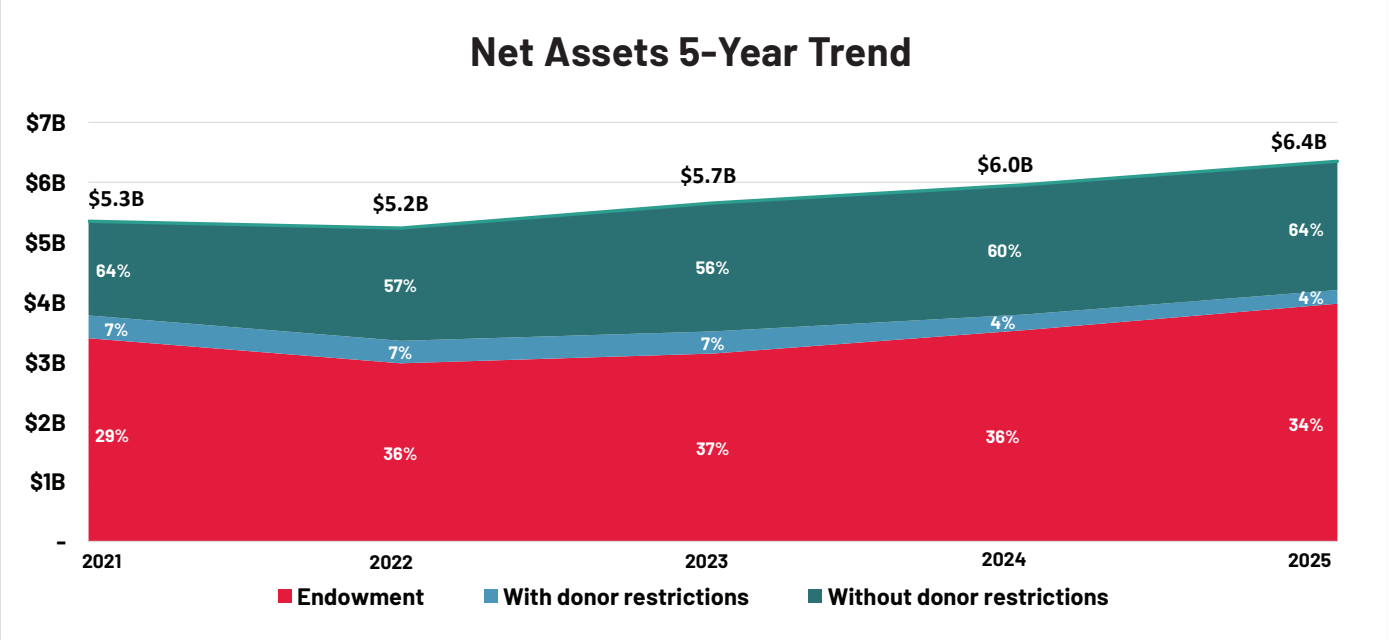
Facilities & Administrative costs, also known as "F&A", are the behind-the-scenes expenses that make research possible. They cover things like keeping labs running, maintaining technology and libraries, ensuring safety and compliance, and supporting the staff who manage grants. These are real costs of doing research, and recovering them from sponsors allows the University to sustain the facilities and services that enable discoveries benefiting society.



Net Assets

Net assets show the University's overall financial health. They represent the resources the University has built over time, some restricted for specific purposes and others available to support broader needs. Together, they provide a foundation that allows the University to invest in students, research, and the future.

Net assets increased $396 million, or 6.6%, in fiscal year 2025, driven by another year of operating gains, strong investment performance, and favorable results from the current interest rate environment. This marks four consecutive years of growth, and since 2021, net assets have increased by $1.0 billion, or 19%, representing a compound annual growth rate of 4.4%. This sustained momentum underscores the University's financial strength and provides a strong foundation to support strategic priorities and long-term institutional resilience.



Liquidity and Debt

The University actively manages its liquidity to ensure sufficient resources to meet operating requirements and sustain the endowment's reserves throughout the year. In addition, excess liquidity is preserved to provide security under a variety of stress scenarios. Consistent with the University's business cycle, fiscal year-end represents the traditional low point in liquidity; nonetheless, unrestricted liquidity totaled $2.0 billion, an increase of $234 million over the prior year. To supplement this strong position, the University also maintains $400 million in committed bank lines of credit for additional flexibility.

At the close of fiscal year 2025, the University's net bonds and notes payable totaled just over $2.0 billion, reflecting an increase of $312 million, or 18.2%. During the year, Boston University completed a $300 million debt issuance, a refinancing, and the termination of six swaps, capitalizing on favorable market conditions to strengthen its capital structure. These actions not only provided cost-effective financing for the Warren Towers renovation, launched this spring, but also reduced the University's weighted average cost of capital from 4.42% to 3.96% and simplified its debt profile by eliminating long-dated swaps.

Taken together, these steps underscore BU's disciplined financial stewardship, its ability to navigate changing markets, and its commitment to aligning financial strategy with long-term institutional priorities.

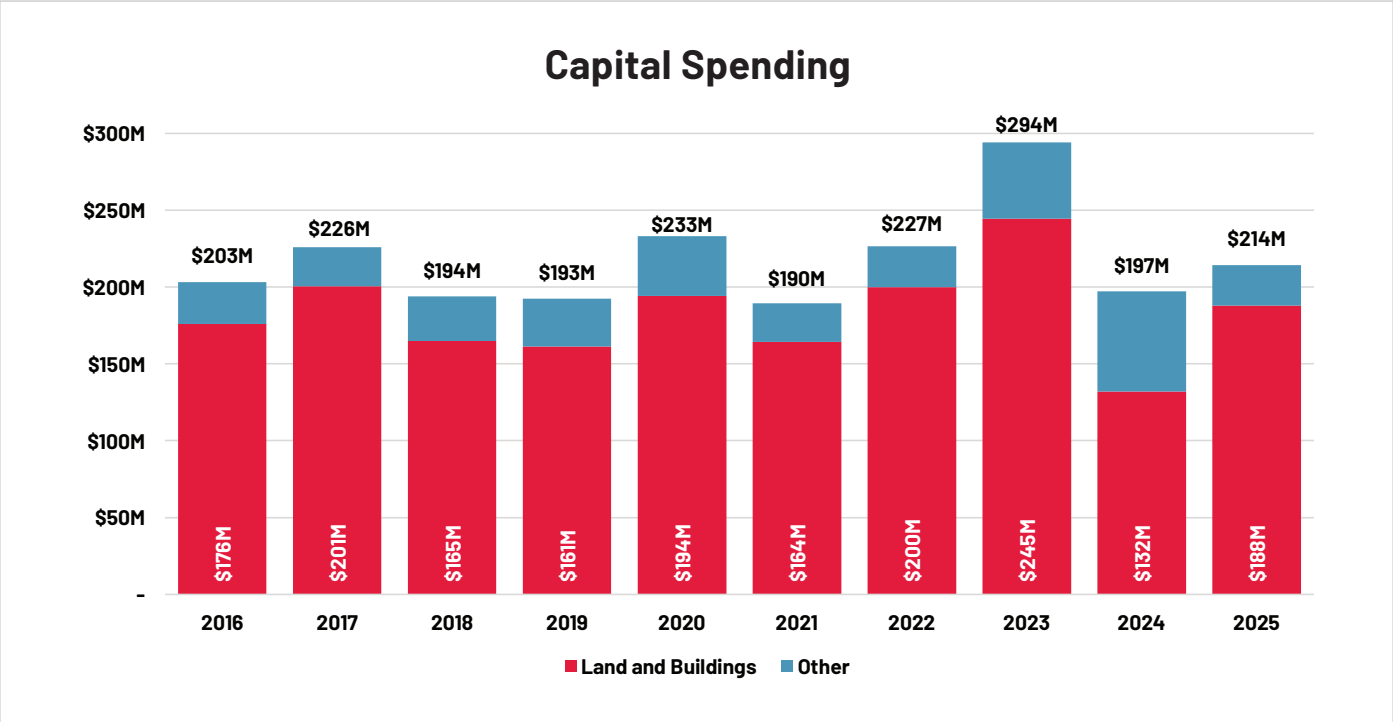
Credit ratings serve as an important measure of the University's financial stewardship. Strong ratings signal sound management, provide flexibility, and ensure continued access to capital markets. In late 2024, and again in spring 2025 when the University went to market for the above-referenced bond issuances, Moody's Investors Service affirmed Boston University's long-term rating at Aa3 with a stable outlook,

while Standard & Poor's affirmed the University's AA- rating with a positive long-term outlook. The stable and positive outlooks are particularly notable at a time when both agencies have noted negative outlooks on the higher education sector citing recent federal policy actions as well as long-term demographic and affordability concerns. The rating agencies have signaled that pressures may compound as multiple sources of funding for research universities face pressure simultaneously with potential reductions in indirect cost recoveries, lower international enrollments in graduate programs, reduced availability of graduate financial aid through federal programs and continued inflationary pressures.

Capital Spending

As of June 30, 2025, property, plant, and equipment totaled $3.1 billion, net of $161 million in depreciation. Capital spending remained strong, with purchases of property and equipment amounting to $214 million in fiscal year 2025 and $197 million in fiscal year 2024. In spring 2025, Boston University launched a comprehensive, multi-year renovation of Warren Towers, a transformative three-year project that will modernize one of the University's most iconic student residences.

Over the past decade, the University has invested close to $2.2 billion in capital projects across its campuses, strengthening facilities and supporting academic and research excellence. Several additional projects are now in development, reflecting BU's ongoing commitment to enhancing the student experience and advancing its mission.



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

Independent Auditors' Report

The Board of Trustees
Boston University:

Opinion

We have audited the consolidated financial statements of Boston University and its subsidiaries (the University), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Other Information Included in the Consolidated Financial Report

Management is responsible for the other information included in the consolidated financial report. The other information comprises discussion of financial results but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KPMG LLP

Boston, Massachusetts
September 25, 2025

June 30, 2025 and 2024
($000)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 355,929	$ 222,683
Cash and cash equivalents-restricted	261,212	3,053
Short-term investments	874,860	977,051
Accounts and loans receivable, net	376,980	246,869
Pledges receivable, net	108,772	154,330
Prepaid expenses and other assets	50,528	58,824
Right-of-use assets-operating leases	80,582	93,650
Long-term investments	4,043,313	3,680,875
Property, plant, and equipment, net	3,116,344	3,052,004
Total assets	$ 9,268,520	$ 8,489,339
LIABILITIES AND NET ASSETS		
Liabilities:		
Accrued payroll and related expenses	$ 98,982	$ 100,245
Accounts payable and accrued expenses	243,160	126,567
Deferred revenue	108,729	96,885
Student deposits	112,606	97,927
Operating lease obligations	85,943	98,877
Finance lease obligations	62,892	63,095
Other long-term obligations	29,783	33,234
Deferred ground lease revenue	78,554	79,582
Fair value of interest rate exchange agreements	62,572	115,555
Bonds and notes payable, net	2,032,897	1,720,526
Total liabilities	2,916,118	2,532,493
Net assets:		
Without donor restrictions	3,865,753	3,652,365
With donor restrictions	2,486,649	2,304,481
Total net assets	6,352,402	5,956,846
Total liabilities and net assets	$ 9,268,520	$ 8,489,339

See accompanying notes to consolidated financial statements.

For the years ended June 30, 2025 and 2024
($000)

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Student tuition and fees, net of student aid of $683.7 million	$ 1,391,328	$ -	$ 1,391,328
Sponsored programs-direct	504,812	-	504,812
Sponsored programs-indirect	135,735	-	135,735
External fringe benefit recoveries	70,102	-	70,102
Contributions	55,157	-	55,157
Sales and services	108,208	-	108,208
Spending formula amount and other investment income	153,240	-	153,240
Sponsored program income for student aid	17,576	-	17,576
Auxiliary enterprises, net of student aid of $37.3 million	313,552	-	313,552
Contributions used for operations	18,336	-	18,336
Total operating revenues	2,768,046	-	2,768,046
OPERATING EXPENSES			
Salaries and wages	1,238,476	-	1,238,476
Employee benefits	389,796	-	389,796
Supplies and services	736,346	-	736,346
Utilities, rent, and repairs	112,844	-	112,844
Depreciation	160,697	-	160,697
Interest	81,689	-	81,689
Total operating expenses	2,719,848	-	2,719,848
Change in net assets from operating activities	48,198	-	48,198
NONOPERATING ACTIVITIES			
Contributions	-	21,917	21,917
Contributions used for operations	-	(18,336)	(18,336)
Reinvested endowment and other investment income	30,525	20,801	51,326
Net realized and unrealized gains on investments and other assets	161,663	260,816	422,479
Spending formula amount	(53,362)	(74,737)	(128,099)
Net realized and unrealized gains on interest rate exchange agreements	6,457	-	6,457
Net assets released from restrictions-building funds and other	4,074	(4,074)	-
Other additions and transfers, net	15,833	(24,219)	(8,386)
Net nonoperating activities	165,190	182,168	347,358
Change in net assets	213,388	182,168	395,556
Beginning net assets	3,652,365	2,304,481	5,956,846
Ending net assets	$ 3,865,753	$ 2,486,649	$ 6,352,402

See accompanying notes to consolidated financial statements.

For the years ended June 30, 2025 and 2024
($000)

2024				
Without Donor Restrictions	With Donor Restrictions	Total		
			OPERATING REVENUES	
$ 1,357,339	$ -	$ 1,357,339	Student tuition and fees, net of student aid of $647.3 million	
424,710	-	424,710	Sponsored programs-direct	
134,478	-	134,478	Sponsored programs-indirect	
66,024	-	66,024	External fringe benefit recoveries	
51,127	-	51,127	Contributions	
102,344	-	102,344	Sales and services	
158,633	-	158,633	Spending formula amount and other investment income	
17,812	-	17,812	Sponsored program income for student aid	
288,590	-	288,590	Auxiliary enterprises, net of student aid of $38.4 million	
14,247	-	14,247	Contributions used for operations	
2,615,304	-	2,615,304	**Total operating revenues**	
			OPERATING EXPENSES	
1,164,784	-	1,164,784	Salaries and wages	
360,857	-	360,857	Employee benefits	
661,612	-	661,612	Supplies and services	
107,212	-	107,212	Utilities, rent, and repairs	
156,577	-	156,577	Depreciation	
79,839	-	79,839	Interest	
2,530,881	-	2,530,881	**Total operating expenses**	
84,423	-	84,423	**Change in net assets from operating activities**	
			NONOPERATING ACTIVITIES	
-	36,245	36,245	Contributions	
-	(14,247)	(14,247)	Contributions used for operations	
25,934	20,428	46,362	Reinvested endowment and other investment income	
88,401	162,461	250,862	Net realized and unrealized gains on investments and other assets	
(53,632)	(64,758)	(118,390)	Spending formula amount	
12,624	-	12,624	Net realized and unrealized gains on interest rate exchange agreements	
6,016	631	6,647	Other additions and transfers, net	
79,343	140,760	220,103	**Net nonoperating activities**	
163,766	140,760	304,526	**Change in net assets**	
3,488,599	2,163,721	5,652,320	Beginning net assets	
$ 3,652,365	$ 2,304,481	$ 5,956,846	**Ending net assets**	

See accompanying notes to consolidated financial statements.

For the years ended June 30, 2025 and 2024
($000)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 395,556	$ 304,526
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	160,697	156,577
Amortization of debt premium and issuance costs, net	(3,123)	(2,977)
Amortization of right-of-use assets-financing	1,207	1,491
Amortization of right-of-use assets-operating	13,864	13,430
Losses (gains) on disposal of property and equipment	2,707	(429)
Unrealized gains on interest rate exchange agreements	(10,356)	(19,740)
Settlements on swap replacement transactions, net	3,372	2,510
Net realized and unrealized gains on investments	(448,544)	(276,022)
Contributions and pledge payments restricted for long-term investment	(64,109)	(84,630)
Restricted gifts of securities	(4,161)	(66,989)
Unrealized losses on currency exchange	1,022	39
Gain from extinguishment of debt	(19,294)	(5,794)
Changes in operating assets and liabilities:		
Increase in accounts and loans receivable, net	(14,949)	(12,759)
Decrease in pledges receivable, net	45,558	114,047
Decrease (increase) in prepaid expenses and other assets	1,228	(3,080)
Decrease in accrued payroll and related expenses	(1,263)	(19,801)
Increase in accounts payable and accrued expenses	44,686	4,542
Decrease in operating lease obligations	(13,730)	(12,980)
Increase in deferred revenue	11,844	14,166
Increase (decrease) in student deposits	14,679	(37,984)
Decrease in other long-term obligations	(3,513)	(4,227)
Decrease in deferred ground lease revenue	(1,028)	(1,028)
Net cash provided by operating activities	112,350	62,888
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,204,791)	(2,295,472)
Proceeds from sales and maturities of investments	2,336,720	2,269,763
Purchases of property and equipment	(214,213)	(197,221)
Proceeds from sale of property and equipment	-	1,593
Proceeds from residual asset note	6,290	13,119
Net cash used in investing activities	(75,994)	(208,218)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bonds and notes	769,085	199,730
Bond premium received	50,318	17,641
Payment of bonds, notes, and mortgages	(484,511)	(222,625)
Payment of bond issuance costs	(1,126)	(1,028)
Payments for finance lease obligations	(203)	(441)
Payments of swap termination fees	(42,627)	(2,841)
Decrease in other long-term liabilities-annuity obligations	62	(432)
Contributions and pledge payments restricted for long-term investment	64,109	84,630
Proceeds from sale of restricted gifts of securities	3,314	65,659
Settlements on swap replacement transactions, net	(3,372)	(2,510)
Net cash provided by financing activities	355,049	137,783
Net increase (decrease) in cash, cash equivalents, and restricted cash	391,405	(7,547)
Cash, cash equivalents, and restricted cash beginning of year	225,736	233,283
Cash, cash equivalents, and restricted cash end of year	$ 617,141	$ 225,736

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization:
Boston University (the University) is an independent, nonprofit, coeducational, nonsectarian institute of higher education, founded in 1839 and chartered under the laws of the Commonwealth of Massachusetts on May 26, 1869. The University has three principal campuses: the Charles River Campus in the Back Bay, the Fenway Campus in Boston, and the Medical Campus in the South End, offering students more than 300 areas of study in 17 schools and colleges.

Effective June 1, 2018, Wheelock College merged with and into the University, with the University as the surviving corporation. As a result of the merger, the University's School of Education was renamed the Boston University Wheelock College of Education & Human Development, combining the doctoral programs and research capabilities of the University's School of Education with the early childhood expertise of Wheelock College's School of Education, Child Life and Family Studies.

Summary of Significant Accounting Policies:

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

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

Boston Medical Center (BMC) is the primary teaching affiliate of the Boston University Chobanian & Avedisian School of Medicine. BMC is a separately governed legal entity organized as a 501(c)(3) and is not consolidated in the accompanying consolidated financial statements.

Effective July 1, 1996, the University entered into a support agreement with BMC, which was formed from the merger of Boston City Hospital and Boston University Medical Center Hospital. The University agreed to continue its support of clinical department operations at a level of support proportionately consistent to what was provided before the merger. Established in 1994, the Faculty Practice Foundation (FPF), also known as the Boston University Medical Group, is an integrated, multispecialty, academic group practice with 18 clinical departments that collectively employ over 1,100 physicians, non-physician clinicians, educators, and researchers. This nonprofit foundation was established to exclusively benefit the University, BMC, and the FPF's affiliated members and designed to improve the health of all, by leading through innovation and collaboration in patient care, education, and research; and to promote the professional and personal well-being of its physicians and other providers. The members of the FPF have faculty appointments at Boston University Chobanian & Avedisian School of Medicine or with the Boston University Henry M. Goldman School of Dental Medicine, and focus on clinical care, research, and teaching at BMC and Boston University Chobanian & Avedisian School of Medicine.

The University's financial support to BMC for the years-ended June 30, 2025 and 2024 was $9,240,000 and $8,859,000, respectively, and is reflected in the operating expenses of the University.

Net Asset Classification:
Net assets, revenues, and investment returns are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets are classified as follows:

- Net assets without donor restrictions are not subject to donor stipulations restricting their use, but may be designated for a specific purpose by the University or may be limited by contractual agreements with outside parties.
- Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

Net assets with donor restrictions that expire by the passage of time totaled $1,326,970,000 and $1,129,863,000 as of June 30, 2025 and 2024, respectively. Net assets with perpetual donor restrictions totaled $1,159,679,000 and $1,174,618,000 as of June 30, 2025 and 2024, respectively.

The composition of net assets as of June 30, 2025 and 2024, in thousands of dollars, is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Endowment:			
General purpose	$ 1,319,979	$ 526,285	$ 1,846,264
Scholarships	151,743	770,792	922,535
Professorships	149,857	628,290	778,147
Awards, prizes, fellowships, and other	38,620	177,779	216,399
Research	27,103	159,587	186,690
Annuities	-	24,569	24,569
Total endowment and annuity funds	1,687,302	2,287,302	3,974,604
Other funds:			
General and plant funds	1,885,708	-	1,885,708
Building and gift funds	138,160	14,423	152,583
Pledges	-	108,772	108,772
Student loan funds	23,723	32,556	56,279
Unexpended endowment distributions	130,860	43,596	174,456
Total other funds	2,178,451	199,347	2,377,798
Total net assets	$ 3,865,753	$ 2,486,649	$ 6,352,402

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Endowment:			
General purpose	$ 1,156,604	$ 472,403	$ 1,629,007
Scholarships	137,658	691,860	829,518
Professorships	136,378	564,689	701,067
Awards, prizes, fellowships, and other	34,784	150,044	184,828
Research	23,640	137,599	161,239
Annuities	-	22,965	22,965
Total endowment and annuity funds	1,489,064	2,039,560	3,528,624
Other funds:			
General and plant funds	1,887,627	-	1,887,627
Building and gift funds	134,742	38,357	173,099
Pledges	-	154,330	154,330
Student loan funds	22,563	32,821	55,384
Unexpended endowment distributions	118,369	39,413	157,782
Total other funds	2,163,301	264,921	2,428,222
Total net assets	$ 3,652,365	$ 2,304,481	$ 5,956,846

Collections:
The University's collections, acquired through purchases and contributions since the University's inception, are not recognized as assets on the Consolidated Statements of Financial Position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired.

The University's collections are made up of artifacts of historical significance, scientific specimens, and art objects that are held for educational, research, scientific, and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed regularly. The collections are subject to a policy that requires proceeds from dispositions to be used to acquire and maintain other items for collections.

Use of Estimates:
The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates.

Related Party Transactions:
Under the University's conflict of interest policy, all business and financial relationships among the University and entities affiliated with Trustees or Officers of the University are subject to the review and approval of the Audit Committee of the Board of Trustees. Disclosures about the University's related party transactions, including those with affiliates, are described in notes 1, 3, and 10 to the consolidated financial statements.

Cash and Cash Equivalents:
Cash equivalents consist primarily of short-term money market mutual funds and treasury bills with original maturities of 90 days or less.

Cash and cash equivalents-restricted represent funds held by the trustees associated with the Massachusetts Development Finance Agency Bond Issue Series 2025A of $254,866,000 as of June 30, 2025 and will be drawn down to fund the Warren Towers construction project. In addition, the University was required to post collateral with counterparties.

The following table summarizes cash, cash equivalents, and restricted cash reported on the statement of cash flows as of June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Cash and cash equivalents	$ 355,929	$ 222,683
Cash and cash equivalents-restricted	261,212	3,053
Total cash, cash equivalents, and restricted cash	$ 617,141	$ 225,736

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

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

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

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

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

Valuation results, changes in valuation policies and procedures, and issues regarding valuation that may arise from time to time are reviewed in the same manner.

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

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

The University's split-interest agreements with donors consist of irrevocable charitable gift annuities and charitable remainder trusts held and administered by others. For annuity contracts, the contributed assets are included in investments at fair value. Contribution revenue, net of the accompanying obligation, is recognized as of the date the donated assets are transferred to the University, and liabilities are recorded at the present value of estimated future payments to the donors and beneficiaries. The liabilities are adjusted during the term of the agreements and contracts to reflect actuarial gains and losses.

The present values of the estimated future cash receipts from charitable remainder trusts are recognized as assets and contribution revenues as of the dates the trusts are established. Distributions from these trusts are recorded as investment income, and the carrying value of the assets is adjusted for changes in estimates of future receipts.

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

For the years ended June 30, 2025 and 2024, the University acquired equipment and other assets of approximately $7,287,000 and $7,979,000, respectively, through the use of federal funds. In most cases, the University continues to maintain the assets after the granting agreement expires.

Depreciation is computed on a straight-line basis over the remaining useful lives of assets as follows: buildings, 50 years; renovations and improvements, 20 years or lease term, if shorter; University buildings used in sponsored research activities, 12 to 50 years, based on the distinct useful lives for each major building component; equipment, 2 to 20 years; internally used software, 20 years; and library books, 10 years. Depreciation expense for the years ended June 30, 2025 and 2024 was $160,697,000 and $156,577,000, respectively.

Long-lived assets and certain intangibles are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the impairment loss recognized is the amount by which the asset's net carrying value exceeds its estimated fair value.

Leasing:
The University determines if an arrangement is a lease at inception. The University has both leases under which it is obligated as a lessee and leases for which it is a lessor. Operating leases as a lessee are included in right-of-use assets-operating leases and operating lease obligations in the Consolidated Statements of Financial Position. Finance leases as a lessee are included in property, plant, and equipment and finance lease obligations in the Consolidated Statements of Financial Position.

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 and finance 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. Interest expense is recognized as a component of the lease payment for finance leases.

Rental income arising from operating leases as a lessor is included in operating revenue in auxiliary enterprises in the Consolidated Statements of Activities.

Conditional Asset Retirement Obligations:
The University recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the Consolidated Statements of Activities.

Asset retirement obligations at June 30, 2025 and 2024 were $9,535,000 and $10,546,000, respectively, and are included in other long-term obligations in the Consolidated Statements of Financial Position.

Revenue from Contracts with Customers:
Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student education, residence, and dining services is reflected net of reductions from institutional student aid and 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 or other costs are reported as an expense. Payments for student services are generally received prior to the commencement of each academic term and are reported as student deposits to the extent services will be rendered in the following fiscal year.

The composition of net student tuition and fees revenue was as follows for the years ended June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Undergraduate	$ 848,074	$ 797,978
Graduate and Postgraduate	510,554	527,929
Other	32,700	31,432
Total	$ 1,391,328	$ 1,357,339

Net auxiliary enterprises revenue consists of the following for the years ended June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Residence and dining services, net of student aid	$ 241,852	$ 225,187
Arena, parking, and retail operations	71,700	63,403
Total	$ 313,552	$ 288,590

Sales and services include revenues from clinical operations, public broadcasting, and other miscellaneous activities. Such revenues are recognized when goods or services are provided to customers.

Revenue from Sponsored Programs:
Grants and contracts awarded by federal and other sponsors, which are generally considered nonreciprocal 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 GAAP, 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. Grant revenue used for the construction or acquisition of plant is reported within nonoperating activities. The University recognizes reimbursement of facilities and administrative costs relating to government and foundation contracts and grants at authorized rates each year. All funds expended in connection with government grants and contracts are subject to audit by granting agencies. In the opinion of management, any potential liability resulting from these audits will not have a material effect on the University's financial position. Total revenue from grants and contracts recognized in net assets without donor restrictions was $658,123,000 and $577,000,000 for the years ended June 30, 2025 and 2024, respectively. Payments received from sponsors in advance of conditions being met are reported as deferred revenue, and totaled $97,566,000 and $83,806,000 as of June 30, 2025 and 2024, respectively. Conditional awards from federal and other sponsors outstanding as of June 30, 2025 and 2024 were $290,608,000 and $235,265,000, respectively.

In fiscal year 2025 and 2024, the University received $47,011,000 and $4,800,000, respectively, of federal relief through the Federal Emergency Management Agency (FEMA) and Massachusetts Emergency Management Agency (MEMA). These reimbursements are related to expenses incurred from the University's testing facility and other certain pandemic-related costs.

External Fringe Benefit Recoveries:
External fringe benefit recoveries includes payments from affiliated organizations for the cost of fringe benefits paid by the University under a common paymaster agreement. A portion of the fringe benefit recoveries pertain to a Boston University sponsored defined contribution retirement plan available to all covered FPF employees and practitioners paid under a common paymaster agreement with the FPF's affiliated members. Refer to note 9 to the consolidated financial statements for further details on the University's plan.

Contributions:
Contributions, including unconditional promises to give, are recognized upon receipt at fair value. Contributions other than cash are recorded at fair value at the date of contribution. Contributions whose restrictions are met in the same fiscal year as their receipt are reported as contributions without donor restrictions. Contributions with donor-imposed restrictions are reported as revenues with donor restrictions and are reclassified to net assets without donor restrictions when an expenditure is incurred that satisfies the restriction or when the designated time elapses. Pledges receivable are carried at estimated net present value, net of allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Income Taxes:
The University is generally exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except to the extent the University has unrelated business income. As of June 30, 2025 the University's federal net operating loss carryforwards prior to June 30, 2018 are $5,636,000, and expire in various years from 2030 to 2037. These losses may be applied to offset taxable income for any unrelated business activity earned in future years. IRC section 512 (a)(6), enacted in December 2017 as part of the Tax Cut and Jobs Act, requires tax exempt organizations with multiple sources of unrelated business income to separately compute ("silo") net unrelated business income and losses on an activity by activity basis; for taxable years beginning after December 31, 2017, expenses from one unrelated business activity may no longer be used to offset the income from another. Net operating loss carryforwards beginning July 1, 2018 through June 30, 2025 are $33,885,000 and may be carried forward indefinitely, but may only be used to offset income from the activity generating the loss. During the period ended June 30, 2025, the University's unrelated business activities are estimated to generate taxable income that will utilize the remaining non-siloed net operating loss carryforwards. As of June 30, 2025, the University had no deferred tax assets, compared with $2,347,000 as of June 30, 2024 as a result of this utilization. The University has no material uncertain tax positions.

Nonoperating Activities:
Nonoperating activities reflect transactions of a long-term investment or capital nature, including contributions to be received in the future, gains and losses on interest rate exchange agreements, the excess of investment returns over the spending formula amount, and certain other activities.

Supplemental Disclosure of Cash Flow Information:
The following information is intended to supplement the Consolidated Statements of Cash Flows for the years ended June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Interest paid in cash, net of capitalized interest of $1,231 and $1,518	$ 80,560	$ 82,299
Noncash investing activities:		
Increase (decrease) in accounts payable for property, plant, and equipment	14,738	(22,476)
Increase in investments for residual note asset	(40)	(347)
(Decrease) increase in net purchases of investments for forward foreign currencies	(222)	244
Increase (decrease) in payables for purchases of investments	57,391	(3,267)
(Increase) decrease in receivables for sales of investments	(115,162)	9,714

In June 2007, the Biosquare Realty Trust (BRT) was created by the University and BMC as equal beneficiaries in the trust, for the purpose of operating land property. In September 2009, BRT entered into a ground lease as the lessor with another third party who owned the building on the land. The building owned by the third party was leased to the University and BMC in March 2004. In December 2023, ownership of the building, along with interest in the ground lease, was transferred to another third party. Along with the transfer, BMC entered into an agreement to lease the entire building, of which a portion is subleased to the University through a lease amendment executed in December 2023. The lease term was extended by 30 years as part of the lease amendment. As a result of the lease amendment, the lease liability and lease asset of the University were reduced by $15,396,000 as reflected in the lease disclosures in footnote 10.

The following table summarizes cash paid for amounts included in the measurement of lease liabilities, under ASC 842, for operating and finance leases as a lessee for the years ended June 30, 2025 and 2024, in thousands of dollars:

	2025	2024
Operating cash flows from finance leases	$ 3,432	$ 3,408
Operating cash flows from operating leases	15,664	15,213
Financing cash flows from finance leases	203	441

Reclassifications:
Certain 2024 balances previously reported have been combined to other financial statement line items to conform to the 2025 presentation.

2. Financial Assets and Liquidity Resources

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, including operating expenses, scheduled principal payments on debt, and capital construction costs not financed by debt are as follows, in thousands of dollars:

	2025	2024
Financial assets, at year-end	$ 6,021,066	$ 5,291,929
Less: those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor restricted endowment	(2,287,302)	(2,039,560)
Pledges receivable due in greater than one year or restricted for use	(98,766)	(149,624)
Restricted cash and cash equivalents	(261,212)	(3,053)
Student loans receivable due in greater than one year	(27,616)	(28,188)
Investment in residual asset note	-	(7,068)
Board designations:		
Quasi-endowment funds	(1,687,302)	(1,489,064)
Add: approved endowment spending distribution for next fiscal year	140,939	126,268
Financial assets available to meet cash needs for general expenditures within one year	$ 1,799,807	$ 1,701,640

The University's cash flows have seasonal variations attributable primarily to the timing of tuition billing and contributions received. The University has various sources of liquidity including cash and cash equivalents, marketable debt securities, and access to lines of credit with six financial institutions. To manage liquidity, the University maintains a working capital portfolio conservatively invested corresponding to the amounts and duration of projected liquidity needs. Although the University does not intend to spend from board designated endowment funds other than amounts appropriated for operations, the University's quasi-endowment funds, as well as accumulated gains and losses with donor restrictions, could be made available, if necessary, with approval from the Board of Trustees, subject to liquidity of the underlying investments and to the extent allowed by law.

3. Investments

Basis of Reporting:
Investments consist of directly held equity and fixed income securities, registered mutual funds, exchange traded funds, commingled funds, limited partnerships, non-core institutional real estate, and funds held in trust by others. Investments are reported at estimated fair value.

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

Real estate and natural resources funds generally hold interests in private real estate, oil and gas partnerships, and mineral holdings.

The University's interests in commingled investment funds are generally reported at the NAV reported by the fund managers and determined to be reasonable by the University. NAV is used as a practical expedient to estimate the fair value of the University's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2025 and 2024, the University had no plans or intentions to sell investments at amounts different from NAV.

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

The fair value of non-core institutional real estate is based on independent appraisals and broker opinions of value, including recent sales of relevant properties in the same region and in an active market. The determination of whether a real estate market is active is based on the median number of days to sale for properties with a similar geographic location, type, size, condition, and long-term occupancy rate. When independent appraisals or broker opinions of value have not been carried out and where comparable sales information is not available, an income approach is used, with actual rental rates and weighted average capitalization rates of 5.5%. Significant changes in these inputs may result in a significantly lower or higher fair value measure.

Cash and investments included in the Consolidated Statements of Financial Position at June 30, 2025 and 2024 were as follows, in thousands of dollars:

	2025	2024
Cash and cash equivalents	$ 355,929	$ 222,683
Cash and cash equivalents-restricted	261,212	3,053
Short-term investments	874,860	977,051
Investment in residual asset note	-	7,068
Long-term investments	4,043,313	3,680,875
	5,535,314	4,890,730
Less: assets not reported at fair value:		
Investment in residual asset note	-	(7,068)
Real estate partnerships accounted for under the equity method	(9,247)	(9,381)
Total cash and investments at fair value	$ 5,526,067	$ 4,874,281

The following tables summarize the University's cash and investments in the fair value hierarchy as of June 30, 2025 and 2024, in thousands of dollars:

As of June 30, 2025	Investments Measured at NAV	Investments Classified in the Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Assets at fair value:					
Cash and cash equivalents	$ -	$ 617,141	$ -	$ -	$ 617,141
Common and preferred equities:					
Domestic	238,083	144,012	-	-	382,095
International	297,052	110,017	33,982	-	441,051
	535,135	254,029	33,982	-	823,146
Fixed income:					
Domestic	-	975	1,034	-	2,009
International	-	-	6	-	6
U.S. government and agencies	-	1,048,892	-	-	1,048,892
	-	1,049,867	1,040	-	1,050,907
Alternatives:					
Hedge	1,326,796	-	-	-	1,326,796
Natural resources	39,783	-	-	-	39,783
Private	1,189,787	-	-	333	1,190,120
Real estate	121,697	-	-	342,077	463,774
	2,678,063	-	-	342,410	3,020,473
Funds held in trust by others	-	-	-	14,400	14,400
Total assets at fair value	$ 3,213,198	$ 1,921,037	$ 35,022	$ 356,810	$ 5,526,067

As of June 30, 2024	Investments Measured at NAV	Investments Classified in the Fair Value Hierarchy			Total Fair Value
		Level 1	Level 2	Level 3	
Assets at fair value:					
Cash and cash equivalents	$ -	$ 225,736	$ -	$ -	$ 225,736
Common and preferred equities:					
Domestic	230,617	87,086	-	-	317,703
International	316,619	99,910	29,131	-	445,660
	547,236	186,996	29,131	-	763,363
Fixed income:					
Domestic	-	975	1,201	-	2,176
International	-	-	6	-	6
U.S. government and agencies	-	1,126,156	-	-	1,126,156
	-	1,127,131	1,207	-	1,128,338
Alternatives:					
Hedge	1,078,352	-	-	-	1,078,352
Natural resources	51,886	-	-	-	51,886
Private	1,127,745	-	-	333	1,128,078
Real estate	119,827	-	-	364,928	484,755
	2,377,810	-	-	365,261	2,743,071
Funds held in trust by others	-	-	-	13,773	13,773
Total assets at fair value	$ 2,925,046	$ 1,539,863	$ 30,338	$ 379,034	$ 4,874,281

The following tables present a summary of the University's activity for the years ended June 30, 2025 and 2024 for investments categorized in Level 3, in thousands of dollars:

2025	Alternatives		Funds Held in Trust by Others	Total Assets in Level 3
	Private	Real Estate		
Fair value, July 1, 2024	$ 333	$ 364,928	$ 13,773	$ 379,034
Additions	-	1,914	-	1,914
Unrealized losses	-	(24,765)	627	(24,138)
Fair value, June 30, 2025	$ 333	$ 342,077	$ 14,400	$ 356,810

2024	Alternatives		Funds Held in Trust by Others	Total Assets in Level 3
	Private	Real Estate		
Fair value, July 1, 2023	$ 333	$ 366,591	$ 13,799	$ 380,723
Additions	-	21,015	-	21,015
Unrealized (losses) gains	-	(22,678)	(26)	(22,704)
Fair value, June 30, 2024	$ 333	$ 364,928	$ 13,773	$ 379,034

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

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

The purchase and sale of exchange-traded derivatives require collateral deposits with the Futures Commission Merchant (FCM). Collateral is posted and moved on a daily basis as required by the rules of the exchange on which the derivatives are traded. In the event of the FCM's insolvency, recovery may be limited to the University's pro-rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total cash or other collateral posted. The collateral is generally in the form of debt obligations issued by the U.S. Treasury or cash. Cash collateral and certain securities owned by the University were held at counterparty brokers to collateralize these positions and are included in cash and cash equivalents-restricted on the Consolidated Statements of Financial Position.

As of June 30, 2025, the aggregate notional exposure on long-term investment assets was $90,568,000. The associated unrealized gain on these assets was $1,689,000 as of June 30, 2025. The associated asset value recorded was $5,878,000 as of June 30, 2025. As of June 30, 2024, the aggregate notional exposure on long-term investment assets was $77,113,000. The associated unrealized gain on these assets was $64,000 as of June 30, 2024. The associated asset value recorded was $2,588,000 as of June 30, 2024.

Residual Asset Note:
In June 2006, the University securitized its interest in an investment banking partnership that owned rights to future cash flows. To effect a securitization, the rights to receive the future cash flows were transferred from the University to a 100% owned, bankruptcy remote, special purpose limited liability corporation (LLC). The LLC issued a zero coupon note to Deutsche Bank Litigation Fee Trust (DBLF) collateralized by future cash flow rights. The note had an initial face value of $88,227,000, the aggregate amount of the expected cash flows between 2007 and 2021. The note was acquired by DBLF for $25,244,000 and is non-recourse to the University.

The LLC is consolidated in the financial statements of the University. The LLC's investment is recorded as an asset and the discounted note obligation is recorded as a liability on the Consolidated Statements of Financial Position.

The discount on the note is amortized over its scheduled maturity using the effective interest method and the note obligation decreases as future cash flows are received.

Following the extinguishment of the note in fiscal year 2022, the University began receiving residual payments. The LLC investment is measured at present value using readily available, observable market discount rates. As of June 30, 2024, the carrying value of the investment was $7,068,000. Since then, the University received $6,290,000 of payments and wrote off the remaining $818,000 as it is deemed uncollectable.

Real Estate Partnerships:
The University owns a 50% share in a certain University business-related real estate partnership with a related party, which has been accounted for using the equity method. The University's ownership interest in this partnership has been recorded within long-term investments on the Consolidated Statements of Financial Position.

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

For the year ended June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	$ 58,182	$ 11,742	$ 69,924
Net realized and unrealized gains on investments and other assets	161,663	260,816	422,479
Total return on investments and other assets	$ 219,845	$ 272,558	$ 492,403

For the year ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	$ 71,273	$ 10,766	$ 82,039
Net realized and unrealized gains on investments and other assets	88,401	162,461	250,862
Total return on investments and other assets	$ 159,674	$ 173,227	$ 332,901

Commitments:
Private equity, natural resources, and real estate investments are generally made through private limited partnerships. Under the terms of the partnership agreements, the University makes a commitment of a specific amount of capital to a partnership and is obligated to remit committed funding periodically when capital calls are exercised by the General Partner as the partnership executes on its investment strategy. Private equity, natural resources, and real estate funds are typically structured with investment periods of 2 to 12 years. Subsequent to the expiration of the investment period, a fund is usually prohibited from calling capital for new investments. The aggregate amount of unfunded commitments associated with private limited partnerships as of June 30, 2025 and 2024 was $553,740,000 and $619,194,000, respectively. Of this amount, approximately 17% and 22% of commitments as of June 30, 2025 and 2024, respectively, was for funds whose investment period had expired. The timing and amount of capital calls expected to be exercised in any particular future year is uncertain.

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

As of June 30, 2025	Daily	Monthly	Quarterly	Annually	>1 Year	Total
Cash and cash equivalents*	$ 617,141	$ -	$ -	$ -	$ -	$ 617,141
Common and preferred equities:						
Domestic	142,778	1,234	116,412	93,982	27,689	382,095
International	110,006	240,534	-	11,329	79,182	441,051
	252,784	241,768	116,412	105,311	106,871	823,146
Fixed income:						
Domestic	1,995	14	-	-	-	2,009
International	1	5	-	-	-	6
U.S. government and agencies	1,048,892	-	-	-	-	1,048,892
	1,050,888	19	-	-	-	1,050,907
Alternatives:						
Hedge	-	-	426,866	318,418	581,512	1,326,796
Natural resources	-	-	-	-	39,783	39,783
Private	-	-	-	-	1,190,120	1,190,120
Real estate	-	-	-	339,901	123,873	463,774
	-	-	426,866	658,319	1,935,288	3,020,473
Funds held in trust by others	-	-	-	-	14,400	14,400
Total assets at fair value	$1,920,813	$ 241,787	$ 543,278	$ 763,630	$2,056,559	$5,526,067

*Cash and cash equivalents includes $5,878,000 of collateral posted with counterparties under the terms of certain derivative agreements; these funds are held in escrow and earn interest at short-term rates.

As of June 30, 2024	Daily	Monthly	Quarterly	Annually	>1 Year	Total
Cash and cash equivalents*	$ 225,736	$ -	$ -	$ -	$ -	$ 225,736
Common and preferred equities:						
Domestic	85,959	1,128	94,883	103,285	32,448	317,703
International	99,900	245,404	-	17,153	83,203	445,660
	185,859	246,532	94,883	120,438	115,651	763,363
Fixed income:						
Domestic	2,162	14	-	-	-	2,176
International	1	5	-	-	-	6
U.S. government and agencies	1,126,156	-	-	-	-	1,126,156
	1,128,319	19	-	-	-	1,128,338
Alternatives:						
Hedge	-	-	372,013	264,959	441,380	1,078,352
Natural resources	-	-	-	-	51,886	51,886
Private	-	-	-	-	1,128,078	1,128,078
Real estate	-	-	-	362,751	122,004	484,755
	-	-	372,013	627,710	1,743,348	2,743,071
Funds held in trust by others	-	-	-	-	13,773	13,773
Total assets at fair value	$1,539,914	$ 246,551	$ 466,896	$ 748,148	$1,872,772	$4,874,281

*Cash and cash equivalents includes $2,588,000 of collateral posted with counterparties under the terms of certain derivative agreements; these funds are held in escrow and earn interest at short-term rates.

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

The University has sole discretion to liquidate its direct holdings in non-core real estate included in the table above. These assets are predominantly located in the greater Boston market. Relevant market assumptions have been incorporated where applicable, determining the fair values of such assets involves significant judgment, and their ultimate sales price may be materially different than the values reported.

Investments in the ">1 Year" category include non-redeemable assets totaling $1,506,281,000 and $1,411,748,000, as well as investments with rolling lockup periods totaling $550,278,000 and $461,024,000 as of June 30, 2025 and 2024, respectively.

4. Endowment Funds

Total endowment assets as of June 30, 2025 and 2024 are $4,045,503,000 and $3,541,514,000, respectively. A pooled endowment fund is included as part of the University's investments. The amounts distributed from the investment return of pooled investments in any one year may include interest, dividends, and a portion of accumulated investment gains. The distribution amount is established annually and is between 3% and 5% of the market value per share as of the most recent December 31. The actual distribution amount is recommended by management and approved by the Trustee Executive Committee. If interest, dividends, and gains are not sufficient to support the current year drawdown, the balance is provided from prior year accumulated earnings. Income attributable to shares from new donor-restricted and institution designated endowment funds during the first six months after establishment is not spent; such income is included in net assets without donor restrictions or with donor restrictions, depending on the nature of the endowment fund. For the fiscal years ended June 30, 2025 and 2024, respectively, the distribution as a percentage of the prior December 31 fair value of the pooled endowment fund was 3.8% and 3.8%.

The University's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The University classifies as net assets with donor restrictions (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Original gift amounts consist of donor restricted gifts to the University's endowment to be held in perpetuity as well as gifts held in the endowment subject to donor time and purpose restrictions. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted endowment funds until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration, preservation, and purpose of the fund

(2) General economic conditions, including inflation and deflation

(3) The investment policies, including expected total return of investments

The University has investment and spending policies for its endowment and similar funds that emphasize long-term capital appreciation as a primary source of return while balancing the dual objectives of growth in capital and principal preservation. Investments are expected to earn inflation-adjusted long-term returns sufficient to maintain or grow the purchasing power of assets, net of spending and investment expenses, within acceptable risk parameters. To satisfy its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The University targets a diversified asset allocation of U.S. treasury bills, common and preferred equities, fixed income, hedge funds, natural resources, private equity, and real estate. The portfolio is expected to produce risk-adjusted returns that exceed the policy benchmarks, a blended rate of indices.

The following table represents endowment net asset composition by type of fund as of June 30, 2025, in thousands of dollars:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift	Accumulated Gains (losses)	Total with Donor Restrictions	Total
Quasi	$ 1,687,302	$ -	$ -	$ -	$1,687,302
Donor restricted:					
Underwater funds	-	122,599	(8,497)	114,102	114,102
All other funds	-	939,616	1,233,584	2,173,200	2,173,200
Endowment net assets at end of year	$ 1,687,302	$1,062,215	$ 1,225,087	$ 2,287,302	$3,974,604

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2025, in thousands of dollars:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	$ 1,489,064	$ 2,039,560	$ 3,528,624
Reinvested income distribution	15,447	2,425	17,872
Realized and unrealized gains	194,293	271,983	466,276
Less: spending formula	(53,362)	(74,737)	(128,099)
Undistributed investment income	156,378	199,671	356,049
Contributions	3,426	23,818	27,244
Pledge payments	105	24,898	25,003
Other additions, transfers, and net asset reclassifications	38,329	(645)	37,684
Endowment net assets at end of year	$ 1,687,302	$ 2,287,302	$ 3,974,604

The following table represents endowment net asset composition by type of fund as of June 30, 2024, in thousands of dollars:

		With Donor Restrictions			
	Without Donor Restrictions	Original Gift	Accumulated Gains (losses)	Total with Donor Restrictions	Total
Quasi	$ 1,489,064	$ -	$ -	$ -	$ 1,489,064
Donor restricted:					
Underwater funds	-	111,516	(8,127)	103,389	103,389
All other funds	-	905,184	1,030,987	1,936,171	1,936,171
Endowment net assets at end of year	$ 1,489,064	$1,016,700	$ 1,022,860	$ 2,039,560	$ 3,528,624

The following table represents changes in endowment net assets for the fiscal year ended June 30, 2024, in thousands of dollars:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets at beginning of year	$ 1,346,361	$ 1,791,965	$ 3,138,326
Reinvested income distribution	13,880	3,054	16,934
Realized and unrealized gains	129,758	172,551	302,309
Less: spending formula	(53,632)	(64,758)	(118,390)
Undistributed investment income	90,006	110,847	200,853
Contributions	3,858	27,579	31,437
Pledge payments	85	107,680	107,765
Other additions, transfers, and net asset reclassifications	48,754	1,489	50,243
Endowment net assets at end of year	$ 1,489,064	$ 2,039,560	$ 3,528,624

5. Accounts Receivable and Pledges Receivable

Accounts Receivable:
Accounts and loans receivable at June 30, 2025 and 2024, in thousands of dollars, consist of the following:

	2025	2024
Accounts receivable, net:		
Students	$ 45,301	$ 26,750
Less: allowances	(5,250)	(5,294)
	40,051	21,456
Grants and contracts	115,780	106,346
Unsettled investment trades	129,801	14,639
Departmental sales, services, and other	68,611	79,464
Less: allowances	(8,174)	(9,045)
	306,018	191,404
Student loans	34,271	37,268
Less: allowances	(3,360)	(3,259)
	30,911	34,009
Total accounts and loans receivable, net	$ 376,980	$ 246,869

Federally sponsored student loans receivable represented $7,828,000 and $10,151,000 as of June 30, 2025 and 2024, respectively, of total student loans receivable, which consist of amounts due from current and former students under various federal government loan programs, including Perkins and health professional programs offered to graduate and undergraduate students. The University's advances under Perkins and other federally funded student loan programs were $12,255,000 and $14,749,000 as of June 30, 2025 and 2024, respectively, and are included in other long-term obligations on the Consolidated Statements of Financial Position. The University has the right to assign loans disbursed under these programs to the federal government upon default by the borrower; therefore, no allowance has been provided for these loans.

Departmental sales, services, and other receivables include outstanding notes and mortgages bearing interest at rates up to 4.77% at June 30, 2025 and 4.05% at June 30, 2024, respectively, to certain employees. The aggregate amount as of June 30, 2025 and 2024 is $11,238,000 and $10,642,000, respectively.

Pledges Receivable:
Pledges consist of unconditional written promises by donors to contribute to the University in the future. At June 30, 2025 and 2024, pledges, in thousands of dollars, are expected to be realized in the following time frame:

	2025	2024
In one year or less	$ 20,065	$ 137,566
Between one year and five years	91,654	51,619
More than five years	88,204	20,752
	199,923	209,937
Discount to present value (at rates ranging from 1.29% to 5.36%)	(38,502)	(11,621)
Less: allowance for unfulfilled pledges	(52,649)	(43,986)
Total pledges receivable, net	$ 108,772	$ 154,330

As of June 30, 2025 and 2024, more than 70% of the University's gross pledges receivable was concentrated among three and four donors, respectively.

6. Property, Plant, and Equipment

Property, plant, and equipment and related accumulated depreciation and amortization of right-of-use assets at June 30, 2025 and 2024, in thousands of dollars, consist of the following:

	2025	2024
Land	$ 237,761	$ 236,299
Buildings and improvements	4,382,022	4,256,372
Construction in progress	289,686	220,867
Software	99,220	94,854
Equipment	415,372	399,861
Library books	296,672	296,257
	5,720,733	5,504,510
Less: accumulated depreciation	(2,571,728)	(2,421,052)
Less: amortization of right-of-use assets	(32,661)	(31,454)
Total property, plant, and equipment, net	$ 3,116,344	$ 3,052,004

As of June 30, 2025 and 2024, gross land, buildings, improvements, and equipment included $79,266,000 and $79,151,000, respectively, related to equipment and office, research, and retail space under finance leases.

7. Other Long-Term Obligations

Other long-term obligations at June 30, 2025 and 2024, in thousands of dollars, were as follows:

	2025	2024
Federal loan advances	$ 12,255	$ 14,749
Conditional asset retirement obligation	9,535	10,546
Annuities and split-interest agreements payable	6,339	6,277
Other	1,654	1,662
Total other long-term obligations	$ 29,783	$ 33,234

8. Indebtedness

Bonds and Notes Payable:

The principal amounts of bonds and notes payable at June 30, 2025 and 2024, in thousands of dollars, are summarized in the table below. Tax exempt and certain taxable bonds were issued through the Massachusetts Development Finance Agency (MDFA) and through the Massachusetts Health and Educational Facilities Authority (HEFA) prior to its merger with MDFA.

	Final Bond Maturity	Interest Rate at June 30, 2025	Interest Rate at June 30, 2024	Outstanding Principal 2025	Outstanding Principal 2024
Fixed rate bonds and notes payable:					
MDFA Series P, blended fixed rate	05/15/2059	5.63%	5.63%	$ 99,325	$ 100,000
MDFA Series W (taxable)	10/01/2045	5.20%	5.20%	100,470	100,470
MDFA Series X, blended fixed rate	10/01/2048	4.00%	4.00%	25,000	25,000
MDFA Series BB-1	10/01/2046	4.54%	4.54%	111,270	111,270
MDFA Series BB-2	10/01/2040	3.95%	3.95%	52,260	52,260
MDFA Series BB-3	10/01/2029	5.00%	5.00%	38,290	38,290
Series CC (taxable)	10/01/2048	4.06%	4.06%	101,238	300,000
Series EE (taxable)	10/01/2050	3.17%	3.17%	150,000	150,000
Series EE (taxable)	10/01/2035	2.58%	2.58%	50,000	50,000
Century notes (taxable)	07/15/2097	7.63%	7.63%	100,000	100,000
MDFA Series FF	10/01/2048	4.83%	4.83%	145,135	149,360
MDFA Series GG	10/01/2042	5.00%	5.00%	50,370	50,370
MDFA Series 2025B-1	10/01/2040	5.00%	N/A	284,285	-
MDFA Series 2025B-2	10/01/2048	4.64%	N/A	184,800	-
Total fixed rate bonds and notes payable				1,492,443	1,227,020
Variable rate bonds and notes payable:					
HEFA Series N (taxable)	10/01/2034	5.35%	5.35%	20,640	21,510
MDFA Series U-1	10/01/2040	2.18%	3.77%	50,000	50,000
MDFA Series U-2	10/01/2040	N/A	4.29%	-	50,000
MDFA Series U-3	10/01/2040	N/A	4.49%	-	50,000
MDFA Series U-6A	10/01/2042	2.38%	4.34%	62,850	62,850
MDFA Series U-6C	10/01/2042	3.40%	4.60%	52,545	52,545
MDFA Series U-6E	10/01/2042	3.60%	4.90%	62,695	62,695
Royal Bank of Scotland (taxable)	08/15/2029	5.77%	5.77%	12,330	13,688
MDFA Series Y	10/01/2039	N/A	3.85%	-	35,000
MDFA Series AA-1	10/01/2039	N/A	4.68%	-	81,370
MDFA Series AA-2	10/01/2039	N/A	4.68%	-	81,370
MDFA Series 2025A	10/01/2064	3.00%	N/A	300,000	-
Total variable rate bonds and notes payable				561,060	561,028
Total bonds and notes payable				2,053,503	1,788,048
Add: unamortized bond premium and discount, net				83,387	36,445
Less: unamortized bond issuance costs				(3,993)	(3,967)
Less: trust assets to refund Century notes				(100,000)	(100,000)
Total bonds and notes payable, net				$ 2,032,897	$1,720,526

Certain bond and bank obligations are collateralized by a pledge on tuition revenues, and certain other notes payable are collateralized by plant and property with a net carrying value of $36,947,000 and $37,228,000 as of June 30, 2025 and 2024, respectively. The University's bank agreements require annual compliance with financial covenants, including a minimum level of debt service coverage and a minimum level of expendable resources relative to debt. The University was in compliance with all debt covenants as of June 30, 2025 and 2024.

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

Fiscal Year	Scheduled Principal Maturities
2026	$ 8,958
2027	23,909
2028	24,256
2029	24,796
2030	22,237
Thereafter	1,949,347
Total	$ 2,053,503

As of June 30, 2025, the University's debt portfolio includes variable rate demand bonds (VRDBs) of $135,880,000, Series N, U-6C, and U-6E, that are supported by irrevocable letters of credit (LOCs). The LOCs are provided by a diverse group of financial institutions to secure bond repayment and interest obligations and have various maturity dates between October 2034 and October 2042. In the event that a VRDB cannot be remarketed, the bond may be "put" to the LOC provider, resulting in a loan to the University to fund redemption of the bond. If all outstanding VRDBs had been "put" as of June 30, 2025, aggregate scheduled loan repayments under the VRDB-related LOCs would be as follows: $22,647,000, $45,293,000, $45,293,000, and $22,647,000 in fiscal years 2026, 2027, 2028, and 2029, respectively. There have been no instances where a bond failed to be remarketed and was put back to the University.

Fiscal Year 2025:
On March 3, 2025, the University sold $284,285,000 of tax-exempt fixed rate bonds to refinance five series of floating rate bank placements with upcoming mandatory tender dates and terminated all or a portion of six associated swaps. The Series 2025B-1 bonds were structured to match the maturity dates of the existing debt and are callable at par in ten years. Total proceeds were $327,687,000 consisting of $284,285,000 in principal and $43,868,000 in premium offset by $466,000 in issuance costs. The proceeds were used to pay issuance costs, refund Series U-1, Series U-2, Series U-3, Series Y, and Series AA with aggregate principal of $297,740,000, terminate associated swaps for a total of $15,489,000, and fund future interest of $13,678,000.

On March 3, 2025, the University repurchased two-thirds of the Series CC bonds for $178,621,000 based on a fixed spread to treasury resulting in a gain of $20,141,000. The Series 2025B-2 bonds were sold the next day for $182,030,000 to purchase the tendered bonds. The total proceeds were $190,947,000 consisting of $184,800,000 in principal and a premium of $6,450,000 offset by $302,000 in issuance costs. The 2025B-2 bonds were structured with the same maturities as the Series CC bonds. The remaining proceeds are funding future interest of $8,266,000 and issuance costs.

On March 10, 2025, the Series 2025A bonds were sold as public market VRDBs in Commercial Paper mode. The total proceeds were $300,000,000 with issuance costs of $151,000. The bonds are structured with two equal nominal bullet maturities in 2048 and 2049. The Series was issued with a flexible mode interest rate structure. In the current Commercial Paper mode, the bonds are remarketed at fixed rates for periods of time, generally between 1 and 9 months. At the end of each period, the bonds are expected to be remarketed again on a rolling basis. The proceeds were used to pay issuance costs and the remaining was used to fund the Warren Towers construction project and reflected in cash and cash equivalents-restricted.

Fiscal Year 2024:

On July 12, 2023, the University issued Series FF and GG, tax-exempt bonds totaling $149,360,000 and $50,370,000, respectively. Series FF and GG bonds were each issued at a premium, generating proceeds of $168,508,000 and $56,004,000, respectively. The Series FF bonds mature between 2024 and 2048, while the Series GG bonds mature between 2040 and 2042 and have a mandatory put in 2028. The two series of bonds were issued at a combined interest rate of 4.08%.

Total proceeds, combined with $2,903,000 of University funds, were used to pay issuance costs and swap termination payments, with the remaining deposited with bond trustees to redeem the bonds when due. Bonds were redeemed on August 1, 2023 to fund $22,800,000 of principal for Series U-5A, $23,900,000 of principal for Series U-5B, and $175,000 of interest for both series. Bonds were redeemed on October 1, 2023 to fund $86,485,000 of principal for Series X, $63,965,000 of principal for Series DD-1, $21,800,000 of principal for Series DD-2, and $4,306,000 of interest across all series.

The Series DD-2 fixed-payer interest rate swap with a notional value of $25,000,000 was terminated on June 23, 2023, at a cost of $2,148,000 and was funded by the University. The Series U-5AB fixed-payer interest rate swap with a notional value of $46,700,000 was terminated on July 12, 2023, at a cost of $2,841,000 and was funded by a combination of bond proceeds and the University. The Series DD-1 fixed-receiver swap with a notional amount of $61,400,000 was extended through July 1, 2028.

Century Bonds:
In June 2020, the University issued Series EE of taxable bonds totaling $200,000,000, of which $154,444,000 was deposited into an irrevocable trust for the defeasance of all interest and principal payment obligations of the Century notes. On the call date, the escrow agent will release the final payments due on the Century notes. Trust assets equal to the par value of the Century notes, $100,000,000, are presented in the University's Consolidated Statements of Financial Position as a contra-liability reduction of bonds and notes payable, net. The remaining trust are included in the University's Consolidated Statements of Financial Position within prepaid expenses and other assets. Any excess earnings not required for escrow payments will be returned to the University. The balance of trust assets remaining as of June 30, 2025 was $114,965,000.

Bank Lines:
As of June 30, 2025 and 2024, the University maintained committed lines of credit with six financial institutions totaling $400,000,000 and $260,000,000, respectively. There were no draws or outstanding loans under these lines of credit as of and for the years ended June 30, 2025 and 2024. The current expiration dates for all lines of credit is April 2028. The University plans to renew the lines of credit upon expiration.

Debt-Related Derivatives:
The University has various long-term interest rate exchange agreements to hedge all or a portion of the variable interest rate exposure on certain debt issues, thereby managing the interest cost and risk associated with its outstanding debt. The contracts require the University to pay fixed rate interest in exchange for variable rate interest payments on the respective notional principal amounts. The variable rate payments received are expected to approximate the interest payable on the underlying variable rate debt. Scheduled reductions of the notional amounts under the swap agreements generally match the scheduled amortization of the underlying debt.

Below is a summary of the terms of the University's outstanding debt-related derivatives as of June 30, 2025 and 2024, in thousands of dollars:

Swap	Notional Amount	Fair Value 2025	Fair Value 2024	Effective Date	Termination Date	University Pays	University Receives
Series FF/GG	$ 61,410	$ (525)	$ 485	10/01/2023	07/01/2028	SIFMA	2.88%
Series N	15,375	1,037	1,096	10/03/2008	10/01/2027	6.79%	SOFR
Series U1–3	25,000	2,889	8,201	10/01/2007	10/01/2040	3.94%	69% of SOFR
Series U1–3	25,000	3,039	8,678	10/03/2008	10/01/2040	4.01%	69% of SOFR
Series U6	59,750	14,443	16,029	07/01/2008	10/01/2042	5.39%	SIFMA - 1-Mo.
Series U6	90,000	22,329	24,940	03/01/2023	10/01/2042	5.44%	SIFMA - 1-Mo.
Series U6	30,000	7,438	8,239	07/01/2008	10/01/2042	5.44%	SIFMA - 1-Mo.
Series U6	59,750	14,453	16,177	03/01/2023	10/01/2042	5.39%	SIFMA - 1-Mo.
Series Y	35,000	-	5,649	10/01/2014	10/01/2039	4.70%	SIFMA - 1-Mo.
Series AA-1	81,370	-	13,613	10/01/2015	10/01/2039	4.95%	79% of 1-Mo. USD SOFR -.0705%
Series AA-2	81,370	-	13,751	10/01/2015	10/01/2039	4.95%	79% of 1-Mo. USD SOFR +.032%
Royal Bank of Scotland	12,425	399	316	08/15/2006	08/15/2029	5.645%	3-Mo SONIA +.1193 +45 basis points
Less: credit valuation adjustment		(2,930)	(1,619)				
Total		$ 62,572	$115,555				

SOFR—Secured Overnight Financing Rate
SIFMA—Securities Industry and Financial Markets Association Municipal Swap Index
SONIA—Sterling Overnight Index Average

Interest rate exchange liabilities are valued using observable inputs, such as quotations received from the counterparty, dealers, or brokers, whenever available and considered reliable. In instances where models are used to validate third-party quotations, the value of the interest rate exchange liability depends upon the contractual terms of, and specific risks inherent in, the instrument, as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, credit curves, assumptions for nonperformance risk, and correlations of such inputs. The fair value of interest rate exchange agreements is categorized within Level 2 of the valuation hierarchy.

In 2025 and 2024, the University's net settlement payments on interest rate exchange agreements were $3,889,000 and $7,116,000, respectively. These net settlement costs have been reported in nonoperating activities in net realized and unrealized gains on interest rate agreements on the Consolidated Statements of Activities.

For purposes of the Consolidated Statements of Cash Flows, net settlements under the University's interest rate exchange agreements are generally included in cash flows from operating activities. However, in October 2008, the University elected to terminate its existing interest rate exchange agreements with a subsidiary of Lehman Brothers after that firm's bankruptcy and simultaneously entered replacement agreements with new counterparties who provided cash to facilitate settlement of the existing agreements. Accordingly, future net settlements under various replacement agreements, with a total notional amount of $249,075,000 at June 30, 2025 and $249,945,000 at June 30, 2024, are considered financing activities. During 2025 and 2024, respectively, $3,372,000 and $2,510,000 of the net settlement payments were classified as cash flows used in financing activities.

The University's interest rate exchange agreements necessarily involve counterparty credit exposure. The counterparties for the University's agreements are a diversified group of major financial institutions that meet the University's criteria for financial stability and creditworthiness. Interest rate exchange agreements provide for two-way collateral posting requirements intended to mitigate credit risk. At June 30, 2025 and 2024, the University was not required to post any collateral. Contractual bilateral collateral posting levels are based on counterparty public debt ratings; current University posting amounts could increase or decrease should the University's credit ratings change. Additionally, interest rate exchange contracts provide for early termination should a counterparty's credit ratings fall below investment grade.

9. Defined Contribution Plan

All employees who work at least 50% of a full-time schedule and have an appointment or an expected assignment duration of at least nine months are eligible to participate in the University's defined contribution benefit plans. The University contributes a specified percentage of eligible employee compensation and matches employee contributions up to 3.00%. Contributions for the year ended June 30, 2025 and 2024 were $105,878,000 and $98,384,000, respectively.

10. Leases

Leases:
The University is committed to minimum annual rent payments under several long-term non-cancellable operating and capital leases for educational and office space through fiscal year 2079.

The components of lease expense are as follows, in thousands of dollars:

	2025	2024
Lease cost:		
Finance lease expense:		
Amortization of right-of-use assets	$ 1,207	$ 1,491
Interest on lease liabilities	3,432	3,408
Operating lease expense	16,768	16,684
Short-term lease expense	10,525	10,307
Total lease expense	$ 31,932	$ 31,890
Other Information:		
Right-of-use assets obtained in exchange for new and amended operating lease liabilities	$ 796	$ -
Weighted-average remaining lease term-finance leases	64 years	65 years
Weighted-average remaining lease term-operating leases	8 years	9 years
Weighted-average discount rate-finance leases	5.44%	5.44%
Weighted-average discount rate-operating leases	2.21%	2.30%

Payments due include options to extend leases that are reasonably certain through fiscal year 2079, in thousands of dollars, and are summarized below as of June 30, 2025:

Fiscal Year	Operating	Finance
2026	$ 16,064	$ 3,635
2027	15,012	3,635
2028	9,799	3,635
2029	9,206	3,635
2030	7,557	3,635
Thereafter	35,667	176,301
	93,305	194,476
Less: amounts representing interest	(7,362)	(131,584)
Total	$ 85,943	$ 62,892

The University is the lessor in several long-term non-cancellable leases for commercial space through fiscal year 2040. Future minimum rental revenue due, excluding from ground leases discussed in note 11, is summarized below as of June 30, 2025, in thousands of dollars:

Fiscal Year	Operating
2026	$ 6,770
2027	4,867
2028	3,400
2029	2,577
2030	2,381
Thereafter	22,952
Total	$ 42,947

11. Commitments and Contingencies

Deferred Ground Lease Revenue:
In December 2012, in connection with the sale of a non-core asset, the University entered into a 75-year ground agreement to lease the related land to the purchaser of the building. The lease term is through 2087. In connection with this transaction, the University received a prepaid lease payment of $38,625,000 that will be amortized on a straight-line basis over the term of the lease. For each of the years ended June 30, 2025 and 2024, the University recognized rental revenue of $515,000 related to the ground lease. The unamortized deferred ground lease revenue as of June 30, 2025 and 2024 is $32,187,000 and $32,702,000, respectively.

In connection with the sale of non-core assets, the University entered into four 99-year agreements to lease the related land to the purchaser of the buildings. The lease term is through 2115. In connection with this transaction, the University received a prepaid lease payment of $64,000,000 that will be amortized on a straight-line basis over the term of the lease. For each of the years ended June 30, 2025 and 2024, the University recognized rental revenue of $513,000 and $513,000, respectively related to the ground lease. The unamortized deferred rent as of June 30, 2025 and 2024 is $46,367,000 and $46,880,000, respectively. On January 31, 2023, Boston University purchased back one of the parcels related to the 99 year lease. As a result, the ground lease related to the one parcel was terminated and the $12,353,000 of deferred revenue reduced the purchase price.

Other:
As of June 30, 2025, the University has commitments of approximately $792,435,000 related to open construction contracts and capital acquisitions. This amount is expected to be financed from operating cash flows and borrowings.

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 any resulting liability would not have a material effect on the University's financial position.

The University receives significant funding from federal sources, including student financial aid, research grants, and other sponsored programs. The University continues to monitor and assess new government regulations and actions that may impact the availability, timing, and terms of such funding that could materially affect the University's operations. This assessment includes evaluating the sufficiency of reserves for any federal grant revenue recorded that management deems to be at risk of collection based on recent federal actions.

12. Functional Classification of Expenses

The Consolidated Statements of Activities present expenses by natural classification. The University also summarizes expenses by functional classification. The University's primary program services are instruction and departmental research. Expenses for educational support and auxiliary enterprises are incurred in support of this primary program activity. Operation and maintenance of plant expenses are allocated to program and supporting activities based upon a periodic assessment of facilities usage. Other natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort.

Expenses presented by functional classification for the year ended June 30, 2025 are as follows, in thousands of dollars:

	Instruction and Departmental Research	Educational Support Activities	Sponsored Programs	Institutional Support	Auxiliary Enterprises	Total
Salaries and wages	$ 734,454	$ 122,054	$ 190,335	$ 149,367	$ 42,266	$ 1,238,476
Employee benefits	239,785	39,680	48,089	49,508	12,734	389,796
Supplies and services	169,158	152,912	204,720	80,216	129,340	736,346
Utilities, rent, and repairs	56,606	6,192	4,970	12,137	32,939	112,844
Depreciation	107,606	8,441	6,932	8,008	29,710	160,697
Interest	40,746	266	-	15,826	24,851	81,689
Total operating expenses	$ 1,348,355	$ 329,545	$ 455,046	$ 315,062	$ 271,840	$ 2,719,848

Expenses presented by functional classification for the year ended June 30, 2024 are as follows, in thousands of dollars:

	Instruction and Departmental Research	Educational Support Activities	Sponsored Programs	Institutional Support	Auxiliary Enterprises	Total
Salaries and wages	$ 679,950	$ 118,654	$ 191,717	$ 136,589	$ 37,874	$ 1,164,784
Employee benefits	220,005	38,187	46,336	45,176	11,153	360,857
Supplies and services	156,502	138,467	172,796	78,075	115,772	661,612
Utilities, rent, and repairs	54,018	5,888	4,897	12,131	30,278	107,212
Depreciation	107,028	7,879	6,354	7,859	27,457	156,577
Interest	39,815	261	-	15,475	24,288	79,839
Total operating expenses	$ 1,257,318	$ 309,336	$ 422,100	$ 295,305	$ 246,822	$ 2,530,881

13. Subsequent Events

The University has assessed the impact of subsequent events through September 25, 2025, the date the Consolidated Financial Report was issued.

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