

BRANDEIS UNIVERSITY

Financial Statements and Reports Required for Audits in
Accordance with Government Auditing Standards and
Title 2 U.S. Code of Federal Regulations (CFR) Part 200,
*Uniform Administrative Requirements, Cost Principles,
and Audit Requirements for Federal Awards*

June 30, 2021

(with summarized comparative information for June 30, 2020)

(With Independent Auditors' Report Thereon)

BRANDEIS UNIVERSITY
June 30, 2021
(with comparative information for June 30, 2020)

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Independent Auditor's Report

Board of Trustees
Brandeis University

Report on the Financial Statements

We have audited the accompanying financial statements of Brandeis University (the University), which comprise the balance sheet as of June 30, 2021, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the University as of and for the year ended June 30, 2020, were audited by other auditors, whose report, dated October 28, 2020, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent in all material respects, with the audited financial statements from which it was derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Financial Responsibility Ratio Supplemental Schedule, as required by Title 34 U.S. Code of Federal Regulations Part 668, *Student Assistance General Provisions*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021 on our consideration of Brandeis University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brandeis University's internal control over financial reporting and compliance.

RSM US LLP

Boston, Massachusetts
October 27, 2021

BRANDEIS UNIVERSITY

Balance Sheet

June 30, 2021

(with comparative information as of June 30, 2020)

(In thousands of dollars)

	Assets	2021	2020
Cash and cash equivalents		\$ 40,854	\$ 39,459
Short-term investments		-	34,989
Accounts receivable, net		21,071	18,103
Notes receivable, net		6,233	7,595
Contributions receivable, net		7,679	11,751
Long-term investments		1,314,834	1,099,459
Funds held by bond trustee		16,832	30,031
Funds held in trust by others and other assets		39,025	28,177
Lease right-of-use assets, net		6,674	7,658
Property, plant and equipment, net		358,453	360,799
Total assets		<u>\$ 1,811,655</u>	<u>\$ 1,638,021</u>
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued liabilities		\$ 39,539	\$ 30,739
Sponsored program advances		8,600	9,887
Student deposits and deferred revenue		7,391	11,079
Line of credit		-	35,000
Lease obligations		7,979	8,939
Other long-term liabilities		19,988	19,804
Long-term debt, net		280,802	292,334
Total liabilities		<u>364,299</u>	<u>407,782</u>
Net assets:			
Without donor restrictions		205,659	182,890
With donor restrictions		1,241,697	1,047,349
Total net assets		<u>1,447,356</u>	<u>1,230,239</u>
Total liabilities and net assets		<u>\$ 1,811,655</u>	<u>\$ 1,638,021</u>

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Statement of Activities

Year ended June 30, 2021

(with summarized comparative information for the year ended June 30, 2020)

(In thousands of dollars)

	Net assets without donor restrictions	Net assets with donor restrictions	2021	2020
Operating revenues and other support:				
Tuition and fees (net of financial aid)	\$ 156,571	\$ -	\$ 156,571	\$ 174,340
Residence hall, and dining	30,189	-	30,189	37,487
Net tuition and fees, residence hall, and dining	186,760	-	186,760	211,827
Net assets utilized in operations	27,287	-	27,287	24,152
Sponsored programs – direct	51,813	-	51,813	42,830
Sponsored programs – indirect	14,573	-	14,573	14,199
Other investment income	338	-	338	1,367
Investment income from funds held in trust by others	330	-	330	328
Endowment return utilized	61,774	-	61,774	53,120
Other auxiliary enterprises	142	-	142	4,400
Other sources	7,964	-	7,964	9,303
Total operating revenues and other support	350,981	-	350,981	361,526
Operating expenses:				
Compensation	185,069	-	185,069	182,443
Employee benefits	32,083	-	32,083	41,958
Utilities and general repairs	17,497	-	17,497	17,111
Depreciation	29,023	-	29,023	28,673
Interest	10,412	-	10,412	12,266
Supplies, services, and other	71,277	-	71,277	77,923
Total operating expenses	345,361	-	345,361	360,374
Change in net assets from operating activities	5,620	-	5,620	1,152
Nonoperating activities:				
Net investment return	29,165	251,521	280,686	40,547
Endowment return utilized in operations	(6,352)	(55,422)	(61,774)	(53,120)
Net assets utilized in operations	(6,148)	(21,139)	(27,287)	(24,152)
Net assets released for capital purposes	533	(533)	-	-
Contributions	6,176	20,978	27,154	54,711
Gain on bond refinancing	-	-	-	2,666
Other changes, net	(6,225)	(1,057)	(7,282)	(4,048)
Change in net assets from nonoperating activities	17,149	194,348	211,497	16,604
Change in net assets	22,769	194,348	217,117	17,756
Net assets at beginning of year	182,890	1,047,349	1,230,239	1,212,483
Net assets at end of year	<u>\$ 205,659</u>	<u>\$ 1,241,697</u>	<u>\$ 1,447,356</u>	<u>\$ 1,230,239</u>

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2021

(with comparative information for the year ended June 30, 2020)

(In thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 217,117	\$ 17,756
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization, net	27,613	27,140
Donations of securities	(2,519)	(6,382)
Proceeds from sale of donated securities	1,734	3,683
Net realized and unrealized investment gains	(281,937)	(43,195)
Net change from funds held in trust by others	(2,014)	303
Loss on disposal of fixed assets	84	-
Contributions restricted for long-term investment	(6,460)	(17,684)
Gain on debt refinancing	-	(2,015)
Change in operating assets, net	(6,746)	(22,070)
Change in operating liabilities, net	2,821	12,231
Net cash used in operating activities	<u>(50,307)</u>	<u>(30,233)</u>
Cash flows from investing activities:		
Acquisition and construction of property, plant and equipment	(26,251)	(28,530)
Purchases of investments	(255,599)	(196,117)
Proceeds from sales and maturities of investments	354,662	203,246
Notes receivable issued	(89)	(105)
Notes receivable repaid	1,451	1,643
Net cash provided by (used in) investing activities	<u>74,174</u>	<u>(19,863)</u>
Cash flows from financing activities:		
Principal payments on bonds, notes and leases	(10,382)	(141,139)
Proceeds from issuance of bonds and notes, including premium	-	132,703
Cost of issuance of bonds and notes	(22)	(519)
Advances from line of credit	-	35,000
Payments on line of credit	(35,000)	-
Change in funds held by bond trustee	13,199	15,389
Proceeds from sale of donated securities restricted for long-term purposes	3,273	1,214
Contributions restricted for long-term investment	6,460	17,684
Net cash (used in) provided by financing activities	<u>(22,472)</u>	<u>60,332</u>
Change in cash and cash equivalents	1,395	10,236
Cash and cash equivalents, beginning of year	39,459	29,223
Cash and cash equivalents, end of year	<u><u>\$ 40,854</u></u>	<u><u>\$ 39,459</u></u>
Supplemental data:		
Interest paid	\$ 11,731	\$ 14,102
Decrease in accrued liabilities attributable to property, plant, and equipment	510	(2,623)

See accompanying notes to financial statements.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

(1) Organization

Brandeis University (the University) is a private, not-for-profit, nonsectarian, co-educational institution of higher education with approximately 5,000 full-time equivalent undergraduate and graduate students. Established in 1948, the University offers educational programs for undergraduates in liberal arts and sciences, and graduate education and training in the arts and sciences, business, social policy and management.

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The University's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP). The financial statements have been prepared to focus on the University as a whole and to present balances and transactions based on the existence or absence of donor-imposed restrictions, as follows:

Without donor restrictions: net assets not subject to donor stipulations restricting their use, but may be designated for specific purposes by the University or may be limited by contractual agreements with outside parties. Such net assets may be designated by the Board of Trustees (the Board) for specific purposes, including to function as endowment.

With donor restrictions: net assets subject to donor stipulations that restrict the purpose and usage or contain a time restriction, which may be perpetual. These net assets are released from restrictions when the specified time elapses or actions have been taken to meet the restrictions. As further described in note 14, the University is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA), under which donor-restricted endowment funds may be appropriated for expenditure by the Board in accordance with the standard of prudence prescribed by UPMIFA. Net assets of such funds in excess of their historic dollar value are classified as donor restricted until appropriated by the Board and spent on their intended purpose. In addition, net assets with donor restrictions includes donor-restricted endowment funds with underwater valuation. Life income trusts and pledges receivable for which the ultimate use is restricted by the donor are also reported as net assets with donor restrictions.

For comparison purposes, the 2021 statement of activities has been presented with 2020 summarized comparative information in total but not by net asset class. This summarized 2020 information is not intended to and does not include sufficient detail to constitute a complete presentation of changes in net assets in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

(b) *Liquidity Information*

In order to provide information about liquidity, assets have been sequenced in the balance sheet according to their nearness to conversion to cash, and liabilities have been sequenced according to the nearness of their maturity and resulting use of cash.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

(c) Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents, except those held as short-term investments, long-term investments, or funds held by bond trustee, consist of bank deposits, certificate of deposits, money market funds and investments with original maturities of three months or less at the date of purchase, and are carried at cost, which approximates fair value. The University maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits. The University has not experienced losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

(d) Short-term Investments

Short-term investments consist of operating funds deposited in short-term instruments, such as treasuries, with maturities at the time of purchase of less than one year, and are carried at fair value. During the fiscal year ended June 30, 2020, the University drew \$35,000 from a line of credit (note 12), and invested the proceeds in short-term investments. These short-term investments were subsequently liquidated and the line of credit was repaid during the fiscal year ended June 30, 2021.

(e) Fair Value

Investments and funds held in trust by others are reported at fair value in the University's financial statements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. 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 assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – unobservable inputs 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. Certain investments meeting defined criteria are reported at their net asset value (NAV), which is used as a practical expedient to estimate their fair values, and these investments are not categorized in the fair value hierarchy.

(f) Funds Held by Bond Trustee

Funds held by bond trustee represents bond proceeds that will be drawn down to fund various capital projects. Funds held by bond trustee is invested in the Massachusetts Development Finance Agency's (MDFA) Short Term Asset Reserve Fund (STAR).

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

(g) Funds Held in Trust by Others and Other Assets

Funds held in trust by others (FHITBO) are perpetual trusts held in perpetuity by external trustees, as specified by the donors, and are reported by the University at fair value based on the underlying assets held by the trust. These assets are considered to be Level 3 within the fair value hierarchy. Trust income is distributed at least annually to the University in accordance with the terms of the trusts and is recorded as investment income. Changes in the fair value of the trusts are recorded as increases or decreases to net assets with donor restrictions. The University had \$11,865 and \$9,851 of FHITBO as of June 30, 2021 and 2020, respectively. Other assets include prepayments, inventories, and deferral of qualifying cloud computing arrangement implementation costs.

(h) 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. Finance leases are included in property, plant, and equipment, operating leases are included in right of use assets, and the related lease obligations in the balance sheet.

Lease right-of-use assets represent the University's right to use an underlying asset for the lease term. Lease obligations represent the University's liability to make lease payments arising from the lease. Operating 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 other sources in the statement of activities.

(i) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful lives of land improvements (18 years), buildings (60 years), building systems and improvements (18–50 years), equipment and furnishings (5–15 years), software (5 years), and leases (3–5 years).

Costs incurred in connection with construction projects are accumulated in construction in progress until complete and placed into service at which time the cost is transferred to the respective asset class and depreciation begins.

Expenses for the repair and maintenance of facilities are recognized during the period incurred. Betterments, which add to the value of the related assets or materially extend the lives of the assets, are capitalized.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

(j) Other Long-Term Liabilities

Other long-term liabilities include liabilities associated with asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities, primarily asbestos removal, at or prior to disposal of certain property. As of June 30, 2021 and 2020, the estimated liabilities were \$5,460 and \$5,472, respectively. In addition, the University carries a liability related to refundable advances received under the Federal Perkins Loan Program (the Program) as discussed in note 6. As of June 30, 2021 and 2020, those liabilities were \$2,931 and \$3,578, respectively.

Other long-term liabilities also include liabilities associated with gift annuities and charitable remainder trusts, as discussed in note 2(k).

(k) Charitable Remainder Trusts

The University is the beneficiary of a number of gift annuities and charitable remainder trusts, which are included in long-term investments on the balance sheet. The University initially recognizes a contribution as well as an interest in the underlying investment from which a specified amount, or percentage, of the fair value of the trusts' assets is paid to the donor or named beneficiary each year. Actuarial methods are used to calculate that portion of the investment representing the present value of the liability to the donor and that portion representing the contribution. Net contribution revenue recognized under such agreements was \$81 and \$769 for the years ended June 30, 2021 and 2020, respectively.

The fair value of interests in gift annuities and charitable remainder trusts is based on quoted market prices of underlying investments, which amount to \$26,067 and \$22,352 for the years ended June 30, 2021 and 2020, respectively.

The fair value of the liability on gift annuities and charitable remainder trusts is based on present value techniques and assumptions including life expectancy and estimated rate of return. Liabilities to the donors are recorded at the present value of the estimated future payments to be distributed over the life of the donor or named beneficiary, which amount to \$11,150 and \$10,559 for the years ended June 30, 2021 and 2020, respectively. These liabilities are valued on a recurring basis and are considered to be Level 2 within the fair value hierarchy.

(l) Revenue Recognition

Revenues are reported as an increase in net assets without donor restrictions, unless they are limited by donor-imposed restrictions. Expirations of donor-restrictions are reflected in the statement of activities as net assets utilized in operations. Net realized gains (losses) from the sale or other disposition of investments and the change in unrealized appreciation (depreciation) of investments are reported as revenue without donor-restrictions, unless restricted by donor-imposed stipulations or law.

Revenue is recognized when or as the University satisfies performance obligations by rendering promised goods or services.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

Tuition, student fees, residence hall and dining revenues are recorded as revenue during the year in which the related services are rendered. Payments are generally required to be received in advance of the academic term and are recorded as student deposits and deferred revenue. Tuition and student fees received for courses that cross fiscal years are prorated in accordance with the number of days of instruction. Other auxiliary enterprise revenues are recognized when the goods or services are provided.

(m) Contributions and Sponsored Programs

Contributions with and without donor restrictions are reported as increases to net assets. Contributions include unconditional promises (contributions receivable) that are reported at present value of expected cash flows, net of an allowance for uncollectable contributions receivable. Contributions of noncash assets are recorded at fair value on the date of the contribution.

Contributions without donor restrictions and contributions with donor restrictions for which time or purpose restrictions have been met are reclassified to operating activities as net assets utilized in operations, unless the purpose is capital in nature. For the years ended June 30, 2021 and 2020, net assets utilized in operations include \$21,139 and \$17,667 of net assets released from restrictions, respectively. Contributions for capital purposes are reported as nonoperating activities and released from restriction when the related asset is placed into service.

Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met. The University has elected the simultaneous release policy available under Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, 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.

Federal and other sponsored grants and contracts may be subject to fiscal funding clauses or annual appropriations. The University estimates that conditional awards outstanding as of June 30, 2021 and 2020 approximate the University's recent historical annual sponsored program activity.

(n) Allocation of Expenses

The statement of activities presents operating expenses by natural classification. Note 4 displays a matrix of operating expenses by both natural and functional categories. Depreciation, amortization, interest, and operation of plant expenses are allocated to functional expense categories on the basis of square feet utilized.

(o) Fundraising Expenses

Fundraising expense was \$12,233 and \$12,340 for the years ended June 30, 2021 and 2020, respectively, and is classified as institutional support in note 4.

BRANDEIS UNIVERSITY
Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

(p) Income Taxes

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

(q) Collections

Collections at Brandeis University are protected and preserved for public exhibition, education, research and the furtherance of public service. Collections are not capitalized and contributions of collections are not recognized as contribution revenue. Sales and purchases of collection items are reported as nonoperating revenue and expenses in the University's financial statements in the period in which the items are sold or acquired, respectively. The proceeds from the sale of collection items, if any, are used for the acquisition of new artwork.

(r) Nonoperating Activities

Nonoperating activities reflect all contributions, transactions of a long-term investment or capital in nature, investment return net of appropriations for current operational support in accordance with the University's endowment spending policy, collection of artwork, and other net asset changes resulting from transactions that do not arise from or currently affect operations, including one-time non-structural costs.

Other changes, net, in the non-operating section of statement of activities include non-structural COVID-19 testing costs, which may be reimbursed by the federal government.

(s) Estimates

The preparation of 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, and the differences may be material.

(t) Related-Party Transactions

Members of the Board may, from time to time, be associated either directly or indirectly with companies doing business with the University. The University has a written conflict of interest policy that requires each Trustee to certify compliance with such policy on an annual basis as well as disclose any potential related-party transactions. When such a relationship exists, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arms' length, with terms that are fair and reasonable to and for the benefit of the University.

BRANDEIS UNIVERSITY

Notes to Financial Statements

June 30, 2021

(with comparative information for June 30, 2020)

(In thousands of dollars)

(u) Recently Adopted Accounting Pronouncements

In August 2018, the FASB issued ASU No. 2018-13, *Changes to Disclosure Requirements for Fair Value Measurements (Topic 820) (ASU 2018-13)*, which improved the effectiveness of disclosure requirements for recurring and nonrecurring fair value measurements. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The University has adopted the new standard effective July 1, 2020 and the adoption of this guidance did not have a material impact on its financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*, which modifies the definition of the term collections and requires a collection holding entity to disclose its policy for the use of proceeds when items are deaccessioned. If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The University has adopted the new standard effective July 1, 2020 and the adoption of this guidance did not have a material impact on its financial statements.

(v) Reclassifications

Certain 2020 information has been reclassified to conform to the 2021 presentation.

(w) Subsequent Events

The University evaluates subsequent events for potential recognition or disclosure through October 27, 2021, the date in which the financial statements were issued.

(3) Tuition and Fees, Residence Hall and Dining Revenues

Revenue from tuition and fees, residence halls, 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. Such revenue is determined based on published rates for such services, less scholarships and financial aid awarded by the University to qualifying students. Aid in excess of a student's tuition and fees is reflected as a reduction of residence hall and dining charges. Disbursements made directly to students for living or other costs are reported as an expense.

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Notes to Financial Statements
June 30, 2021
(with comparative information for June 30, 2020)
(In thousands of dollars)

As of June 30, such revenue at the published rates and financial aid is as follows:

	2021	2020
Tuition and fees	\$ 261,674	\$ 285,208
Less scholarships and financial aid	<u>(105,103)</u>	<u>(110,868)</u>
Tuition and fees, net	156,571	174,340
Residence hall and dining	<u>30,189</u>	<u>37,487</u>
Tuition and fees, residence hall and dining revenues	<u><u>\$ 186,760</u></u>	<u><u>\$ 211,827</u></u>

(4) Analysis of Expenses

Expenses by functional and natural classification for the year ended June 30, 2021 consist of the following:

	Instruction	Sponsored Programs	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Compensation	\$ 83,036	\$ 26,515	\$ 27,723	\$ 15,747	\$ 3,835	\$ 28,213	\$ 185,069
Employee benefits	15,300	4,006	4,881	2,557	684	4,655	32,083
Utilities and general repairs	3,528	2,387	1,622	2,346	5,613	2,001	17,497
Depreciation	5,972	4,040	2,640	3,926	9,117	3,328	29,023
Interest	2,142	1,450	947	1,408	3,271	1,194	10,412
Supplies, services, and other	<u>8,599</u>	<u>19,557</u>	<u>10,781</u>	<u>4,638</u>	<u>17,761</u>	<u>9,941</u>	<u>71,277</u>
Total	<u><u>\$ 118,577</u></u>	<u><u>\$ 57,955</u></u>	<u><u>\$ 48,594</u></u>	<u><u>\$ 30,622</u></u>	<u><u>\$ 40,281</u></u>	<u><u>\$ 49,332</u></u>	<u><u>\$ 345,361</u></u>

Expenses by functional and natural classification for the year ended June 30, 2020 consist of the following:

	Instruction	Sponsored Programs	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Compensation	\$ 85,526	\$ 25,987	\$ 25,586	\$ 15,992	\$ 4,030	\$ 25,322	\$ 182,443
Employee benefits	16,903	5,381	6,858	3,917	1,145	7,754	41,958
Utilities and general repairs	3,778	2,133	1,710	2,648	4,853	1,989	17,111
Depreciation	6,528	3,722	2,777	4,378	8,057	3,211	28,673
Interest	2,793	1,592	1,188	1,873	3,447	1,373	12,266
Supplies, services, and other	<u>14,412</u>	<u>10,646</u>	<u>13,882</u>	<u>7,049</u>	<u>15,890</u>	<u>16,044</u>	<u>77,923</u>
Total	<u><u>\$ 129,940</u></u>	<u><u>\$ 49,461</u></u>	<u><u>\$ 52,001</u></u>	<u><u>\$ 35,857</u></u>	<u><u>\$ 37,422</u></u>	<u><u>\$ 55,693</u></u>	<u><u>\$ 360,374</u></u>

The University's primary programs are instruction and sponsored programs. Expenses reported as academic support, student services, and auxiliary enterprises are incurred in support of these primary program activities.

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(5) Accounts Receivable

The composition of accounts receivable as of June 30 is as follows:

	2021	2020
Student receivables	\$ 1,960	\$ 3,144
Sponsored program receivables	15,878	11,666
Other	4,667	4,738
	<u>22,505</u>	<u>19,548</u>
Less allowance for doubtful accounts	<u>(1,434)</u>	<u>(1,445)</u>
Accounts receivable, net	<u><u>\$ 21,071</u></u>	<u><u>\$ 18,103</u></u>

(6) Notes Receivable

The composition of notes receivable as of June 30 is as follows:

	2021	2020
Federal Perkins loan program	\$ 2,473	\$ 3,056
University student loan programs	7,710	8,454
	<u>10,183</u>	<u>11,510</u>
Less allowance for doubtful loans	<u>(3,950)</u>	<u>(3,915)</u>
Notes receivable, net	<u><u>\$ 6,233</u></u>	<u><u>\$ 7,595</u></u>

Notes receivable under the Program are funded by the U.S. government and University funds and are subject to significant restrictions. The Program has ended and a portion of the amounts are generally refundable to the U.S. government.

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(7) Contributions Receivable

The composition of contributions receivable as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 3,524	\$ 3,440
Between one and five years	5,426	9,236
More than five years	<u>245</u>	<u>487</u>
Gross contributions receivable	9,195	13,163
Less:		
Allowance for unfulfilled contributions	(1,386)	(1,246)
Discount, at rates from 0.29% to 3.72%	<u>(130)</u>	<u>(166)</u>
Contributions receivable, net	<u><u>\$ 7,679</u></u>	<u><u>\$ 11,751</u></u>

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful collections. Management estimates the allowance based on a review of historical experience and a specific review of collection trends that differ from the plan on individual accounts. Adjustments to the allowance are charged to contribution revenues. An account is considered uncollectible when all collection efforts have been exhausted.

(8) Long-Term Investments

The investment objective of the University is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund academic programs and university initiatives in accordance with the Board's approved spending policy. The University diversifies its investments among asset classes by incorporating several strategies and managers. Major investment decisions are authorized by the University's Trustee Investment Committee that oversees the University's investments.

In addition to equity and fixed income investments, the University may also hold shares or units in institutional funds and alternative investment funds involving hedged and private equity strategies. Hedged 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 hedged strategies generally hold securities or other financial instruments for which a ready market exists, and may include stocks, bonds and securities sold short and often require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Long-term investments also include assets associated with gift annuities and charitable remainder trusts.

BRANDEIS UNIVERSITY

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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. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The University's interests in alternative investment funds are generally reported at NAV reported by fund managers, which are used as a practical expedient to estimate the fair value of the University's interests 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, 2021 and 2020, the University had no plans or intentions to sell investments at amounts different from NAV. Registered mutual funds are classified in Level 1 of the fair value hierarchy.

The University's long-term investments at June 30, 2021 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other*	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Endowment investments:					
Global equity	\$ 101,656	\$ 31	\$ -	\$ -	\$ 101,687
Non-U.S. equity	242,895	224	-	-	243,119
Private equity	293,468	-	-	-	293,468
Hedge fund/credit:					
Credit – private	610	-	-	-	610
Hedge funds – long/short	240,778	-	-	-	240,778
Hedge funds – multi strategy	206,613	-	-	-	206,613
Real assets – private	120,921	-	-	-	120,921
Cash and cash equivalents*	5,967	-	-	-	5,967
Receivable for investments sold*	18,890	-	-	-	18,890
Treasuries and fixed income	-	53,949	-	-	53,949
Total endowment investments	1,231,798	54,204	-	-	1,286,002
Other investments:					
Equities	-	1,063	-	-	1,063
Cash and cash equivalents*	81	-	-	-	81
Fixed income	-	-	-	-	-
Mutual funds	-	27,688	-	-	27,688
Total other investments	81	28,751	-	-	28,832
Total long-term investments	\$ 1,231,879	\$ 82,955	\$ -	\$ -	\$ 1,314,834

* Cash and cash equivalents and Receivables for investments sold are not fair value measurements and are included in the above table for reconciliation purposes.

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The University's long-term investments at June 30, 2020 are summarized in the following table by strategy and, as applicable, their fair value hierarchy classification:

	Investments measured at NAV / Other	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Endowment investments:					
Global equity	\$ 83,880	\$ 23	\$ -	\$ -	\$ 83,903
Non-U.S. equity	180,555	153	-	-	180,708
Private equity	175,428	-	-	-	175,428
Hedge fund/credit:					
Credit – private	785	-	-	-	785
Hedge funds – long/short	203,593	-	-	-	203,593
Hedge funds – multi strategy	238,242	-	-	-	238,242
Real assets – private	88,160	-	-	-	88,160
Cash and cash equivalents	2,893	-	-	-	2,893
Receivable for investments sold	18,475	-	-	-	18,475
Treasuries and fixed income	-	81,402	-	-	81,402
Total endowment investments	992,011	81,578	-	-	1,073,589
Other investments:					
Equities	-	585	-	-	585
Cash and cash equivalents	392	-	-	-	392
Fixed income	-	-	1,148	-	1,148
Mutual funds	-	23,745	-	-	23,745
Total other investments	392	24,330	1,148	-	25,870
Total long-term investments	\$ 992,403	\$ 105,908	\$ 1,148	\$ -	\$ 1,099,459

(a) Investment Liquidity

Hedge funds, global equity, and fixed income investments are redeemable at NAV under the terms of subscription agreements and/or partnership agreements. Investments with daily liquidity generally do not require any notice prior to withdrawal. Investments with monthly, quarterly or annual redemption frequency typically require notice periods ranging from 30 to 180 days. The following table presents the University's long-term investments by their availability for the next 12 months following June 30:

BRANDEIS UNIVERSITY

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June 30, 2021

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(In thousands of dollars)

June 30, 2021						
	Daily	Monthly	Quarterly	Annual	Illiquid	Total
Cash equivalents	\$ 6,048	\$ -	\$ -	\$ -	\$ -	\$ 6,048
Receivable for						
investments sold	-	13,663	5,227	-	-	18,890
Treasuries, fixed income						
and mutual funds	80,511	-	-	-	1,126	81,637
Equities	1,318	42,960	23,334	62,146	509,579	639,337
Hedge funds	-	-	112,162	154,716	181,123	448,001
Real assets	-	-	-	-	120,921	120,921
Total	<u>\$ 87,877</u>	<u>\$ 56,623</u>	<u>\$ 140,723</u>	<u>\$ 216,862</u>	<u>\$ 812,749</u>	<u>\$ 1,314,834</u>

June 30, 2020						
	Daily	Monthly	Quarterly	Annual	Illiquid	Total
Cash equivalents	\$ 3,285	\$ -	\$ -	\$ -	\$ -	\$ 3,285
Receivable for						
investments sold	-	17,914	-	561	-	18,475
Treasuries, fixed income						
and mutual funds	105,200	-	-	-	1,095	106,295
Equities	761	30,544	19,474	60,611	329,234	440,624
Hedge funds	-	-	121,282	141,878	179,460	442,620
Real assets	-	-	-	-	88,160	88,160
Total	<u>\$ 109,246</u>	<u>\$ 48,458</u>	<u>\$ 140,756</u>	<u>\$ 203,050</u>	<u>\$ 597,949</u>	<u>\$ 1,099,459</u>

Investments categorized as illiquid include lock-ups with definite expiration dates, restricted shares, side pockets, or private equity and real asset funds where the University has no liquidity.

The University has certain investments with a fair value of \$128,716 at June 30, 2021 that have restricted redemptions for lock-up periods. Some of the investments with redemption restrictions allow earlier redemption for specified fees. The expiration of redemption lock-up period amounts are summarized in the table below:

Fiscal year	Amount
2022	\$ 61,990
2023	47,904
2024	17,980
2025	842
Total	<u>\$ 128,716</u>

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(b) Commitments

Private credit, private equity, and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the University is obligated to remit additional funding periodically as capital is called by the manager. These partnerships have a limited existence, generally between ten and fifteen years, and provide for annual one-year extensions after the initial contract period for the purpose of systematically liquidating portfolio positions and returning capital to the investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend or reduce the term of a fund from that which was originally anticipated. As a result, the timing and amount of future capital calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with global equities, private equity, and real assets investments as of June 30, 2021 was \$12,800, \$102,669, and \$107,072, respectively.

(c) Derivatives

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

As a result of entering into 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 long-term investments on the balance sheet. As of June 30, 2021 and 2020, the aggregate notional exposure on long-term assets was (\$53,179) and \$0, respectively. The associated unrealized loss on these assets was (\$740) and \$0, respectively, as of June 30, 2021 and 2020. The notional amount of these derivatives is not recorded on the University's financial statements.

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(9) Property, Plant and Equipment

The composition of property, plant, and equipment as of June 30 is as follows:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 47,904	\$ 47,887
Buildings	210,225	210,225
Building systems and improvements	432,026	417,646
Equipment, furnishings, and software	148,405	140,899
Leased vehicles and other equipment	2,340	2,124
	<u>840,900</u>	<u>818,781</u>
Less accumulated depreciation	(512,694)	(483,788)
Construction in progress	30,247	25,806
	<u>\$ 358,453</u>	<u>\$ 360,799</u>
Property, plant and equipment, net		

Depreciation expense amounted to \$29,023 in 2021 and \$28,673 in 2020. Operation and maintenance expenses amounted to \$22,231 in 2021 and \$27,578 in 2020.

(10) Financial Assets and Liquidity Resources

As of June 30, financial assets and other liquidity resources available within one year for general expenditures as defined by the University and representing operating expenses, scheduled principal payments on debt, and capital construction costs, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 40,854	\$ 39,459
Short-term investments	-	34,989
Accounts receivable, net, due within one year	21,071	18,103
Notes receivable, net, due within one year	771	845
Scheduled pledge payments, net, available for operations	1,899	2,385
Funds held by bond trustee	16,832	30,031
Subsequent year's Board-approved endowment draw	63,492	66,529
	<u>\$ 144,919</u>	<u>\$ 192,341</u>
Total financial assets available within one year		

The University's working capital and cash flows have seasonal variations during the year attributable to tuition billing and a concentration of contributions received at calendar and fiscal year ends. To manage liquidity, the University has other liquidity resources including \$70,000 in bank lines of credit as described in note 12. In addition, the quasi endowment of \$118,580 can be made available for general expenditures with approval from the Board, subject to investment liquidity provisions.

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(11) Long-Term Debt

Long term outstanding as of June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
MDFA Revenue Bonds, Brandeis University Issue 2018 Series S-1, at interest rate of 5.00% maturing in annual installments from October 1, 2020 through October 1, 2040	\$ 109,800	\$ 116,445
MDFA Revenue Bonds, Brandeis University Issue 2018 Series S-2, at interest rate of 5.00% maturing in annual installments from October 1, 2029 through October 1, 2034	36,905	36,905
MDFA Revenue Bonds, Brandeis University Issue 2018 Series R, at interest rate of 5.00% maturing in annual installments from October 1, 2019 through October 1, 2039	33,455	34,500
MDFA Revenue Bonds, Brandeis University Issue, 2017 Series Q, at interest rate of 2.58% maturing in annual installments from October 1, 2017 through April 1, 2032, at which time a balloon payment of \$13,200 will be due.	18,650	19,025
TD Bank note at interest rate of 3.68% maturing in annual installments from October 1, 2017 through June 1, 2032, at which time a balloon payment of \$19,125 will be due.	27,650	28,275
MDFA Revenue Bonds, Brandeis University Issue 2013 Series P-2, at interest rates of 2.35% [previously at 3.04%], maturing in annual installments from October 1, 2013 through July 1, 2033	16,350	17,355
MDFA Revenue Bonds, Brandeis University Issue 2013 Series P-1, at interest rates of 2.72% [previously at 3.48%], maturing in annual installments from October 1, 2017 through April 1, 2043	13,645	14,050
Total	<u>256,455</u>	<u>266,555</u>
Unamortized premium, net	26,129	27,648
Unamortized issuance costs	(1,782)	(1,869)
Long-term debt, net	<u>\$ 280,802</u>	<u>\$ 292,334</u>

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The University's principal payment obligations as of June 30, 2021 are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 10,694
2023	11,124
2024	11,656
2025	12,050
2026	12,619
Thereafter	198,312
	<u>\$ 256,455</u>

Interest expense for the years ended June 30, 2021 and 2020 was \$10,094 and \$11,978, respectively. There were no capitalized interest costs in 2021 and 2020.

Bond indentures require the maintenance of certain financial covenants which, among other restrictions, require the University to maintain an annual debt service coverage ratio of not less than 1.2 to 1.0 and a liquidity ratio of not less than 50%.

On June 17, 2021, the University amended Series P-1 and P-2 bonds through MDFA. Effective on this date, the fixed interest rate on the Series P-1 and P-2 bonds were amended to be 2.72% per annum and 2.35% per annum, respectively.

(12) Line of Credit

The University has a \$35,000 line of credit with JPMorgan Chase Bank, N.A. at an interest rate of LIBOR plus 75 basis points when funds are drawn. There is an annual commitment fee of 0.15% based on the daily average unused portion of the loan commitment, which is paid quarterly. The maturity date of the credit agreement is March 31, 2022. During the fiscal years ended June 30, 2021 and 2020, the total drawn amounts were \$0 and \$35,000, respectively.

On May 14, 2020, the University secured a second \$35,000 line of credit with Century Bank at an interest rate of LIBOR plus 95 basis points, but in no event less than 1.65%, when funds are drawn. There is no annual commitment fee on the unused portion of the loan commitment. The maturity date of the credit agreement is May 1, 2025. During the fiscal years ended June 30, 2021 and 2020, there were no borrowings against this line of credit.

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(13) Net Assets with Donor Restrictions

Net assets with donor restrictions by major category is as follows as of June 30:

Detail of net assets	2021	2020
Restricted contributions	\$ 33,885	\$ 35,861
Contributions receivable, net	7,679	11,751
Endowment	1,161,585	970,755
Student loans	2,633	2,643
Life income and annuity funds	15,627	11,867
Funds held in trust by others	11,865	9,851
Physical plant and other	742	633
Unexpended endowment income	7,681	3,988
Total net assets with donor-imposed restrictions	<u>\$ 1,241,697</u>	<u>\$ 1,047,349</u>

Net assets with donor-imposed restrictions provide support for instruction, scholarships, auxiliary programs, library, research, capital, and other programmatic purposes.

(14) Endowments

The University's endowment is pooled for investment purposes and consists of approximately 2,000 individual funds established for a variety of purposes. The endowment consists of both donor-restricted funds managed in accordance with applicable law and donor intent, as well as funds designated by the Board to operate as endowment (quasi-endowment).

If an individual donor restricted endowment fund balance falls below its original fair value, that fund is considered to be "underwater." As of June 30, 2021 and 2020, funds with an original gift value of \$1,541 and \$17,126 were "underwater" by \$307 and \$787, respectively.

The University follows the provisions of UPMIFA. State law allows the Board to appropriate the endowment funds as is prudent taking into consideration the University's long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

The endowment investment objectives are to maximize risk-adjusted returns over a long-term horizon and to achieve its objectives by having a strategy of investing in multiple asset classes. In order to meet the primary investment goals for endowment funds, the average annual net total return over an extended period, after adjusting for inflation, is deemed sufficient to support the spending rate as determined by the Board. To have a reasonable probability of achieving the Fund's primary investment goal at an acceptable risk level, the University's Trustees Investment Committee has adopted a long-term asset allocation policy.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted amounts reported below include gifts donated to the endowment, term endowments and appreciation.

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Endowment and quasi-endowment funds consist of the following at June 30:

2021					
	Without donor restrictions	With donor restrictions			Total funds as of June 30, 2021
		Original gift	Accumulated returns	Total	
Donor restricted:					
Financial aid	\$ -	\$ 318,904	\$ 119,256	\$ 438,160	\$ 438,160
Department programs and support	-	412,764	300,966	713,730	713,730
Quasi (board-designated):					
Financial aid	42,203	-	-	-	42,203
Department programs and support	82,214	9,695	-	9,695	91,909
Total	<u>\$ 124,417</u>	<u>\$ 741,363</u>	<u>\$ 420,222</u>	<u>\$ 1,161,585</u>	<u>\$ 1,286,002</u>
2020					
	Without donor restrictions	With donor restrictions			Total funds as of June 30, 2020
		Original gift	Accumulated returns	Total	
Donor restricted:					
Financial aid	\$ -	\$ 314,074	\$ 49,199	\$ 363,273	\$ 363,273
Department programs and support	-	410,355	187,432	597,787	597,787
Quasi (board-designated):					
Financial aid	35,435	-	-	-	35,435
Department programs and support	67,399	9,695	-	9,695	77,094
Total	<u>\$ 102,834</u>	<u>\$ 734,124</u>	<u>\$ 236,631</u>	<u>\$ 970,755</u>	<u>\$ 1,073,589</u>

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Changes in endowment and quasi-endowment funds for the year ended June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2020	\$ 102,834	\$ 970,755	\$ 1,073,589
Net investment return	28,580	242,706	271,286
Contributions	28	6,141	6,169
Utilized in operations	(6,352)	(55,422)	(61,774)
Net (additional) unexpended endowment income	(673)	(3,693)	(4,366)
Transfers	-	1,098	1,098
Net assets at June 30, 2021	<u>\$ 124,417</u>	<u>\$ 1,161,585</u>	<u>\$ 1,286,002</u>

Changes in endowment and quasi-endowment funds for the year ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Net assets at June 30, 2019	\$ 104,809	\$ 968,716	\$ 1,073,525
Net investment return	4,123	35,265	39,388
Contributions	13	17,092	17,105
Utilized in operations	(5,574)	(47,546)	(53,120)
Net (additional) unexpended endowment income	(537)	(3,988)	(4,525)
Transfers	-	1,216	1,216
Net assets at June 30, 2020	<u>\$ 102,834</u>	<u>\$ 970,755</u>	<u>\$ 1,073,589</u>

(15) Retirement Plans

The University participates in defined contribution plans providing retirement benefits for substantially all full-time and regular part-time employees. Under the programs, the University makes monthly contributions, currently 6%–10% of the annual eligible wages of participants, up to defined limits. University contributions are subject to the participants meeting the minimum employee contributions, age, and service requirements. Additional voluntary contributions by participants are made subject to statutory limits. The University's contribution to the plans totaled \$11,133 in 2020. The University suspended contributions to the plans in fiscal year 2021.

(16) Contingencies

The University is involved in legal cases that have arisen in the normal course of its operations. The University believes that the outcome of these cases will not have a material adverse effect on the financial position of the University.

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(17) COVID-19 Pandemic

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a pandemic. As a result, the University closed its residential campus to most students and implemented remote learning for all classes through the rest of the academic year. For the fiscal year ended June 30, 2021, the University applied a hybrid of on-campus and online mode of operation for teaching, learning, and research. The residential campus remained open to students, faculty, and staff throughout the fiscal year at a reduced density level.

The University continued to directly grant emergency financial assistance to students throughout the pandemic, in addition to administering aid to eligible students through the Higher Education Emergency Relief Fund (HEERF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA).

The University implemented significant safety measures, including hosting regular COVID-19 testing and vaccination clinics, supplying personal protection equipment, enhancing cleaning protocols, and improving HVAC systems.

The full extent of the impact of COVID-19 on the University will depend on future developments, including the spread and duration of the pandemic. The University continues to monitor and mitigate the impact of the pandemic, and is prepared to take additional measures to protect the health of the Brandeis community and ensure the continuity of its academic mission.

BRANDEIS UNIVERSITY
Supplementary Schedule of Financial Responsibility Data
(In thousands of dollars)
As of and for the year ended June 30, 2021

		* GAAP financial statement line item or disclosure		Amount used as ratio input	
Location in financial statements or related notes		Financial element			
Primary Reserve Ratio: Expendable Net Assets					
Statement of financial position	Net assets without donor restrictions	205,659	205,659		
Statement of financial position	Net assets with donor restrictions	1,241,697	1,241,697		
Statement of financial position	Total property, plant, and equipment, net	358,453			
Note to the Supplementary Schedule of Financial Responsibility Data	Property, plant and equipment, net - pre-implementation				290,393
Note to the Supplementary Schedule of Financial Responsibility Data	Property, plant and equipment, net - post-implementation				37,813
Note 9, Property, Plant and Equipment	Construction in progress				30,247
Statement of financial position	Total lease right-of-use assets	6,674	6,674		
Note to the Supplementary Schedule of Financial Responsibility Data	Intangible assets				13,387
Note 11, Long-Term Debt	Total long-term debt	280,802			
Note to the Supplementary Schedule of Financial Responsibility Data	Long-term debt - for long-term purposes - pre-implementation				280,802
Note to the Supplementary Schedule of Financial Responsibility Data	Long-term debt - for long-term purposes - post-implementation				-
Statement of financial position	Liability related to lease right-of-use assets	7,979	7,979		
Note to the Supplementary Schedule of Financial Responsibility Data	Life income and annuity funds with donor restrictions				11,202
Note to the Supplementary Schedule of Financial Responsibility Data	Term endowments with donor restrictions				40,749
Note to the Supplementary Schedule of Financial Responsibility Data	Net assets with donor restrictions: restricted in perpetuity				721,706
Note to the Supplementary Schedule of Financial Responsibility Data	Related party receivables				1,926,000
Primary Reserve Ratio: Expenses and Losses					
Note to the Supplementary Schedule of Financial Responsibility Data	Total expenses and losses without donor restrictions				351,936
Equity Ratio: Modified Net Assets					
Statement of financial position	Net assets without donor restrictions	205,659	205,659		
Statement of financial position	Net assets with donor restrictions	1,241,697	1,241,697		
Note to the Supplementary Schedule of Financial Responsibility Data	Intangible assets				13,387
Equity Ratio: Modified Assets					
Statement of financial position	Total assets	1,811,655	1,811,655		
Note to the Supplementary Schedule of Financial Responsibility Data	Intangible assets				13,387
Net Income Ratio:					
Statement of activities	Change in net assets without donor restrictions	22,769	22,769		
Note to the Supplementary Schedule of Financial Responsibility Data	Total revenue and gains without donor restrictions				374,705

See Note to the Supplementary Schedule of Financial Responsibility Ratio

* This column is not required to be presented in the schedule. However, it is intended to facilitate understanding of and reconciliation to GAAP-basis amounts presented in the financial statements or related notes, many of which are direct ratio inputs. In other cases (e.g., pre- and post- inputs), the ratio inputs derive from or are related to GAAP-basis amounts but are not required in GAAP-basis financial statements.

BRANDEIS UNIVERSITY

Note to the Supplementary Schedule of Financial Responsibility Data
As of and for the year ended June 30, 2021

(In thousands of dollars)

Note to the Supplementary Schedule of Financial Responsibility Data

Brandeis University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score is based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the Institution, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2021:

Required input per standards	Ratio(s) Uses	Input Amount	Related financial statement amount not used as input on supplementary schedule
Property, plant and equipment, net - pre-implementation	Primary reserve	290,393	(A)
Property, plant and equipment, net - post-implementation	Primary reserve	37,813	(B)
Construction in progress - reconciling item from Note 9	Primary reserve	30,247	(C)
Total property, plant and equipment, net			358,453
Intangible assets	Primary reserve & Equity	13,387	
Other assets	NA	13,773	
Funds held in trust by others	NA	11,865	
Total Funds held in trust by others and other assets			39,025
Long-term debt - for long-term purposes pre-implementation	Primary reserve	280,802	*
Long-term debt - for long-term purposes post-implementation	Primary reserve	-	
Total long-term debt			280,802
Life income and annuity funds with donor restrictions	Primary reserve	11,202	
Life income and annuity funds with donor restrictions: restricted in perpetuity	NA	4,425	
Total life income and annuity funds with donor restrictions			15,627
Term endowments with donor restrictions	Primary reserve	40,749	
Endowments with donor restrictions: restricted in perpetuity	NA	700,614	
Original endowment gifts with donor restrictions			741,363
Net assets with donor restrictions: restricted in perpetuity	Primary reserve	721,706	
Net assets with donor restrictions: not restricted in perpetuity	NA	519,991	
Net assets with donor restrictions			1,241,697

Inputs directly from the statement of activities:

Total operating revenue and other support		350,981
Plus: net investment returns		29,165
Less: endowment return utilized		(6,352)
Less: net assets utilized in operations		(6,148)
Plus: net assets released for capital purposes		533
Plus: contributions		6,176
Plus: gain on bond refinancing		-
Plus: other changes revenue		350
Total revenue and gains without donor restrictions	Primary reserve	\$ 374,705

Total operating expenses		345,361
Plus: other changes expense		6,575
Total expenses and losses without donor restrictions	Net income	\$ 351,936

Property, plant and equipment, net

A. Property, plant and equipment, net - pre-implementation		290,393
B. Property, plant and equipment, net - post-implementation		37,813
Land and land improvements	1,899	
Buildings	-	
Building systems and improvements	23,087	
Equipment, furnishings, and software	12,298	
Leased vehicles and other equipment	529	
C. Construction in progress - reconciling item from Note 9		30,247
Total		358,453

- A. Net property, plant and equipment as of June 30, 2019 - Less depreciation and disposals
B. Net property, plant and equipment placed in service after June 30, 2019 - Less depreciation and disposals
C. Asset value of the construction in progress

Net assets with donor restrictions	Restricted in perpetuity	Not restricted in perpetuity	Total net assets with donor restrictions
Restricted contributions	-	33,885	33,885
Contributions receivable, net	2,169	5,510	7,679
Endowment	700,614	460,971	1,161,585
Student loans	2,633	-	2,633
Life income and annuity funds	4,425	11,202	15,627
Funds held in trust by others	11,865	-	11,865
Physical plant and other	-	742	742
Unexpended endowment income	-	7,681	7,681
Total	721,706	519,991	1,241,697

Corpus - Restricted in perpetuity	700,614
Corpus - Term endowments	40,749
Original endowment gifts with donor restrictions	741,363

* All debt is pre-implementation debt. Proceeds from Series S-1, which was issued after June 30, 2019, was used to refinance pre-implementation debt.

The University had \$1,926,000 in unsecured related party pledge receivables as of June 30, 2021. The University had no or post-employment and pension liabilities as of June 30, 2021.

BRANDEIS UNIVERSITY
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2021

	Federal ALN Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Student Financial Assistance Cluster				
U.S. Department of Education:				
Office of Student Financial Assistance Programs:				
Federal Pell Grant Program	84.063	Direct	\$ -	\$ 2,843,513
Federal Supplemental Educational Opportunity Grants	84.007	Direct	-	663,090
Federal Work-Study Program	84.033	Direct	-	489,270
Federal Perkins Loan Program	84.038	Direct	-	3,055,795
Federal Direct Student Loans	84.268	Direct	-	17,594,123
Teacher Education Assistance for College and Higher Education Grants	84.379	Direct	-	1,882
Total Student Financial Assistance Cluster			-	24,647,673
TRIO Cluster				
U.S. Department of Education:				
TRIO Student Support Services	84.042	Direct	-	344,123
Total TRIO Cluster			-	344,123
COVID-19 Education Stabilization Fund				
U.S. Department of Education:				
COVID-19 Higher Education Emergency Relief Fund (HEERF) Institution Portion	84.425F	Direct	-	4,452,457
COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	Direct	-	3,198,466
Total COVID-19 Education Stabilization Fund			-	7,650,923
Total U.S. Department of Education			-	32,642,719
Research and Development Cluster				
U.S. Department of Health and Human Services (DHHS):				
National Institutes of Health (NIH):				
Aging Research	93.866	Direct	391,890	1,990,651
University of Wisconsin-Madison	93.866	833K070	-	235
University of Wisconsin-Madison	93.866	778	-	102,022
Total Aging Research			391,890	2,092,908
Alcohol Research Programs	93.273	Direct	-	362,579
Allergy, Immunology and Transplantation Research	93.855	Direct	133,533	1,276,456
Children's Hospital	93.855	GENFD000162021	-	34,383
University of Houston	93.855	R-16-0076	-	166,976
Total Allergy, Immunology and Transplantation Research			133,533	1,477,815
Biomedical Research and Research Training	93.859	Direct	155,801	8,334,530
Boston University	93.859	4500003234	-	62,319
Boston University	93.859	1R24GM134210/4500003180	-	47,741
California Institute of Technology	93.859	S409880	-	147,329
University of Michigan	93.859	SUBK00010341/3005375	-	181,261
University of Massachusetts	93.859	WA00755109OSP2018131	-	17,332
Total Biomedical Research and Research Training			155,801	8,790,512
Cancer Cause and Prevention Research				
Harvard Medical School	93.393	149668.5112349.0002	-	202,478
Cancer Control				
The University of Texas Health Science Center at Houston	93.399	0014326F	-	28,121
Cancer Treatment Research	93.395	Direct	68,080	402,845
Child Health and Human Development Extramural Research	93.865	Direct	226,704	723,980
Regents of the University of Minnesota	93.865	H006124301	-	39,054
Total Child Health and Human Development Extramural Research			226,704	763,034
Drug Abuse and Addiction Research Programs	93.279	Direct	734,338	2,981,478
Boston Medical Center Corporation	93.279	7369	-	160,371
Brigham and Women's Hospital	93.279	120025	-	22,247
Brown University	93.279	1594	-	17,609
Emory University	93.279	A025421	-	29,039
Weill Medical Col. of Cornell University	93.279	201851-5	-	22,980
Texas Christian University	93.279	5935-LESA19-00/25937-LESA19-0	-	26,567
Total Drug Abuse and Addiction Research Programs			734,338	3,260,291
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct	192,408	5,117,455
Harvard University	93.853	152738.5095125.0504	-	411,814
Seattle Institute for Biomedical and Clinical Research	93.853	DM24-BrU-1	-	9,479
Total Extramural Research Programs in the Neurosciences and Neurological Disorders			192,408	5,538,748
Mental Health Research Grants	93.242	Direct	76,628	2,350,564
University of Colorado	93.242	2-5-A8198/5R01MH120122	-	75,648
Total Mental Health Research Grants			76,628	2,426,212
Minority Health and Health Disparities Research				
AltaMed Health Services Corporation	93.307	1R01MDO1383701A1	-	18,683
National Center for Advancing Translational Sciences				
Tufts University	93.350	EP01804009	-	17,105
Tufts University	93.350	EP0182176	-	13,169
Total National Center for Advancing Translational Sciences			-	30,274
Research and Training in Complementary and Alternative Medicine	93.213	Direct	155,794	547,245
Research Infrastructure Programs	93.351	Direct	-	327,071
Research Related to Deafness and Communication Disorders	93.173	Direct	387,025	1,328,398
Trans-NIH Research Support	93.310	Direct	36,891	859,549
Boston University	93.310	4500002491	-	(2,258)
Total Trans-NIH Research Support			36,891	857,291

See notes to Schedule of Expenditures of Federal Awards

(Continued)

BRANDEIS UNIVERSITY
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2021

	Federal ALN Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Vision Research	93.867	Direct	\$ -	\$ 849,454
Case Western Reserve University	93.867	RES513833	-	145,859
Trustees of Columbia University New York	93.867	1(GG013056-01)	-	81,965
Total Vision Research			-	1,077,278
Total NIH Awards			2,559,092	29,531,783
Administration for Children and Families:				
Welfare Reform Research Evaluations and National Studies	93.595	Direct	-	106,525
Total Administration for Children and Families			-	106,525
Administration for Community Living:				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	Direct	270,291	1,569,069
Regents of the University of Minnesota	93.433	A005198606 90RT5039	-	35,602
University of Illinois	93.433	90RT5032-05-00	-	838
University of Illinois at Chicago	93.433	16216	-	4,721
Total Administration for Community Living			270,291	1,610,230
Agency for Healthcare Research and Quality:				
National Research Service Awards Health Services Research Training	93.225	Direct	-	(3,417)
Total Agency for Healthcare Research and Quality			-	(3,417)
Centers for Disease Control and Prevention:				
Disability Prevention				
Commonwealth of Massachusetts	93.184	INTF3043HH2500224045	-	156
Commonwealth of Massachusetts	93.184	INTF3043H78500224078	-	40,924
Total for Disability Prevention			-	41,080
Injury Prevention and Control Research and State and Community Based Programs				
Commonwealth of Massachusetts	93.136	INTF2400H78500224436	75,182	431,092
Boston Medical Center Corporation	93.136	4300371003	-	23,187
Total for Injury Prevention and Control Research and State and Community Based Programs			75,182	454,279
Packaging and Spreading Proven Pediatric Weight Management Interventions for Use by Low-Income Families				
Miriam Hospital	93.349	710-7147144	-	6,499
Total Centers for Disease Control and Prevention			75,182	501,858
Office Of National Drug Control Policy:				
Research and Data Analysis				
University of Baltimore	95.007	36	-	57,154
Total for Office of National Drug Control Policy			-	57,154
Health Resources And Services Administration (HRSA)				
Maternal and Child Health Federal Consolidated Programs	93.110	Direct	-	98,446
Total HRSA			-	98,446
Substance Abuse and Mental Health Services Administration:				
Block Grants for Prevention and Treatment of Substance Abuse				
Commonwealth of Massachusetts	93.959	INTF2400H78500224438	62,921	301,326
Total Substance Abuse and Mental Health Services Administration			62,921	301,326
Total DHHS Awards			2,967,486	32,203,905
Department of Commerce:				
Statistical, Research, and Methodology Assistance				
Purdue University	11.016	18100032-04	-	4,032
Total Department of Commerce			-	4,032
Department of Interior:				
National Park Service				
Cooperative Research and Training Programs Resources of the National Park System				
University of Wyoming	15.945	1004044F-BU	-	3,683
Total Department of Interior			-	3,683
Department of Defense:				
Advanced Research Projects Agency				
Research and Technology Development				
Smart Information Flow Technologies	12.910	CLIC-ECI-BU-01 3B	-	40,845
U.S. Defense Advanced Research Projects Administration				
University of Colorado	12.910	FA8750-18-2-0016	-	103,565
Total Advanced Research Projects Agency			-	144,410
Defense Threat Reduction Agency:				
Scientific Research - Combatting Weapons of Mass Destruction				
University of Colorado	12.351	1000576525	-	122,635
Uniformed Services University of the Health Sciences:				
Uniformed Services University Medical Research Projects				
The Henry M. Jackson Foundation	12.750	4609	-	68,833
The Henry M. Jackson Foundation	12.750	5104	-	236,833
The Henry M. Jackson Foundation	12.750	5415	-	102,952
The Henry M. Jackson Foundation	12.750	5367	-	50,137
Total Uniformed Services University of the Health Sciences			-	458,755
Total Department of Defense			-	725,800
National Aeronautics and Space Administration:				
Human Exploration Research				
Baylor College of Medicine	43.003	7000000537	-	37,978
Baylor College of Medicine	43.003	GFL0002	-	83,558
University of Colorado	43.003	1560331	-	31,550
Total Human Exploration			-	153,086
Nasa - Shared Services Center (Nssc)				
University of Florida	43.001	SUB00002493	-	5,178
Total National Aeronautics and Space Administration			-	158,264

See notes to Schedule of Expenditures of Federal Awards

(Continued)

BRANDEIS UNIVERSITY
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2021

	Federal ALN Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
Department of Justice:				
Criminal and Juvenile Justice and Mental Health Collaboration Program Hancock County Board of Alcohol, Drug Ad	16.745	HCRSS - 2020-MO-BX-0035	\$ -	\$ 5,297
National Institute of Justice Research, Evaluation, and Development Project Grants Colorado State University	16.560	G-01508-01	-	54,832
Total Department of Justice			-	60,129
Department of Energy:				
Office of Science Financial Assistance Program	81.049	Direct	-	471,618
The Regents of the University of California	81.049	00010607 (DE-SC0019380)	-	103,949
Total Office of Science Financial Assistance Program			-	575,567
Energy Efficiency and Renewable Energy Information Dissemination The Regents of the University of California	81.117	Subcontract 7415318	-	78,105
Total Department of Energy			-	653,672
National Science Foundation:				
Biological Sciences	47.074	Direct	-	441,211
Umass Amherst	47.074	20-015671-A-00	-	6,381
Total Biological Sciences			-	447,592
Computer and Information Science and Engineering	47.070	Direct	-	574,859
Education and Human Resources	47.076	Direct	-	56,979
University of Colorado	47.076	1559730	-	31,629
Total Education and Human Resources			-	88,608
Engineering Grants	47.041	Direct	24,000	182,585
Worcester Polytechnic University	47.041	10819-GR	-	8,396
Total Engineering Grants			24,000	190,981
Mathematical and Physical Sciences	47.049	Direct	251,038	3,499,499
Pennsylvania State University	47.049	5894-BU-NSF-2471	-	138,569
Stony Brook University	47.049	PHY-1624739	-	291,436
Total Mathematical and Physical Sciences			251,038	3,929,504
Social, Behavioral, and Economic Sciences	47.075	Direct	-	506,916
Total National Science Foundation			275,038	5,738,460
Total Research and Development Cluster			3,242,524	39,547,945
Other Programs				
U.S. Department of Health and Human Services (DHHS):				
Administration for Children and Families				
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093	Direct	-	86,548
Child Care and Dependent Fund Cluster:				
Child Care and Development Block Grant				
Boston University	93.575	4500003227	-	70,009
Total Child Care and Dependent Fund Cluster			-	70,009
Total Administration for Children and Families			-	156,557
Substance Abuse and Mental Health Services Administration:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
University of Denver	93.243	SC37837-01/SC37835-01	-	243,534
Centers for Disease Control and Prevention				
Global AIDS				
Cardno Emerging Markets USA, Ltd.	93.067	4727-001-20-CR-01	45,878	1,250,665
Total DHHS			45,878	1,650,756
Agency for International Development:				
USAID Foreign Assistance for Programs Overseas				
Save the Children Fund	98.001	999002387	-	(2,644)
Total Agency for International Development			-	(2,644)
Corporation for National and Community Service:				
AmeriCorps				
YouthBuild USA	94.006	SR100073	-	45,798
Total Corporation for National and Community Service			-	45,798
Department of Justice:				
Second Chance Act Prisoner Reentry Initiative				
Spectrum Health Systems	16.812	2015-CY-BX-0017	-	(41)
Services for Trafficking Victims				
U.S. Committee for Refugees and Immigration	16.320	2018-VT-BX-K015	-	18,602
Total Department of Justice			-	18,561
Institute of Museum and Library Services:				
Museums for America	45.301	Direct	-	1,507
Total Institute of Museum and Library Services			-	1,507
National Endowment for the Humanities:				
Promotion of the Humanities Digital Humanities Initiative	45.169	Direct	-	19,034
Promotion of the Humanities Public Programs	45.164	Direct	4,211	5,466
Total National Endowment for the Humanities			4,211	24,500
United States Institute of Peace				
Priority Grant Competition	91.005	Direct	-	34,613
Total United States Institute of Peace			-	34,613
Total Other Programs			50,089	1,773,091
Total Expenditures of Federal Awards			\$ 3,292,613	\$ 73,963,755

See notes to Schedule of Expenditures of Federal Awards

BRANDEIS UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2021

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of Brandeis University (the University) under programs funded by the federal government for the fiscal year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets or cash flows of the University.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and agencies and departments of the federal government and all subawards passed through to the University by nonfederal organizations pursuant to federal grants, contracts and similar agreements. The Schedule also denotes awards passed through from the University to other non-federal subrecipient organizations.

(2) Significant Accounting Policies

Expenditures for direct costs are recognized as incurred using the accrual basis of accounting and cost accounting principles of the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures also include a portion of costs associated with general University activities (facilities and administrative costs) which are allocated to awards under negotiated formulas commonly referred to as facilities and administrative cost rates (note 3). Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) Facilities and Administrative Cost Rates

The University elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The University has approved predetermined facilities and administrative cost rates effective through fiscal year June 30, 2021 for on-campus and off-campus sponsored research program activities. The base rates in effect for the year ended June 30, 2021 were 62.5% for on-campus research and 26.0% for off-campus research. The rates for other federally sponsored programs were 33.9% for on-campus programs and 26.0% for off-campus programs. Facilities and administrative cost recoveries are reported as part of federal expenditures on the Schedule.

(4) Federal Student Financial Assistance

Perkins Loan Program

The Perkins Loan Program listed below is administered directly by the University, and balances and transactions relating to this program are included in the University's financial statements. Loan activities and balances consist of the following for the year ended June 30, 2021:

Balance as of July 1, 2020	Loans issued	Payments received and other changes	Balance as of June 30, 2021
\$ 3,055,795	\$ ---	\$ 582,679	\$ 2,473,116

BRANDEIS UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

Fiscal Year Ended June 30, 2021

As required by the Uniform Guidance, the amount shown on the Schedule as expenditures for the Perkins Loan Program is equal to the balance outstanding at July 1, 2020. The University is continuing to service loans under the Perkins programs; however, no new loans were made subsequent to September 30, 2017. There was no administrative cost allowance recovered for the year ended June 30, 2021.

Federal Direct Loans

The University distributed \$17,594,123 of federally guaranteed loans to students of the University through the Federal Direct Loan Program (ALN 84.268), which includes Direct Subsidized and Unsubsidized Loans, and Direct Parent Loans for Undergraduate Students. These distributions and the related funding sources are not included in the University's financial statements.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards***

Independent Auditors Report

Board of Trustees
Brandeis University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brandeis University (the University), which comprise the balance sheet as of June 30, 2021, the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated, October 27, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

Boston, Massachusetts
October 27, 2021

**Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Trustees
Brandeis University

Report on Compliance for Each Major Federal Program

We have audited Brandeis University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on the Major Federal Programs

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

Other Matters

The result of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter. The University's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the University as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 27, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Boston, Massachusetts
November 24, 2021

Brandeis University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None Reported	

Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	
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Federal Awards

Internal control over major program:

Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified?	_____ Yes	_____ <u>X</u> None Reported	

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	_____ <u>X</u> Yes	_____ No	
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Identification of major program:

<u>Name of Federal Program or Cluster</u>	<u>ALN Number</u>
Research and Development Cluster COVID-19 Education Stabilization Fund	Various 84.425E / 84.425F

Dollar threshold used to distinguish between type A and type B programs:	\$2,218,913
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Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No	
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Brandeis University
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding No. 2021-001 Higher Education Emergency Relief Fund (HEERF) Reporting

Federal Agency: Department of Education (DOE)

Program: COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) : ALN : 84.425F

Criteria: Reporting requirements to the DOE state that the institutional portion of HEERF is reported by quarter and should not be cumulative. For reporting of HEERF II amounts, the University reported \$2,999,232 and \$4,452,457 for the periods ended March 31, 2021, and June 30, 2021, respectively. As the amounts should not be reported on a cumulative basis, the proper amounts should have been \$2,853,225 and \$0 for the periods ended March 31, 2021, and June 30, 2021, respectively.

Condition: Amounts reported for the institutional portion by the University were originally reported at the cumulative amount, rather than the amount for the period as required.

Questioned Costs: None.

Context: See "Condition" above.

Effect: Incorrect amounts were reported to the DOE. Improper reporting could result in the DOE withholding payments to the University.

Cause: In that the HEERF programs are newly created and did not exist prior to the passage of the CARES Act, the DOE has been issuing guidance related to the HEERF funding on an ongoing basis over a period of many months. Some guidance issued by DOE is issued and later modified or is non-existent until subsequent guidance is released. This issue is the result of confusion related to the filing requirements at the time of the original filing.

Recommendation: We recommended to management prior to the end of the fiscal year that the University amend their reports to report only activity for the quarter. Management has amended these filings. We further recommend that management implement a control to regularly check the DOE website for changes or modifications which have the potential to impact compliance.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the finding, and corrective measures have been made.

Brandeis University
Schedule of Prior Audit Findings
Year Ended June 30, 2021

2020-001 Enrollment Reporting

Audit Finding: Predecessor auditor, KPMG, identified 38 out of 40 students whose changes in enrollment status were not accurately transmitted to National Student Loan Data System (NSLDS). The reporting to NSLDS for these students was transmitted with a status of withdrawn, when the enrollment status was graduated.

Status of Finding: Corrective action has been taken.



Management Views and Corrective Action Plan
Year Ended June 30, 2021

The following finding was noted during the audit of financial statements performed in accordance with Government Auditing Standards:

Finding number 2021-001 Higher Education Emergency Relief Fund (HEERF)
Reporting

Management of Brandeis University agrees with this finding and has implemented the following Corrective Action Plan:

The University has amended the March 31, 2021 and June 30, 2021 reports on July 1, 2021 and July 7, 2021, respectively, to correct the errors identified.

Signed,

A handwritten signature in blue ink, appearing to read "Cherie Sadeli".

Cherie Sadeli

Associate Vice President & University Controller

Brandeis University

January 29, 2021

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

Re: Action Plan to Address the FY20 Uniform Guidance Audit Findings

Pursuant to the finding that our graduated students were not reported to NSLDS with the correct status (they were reflected as withdrawn rather than graduated), the Office of the University Registrar worked with the National Student Clearinghouse to correct the issues with the graduation file and resubmitted the data for our May 2020 graduates on 11/19/20. The Office of Student Financial Services (SFS) has confirmed that NSLDS is now showing the correct status for these students.

SFS, in concert with the Office of the University Registrar, has updated its procedures in regards to the transmission of graduation data to the National Student Clearinghouse to ensure accurate and timely reporting to NSLDS. The Registrar will transmit a graduate-only file, formatted properly to include the new CIP code requirements, to the National Student Clearinghouse within an appropriate timeframe following commencement. The Registrar will notify SFS once the transmission has been completed and will share any error reports received from the Clearinghouse. Two weeks after the transmission, SFS will access NSLDS to spot check that students in the file have been appropriately updated with a graduated status and will notify the Registrar of any data issues observed.

Sincerely,



Sherri M. Avery
Assistant Vice President of Student Financial Services



Mark Hewitt
University Registrar