Boston College

Consolidated Financial Statements

May 31, 2025 and 2024

Boston College
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May 31, 2025 and 2024

Report of Independent Auditors

To the Board of Trustees of Boston College

Opinion

We have audited the accompanying consolidated financial statements of Boston College and its subsidiaries (the "University"), which comprise the consolidated statements of financial position as of May 31, 2025 and 2024, and the related consolidated statements of activities for the year ended May 31, 2025 and of cash flows for the years ended May 31, 2025 and 2024, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2025 and 2024, the changes in its net assets for the year ended May 31, 2025 and its cash flows for the years ended May 31, 2025 and 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

We previously audited the consolidated statement of financial position as of May 31, 2024, and the related consolidated statements of activities and of cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated September 27, 2024, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information for the year ended May 31, 2024 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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

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

PricewaterhouseCoopers LLP

Boston, Massachusetts
September 26, 2025

Boston College
Consolidated Statements of Financial Position
As of May 31, 2025 and 2024

(in thousands)	2025	2024
Assets		
Cash and cash equivalents	$ 34,675	$ 33,898
Accounts receivable, net (Note B)	61,808	62,142
Contributions receivable, net (Note C)	394,217	263,771
Notes and other receivables, net (Note B)	16,782	18,369
Investments (Note E)	4,792,449	4,348,979
Funds held by trustees (Note E)	228,761	14,997
Other assets	13,081	9,284
Property, plant and equipment, net (Note G)	2,183,174	2,163,178
Total assets	$ 7,724,947	$ 6,914,618
Liabilities		
Accounts payable	$ 8,518	$ 9,887
Accrued liabilities	277,053	245,265
Deposits payable and deferred revenues	38,349	37,350
Bonds and mortgages payable, net (Note H)	1,767,848	1,466,328
U.S. Government loan advances	2,007	2,989
Total liabilities	2,093,775	1,761,819
Net Assets		
Without donor restrictions (Note I)	2,602,957	2,472,034
With donor restrictions (Note I)	3,028,215	2,680,765
Total net assets	5,631,172	5,152,799
Total liabilities and net assets	$ 7,724,947	$ 6,914,618

The accompanying notes are an integral part of these consolidated financial statements.

Boston College
Consolidated Statement of Activities
Year Ended May 31, 2025
(With Summarized Financial Information for the Year Ended May 31, 2024)

(in thousands)	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
Operating				
Revenues and other support				
Tuition and fees	$ 612,681	$ -	$ 612,681	$ 587,071
Auxiliary enterprises	209,460	-	209,460	204,285
Sponsored research and other programs	84,796	-	84,796	86,802
Government financial aid programs	5,393	-	5,393	4,608
Sales and services	5,815	-	5,815	6,855
Other revenues	15,948	-	15,948	15,386
Nonoperating assets utilized or released from restrictions for operations	243,076	-	243,076	204,728
Total revenues and other support	1,177,169	-	1,177,169	1,109,735
Expenses				
Instruction	409,943	-	409,943	380,246
Academic support	143,148	-	143,148	134,720
Research	69,124	-	69,124	69,478
Student services	103,705	-	103,705	95,276
Public service	6,249	-	6,249	5,496
General administration	175,949	-	175,949	166,947
Auxiliary enterprises	268,864	-	268,864	257,393
Total expenses	1,176,982	-	1,176,982	1,109,556
Increase in net assets from operating activities	187	-	187	179
Nonoperating				
Contributions	5,300	308,456	313,756	208,164
Investment return, net	179,211	230,369	409,580	449,466
Other losses, net	(495)	(1,579)	(2,074)	(6,458)
Nonoperating assets utilized or released from restrictions for operations	(66,210)	(176,866)	(243,076)	(204,728)
Net assets reclassified or released from restrictions	12,930	(12,930)	-	-
Increase in net assets from nonoperating activities	130,736	347,450	478,186	446,444
Total increase in net assets	130,923	347,450	478,373	446,623
Net assets				
Beginning of year	2,472,034	2,680,765	5,152,799	4,706,176
End of year	$ 2,602,957	$ 3,028,215	$ 5,631,172	$ 5,152,799

The accompanying notes are an integral part of these consolidated financial statements.

Boston College
Consolidated Statements of Cash Flows
Years Ended May 31, 2025 and 2024

(in thousands)	2025	2024
Cash flows from operating activities		
Total increase in net assets	$ 478,373	$ 446,623
Adjustments to reconcile change in net assets to cash, cash equivalents, and restricted cash (used in) provided by operating activities		
Depreciation, amortization and accretion	121,516	115,463
Allowance for uncollectible contributions	6,275	3,420
Discount on contributions	3,310	55,425
Net gain on retirement or disposal of property, plant and equipment	(148)	(42)
Contributions of property and equipment	(305)	(507)
Loan cancellations	95	276
Contributed securities	(31,511)	(24,274)
Proceeds from sale of contributed securities	4,782	5,889
Realized and unrealized investment gains, net	(349,665)	(396,614)
Gain from partial debt refunding	(5,940)	-
Changes in assets and liabilities		
Accounts receivable, net	334	6,601
Notes and other receivables	545	519
Contributions receivable	(140,031)	(109,476)
Accounts payable and accrued liabilities	30,007	(4,482)
Deposits payable and deferred revenue	999	(1,089)
Other assets	(3,797)	3,887
Contributions to be used for long-term investment	(120,151)	(96,653)
Net cash, cash equivalents, and restricted cash (used in) provided by operating activities	(5,312)	4,966
Cash flows from investing activities		
Proceeds from sales of investments	2,506,859	2,936,100
Purchases of investments	(2,339,285)	(2,961,594)
Student loans granted	(295)	(500)
Student loans collected	1,242	1,611
Purchases of property, plant and equipment	(145,690)	(201,456)
Proceeds from sale of property, plant and equipment	108	127
Change in funds held by trustees	14,997	(10,303)
Net cash, cash equivalents, and restricted cash provided by (used in) investing activities	37,936	(236,015)
Cash flows from financing activities		
Proceeds from issuance of debt	311,637	-
Cash premium received upon issuance of bonds	41,209	-
Debt issuance costs	(2,841)	-
Payment of bonds and mortgages payable	(37,610)	(33,750)
Change in U.S. Government loan advances	(982)	(1,219)
Payments to beneficiaries of split interest agreements	(1,620)	(1,344)
Proceeds from sale of contributed securities	26,729	18,385
Contributions to be used for long-term investment	120,151	96,653
Net cash, cash equivalents, and restricted cash provided by financing activities	456,673	78,725
Net increase (decrease) in cash, cash equivalents, and restricted cash	489,297	(152,324)
Cash, cash equivalents, and restricted cash		
Beginning of year	104,591	256,915
End of year	$ 593,888	$ 104,591
Supplemental data		
Interest paid, net of amounts capitalized	$ 54,609	$ 56,484
Change in asset retirement obligations recognized	(488)	737
Proceeds from issuance of debt	61,023	-
Use of proceeds to refund debt	(61,023)	-

The accompanying notes are an integral part of these consolidated financial statements.

A. Accounting Policies

The accompanying consolidated financial statements include certain other entities under the financial control of Boston College, including Boston College Ireland, Ltd. (“BCI”), which is a non-profit entity established as an institute of education in the Republic of Ireland.

Boston College and entities included herein are referred to individually and collectively as the “University”.

The significant accounting policies followed by the University are set forth below and in other sections of these notes.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified into two categories based on the existence or absence of externally imposed restrictions. The net assets of the University are classified and defined as follows:

Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.

With Donor Restrictions

Net assets where use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled or removed by actions of the University.

Net assets with donor restrictions also reflects the historical value of contributions (and in certain circumstances investment returns from those contributions) subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Operating expenses are reported as decreases in net assets without donor restrictions. Investment return, which includes realized and unrealized gains and losses on investments and investment income, net of investment fees, is reported as an increase or decrease in net assets without donor restrictions unless its use is restricted by explicit donor stipulation or by law.

Revenue Recognition

The University recognizes revenue through the five-step model prescribed by the Financial Accounting Standards Board (“FASB”) in the Accounting Standards Codification (“ASC”), *Revenue from Contracts with Customers*: (1) identification of the contract with a customer; (2) identification of the performance obligations in the contract; (3) determination of the transaction price; (4) allocation of the transaction price to the performance obligations in the contract; and (5) recognition of revenue when a performance obligation is met. The University applies the practical expedient in ASC 606-10-50-14 and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The University’s most significant operating revenue streams are tuition and fees, residential life, sponsored research, athletics, and dining services. Residential life, athletics, and dining services revenues are all captured within auxiliary enterprises on the consolidated statement of activities.

The University recognizes revenue as performance obligations are satisfied over time during the course of an academic semester or academic year, typically within one fiscal year. Tuition and fees, residential life, and dining revenues are recognized ratably on a straight-line basis over each academic semester.

The University's athletics revenue, which consists primarily of individual and season ticket sales as well as conference revenue sharing, is recognized as events occur over the course of each sports season or academic year.

The University reflects tuition and fees as well as auxiliary revenue net of student aid on the consolidated statement of activities. Student aid of $271,628,000 and $254,193,000 was applied against published tuition and fees rates in the years ended May 31, 2025 and 2024, respectively. Student aid of $14,745,000 and $11,979,000 was applied against auxiliary revenues in the years ended May 31, 2025 and 2024, respectively.

Revenues associated with nonexchange research and other contracts and grants are recognized when related costs are incurred. Facilities and administrative cost recovery on U.S. Government contracts and grants is based upon a predetermined negotiated rate and is recorded as revenue without donor restrictions.

Conditional promises related to sponsored research of $139,943,000 and $131,278,000 as of May 31, 2025 and May 31, 2024, respectively, are not recorded in the consolidated financial statements.

Nonoperating Activity

Nonoperating activity consists primarily of contributions, investment return, and other losses and gains on: postretirement healthcare benefits, life income adjustments, unfulfilled promises to give, foreign currency translation, partial debt refunding, and the recognition of asset retirement obligations. All other activity is classified as operating revenue or expense.

To the extent contributions, investment income, and gains are used for operations, they are reclassified as nonoperating assets utilized or released from restrictions for operations.

Expirations of time and purpose restrictions on net assets or other clarifications from donors are presented as net assets reclassified or released from restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the appropriate net asset category in the year received. Contributions receivable are recorded at the present value of expected future cash flows, net of an allowance for estimated unfulfilled promises to give. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions of nonfinancial assets, including books, artwork, and equipment are recorded at fair market value based on independent appraisal or prices of identical or similar products. The University recognized nonfinancial asset contributions of $305,000 and $507,000 as of May 31, 2025 and 2024, respectively, of which $257,000 and $437,000, were contributed artwork. Contributed artwork is not monetized and is held for educational purposes.

Contributions and investment return with donor-imposed restrictions, which are reported as revenues with donor restrictions, are released to net assets without donor restrictions when an expense is incurred that satisfies the restriction.

Contributions restricted for the purchase of property, plant and equipment are reported as nonoperating revenues with donor restrictions and are released to net assets without donor restrictions upon acquisition, when the asset is placed into service, or earlier, based on explicit donor stipulations.

Contributions received for which the designation is pending by the donor are classified as net assets with donor restrictions. Once a designation is made by the donor, the contributions are reclassified to the appropriate net asset category as part of net assets reclassified or released from restrictions.

Contribution and sponsored research revenue with donor restrictions for which the restriction is met in the same period as the contribution or grant is received is recorded as revenue without donor restrictions.

Cash and Cash Equivalents, Restricted Cash, and Investments

Cash and cash equivalents consists of operating funds deposited in cash management accounts and other investments with maturities at the time of purchase of 90 days or less. Cash and short-term investments held in the investment portfolio are carried at market value and are included in investments.

Investment transactions are recorded on the trade date and dividend income is recorded on the ex-dividend date.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sums to the amounts shown in the consolidated statements of cash flows.

(in thousands)	2025	2024
Cash and cash equivalents	$ 34,675	$ 33,898
Cash and restricted cash included in investments	330,452	70,693
Cash and restricted cash included in funds held by trustees	228,761	-
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	$ 593,888	$ 104,591

Amounts included in cash and restricted cash included in investments relate to endowment, short-term investments, and student loans. Amounts included in cash and restricted cash included in funds held by trustees relate to tax-exempt bond proceeds and debt service.

Split-Interest Agreements
The University has split-interest agreements consisting primarily of charitable gift annuities, pooled income funds, charitable remainder trusts, and charitable lead trusts. Split-interest agreements which are included in investments amount to $49,617,000 and $42,002,000 as of May 31, 2025 and 2024, respectively. Contributions are recognized at the date the trusts are established net of a liability for the present value of the estimated future cash outflows to beneficiaries. The present value of payments is discounted with rates that range from 0.4% to 9.4%. The liability of $18,104,000 and $15,283,000 as of May 31, 2025 and 2024, respectively, is adjusted during the term of the agreements for changes in actuarial assumptions.

Use of Estimates
The preparation of consolidated financial statements in accordance with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Income Taxes
The University is a qualified tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Prior Year Summarized Information
The consolidated financial statements include certain prior year summarized comparative information, but do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's audited financial statements for the year ended May 31, 2024, from which the summarized information was derived.

Subsequent Events
The University has assessed the impact of subsequent events through September 26, 2025, the date the audited consolidated financial statements were issued, and concluded there were no such events that require adjustment to the audited consolidated financial statements or disclosure in the notes to the audited consolidated financial statements.

B. Accounts, Notes and Other Receivables

Accounts receivable and notes receivable are stated net of allowances for expected credit losses. As of May 31, 2025 and 2024, the allowance related to accounts receivable is $3,550,000 and $3,758,000, respectively.

Notes and other receivables consist of amounts due from students under U.S. Government and University sponsored loan programs and from the Weston Jesuit Community, Inc. under a ground lease agreement. As of May 31, 2025 and 2024, the amount due under the loan programs is $5,144,000 and $6,186,000, respectively. The notes receivable due from students under loan programs are subject to significant restrictions and, accordingly, it is not practicable to determine the fair value of such amounts. As of May 31, 2025 and 2024, the allowance related to student notes receivable is $1,140,000.

C. Contributions Receivable

Contributions receivable are summarized as follows as of May 31:

(in thousands)	**2025**	**2024**
Unconditional promises scheduled to be collected in		
Less than one year	$ 152,502	$ 81,320
Between one year and five years	241,595	158,256
More than five years	112,195	126,685
Less: Discount and allowance for unfulfilled promises to give	(112,075)	(102,490)
Contributions receivable, net	$ 394,217	$ 263,771

A present value discount of $82,992,000 and $79,682,000 as of May 31, 2025 and 2024, respectively, has been calculated using discount factors that approximate the risk and expected timing of future contribution payments.

The University has reflected contributions received during fiscal 2025 and 2024 at fair value as determined in accordance with fair value accounting guidance.

Conditional promises from donors of $33,720,000 and $37,700,000 as of May 31, 2025 and 2024, respectively, are not recorded in the consolidated financial statements.

D. Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year consists of the following as of May 31:

(in thousands)	**2025**	**2024**
Financial assets		
Cash and cash equivalents	$ 34,675	$ 33,898
Accounts receivable, net	33,784	35,512
Contributions receivable	15,555	9,228
Short-term investments	582,283	501,725
Estimated endowment distribution	209,625	190,175
Total financial assets available within one year	875,922	770,538
Liquidity resources		
Line of credit	75,000	75,000
Total financial assets and liquidity resources available within one year	$ 950,922	$ 845,538

The University structures financial assets to be available as general expenditures and other obligations come due and invests cash in excess of daily requirements in short-term investments.

The University does not intend to spend from board-designated endowment funds (Note I) other than amounts appropriated for general expenditure as part of the annual budget approval and appropriation process. Amounts from the board-designated endowment could be made available if necessary, subject to the lock-up provisions in Note E.

E. Investments

Investments are stated at fair value and include accrued income. The value of publicly traded securities is based upon quoted market prices and net asset values. Other securities, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers or appraisers. Management has established procedures in place to evaluate and monitor third party valuations, including regular communication with fund managers, the review of partnership financial statements and monthly performance metrics, prior to investment and on a regular basis going forward. The University believes that these valuations are a reasonable estimate of fair value as of May 31, 2025 and 2024, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

Investments, including funds held by trustees, consist of the following as of May 31:

	2025		2024	
(in thousands)	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Equities	$ 2,349,979	$ 3,561,385	$ 2,208,426	$ 3,274,684
Fixed income	1,300,915	1,309,576	933,827	941,045
Real assets	137,754	150,249	135,796	148,247
	$ 3,788,648	$ 5,021,210	$ 3,278,049	$ 4,363,976

Equities include common stock, mutual funds, commingled funds, and limited partnership interests. Fixed income includes cash, money market funds, commingled funds, limited partnership interests, and treasury and agency securities. Real assets include limited partnership interests and real estate.

A three level hierarchy of valuation inputs has been established based on the extent to which the inputs are observable in the marketplace. Level I is considered observable based on inputs such as quoted prices in active markets. Level II is considered observable based on inputs other than quoted prices in active markets, and Level III is considered unobservable.

As of May 31, 2025, the University's investments include $579,866,000 of Level I equities, $1,294,172,000 of Level I fixed income securities, $11,004,000 of Level II fixed income securities and $4,400,000 of Level III fixed income securities. Excluded from the fair value hierarchy at May 31, 2025 are $2,981,519,000 of equities and $115,414,000 of real assets, for which fair value is measured at net asset value per share using the practical expedient.

As of May 31, 2024, the University's investments include $595,150,000 of Level I equities, $927,187,000 of Level I fixed income securities, $9,427,000 of Level II fixed income securities and $4,431,000 of Level III fixed income securities. Excluded from the fair value hierarchy at May 31, 2024 are $2,679,534,000 of equities and $112,832,000 of real assets, for which fair value is measured at net asset value per share using the practical expedient.

As of May 31, 2025, $34,213,000, $11,004,000 and $4,400,000 of split interest agreements are included in Level I, Level II, and Level III, respectively. As of May 31, 2024, $28,144,000, $9,427,000 and $4,431,000 of split interest agreements are included in Level I, Level II, and Level III, respectively.

The fair values of limited partnerships are represented by the net asset value of each partnership. The objective of these investments is to generate long-term returns significantly higher than public equity markets on a risk adjusted basis. Redemption terms for those investments valued at net asset value consist of the following as of May 31:

	2025			
(in thousands)	**Equities**	**Fixed Income**	**Real Assets**	**Total**
Redemption terms				
Within 30 days	$ 204,669	$ -	$ -	$ 204,669
Quarterly				
30-90 days prior written notice	628,787	-	-	628,787
Semi-annually, annually				
30-180 days prior written notice	449,496	-	-	449,496
Greater than 1 year	1,698,567	-	115,414	1,813,981
	2,981,519	-	115,414	3,096,933
Level I securities	579,866	1,294,172	-	1,874,038
Other investments	-	15,404	34,835	50,239
Total investments	$ 3,561,385	$ 1,309,576	$ 150,249	$ 5,021,210

	2024			
(in thousands)	**Equities**	**Fixed Income**	**Real Assets**	**Total**
Redemption terms				
Within 30 days	$ 249,841	$ -	$ -	$ 249,841
Quarterly				
30-90 days prior written notice	675,393	-	-	675,393
Semi-annually, annually				
30-180 days prior written notice	329,416	-	-	329,416
Greater than 1 year	1,424,884	-	112,832	1,537,716
	2,679,534	-	112,832	2,792,366
Level I securities	595,150	927,187	-	1,522,337
Other investments	-	13,858	35,415	49,273
Total investments	$ 3,274,684	$ 941,045	$ 148,247	$ 4,363,976

The University is committed to invest up to an additional amount of $934,500,000 and $715,500,000 as of May 31, 2025 and 2024, respectively.

F. Endowment

The net assets associated with the University's endowment funds are classified in accordance with relevant state law as interpreted by the Board of Trustees. These classifications are without donor restrictions and with donor restrictions based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions include board-designated funds and any accumulated income and appreciation thereon. Net assets with donor restrictions include contributions not yet designated by donors and accumulated appreciation on funds classified as with donor restrictions. Net assets with donor restrictions also includes contributions designated by donors to be invested in perpetuity to produce income for general or specific purposes.

The long-term performance objective of the endowment portfolio is to attain an average annual total return that exceeds the University's spending rate plus inflation within acceptable levels of risk over a full market cycle. To achieve its long-term rate of return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield.

The University is subject to the Massachusetts Uniform Prudent Management of Institutional Funds Act of 2009 ("UPMIFA"), under which donor-restricted endowment funds may be appropriated for expenditure by the Board of Trustees of the University in accordance with the standard of prudence prescribed by UPMIFA.

The University's spending policy for its donor restricted endowment, as approved by the University's Board of Trustees, aims to provide a stable and predictable source of funding for the University's academic and strategic initiatives and also to protect the real value of the endowment over time. Per the University's spending policy, the amount that can be expended for current operations is based on a weighted average of prior year spending adjusted for an inflationary factor and 5% of a twelve quarter moving average of market values. At its discretion, the Board of Trustees may authorize a higher or lower amount of spending from the restricted endowment to adjust for prior investment performance, current market conditions, or other factors to meet operating needs.

The University does not distribute from funds with market values less than historical value. To the extent that the fair value of a donor restricted endowment fund falls below its historic dollar value it is reported as a reduction of net assets with donor restrictions. As of May 31, 2025 and 2024, there were no endowment funds with a market value less than historical value.

G. Property, Plant and Equipment

The physical plant assets of the University are stated at cost on the date of acquisition or in the case of contributions, at fair market value or appraised value on the date of donation. Physical plant assets consist of the following as of May 31:

(in thousands)	2025	2024
Land and improvements	$ 531,330	$ 520,578
Buildings	2,487,101	2,402,153
Equipment	349,180	329,278
Library books	282,715	272,387
Rare book and art collections	60,620	59,500
Plant under construction	103,875	94,092
Property, plant and equipment, gross	3,814,821	3,677,988
Accumulated depreciation	(1,631,647)	(1,514,810)
Property, plant and equipment, net	$ 2,183,174	$ 2,163,178

Annual provisions for depreciation of physical plant assets are computed on a straight-line basis over the expected useful lives of the individual assets, averaging 20 years for land improvements, 25-60 years for buildings, 2-15 years for equipment, and 10 or 50 years for library books. Rare book and art collections are reflected at historical cost and are not depreciated. Depreciation for the years ended May 31, 2025 and 2024 amounted to $125,612,000 and $119,364,000, respectively.

Maintenance and repairs are expensed as incurred and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts and gains or losses are included in the consolidated statement of activities. The University retired or disposed of $8,921,000 and $11,210,000 in gross plant assets for the years ended May 31, 2025 and 2024, respectively.

Property, plant and equipment additions of $16,681,000 and $16,481,000 are included in accrued liabilities on the consolidated statements of financial position for the years ended May 31, 2025 and 2024, respectively.

The University recognized $1,014,000 and $939,000 of operating expenses relating to the accretion of liabilities associated with the retirement of long-lived assets for the years ended May 31, 2025 and 2024, respectively. Conditional asset retirement obligations of $21,451,000 and $20,926,000 as of May 31, 2025 and 2024, respectively, are included in accrued liabilities.

The University has commitments of $123,857,000 and $38,995,000 to complete various capital projects and property acquisitions as of May 31, 2025 and 2024, respectively.

H. Bonds and Mortgages Payable

Bonds and mortgages payable consist of the following as of May 31:

(in thousands)	**2025**	**2024**
Massachusetts Health and Educational Facilities Authority (MHEFA)		
Boston College Issues (fixed rate)		
Series M, 5.50%, due 2025-2035	$ 119,190	$ 129,360
Massachusetts Development Finance Agency (MDFA)		
Boston College Issues (fixed rate)		
Series S, 4.12 - 5.00%, due 2025-2038	3,875	73,645
Series T, 3.37 - 5.00%, due 2033-2042	129,305	129,305
Series U, 5.00%, due 2025-2040	103,280	115,000
Series V, 5.00%, due 2053-2056	101,960	101,960
Series W, 4.25 - 5.00%, due 2027-2056	372,660	-
Trustees of Boston College (fixed rate)		
Taxable bonds, Series 2013, 4.17 - 5.09%, due 2025-2043	124,065	130,285
Taxable bonds, Series 2017, 3.99%, due 2042-2047	250,000	250,000
Taxable bonds, Series 2019, 3.13%, due 2049-2053	300,000	300,000
Taxable bonds, Series 2021, 3.04%, due 2055-2057	135,000	135,000
Bonds and mortgages payable, par	1,639,335	1,364,555
Unamortized original bond issue premium	137,612	108,930
Unamortized issuance cost on bonds	(9,099)	(7,157)
Bonds and mortgages payable, net	$ 1,767,848	$ 1,466,328

As of May 31, 2025, principal payments due on all long-term bonds and mortgages payable are as follows: $36,295,000 in 2026, $36,205,000 in 2027, $35,100,000 in 2028, $37,080,000 in 2029, $37,945,000 in 2030 and $1,456,710,000 thereafter.

Interest expense for the years ended May 31, 2025 and 2024 amounted to $49,987,000 and $50,537,000, respectively. The University capitalized interest of $2,071,000 and $1,546,000 for the years ended May 31, 2025 and 2024, respectively.

The University has an agreement for a $75,000,000 unsecured line of credit. As of May 31, 2025 and 2024, there was no balance outstanding on the line of credit.

In March 2025, the University issued $372,660,000 of MDFA Series W Revenue Bonds (“Series W”). The Series W was issued with an original issue premium of $41,209,000, which will be amortized over the life of the bonds. A portion of the net proceeds from Series W, $61,023,000, were used to refund a portion of existing MDFA Series S Revenue Bonds (“Series S”). The retirement of Series S was comprised of $60,270,000 repayment of par value and $753,000 of interest prepayment. The University incurred costs of $2,841,000 associated with the issuance of Series W, which were capitalized and will be amortized over the life of the bonds, and recognized a net gain of $5,940,000 on the partial refunding, which was recorded within other losses, net in the consolidated statement of activities. The remaining net proceeds from Series W are being used to fund certain capital needs, including the acquisition and renovation of the Newton East Campus, renovations to the Brookline Campus, and the construction, renovation, and improvement of academic, student life, and support facilities.

I. Net Assets

Net assets consist of the following as of May 31:

	Without Donor Restrictions		With Donor Restrictions	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Endowment net assets, beginning of year				
Board designated	$ 1,480,128	$ 1,326,034	$ -	$ -
Donor restricted	-	-	2,428,322	2,221,212
Contributions	-	-	125,365	65,375
Investment return, net	149,965	162,200	230,252	250,755
Appropriation of endowed assets for expenditure	(84,041)	(74,071)	(127,780)	(113,610)
Net assets reclassified or released from restrictions	99,269	66,151	9,789	6,175
Other losses	(257)	(186)	(1,016)	(1,585)
Endowment net assets, end of year				
Board designated	1,645,064	1,480,128	-	-
Donor restricted	-	-	2,664,932	2,428,322
Designated for specific purposes	227,885	204,712	-	-
Net investment in plant	730,008	787,194	-	-
Program support	-	-	225,719	130,136
Contributions for plant assets	-	-	136,734	121,497
Student loans	-	-	830	810
Total net assets	$ 2,602,957	$ 2,472,034	$ 3,028,215	$ 2,680,765

Included in net assets with donor restrictions on the consolidated statements of financial position as of May 31, 2025 and 2024 are $1,597,552,000 and $1,460,976,000 of perpetually restricted funds and $1,430,663,000 and $1,219,789,000 of funds restricted for time or purpose, respectively.

Net assets with donor restrictions consist of the following as of May 31:

(in thousands)	**2025**	**2024**
Scholarships and fellowships	$ 1,134,350	$ 1,098,382
Educational purposes	1,011,509	886,136
Professorships	488,139	432,476
Contributions receivable, net	394,217	263,771
Total	$ 3,028,215	$ 2,680,765

J. Classification of Expenses

Expenses are presented by functional classification in accordance with the overall service mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation expense is allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt. Expenses associated with the operations and maintenance of facilities are allocated to the appropriate functional classifications based on square footage calculations and each functional area's corresponding use of those services.

Expenses by functional classification for the year ended May 31 consist of the following:

	2025					
(in thousands)	**Salaries and Benefits**	**Operating Expenses**	**Depreciation/ Amortization**	**Interest**	**Operations and Maintenance of Facilities**	**Total**
Educational activities	$ 376,195	$ 75,761	$ 46,957	$ 16,387	$ 44,040	$ 559,340
Research	44,001	22,597	2,526	-	-	69,124
Student services	48,356	20,869	17,933	8,436	8,111	103,705
General administration	122,043	35,150	7,415	3,831	7,510	175,949
Auxiliary enterprises	86,487	78,358	46,417	18,822	38,780	268,864
Operations and maintenance of facilities	58,204	32,993	4,733	2,511	(98,441)	-
Total	$ 735,286	$ 265,728	$ 125,981	$ 49,987	$ -	$ 1,176,982

	2024					
(in thousands)	**Salaries and Benefits**	**Operating Expenses**	**Depreciation/ Amortization**	**Interest**	**Operations and Maintenance of Facilities**	**Total**
Educational activities	$ 344,697	$ 71,271	$ 45,685	$ 17,243	$ 41,566	$ 520,462
Research	42,787	24,409	2,282	-	-	69,478
Student services	44,623	17,755	17,413	7,845	7,640	95,276
General administration	110,394	38,474	7,116	3,891	7,072	166,947
Auxiliary enterprises	79,678	77,614	42,655	19,828	37,618	257,393
Operations and maintenance of facilities	54,417	33,079	4,670	1,730	(93,896)	-
Total	$ 676,596	$ 262,602	$ 119,821	$ 50,537	$ -	$ 1,109,556

Included in the general administration expense category on the consolidated statement of activities are expenses incurred in carrying out the fundraising activities of the University, which amounted to $40,501,000 and $38,951,000 for the years ended May 31, 2025 and 2024, respectively.

K. Retirement Programs

All eligible full-time personnel may elect to participate in a defined contribution retirement program. Under the program, the University makes contributions, currently limited to 8-10% of the annual wages of participants, up to defined limits. Voluntary contributions by participants are made subject to IRS limitations. The limitation applicable to University contributions is on a combined plan basis. For the years ended May 31, 2025 and 2024, the University's contributions to the retirement program are $34,459,000 and $32,063,000, respectively.

The University provides certain health care benefits for retired employees through either a defined benefit retirement medical program or a Retirement Medical Savings Account depending upon certain age and service requirements. Employees will become eligible for this benefit if they reach retirement while employed by the University. The plan does not hold assets and is funded as benefits are paid. The estimated future cost of providing postretirement health care benefits is recognized on an accrual basis over the period of service during which benefits are earned.

The net periodic postretirement health care benefit cost and other changes in plan assets and benefit obligation recognized in net assets without donor restrictions are determined as follows for the years ended May 31:

(in thousands)	**2025**	**2024**
Service cost	$ 2,412	$ 2,471
Net periodic postretirement benefit cost	2,412	2,471
Net loss (gain)	1,883	(1,569)
Interest cost	4,661	4,376
Other changes in plan assets and benefit obligation	6,544	2,807
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ 8,956	$ 5,278

For measurement purposes, the assumed annual rates of increase for measuring the accumulated benefit obligation at May 31, 2025 were: 6.75% in the per capita cost of covered health care benefits for post-65 benefits and 7.50% in the per capita cost of covered health care benefits for pre-65 benefits. Rates were assumed to decrease gradually to 3.50% in 2035 for post-65 benefits and to 3.75% in 2035 for pre-65 benefits and remain at those levels thereafter. The assumed annual rates of increase for measuring the obligation at May 31, 2024 and the net periodic benefit cost for the year ending May 31, 2025 were: 5.25% in the per capita cost of covered health care benefits for post-65 benefits and 6.50% in the per capita cost of covered health care benefits for pre-65 benefits. Rates were assumed to decrease gradually to 4.00% in 2029 for post-65 benefits and to 4.50% in 2029 for pre-65 benefits and remain at those levels thereafter. The assumed annual rates of increase for measuring the net periodic benefit cost for the year ending May 31, 2024 were: 5.75% in the per capita cost of covered health care benefits for post-65 benefits and 7.00% in the per capita cost of covered health care benefits for pre-65 benefits. Rates were assumed to decrease gradually to 4.00% in 2029 for post-65 benefits and to 4.50% in 2029 for pre-65 benefits and remain at those levels thereafter.

The discount rate used to determine the accumulated benefit obligation is 5.75% as of May 31, 2025 and 5.50% as of May 31, 2024. The discount rate used to determine the net periodic postretirement benefit cost is 5.50% as of May 31, 2025 and 5.25% as of May 31, 2024.

The long-term interest crediting rate on Retiree Medical Savings Accounts used to determine the accumulated benefit obligation is 5.00% as of May 31, 2025 and May 31, 2024. The long-term interest crediting rate on Retiree Medical Savings Accounts used to determine the net periodic postretirement benefit cost is 5.00% as of May 31, 2025 and May 31, 2024.

A reconciliation of the accumulated postretirement benefit obligation and plan assets are as follows as of May 31:

(in thousands)	2025	2024
Reconciliation of accumulated postretirement benefit obligation		
Benefit obligation, beginning of year	$ 85,863	$ 84,208
Service cost	2,412	2,471
Interest cost	4,661	4,376
Plan participant contributions	2,229	1,941
Benefits paid	(6,661)	(5,564)
Actuarial loss (gain)	1,883	(1,569)
Benefit obligation, end of year	$ 90,387	$ 85,863
Amounts not yet recognized as a component of net periodic benefit cost		
Net actuarial gain	$ (16,463)	$ (19,270)
	$ (16,463)	$ (19,270)

The losses related to changes in the benefit obligation for the period ending May 31, 2025 were primarily due to actual claims experience and changes in the healthcare trend rates, offset by the changes in the discount rate. The gains related to changes in the benefit obligation for the period ending May 31, 2024 were primarily due to changes in the discount rate.

As of May 31, 2025 and 2024, the benefit obligation is reflected in accrued liabilities on the consolidated statements of financial position.

Expected benefit payments, net of participant contributions, are as follows: $4,860,000 in 2026, $5,260,000 in 2027, $5,770,000 in 2028, $6,250,000 in 2029, $6,750,000 in 2030 and $39,020,000 in the five fiscal years thereafter.

L. Related Party

Members of the Board of Trustees and senior management may be associated either directly or indirectly with companies conducting business with the University. The University has a written conflict of interest policy that requires annual reporting by each Trustee member and University senior management. Conflicts are resolved in accordance with the policy.

The University has mortgages, loans, and notes due from various related parties of $27,390,000 and $27,368,000 as of May 31, 2025 and 2024, respectively. In the normal course of business, the University receives contributions, invests capital, and purchases goods and services from related party entities.

M. Commitments and Contingencies

The University has several legal cases pending that have arisen in the normal course of its operations. The University believes that the outcome of these cases will have no material adverse effect on the financial position of the University.