



OFFICE OF THE PRESIDENT  
BROWN UNIVERSITY

# Brown University Annual Financial Report Fiscal Year 2025

# Brown University Summary

*Fiscal years ended June 30*

FINANCIAL <i>(dollars in millions)</i>	FY25	FY24
<b>Principal Revenue Sources</b>		
Tuition and fees (net)	<b>\$444</b>	\$412
Grants and contracts	<b>\$310</b>	\$299
Endowment return appropriated	<b>\$352</b>	\$281
Contributions	<b>\$307</b>	\$361
Total investment return	<b>\$800</b>	\$693
<b>Principal Purpose of Expenditures</b>		
Instruction and departmental research	<b>\$514</b>	\$483
Academic and student support	<b>\$375</b>	\$355
<b>Financial Balance Sheet</b>		
Total assets	<b>\$11,284</b>	\$10,065
Total liabilities	<b>\$2,349</b>	\$1,729
Net assets	<b>\$8,934</b>	\$8,336
<b>Fundraising</b>		
New gifts and pledges	<b>\$351</b>	\$503
Cash	<b>\$374</b>	\$313
<b>STUDENTS</b>		
<b>Enrollment</b>		
Undergraduate students	<b>7,910</b>	7,741
Graduate students	<b>3,447</b>	3,173
Medical students	<b>599</b>	602
<b>Degrees Conferred</b>		
Bachelor's degrees	<b>1,904</b>	1,944
Master's degrees	<b>1,187</b>	1,024
Doctor of Philosophy	<b>239</b>	251
Doctor of Medicine	<b>147</b>	134
<b>Annual Tuition and Required Fees</b>		
Undergraduate	<b>\$71,312</b>	\$68,130
Graduate	<b>\$69,948</b>	\$66,906
Medical	<b>\$72,518</b>	\$70,526
<b>EMPLOYEES</b>		
Campus-based faculty (all ranks)*	<b>880</b>	866
Medical school faculty	<b>597</b>	588
Non-faculty regular staff**	<b>3,971</b>	3,805

\*Campus-based faculty head counts include professor, associate and assistant professor, and lecturer and senior lecturer.

\*\*Non-faculty regular staff head counts include full- and part-time staff, excluding student and seasonal and contract employees.



In introducing last year's financial report, I noted that although the University's financial performance had been strong in Fiscal Year 2024, Brown faced challenges associated with a persistent structural deficit that would require the University to slow expense growth and grow new revenue streams in the coming years. Through a Financial Health Initiative launched in 2024, we began taking purposeful and successful steps to move the University from a deficit to a surplus over a period of three to five years.

Building upon this landscape, the 2025 fiscal year presented Brown with unprecedented financial challenges and tremendous fiscal uncertainty resulting from federal government actions that will adversely affect Brown's financial health in FY26 and beyond. Multiple federal actions affecting institutions of higher education across the country significantly threatened Brown's financial model. These challenges include reductions in levels of federal research funding; proposals to reduce indirect cost reimbursements for research grants; an increase in the tax on net investment income (the "endowment tax") that is expected to affect Brown beginning in FY27; and federal policy shifts that are impacting federal financial aid and deterring international students from coming to the United States, both of which reduce tuition revenue.

As you will see in the Brown University Annual Financial Report for FY25, most of these policy shifts did not affect the University's finances in FY25. But their impacts will be felt in FY26 and years that follow. These looming threats made it imperative to conclude FY25 in the strongest possible financial position, and we did so by doubling down on controlling expenses and taking other steps to position Brown to navigate successfully through a period of tremendous fiscal uncertainty.

Over the course of spring 2025, Brown increased its liquidity by entering into a \$300 million term loan as insurance against worst-case scenarios. The University also initiated a hiring freeze, reduced growth in operating expenses across academic and administrative units and reduced growth in doctoral programs through the reduction of Ph.D. admission targets. At the same time, we continued to support all aspects of the student experience and make new investments in key academic areas.

As this report demonstrates, our efforts to end FY25 in a strong financial position were successful. The Finance and Budgeting Report shows that the University closed FY25 in a better financial position than the previous year. Brown ended the year with an operating surplus of 0.2%, or \$2.6 million, as determined by generally accepted accounting principles. Net assets grew by 7.2% to \$8.9 billion.

The University benefitted from exceptional endowment returns of 11.9%, resulting in a \$370 million contribution to the operating budget. Despite the wave of grant cancellations affecting many universities in spring 2025, and a complete government freeze on payments to Brown from the National Institutes of Health that began in April 2025 and was not reversed until August 2025, overall research expenditure at Brown increased 5.6% from the previous fiscal year. The Research Report section outlines Brown's approach to navigating the disruption of federal grant funding at the end of FY25 until the frozen funds were restored by a July 30, 2025, agreement with the federal government.

In this extraordinarily challenging time, philanthropy was more important than ever. As you will read in the Report on Fundraising, members of the Brown community enthusiastically came forward to provide direct operational support for research and scholarship facing delay or disruption, with \$4.6 million raised at the close of the fiscal year. Going forward, the Research Resilience and Innovation Fund will support the most promising areas of research at Brown, provide seed grants for early-career researchers and underwrite scholarship in fields unlikely to receive federal funding in the coming years.

Overall, more than 32,500 generous members of the Brown community contributed \$351.4 million in new gifts and pledges. The Brown Annual Fund, which provides immediate-use funding for critical University priorities, had a record-breaking year with \$53.9 million raised. And current-use gifts, which can be spent more immediately and flexibly than endowed funds, totaled \$55.4 million. More focus was placed on current-use gifts in FY25 because the University was able to use these funds immediately to address fiscal uncertainty around sponsored research, federal Pell grants and tuition from international students.

The lesson from the past year is that, through careful and strategic stewardship of the University's resources, and with the support of Brown's large community of alumni, parents and friends, we were able to achieve a strong financial outcome while continuing to grow and strengthen our world-class academic and research programs that are distinctive to the Brown experience. Although the coming years may prove to be difficult, the University is as well positioned as possible to navigate through these challenging times.

Sincerely,

Christina H. Paxson  
President

# Finance and Budgeting Report

## Brown University Finance Division

Brown University's mission is to maximize impact on society and the world by educating students and advancing research, knowledge and discovery. It's the community at Brown — the faculty, staff and students — who make it possible to achieve this mission, and the University's commitment to its community members directs all aspects of Brown's financial decision making. In any given year, Brown's decisions regarding how to allocate a limited pool of financial resources are made with an eye toward ensuring that the University's faculty, staff and students thrive and succeed as the University advances its mission.

Through this Annual Financial Report, Brown aims to develop and share an understanding of its resources and priorities among all members of the extended Brown community — faculty, staff, students, alumni, parents and others with an interest in the University. This shared understanding is important to both the success of the academic enterprise and the culture of the campus community.

Recognizing that operating budgets and audited financial statements can be challenging to interpret, this Finance and Budgeting section of the Annual Financial Report has two primary components:

- **Brown's Financial Model:** This section provides a high-level overview of the factors driving Brown's financial decision making.
- **Review of Fiscal Year 2025 Financial Statements:** This section reviews the FY25 financial performance of the University, based on Brown's audited financial statements.

### BROWN'S FINANCIAL MODEL

The University takes a long-term view with respect to financial sustainability, recognizing that important decisions today affect the institution's present and future. The economic landscape in which universities operate is increasingly complex and, in FY25, Brown contended with new and unexpected threats to the federally funded components of its financial model — and others affected by federal policy — that had previously endured for decades. A rapidly changing economic and policy landscape facing institutions of higher education, including Brown, has prompted an increased focus on financial strategy, cost discipline and multiyear planning to make it possible to weather uncertainty and economic disruptions. The University works to carefully balance investing in the people, capital and resources that drive education, discovery and innovation, while maintaining careful stewardship of Brown's finances to ensure the longevity of the work that its faculty, staff and students do every day.

In making financial decisions, Brown reflects its commitment to shared governance. Each year, the University Resources Committee (URC), a committee comprising members of the faculty, students and administrators, performs an annual assessment of the University's overall financial health, projected operating revenues, expenses and academic priorities. This assessment informs its recommendations to the president on major elements of the budget that reflect the University's institutional values and an expressed commitment to these core tenets: academic excellence; sustaining a community that cultivates diversity of perspectives, ideas and experiences; and maintaining a financially sustainable operating model. Factoring in recommendations from committees such as the URC, the president ultimately recommends a budget to the Corporation of Brown University, the University's highest governing body, which approves final recommendations on the University's budget.

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<sup>1</sup> The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) and audited by independent outside auditors. Throughout this report, GAAP financials have been summarized for presentation purposes in charts and tables.

### Brown's Financial Health

Brown University closed FY25 in a stronger financial position than the previous year, posting an operating surplus of 0.2%, or \$2.6 million, as determined by generally accepted accounting principles (GAAP<sup>1</sup>). The University's endowment and other managed assets generated an investment return of 11.9% in FY25, up from 11.3% in the prior fiscal year. This represents a significant shift from the FY25 budget outlook projected at the end of FY24. The Corporation of Brown University had approved an operating budget for FY25 with a \$46 million structural deficit. The improved financial picture was thanks in part to a Financial Health Initiative launched in Q2 of FY24 to constrain the deficit.

Brown initiated a series of financial actions, including limiting faculty and staff headcount growth; instituting a hiring freeze; reducing Ph.D. admission targets; reducing the growth in operating expenses across academic and administrative units; and developing new revenue-generating strategies. The resulting strengthened financial position comes despite recent changes in many federal funding priorities, revised legislation, executive orders and other actions that U.S. colleges and universities had to navigate during the year, many of which had significant funding impacts, including for Brown.

Most notably, on April 3, at the start of Q4 of the fiscal year, the federal government paused reimbursements on existing Brown grants from the National Institutes of Health. These grants represent more than 70% of the University's federal research funding and totaled more than \$50 million in overdue payments as of June 30 (with the number increasing by about \$3.5 million per week). In addition, during this pause, the National Institutes of Health was making no new grant awards to Brown and issuing no routine annual grant renewals. (See the Research Report section of this Annual Financial Report.) This prompted extensive financial scenario planning and an extension of the deficit-reduction actions, as well as new initiatives, such as an increased focus on fundraising for current-use gifts.

Following an agreement signed with the government on July 30, shortly after the end of the fiscal year, federal funding was restored on Brown's frozen grants. However, other policy and regulatory changes continue to impact large components of college and university budgets nationally, including a reduced federal budget for sponsored research, increased net investment income taxes (new tiers of the "endowment tax") and challenges with tuition-generating programs that admit international students. In addition to these changes at the federal level, there has been significant disruption across the globe in financial markets due to uncertainty related to tariff policies, continuing geopolitical challenges and intermittent signs of inflation. These challenging conditions reinforce the need to exercise vigilance in monitoring expenses and revenues, and to protect the capacity of the endowment to be an ongoing resource for generations to come. The University will continue to closely monitor both developing federal actions and market conditions to inform its budgeting approach.

Brown's net assets at the end of FY25 grew to \$8.9 billion, increasing by \$598.0 million, or 7.2%, from FY24. Total debt at the end of FY25 stood at \$1.66 billion, up from \$1.28 billion in FY24. Reflected in this increase is \$300 million in new loans the University borrowed in April to protect against worst-case financial scenarios amid federal policy changes. Many other colleges and universities accessed the debt markets during this period to increase their liquidity due to broad uncertainty. The current portfolio of debt has an average maturity of 16.2 years and carries a 3.24% blended cost of capital, which remains one of the lowest in higher education. Brown's credit rating remains at AA+/Aa1 with S&P and Moody's respectively, reflecting the financial health of the University. Philanthropy continues to play a critical role in supporting the University's mission, particularly at a time of ongoing uncertainty related to Brown's ability to rely on historical sources of funding. In FY25 Brown experienced another exceptional year for fundraising, raising \$351.4 million in new gifts and pledges. (See the Fundraising Report section of this report.)

While many of the actions the University took over the last year contributed to bolstering Brown's overall financial strength, and funded continued dynamic growth, the University is operating in a financial climate where multiple factors create considerable financial pressure. Among those risks are the modest projected growth in undergraduate tuition, with no current plans for further expansion of the undergraduate student body, as well as visa challenges for incoming international students — primarily master's students — reducing tuition revenue from those unable to enter the country to begin their studies.

In addition, while the University's FY25 investment return is impressive, the future planning assumption is for more modest investment returns than in past record-setting years, meaning the growth in the endowment's annual contribution to the operating budget may be slower than in recent years. Even with this expected slower revenue growth, the University remains focused on maintaining competitive compensation for its faculty and staff, as well as planning for increases in the cost of new debt and inflation that may remain higher than the low inflation that persisted for much of the last decade. It will be important for the University to remain focused on new and innovative academic programs to balance projected revenue and expense growth.

Considering all these factors, the report of the URC noted the following for FY26: "these factors, combined, indicate that careful financial management will be essential..." particularly in preventing sustained annual budget deficits. The University is focused on developing achievable targets to bring the budget into balance, while also continuing to make the strategic investments necessary to increase Brown's impact as a leading research institution. This work is already well underway and will continue over the next several years in consultation with the URC and other campus partners. Brown is as vibrant as ever and, with careful financial planning, will remain so far into the future.

## FY25 Categories of Funding Sources/Revenues

- 1. Net Tuition and Fees.** Accounting for 29.4% of total University funding in FY25, net tuition and fees is the single largest source of revenue supporting academic and administrative operations. In accordance with GAAP, student tuition and fees are presented net of certain undergraduate scholarships and graduate financial support.

This calculation begins with gross tuition and fees from Brown's undergraduate, graduate and medical programs. In FY25, gross tuition was \$772 million. For the 2024-25 academic year, each undergraduate student was charged tuition of \$68,612 per year, not including room and board (whose revenue is included in "sales and services of auxiliary enterprises"). Tuition for most doctoral and on-campus master's degree programs was \$8,576 per course (approximately a dozen master's programs have tuition rates that vary from the standard), and medical school tuition was \$71,192.

Net tuition is defined as gross tuition minus financial aid provided to Brown students. Undergraduate scholarships and financial support for graduate students amounted to \$328 million in FY25, with \$212 million for undergraduate financial aid (provided as University scholarships) and \$116 million for graduate and medical student fellowships. For the 2024-25 academic year, nearly half of all undergraduates (47%) received University scholarships, and the average University scholarship award was \$61,027.

Similarly, while gross tuition for doctoral students was \$117 million in FY25, Ph.D. tuition revenue was largely offset by \$100 million in graduate student aid provided by Brown. Full-tuition scholarships to Ph.D. and MFA students totaled \$68,612 per student.

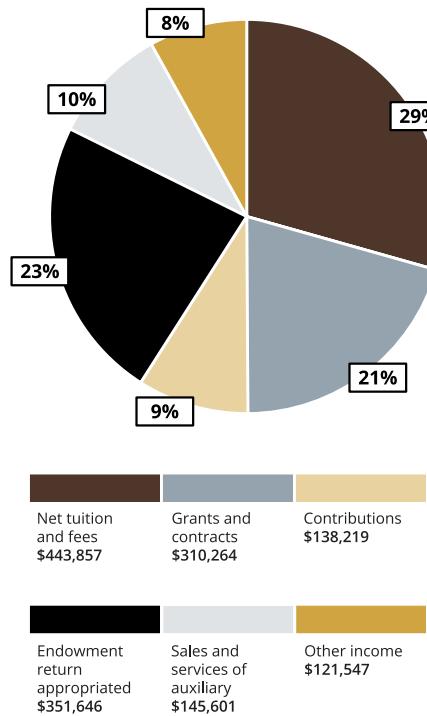
Over the past decade, the University has made the expansion of financial aid a major priority to ensure a Brown education is accessible to students from the full range of socioeconomic backgrounds, regardless of financial need. Undergraduate financial aid has long been among the fastest-growing elements of the annual budget, more than doubling in the past decade. The University follows a need-blind admission policy for all domestic students (transfer students are need-aware) and all student veterans, meaning that admission decisions are made independent of a student's ability to pay. In addition, Brown meets the full assessed financial need (100%) of all undergraduate students who matriculate, including transfer students and international students. Brown eliminated loans from its financial aid packages for all undergraduates starting in the 2018-19 academic year, and further enhancements were announced in fall 2021. Brown eliminated the home equity provision for incoming students for fall 2022, with the resulting increased scholarships covering full tuition for families earning \$125,000 or less a year with typical assets. The University adopted need-blind admissions for international students admitted this fiscal year for the Class of 2029 that matriculated in fall 2025 (after becoming need-blind for domestic students in 2003).

### Principles Guiding Tuition Setting

Each year, the faculty members, students and administrators who make up the URC recommend tuition increases for the coming year. A 4.5% tuition increase was recommended for FY25. The URC deliberates extensively on how to keep tuition increases as reasonable as possible, while ensuring Brown will have the necessary revenues to sustain investment in research, teaching, student support, financial aid and other top priorities. Net tuition and fees have to provide the revenue required for Brown to attract and support the most talented students, faculty and staff, and to sustain the environment needed to advance Brown's mission of advancing knowledge, discovery and innovation to make a positive impact in the world.

Brown has a history of keeping tuition increases modest, while at the same time complementing increases with new and enhanced financial aid initiatives. As noted, the University is committed to meeting 100% of the demonstrated need of all accepted undergraduate

**Figure 1: Components of Revenue**  
Total Revenue \$1,511,134  
*dollars in thousands*



*GAAP statements summarized for presentation purposes*

students, and, beginning with the 2022-23 year, Brown began to cover full tuition for families of undergraduates earning \$125,000 or less with typical assets, while students of families making less than \$60,000 a year with typical assets now receive scholarships that cover all expenses — tuition, room, board, books and other expenses. Even as such enhancements to financial aid are vital for meeting University priorities, they decrease net tuition revenues and must be considered when setting tuition for the coming year.

- 2. Endowment Payout.** Brown's endowment contributed \$352 million to the University in FY25, or 23.3% of total revenue, representing the second-largest revenue source. The portion of the endowment that is paid to support the University budget (the payout rate) is set annually by the Corporation of Brown University and ranges from 4.5% to 5.5% of its average fair value over the prior 12 quarters. Spending within this range over the long term ensures the endowment can weather changes in financial conditions and sustainably support the University's priorities in perpetuity. Limiting payout to this range allows the endowment to grow more quickly than if the payout rate were higher and provides greater levels of support for University priorities in future years. However, the Corporation may decide to increase the payout for strategic purposes from time to time. The payout rate, set at 5.5% for FY25, uses endowment funds in support of vital priorities such as financial aid for students, salaries for faculty members who hold endowed professorships, academic programs, research, libraries, lectures, athletics and various aspects of student life, and other designated purposes.

Most endowed funds are restricted by law to the specific use designated by individual donors. Brown's endowment is not a single fund but is instead a collection of more than 4,000 funds donated to the University over hundreds of years. A small portion of the endowment (currently 13%) is classified as "unrestricted," meaning that the funds have been allocated — without the restriction of a donor's designation — to support purposes identified by the University. These unrestricted funds are invested for the long term in the endowment pool, such that the payout is available to support priorities like financial aid and other operating costs and expenses across campus. To learn more, see the section on "Understanding How the Endowment Contributes to Revenues."

- 3. Sponsored Research Funding.** High-impact research is core to the mission of the University. The major sources of funding for research are grants and contracts from federal agencies, foundations and corporations. Sponsored research is the third-largest source of revenue for Brown, at 20.5% in FY25. Sponsored research revenue supports both direct costs of research, such as the salaries of researchers, equipment, supplies and travel costs associated with the funded research project, and indirect costs of research, such as support for libraries, research administration and utilities and maintenance for laboratory buildings. Approximately 76% of sponsored research awards from the federal government and foundations goes to supporting direct costs.

Although sponsored research awards fund most of Brown's research activity, they do not cover all of the direct and indirect costs of research. In aggregate, grants from federal agencies and foundations typically need an additional investment from the University of between 30% and 40% to fully cover the costs of research. This additional investment is funded by philanthropic sources such as professorships, fellowships and gifts directed to supporting research, as well as other sources of revenues at the University.

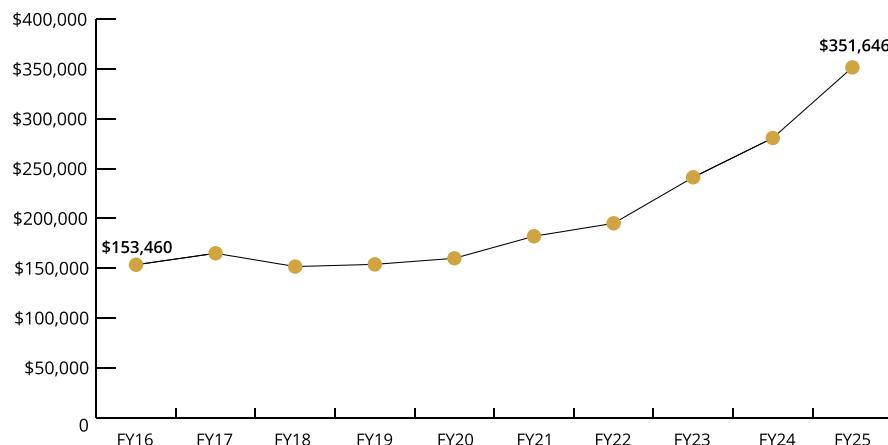
- 4. Auxiliary Revenue.** Sales and services of auxiliary enterprises is the fourth-largest source of operating revenue at the University, at 9.6% for FY25. This category primarily includes revenue from student housing and dining services ("room and board"), student health insurance and the Brown Bookstore. As with tuition and fees, many students have financial aid awards that cover all or part of the costs of room and board and health insurance. In addition, low-income undergraduates qualify for free textbooks from the Brown Bookstore.
- 5. Contributions.** In FY25, contributions made up 9.1% of total operating revenue, the fifth-largest source of funding. Made up of charitable gifts from donors, which are often called "current-use gifts," contributions are not invested with the endowment and are typically spent within a year of receipt. One source of current-use gifts is the Brown Annual Fund, which is used to enrich all aspects of life at Brown, most especially financial aid. The Brown Annual Fund also provides flexibility to respond to unexpected financial challenges and allows the University to take advantage of emerging opportunities, such as developing a new academic program to align with trends in scholarship, research or learning. Donors give other current-use gifts to support specific priorities including student programs, research, diversity initiatives, athletic teams and sustainability.
- 6. Other Income.** Brown receives a small amount of "other income" from sources such as rental income on property owned by Brown, interest on working capital and revenue from affiliation agreements with Rhode Island's two largest health systems that support medical education and research. This contributed \$121.5 million, or 8% of total operating revenue.

## Understanding How the Endowment Contributes to Revenues

As a nonprofit charitable institution, Brown has a legal responsibility to manage its endowment in a financially responsible way, and to use it in support of the University's mission. Since 1769, alumni, parents, students and friends of Brown have made generous donations to support a specific University purpose (i.e., a student scholarship, a specific professorship, faculty research, etc.), and these funds are "restricted" by law for their designated use. The endowment — now totaling more than 4,000 distinct funds — is invested in a diverse portfolio of assets with the goal of growing the original gifts to provide an ongoing income stream to support the specific endowed purpose.

**Figure 2: Endowment Return Contributed to Operating Revenues 2016-2025**

*dollars in thousands*



The University is charged with both protecting and growing the endowment to support Brown's educational mission in perpetuity. Because Brown has preserved and increased the core value of the endowment over time, the University has been able to support past generations of Brown students in their academic pursuits; to fund current education, research and scholarship for those teaching and learning at Brown today; and to make it possible for its students, faculty and staff to advance knowledge and discovery for decades into the future. Growing the endowment means that its payouts to the University — the contributions that fund student, faculty and staff work and provide the facilities, support and services they need — can grow over time.

To support this dual mandate of both preserving and enhancing the endowment, the Corporation of Brown University votes annually on the amount that will be distributed from the endowment to the University. The Corporation limits the endowment's annual distributions to the University to between 4.5% and 5.5% of the average market value of the endowment. The market value is calculated by taking the average over the prior 12 quarters to smooth distributions relative to market conditions. This translates to 16% to 23% of the University's annual operating budget supported by the endowment in any given year over the past decade.

Brown's payout rate of 5.5% for FY25, which increased from 4.8% in FY24, is critical to sustaining the endowment distribution as the University's second-largest source of revenue. With ongoing careful stewardship, the endowment will continue to build financial strength and support for the many mission-critical endeavors of the University's faculty, staff and students, shape the character of Brown as an institution and ensure its permanence.

## SETTING BUDGET PRIORITIES / RESOURCE ALLOCATION

As a joint committee of faculty members, administrators and students, the URC develops a recommendation for major components of Brown's annual operating budget that is ultimately submitted to the president for consideration. The president typically accepts the recommendations of the URC, and these recommendations become part of the president's budget, which is submitted for approval to the Corporation of Brown University, the institution's highest governing body. The URC budget process is an example of shared governance in action at Brown. The committee receives budgetary information on all aspects of University operations in an open and transparent way, with leaders from major areas presenting to the committee. The URC deliberates thoughtfully before making its recommendations on macro-level elements of the budget, such as tuition increases and salary pool recommendations. These decisions involve balancing the need to support the University community with the need to produce a fiscally responsible budget and, in making thoughtful recommendations, the URC is firmly guided by the values of the institution and the goals of the people who live, work and study at Brown.

### Categories of Operating Expenses

- 1. Salaries, Wages and Employee Benefits.** Faculty and staff compensation and benefits is the largest expense category, totaling \$789 million in FY25, or 52% of total expenses. Of this total amount, 39% is for Brown's faculty and 58% for the University staff, with 3% for student employees. For FY25, the URC recommended faculty and staff salary pools of 4.5%. Although tuition and salary pools are not intrinsically linked, the committee discusses the parity between increases in tuition — Brown's largest source of revenue — and the ability to fund salary pool investments for faculty and staff. The URC determined that the proposed increase would enable the University to fund the majority of investments that are necessary to adequately support Brown's faculty and staff.

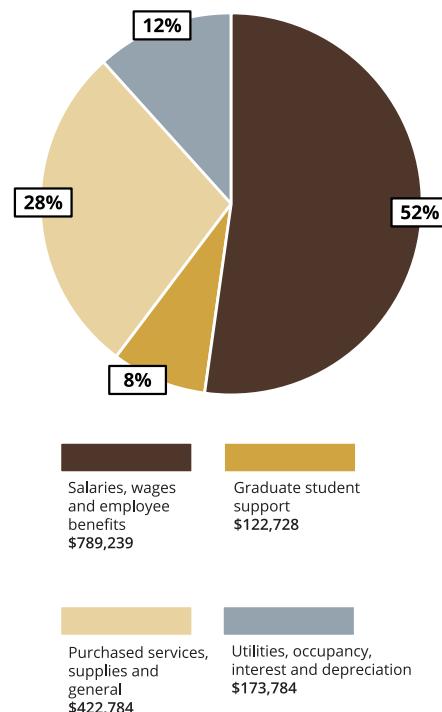
### Principles Guiding Salary Pool Levels

The faculty, administrator, student and staff members of the URC determine salary pools in keeping with the committee's charge to ensure that resources are aligned with the institution's highest strategic priorities and commitment to supporting all members of the community. The University strives to be a place where faculty and staff members can build fulfilling careers while benefiting from competitive salaries, wages and benefits. Brown takes a holistic approach to determining the benefits it offers, including generous health care, retirement, tuition assistance, child care stipends and paid time off, as well as other benefits that make Brown an attractive place to work.

In making its FY25 recommendation, the URC reviewed substantial analysis on faculty salary levels and hiring and retention rates across all faculty ranks and disciplines. To determine staff compensation pools, University Human Resources provides market data and hiring and retention trends at Brown in all staff employment categories. The URC assesses labor markets and such factors as changing modalities of work (including opportunities for remote and hybrid work that have made recruitment and retention more challenging) to ensure that Brown, as an employer, remains competitive.

- 2. Purchased Services, Supplies and General Operating Costs.** The next category of expenses includes the myriad list of products and services needed to operate the University: food, library materials, supplies for research projects, cleaning and maintenance for facilities and grounds, and much more. A University priority is to ensure that the goods and services are purchased economically, and from a diverse range of suppliers who respect the University's commitments to sustainability and ethical labor practices. The University places priority on buying locally sourced products.
- 3. Utilities, Occupancy, Interest and Depreciation.** This next major category of expenses includes the costs to support the University's property, plant and equipment and occupancy costs, such as electricity, water, gas and heat. Interest expense is the result of the University issuing debt to pay for capital expenses, such as constructing new buildings; renovating residence halls, office buildings, classrooms and laboratories; and paying for information technology infrastructure. Depreciation represents the value of the University's

**Figure 3: FY25 Operating Expenses**  
Total Expenses \$1,508,535  
*dollars in thousands*



property plant and equipment that has been used during the year. Importantly, this helps inform the University's capital plan and allocation of resources to the ongoing maintenance and renewal of the campus infrastructure.

**4. Graduate Student Support.** This final category of expenses includes the payments and support to graduate students, including research assistant and teaching assistant stipends and health insurance support. The collective bargaining agreement between the University and the Graduate Labor Organization included a 7.75% base stipend increase that began in FY24 and is reflected in FY25 expenses. Note that financial aid for undergraduates appears in the "FY25 Categories of Funding Sources/Revenues" section as an offset of gross revenue from tuition and fees (to arrive at net tuition and fees).

## Capital Expenses

In recent years, Brown has spent between \$110 million and \$240 million per year on capital expenditures, defined as the purchase, construction or upgrade of durable assets such as new buildings, major renovations, information technology, real estate and major pieces of equipment. Capital items typically have a long service life of 10 to 40 years. Capital expenditures differ from operating expenses, which are typically recurring, short-term expenses.

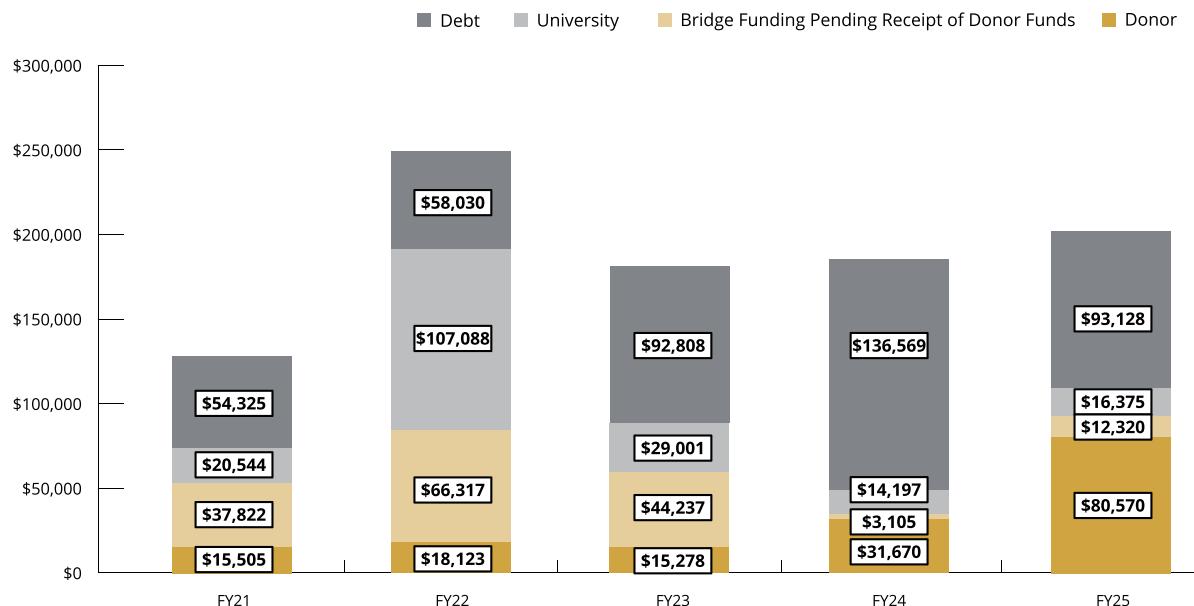
Capital expenditures are generally funded in four ways: 1) from philanthropic contributions (gifts from donors); 2) through the issuance of debt; 3) from University reserves (savings from previous years); and, 4) if available, from positive operating margins (the balance of University revenues after total expenditures). In some cases, especially for large-scale projects, the University will provide "bridge funding" to cover the costs of a capital project in advance of the receipt of donor gifts pledged to support the project.

In recent years, Brown has experienced modest operating surpluses and deficits; hence, in recent practice, capital expenses have been funded by philanthropy, debt and reserves. An important priority is to improve the University's operating margins in future years, targeting a modest surplus of 2% to 3%, which would allow the University to expand the level of resources available for reinvestment in capital expenses such as renovations of academic buildings and dorms, enhancements to information technology systems and the development of critical research facilities.

Figure 4 illustrates the capital project spending by funding source used in the respective fiscal year.

**Figure 4: Capital Project Spend by Funding Source**

*dollars in thousands*



Fundraising is especially important to Brown's ability to construct new buildings. At the beginning of each building project, the University sets a fundraising goal, depending on a number of factors: the objectives of the project in the context of the University's mission; the likely interest the project will generate among donors; and how the building will impact the University's finances. For example, because residence halls generate auxiliary revenue (through room fees charged to students), the fundraising goal may be less than the full cost of construction. Conversely, for new research facilities, fundraising is even more critical. Even though a new research building will enable more funded research, which will attract external sponsored research funding, research requires an additional 30% to 40% of University-funded investment over every research dollar received from external sponsors. As noted previously, sponsored research awards from federal agencies and foundations do not cover all the direct and indirect costs of research. This makes fundraising crucial to Brown's ability to expand its research enterprise.

Brown has established a priority that all athletics facilities be fully funded by gifts, while renovations of academic buildings and residence halls are often all or partially debt-funded. As previously noted, a University priority is to grow its operating margin, so that renovations of academic buildings and residence halls can be completed without incurring additional debt. In FY25 Brown spent \$202 million in new capital expenses, including support for the William A. and Ami Kuan Danoff Life Sciences Laboratories and the Indoor Turf Facility. The first of these projects was supported by a combination of generous philanthropy from members of the Brown community and University working capital, and the second was fully funded by philanthropy.

## REVIEW OF FISCAL YEAR 2025 FINANCIAL STATEMENTS

The following materials outline the FY25 financial performance of Brown University. The University's financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP) and audited by Brown's independent auditors, KPMG LLP. The GAAP financials have been summarized for presentation purposes in the charts and tables presented in this section of the Annual Financial Report.

**Figure 5: Summary of GAAP Financial Statements** (*dollars in thousands*)

Balance Sheet	FY25	FY24	% Change
<b>Assets</b>	<b>\$11,283,868</b>	<b>\$10,065,283</b>	<b>12%</b>
Liabilities	\$2,349,479	\$1,728,851	36%
Net assets	\$8,934,389	\$8,336,432	7%
<b>Total liabilities and net assets</b>	<b>\$11,283,868</b>	<b>\$10,065,283</b>	<b>12%</b>
<b>Statement of Activities</b>			
	2025	2024	% Change
Operating revenues	\$1,511,134	\$1,354,824	12%
Operating expenses	\$1,508,535	\$1,396,699	8%
<b>Net operating activities</b>	<b>\$2,599</b>	<b>-\$41,875</b>	<b>-106%</b>
Nonoperating activities	\$595,358	\$684,107	-13%
<b>Change in net assets</b>	<b>\$597,957</b>	<b>\$642,232</b>	<b>-7%</b>
Net assets, beginning of year	\$8,336,432	\$7,694,200	8%
<b>Net assets, end of year</b>	<b>\$8,934,389</b>	<b>\$8,336,432</b>	<b>7%</b>
<b>Cash Flow</b>			
	2025	2024	% Change
<b>Change in net assets</b>	<b>\$597,957</b>	<b>\$642,232</b>	<b>-7%</b>
Adjustments	-\$726,385	-\$882,649	-18%
<b>Net cash used in operating activities</b>	<b>-\$128,428</b>	<b>-\$240,417</b>	<b>-47%</b>
Cash flows from investing activities			
Additions to land, buildings and equipment	-\$202,393	-\$185,541	9%
Net investments	\$42,332	\$150,726	-72%
Other	\$4,713	\$33,151	-86%
<b>Net cash used in investing activities</b>	<b>-\$155,348</b>	<b>-\$1,664</b>	<b>9236%</b>
Cash flows from financing activities			
Gift-related activities	\$224,228	\$217,788	3%
Proceeds and payments on debt instruments	\$388,218	-\$7,515	-5266%
<b>Net cash used from financing activities</b>	<b>\$612,446</b>	<b>\$210,273</b>	<b>191%</b>
<b>Change in cash</b>	<b>\$328,670</b>	<b>-\$31,808</b>	<b>-1133%</b>
Beginning cash balance	\$324,447	\$356,255	-9%
<b>Ending cash balance</b>	<b>\$653,117</b>	<b>\$324,447</b>	<b>101%</b>

*GAAP financials summarized for presentation purposes*

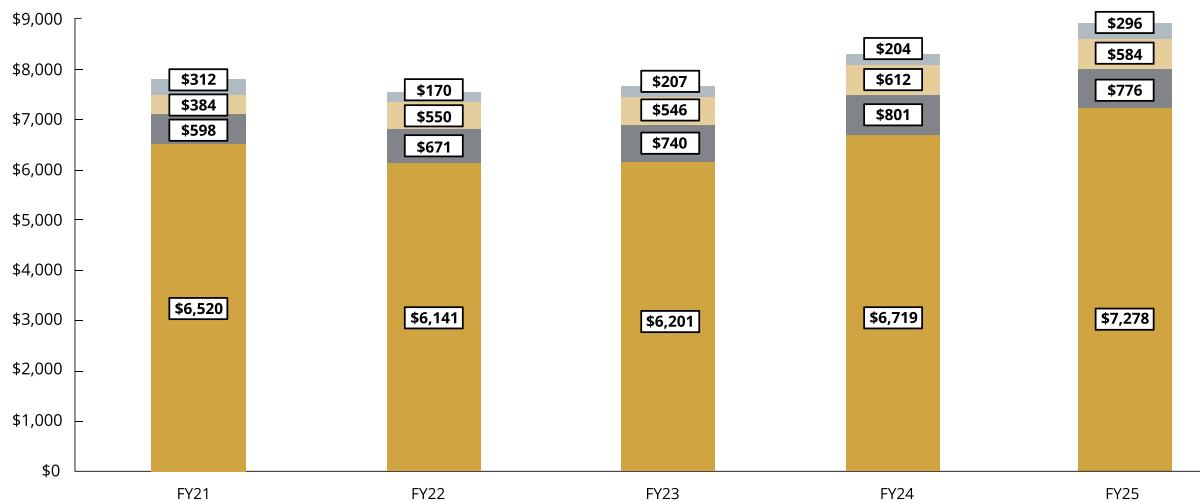
## Net Assets

The University ended FY25 with net assets of \$8.9 billion, an increase of \$0.6 billion (7.2%), despite a modest \$2.6 million operating margin. The increase in net assets was driven principally by \$307 million in contribution revenue generated from gifts and pledges to the endowment, capital projects and other current-use gifts, combined with an investment return of 11.9%. The cumulative change in net assets for the last five years totals a \$1.1 billion increase.

**Figure 6: Components of Net Assets Since 2021**

*dollars in millions*

■ Endowment  
■ Investment in plant  
■ Donor gifts and contributions receivable  
■ University operations



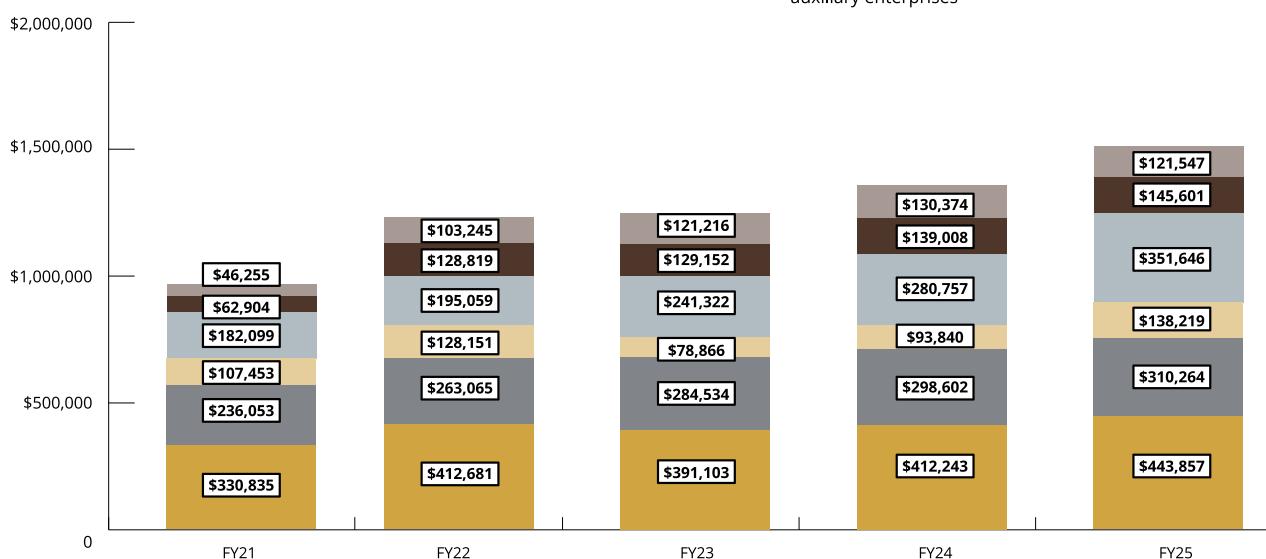
## Operating Revenue

The University's total operating revenues increased \$156.3 million, or 11.5%, from \$1.35 billion in FY24 to \$1.51 billion in FY25. The increase in total revenue was supported across all revenue sources.

**Figure 7: Operating Revenues Since 2021**

*dollars in thousands*

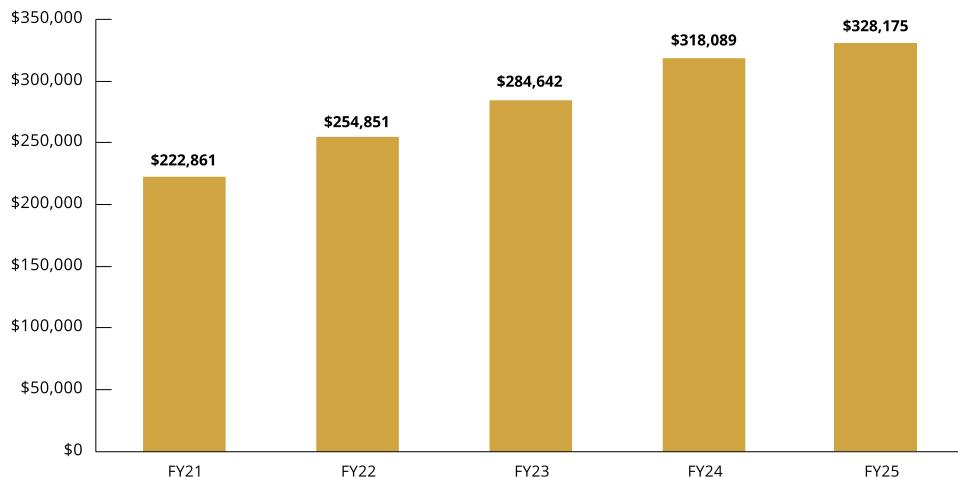
■ Net tuition and fees  
■ Contributions  
■ Grants and contracts  
■ Sales and services of auxiliary enterprises  
■ Endowment return appropriated  
■ Other income



Gross tuition increased by 5.7%, or \$41.7 million, from \$730.3 million in FY24 to \$772 million in FY25. The increase reflects a 4.5% tuition rate increase for undergraduate and nonvariable graduate programs. In addition, there was growth in the University's master's and Ph.D. programs from FY24 to FY25, accounting for \$17.2 million of the increase.

Scholarships grew 3.2%, or \$10.1 million, from \$318.1 million in FY24 to \$328.2 million in FY25. This reflects the University's continued commitment to access and affordability for its students, including eliminating the consideration of home equity in a student's financial aid package. This investment in financial aid resulted in a fairly comparable discount to the gross tuition in FY24 and FY25, a discount of 44% and 43% respectively. In aggregate, net tuition and fees increased by 7.7% year over year to \$443.9 million in FY25.

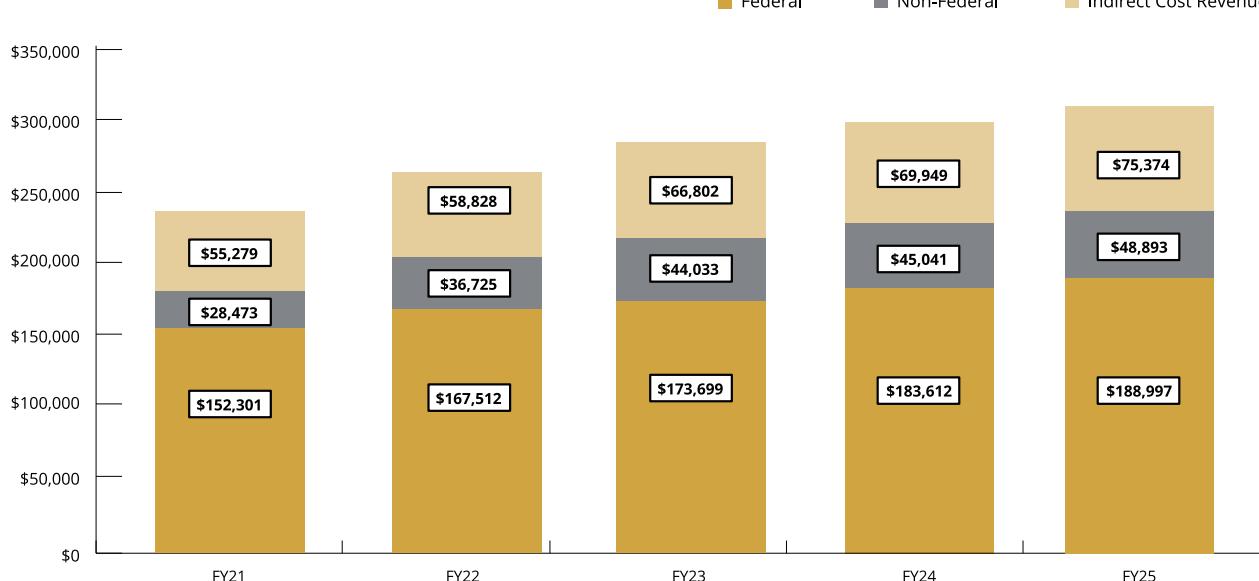
**Figure 8: University Scholarships Paid**  
*dollars in thousands*



Grants and contracts revenue from government and private sources increased \$11.7 million to \$310.3 million, a 3.9% increase over FY24. Of the increase, \$10.9 million was from federally funded grants and contracts. The U.S. Department of Health and Human Services was the most significant sponsor, contributing 59% to direct revenue in FY25. The University's effective indirect cost reimbursement rate remained consistent at 32% for FY25, increasing slightly from 31% in FY24. Indirect cost reimbursement, which allows the University to recover certain overhead expenses related to grants, is a critical component of the operating budget, as it broadly supports research at Brown.

**Figure 9: Grants and Contracts Revenue Composition 2021-2025**

*dollars in thousands*



While grant payments to Brown from the National Institutes of Health were frozen for Q4 of FY25, researchers were encouraged to continue their research on active grants, which is reflected in the grants and contracts revenue. The funds were backstopped until Brown signed a July 30 agreement to restore the funds, and they therefore show as expenditures of grant revenue.

The University's private grant revenue marginally increased from \$44.2 million in FY24 to \$44.7 million in FY25, which represents 14% of the revenue in FY25, or \$0.5 million of the grants and contracts revenue increase. Over the past five years, revenue in the category of grants and contracts has increased by more than \$74 million.

Operating revenue for current-use gifts significantly increased by \$44.4 million to \$138.2 million in FY25, from \$93.8 million in FY24, reflecting several new operating pledges and gifts. Donors continue to give generously, as evidenced by the Brown Annual Fund contributing 24% to this revenue line in FY25. In addition, the University received a generous current-use gift in support of research resiliency at the end of FY25.

The Corporation of Brown University approved an endowment appropriation distribution of 5.5% for FY25, an increase from the 4.8% approved rate in FY24, to support the operating budget's critical investments in FY25. This payout rate is applied to the average market value of the Brown endowment over the most recent 12 quarters. Given the increase in the endowment distribution percentage, the appropriated endowment income increased \$70.9 million, or 25.2%. This appropriation of \$351.6 million from the endowment represented 23.3% of the University's FY25 operating revenue.

Auxiliary revenue increased \$6.6 million, or 4.7%, from \$139 million in FY24 to \$145.6 million in FY25. Housing, dining and student health fees constitute 82% of these revenues. The URC approved an increase of 3% for the room rates and an 8% increase in the dining rates from FY24 to FY25.

## Operating Expenses

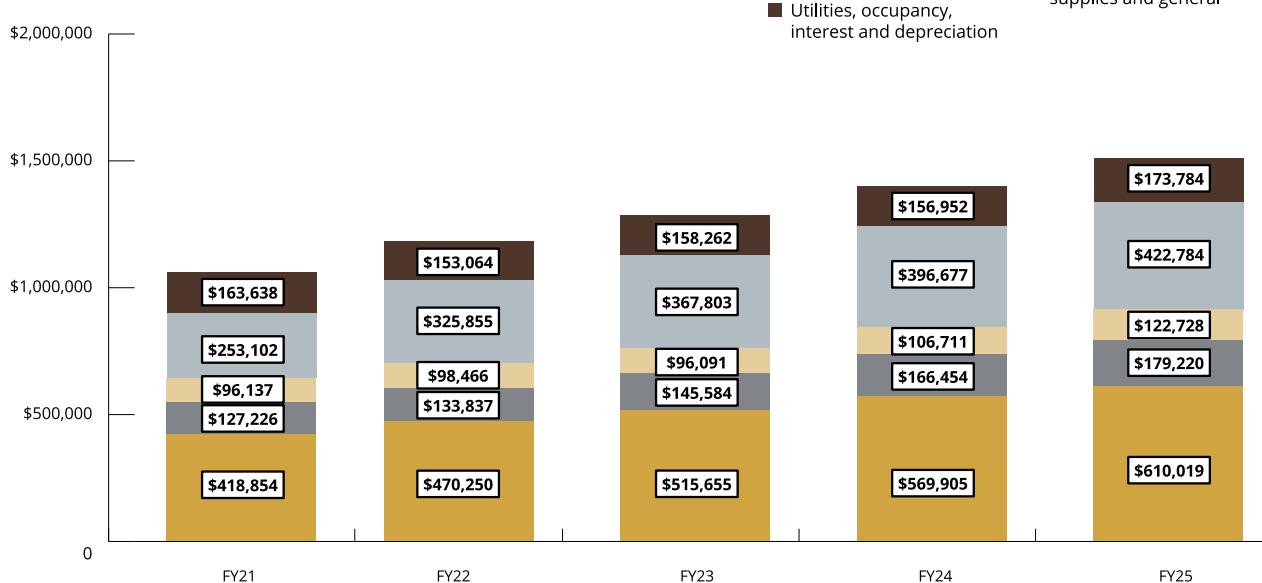
Total operating expenses for the University increased 8% to \$1.51 billion in FY25, from \$1.40 billion in FY24.

Salaries, wages and benefits expenses, which represent 52% of the operating expenses of the University, grew by 7.2%, to \$789.2 million, in FY25. Total salaries and wages increased by 7% to \$610 million. Recognizing the need to continue to recruit and retain talented faculty and staff members and in recognition of recent inflationary pressures, the URC approved a salary pool of 4.5% for the faculty and staff. Employee benefits increased \$12.8 million, or 7.7%, to \$179.2 million in FY25. Health insurance costs increased \$3.1 million, or 5.4%, from the prior year, which was driven by the overall cost of care. The remaining component of the increase can be attributed to increased employer contributions to faculty and staff retirement plans combined with an increase in the faculty sabbatical program.

Graduate student support, including scholarships and stipends, increased by 15%, to \$122.7 million. During FY24, the Graduate Labor Organization negotiated an amended contract with the University resulting in an increase in expenses for the entire 12 months of FY25. Noncompensation expenses across the operating expenses increased by 7.8%, to \$596.6 million. This change is primarily attributable to increases in travel-related expenses, insurance costs and noncapitalizable facilities-related expenses to support and maintain the University's campus of over 200 buildings.

**Figure 10: Operating Expenses Since 2021**

*dollars in thousands*



## Balance Sheet

Fiscal Year 2025 ended with increases to both assets and net assets when compared to FY24.

**Figure 11: Balance Sheet Summary**

*(dollars in thousands)*

	FY25	FY24	% Change
<b>Assets</b>			
<b>Cash and cash equivalents</b>			
Cash and cash equivalents	\$653,117	\$324,447	101%
Accounts receivable and other assets	\$142,163	\$106,471	34%
Contributions receivable, net	\$455,699	\$498,901	-9%
Funds held in trust by others	\$40,562	\$43,774	-7%
Rights-of-use assets, operating	\$65,839	\$69,061	-5%
Investments	\$8,180,357	\$7,383,910	11%
Land, buildings and equipment, net	\$1,746,131	\$1,638,719	7%
	<b>\$11,283,868</b>	<b>\$10,065,283</b>	<b>12%</b>
<b>Liabilities</b>			
<b>Accounts payable and accrued liabilities</b>			
Accounts payable and accrued liabilities	\$160,557	\$146,319	10%
Student deposits and grant advances	\$89,420	\$80,594	11%
Funds held for others	\$261,757	\$49,942	424%
Operating lease obligations	\$68,082	\$70,812	-4%
Other long-term obligations	\$42,270	\$45,025	-6%
Retirement obligations	\$62,929	\$54,051	16%
Bonds, loans and notes payable	\$1,664,464	\$1,282,108	30%
	<b>\$2,349,479</b>	<b>\$1,728,851</b>	<b>36%</b>
<b>Net assets</b>			
<b>Without donor restrictions</b>			
Without donor restrictions	\$1,728,866	\$1,683,536	3%
<b>With donor restrictions</b>			
With donor restrictions	\$7,205,523	\$6,652,896	8%
	<b>\$8,934,389</b>	<b>\$8,336,432</b>	<b>7%</b>
<b>Total liabilities and net assets</b>	<b>\$11,283,868</b>	<b>\$10,065,283</b>	<b>12%</b>

*GAAP statements summarized for presentation purposes*

## **Cash and Cash Equivalents**

Cash and cash equivalents increased by \$328.7 million, to \$653.1 million, in FY25. In April 2025, the University borrowed \$300 million through a commercial term loan to support working capital. For several months in FY25 there was uncertainty that the University would be paid for certain work performed on National Institutes of Health federal grants, totaling \$45 million in unreimbursed costs by fiscal year end. On July 30, 2025, the University reached an agreement with the federal government to restore federal research funding and received payment for the work performed and billed.

## **Contributions Receivable, Net**

Contributions receivable, net represents unconditional promises to give from donors, net of an allowance for uncollectible accounts, and a discount for the time value of future receipts. The decrease of \$43.2 million is due to \$83.6 million in new pledges offset by cash collected of \$139.8 million and the net change in the allowance and discount. Additional information on donor gifts and pledges can be found later in this report. (See the Report on Fundraising section prepared by Brown's Division of Advancement.)

## **Investments**

Brown investments increased 10.8%, to \$8.2 billion, as of the balance sheet date. The endowment and other managed assets generated an 11.9% investment return in FY25. Additional information on the endowment can be found later in this report. (See the Endowment Report section prepared by the Brown University Investment Office.)

## **Funds Held for Others**

Funds held for others became a new liability in FY24. In June 2024 the University signed an expanded affiliation agreement with Brown University Health, which operates the largest health system in Rhode Island and hosts the principal teaching hospital of Brown's Warren Alpert Medical School. As part of the agreement, the University will manage \$600 million to \$800 million of Brown Health's investment portfolio, creating the capacity for increased investment returns to support Brown Health's mission. The transfer of funds will be phased in on a schedule expected to be approximately \$200 million per year over four years, but may vary depending on availability of funds. Brown Health transferred \$50 million in FY24 and an additional \$200 million in FY25 to the University's investment pool. The fair market value of Brown Health's investment was \$261.7 million as of June 30, 2025, and is included in the investments and also recorded as funds held for others on the balance sheet.

## **Debt**

Total bonds, loans and notes payable increased by \$382.4 million to \$1.66 billion in FY25. During the fiscal year, the University issued tax-exempt bonds that generated proceeds of \$54.7 million. The proceeds were used to purchase the University's space in South Street Landing. In addition, the University borrowed \$300 million through a commercial bank term loan, with the proceeds to be used for general purposes during a period of increased financial uncertainty nationally, and issued \$43.8 million in tax-exempt commercial paper to bridge fund the William A. and Ami Kuan Danoff Life Sciences Laboratories.

## **Capital Expenditures**

Brown invested \$202.4 million in capital projects, buildings and equipment in FY25. The University continued to contribute to a number of significant projects, including the construction efforts at the William A. and Ami Kuan Danoff Life Sciences Laboratories and the Indoor Turf Facility.

## **SUMMARY**

In FY25, Brown University continued to pursue strategies to confront the financial headwinds affecting higher education while strengthening its financial position, increasing net assets by 7.2%. One of the highest priorities for the University in this current environment will be to reach breakeven or better in annual financial results, even as Brown continues to invest in key priorities serving its academic mission. Brown has experienced tremendous growth in its teaching and research operations over the last decade, fueled by outstanding investment returns, incredibly successful fundraising from donors and a growth in current offerings to students, as well as the creation of new, innovative academic programs. These are the areas that have served as the economic engine for the University, allowing Brown to invest in priorities from research and teaching to enhanced financial aid and campus development.

The University expects that federal actions will continue to have an impact on financial strategies and decisions in the coming year and beyond. Careful financial management will continue to be essential, alongside strategic investments required to elevate Brown's impact as a leading institution dedicated to excellence in education and research. Responsible stewardship of the University's resources is part of an enduring commitment to ensure Brown continues its leadership in innovative education and world-class research now and long into the future.

# Endowment Report

## Brown University Investment Office

### INTRODUCTION

At the conclusion of Fiscal Year 2025, Brown's endowment and other managed assets totaled \$8 billion. The investment gains of \$853 million equate to an investment return of 11.9%. Growth in the endowment over the prior year was 11.3% after accounting for \$333 million in deposits into the endowment and contributions to the University of \$352 million. The endowment's compounded annual investment return for the trailing 10-year period is 11.4%.

Brown's endowment is a collection of gifts accumulated over many years. Today there are more than 4,000 different accounts, and the majority carry a legally designated purpose. The capital is invested in financial assets that compound in value over time, while a portion of the proceeds is distributed to the University annually to be used for the purpose selected by the donor at the time the gift was made. The intended result is a financial resource that both supports the work of the University today and grows its impact on Brown's mission of scholarship and research over time.

The investment program follows a simple set of tenets: 1) Build a team of hard-working professional investors, dedicated to Brown's mission, to select and monitor investments for a high risk-adjusted return net of all fees and expenses. 2) Partner over the long term with investment managers of exceptional ability and high character. And 3) install governance that is capable of providing both oversight and counsel. The tenets of this program remain unchanging.

Conversely, the investment environment for endowments is experiencing dramatic change. Foundational shifts are taking place in the prevailing order of global trade, the role of central banks and even the definition of what constitutes money. Disorienting leaps forward in technology threaten long-held competitive advantages of businesses and appear likely to automate the roles of large swathes of the workforce.

Specifically in higher education, the U.S. Congress in 2025 increased the tax burden on net investment income, including from college and university endowments. In 2017, Congress introduced an excise tax on investment gains for University endowments of 1.4%. In 2025, two new tax brackets were introduced. For this year, Brown remains in the 1.4% bracket, but growth of the endowment will result in a tax rate in the coming year of 4%. The wealthiest endowments will pay 8% on gains. The University priorities that the endowment's contribution to Brown support — financial aid for students and groundbreaking research — will now be reduced by the requirement that a portion of that money be sent to the U.S. Treasury.

### SUPPORTING THE UNIVERSITY

Brown's endowment serves as a vital source of support for the University's educational mission. The endowment comprises funds that support professorships, libraries, academic programs, lectures, athletic initiatives and, most prominently, financial aid — perennially among the University's highest priorities.

Each year, the endowment distributes between 4.5% and 5.5% of its value to the University. Due in part to the elevated financial uncertainties that derive from changes in federal funding of academic research, the Corporation of Brown University has temporarily set the distribution at the highest end of that range. Still, a common question often faced by leaders of higher education institutions is: Why not distribute even more aggressively? Why not draw upon the resources of the endowment at a higher rate? The answer is that endowed gifts are meant to be perpetual, and they must represent at least an equivalent resource to Brown students and scholars in future years as they do today. The Brown Corporation, which sets the distribution level, must balance the needs of today with the inevitable needs that will arrive in the future.

This year, the contribution from the endowment to the Brown budget was \$352 million, the largest amount to date. This is equivalent to approximately 23% of the total revenue of the University for the year. On a per-student basis, this represents a contribution of over \$35,000 for the year. In total, the endowment has now contributed \$2.3 billion to Brown's operations over the last decade.

## PERFORMANCE

The investment strategy employed by the endowment is intended to deliver results that are measured in decades, not single years. If executed properly, the duration of the endowment's capital is effectively permanent, despite the fact that with an average payout rate of 5%, every dollar that exists in the endowment today will be transferred to the University within the next 20 years. Even so, an annual performance review can assess whether the program is on track to meet its objectives: exceeding the inflation-adjusted spending hurdle, outperforming relevant market benchmarks, and remaining competitive with peer institutions. In each case, the emphasis should be on longer time frames.

### Inflation-Adjusted Spending

The University draws upon the endowment each year to support its operations. The portfolio must therefore earn the amount of the draw at a minimum to sustain distributions indefinitely. Yet maintaining the payout alone is not sufficient, because inflation reduces the real value of each dollar. Therefore, the highest priority for investment performance is to exceed spending after inflation, such that the inflation-adjusted value of today's endowment is available to tomorrow's Brunonians.

For higher education, the best measure of inflation is the Commonfund Higher Education Price Index (HEPI), which has averaged 2.9% over the last 20 years. Combined with the high end of Brown's spending rate (5.5%), this results in a nominal hurdle rate of 8.4%. This year's return of 11.9% surpassed that hurdle, effectively growing the endowment's impact on the University's mission. As displayed in Figure 14, the endowment's returns over three-, five-, 10- and 20-year periods each exceed the required return.

Figure 12: Endowment Income by Gift Purpose  
*dollars in thousands*

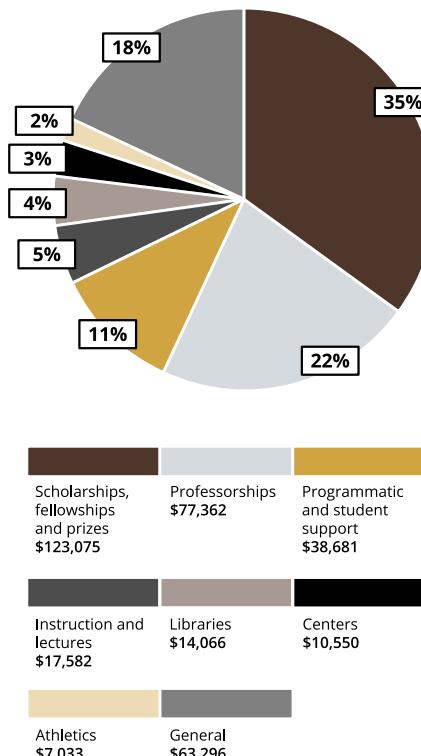
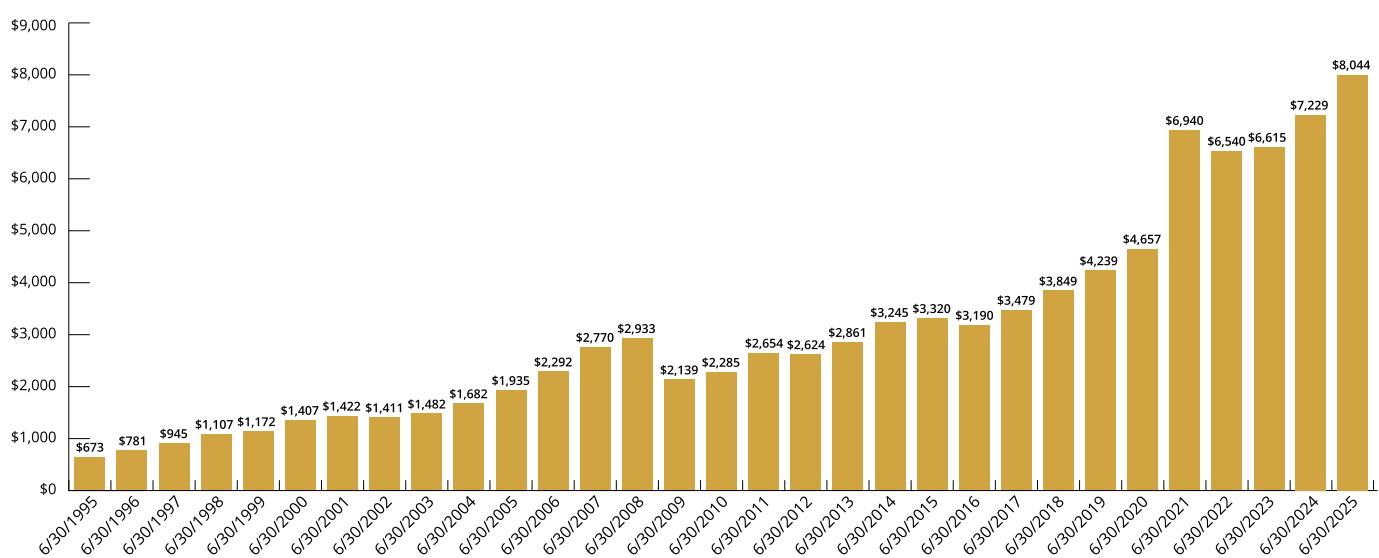


Figure 13: Market Value by Fiscal Year End

*dollars in millions*



## Benchmark Comparison

Another necessary lens for assessing the endowment's results is in comparison to both internally defined and independent external benchmarks of market performance. No individual measure is a sufficient gauge, but a reasonably clear picture emerges when an assortment of benchmarks is applied over multiple time periods.

First, Brown's performance is assessed against an internal measure, which is called the Aggregate Benchmark. The Aggregate Benchmark is calculated — by Brown — to represent the returns from the endowment's actual asset allocation in combination with average returns from each asset class. To the extent that Brown's investment program is creating value for the endowment, the Aggregate Benchmark is helpful for determining whether that value is the product of asset allocation or investment manager selection. For FY25, the Aggregate Benchmark returned 9.8%. Brown's 11.9% return therefore suggests that Brown's external investment managers created significant value over and above their respective index-level returns. This is also the case over all trailing time periods.

Second, it is appropriate to measure Brown's performance against market benchmarks, which represent the investment opportunities that are broadly available at both low cost and plentiful liquidity. Brown's strategy utilizes diversification across asset classes and geographies as a core risk-management tool. As a result, the most appropriate market benchmark is a broad, global mix of stocks and bonds, weighted 70% in stocks and 30% in bonds. For FY25, that measure returned 14.1%, outstripping Brown's 11.9% return. However, over 5-, 10- and 20-year trailing periods, Brown's return exceeds a 70/30 portfolio by 3.9%, 3.9% and 2.8% per annum respectively. Compounded each year, this longer-term outperformance demonstrates that Brown's active management is creating significant value for the University. FY25 demonstrates that even in the context of a strong long-term performance record, individual years will be volatile.

**Figure 14: Fiscal Year Annualized Returns**

*annualized returns as of June 30, 2025*

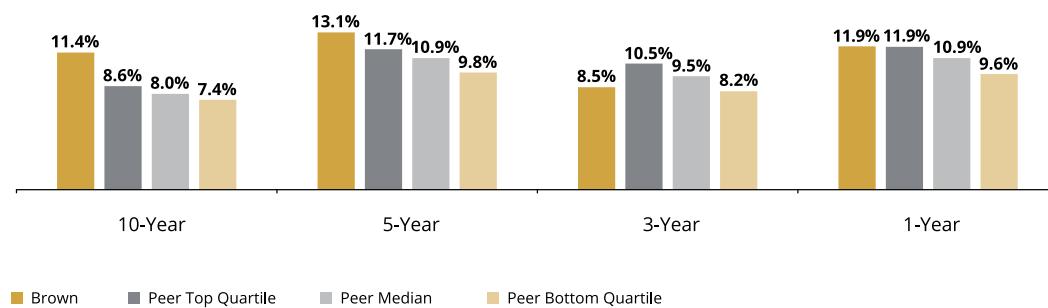
	<b>FY25</b>	<b>3-Year</b>	<b>5-Year</b>	<b>10-Year</b>	<b>20-Year</b>
<b>Brown Endowment*</b>	<b>11.9%</b>	8.6%	13.0%	11.4%	9.5%
Aggregate Benchmark	<b>9.8%</b>	6.0%	11.2%	8.4%	7.2%
70-30 MSCI ACWI/Bloomberg Global Aggregate	<b>14.1%</b>	12.9%	9.1%	7.5%	6.6%
70-30 S&P 500/Bloomberg US Aggregate	<b>12.5%</b>	14.5%	11.4%	10.2%	8.6%
MSCI All-Country World (ACWI)	<b>16.2%</b>	17.3%	13.7%	10.0%	8.2%
MSCI All-Country World (ACWI) ex-US	<b>17.7%</b>	14.0%	10.1%	6.1%	5.8%
S&P 500 Index	<b>15.2%</b>	19.7%	16.6%	13.6%	10.7%

*\* FY25 final performance includes 99.3% of private 6/30/2025 valuations.*

## Peer Comparison and Internal Benchmark

A meaningful evaluation of the endowment must also take into account how it performs relative to comparable institutions that have similar missions, resources and constraints. Data from investment consultant Cambridge Associates reveals that Brown's FY25 result places Brown among the first quartile of investment returns reported by endowments and foundations managing in excess of \$1 billion. Longer-term data show that Brown's 5- and 10-year track record is among the best available, comfortably exceeding the threshold for the top 5% of multiyear investment returns. In practical terms, this means that each gift to the endowment has not only grown in excess of spending and inflation, therefore growing the impact of each gift, but has also grown at a greater rate over the last 10 years than a gift to virtually any institution that utilizes the endowment model of perpetual spending (and also publicly reports audited financial results). This is a significant achievement reflecting the quality of the management of Brown's endowment.

**Figure 15: Brown Performance vs. Peers Through FY25**  
annualized, as reported by Cambridge Associates\*



\*Peer quartiles based on Cambridge Associates preliminary data as of 11/1/2025.

## ASSET ALLOCATION

Central to the endowment's approach to risk management is diversification. The vast majority of the endowment's capital is entrusted to external investment managers that are selected not simply for the productivity of their investment strategies but also for the uniqueness of both the underlying economic drivers of those strategies and for varying sensitivity to shifting macroeconomic forces. Effective diversification is not achieved solely through owning a broad array of investments; those investments must behave differently when changes occur. In today's investment environment, the changes are substantial and emerge rapidly. Brown's approach is rooted in the idea that, while the future is fundamentally unpredictable, resilience is a portfolio quality that can be optimized.

It is also worth noting that Brown's managers are evaluated for integrity and for the potential side effects of the investments they pursue. Each manager relationship is a long-term business partnership, entered into after careful and holistic diligence.

Brown organizes its investments into five asset classes: Public Equity, Private Equity, Absolute Return, Real Assets and Credit. Today there is also a substantial cash balance, although this is not always the case. Excess cash reserves have a cost to a portfolio that is intended to compound value over the long term, as cash generally does not contribute to returns and is vulnerable to inflation. But sizable cash balances this year provided increased flexibility in a period marked by uncertainty, which was heightened for University finances as a result of actions by the federal government during the fiscal year.

### Public Equity

With \$834 million of value, Public Equity strategies are 10.4% of the endowment. FY25 witnessed a third consecutive year of strong performance from public equities as the MSCI All-Country World Index generated returns of 16.2%. Brown's strategies outperformed the indexes, generating \$147 million in profits for an 18.9% return. After three consecutive years of strong returns, public stock markets now trade at valuations that are historically expensive, particularly in the United States. Valuation alone is not a strong indicator of the near-term direction of markets — arguably nothing is — but the remarkable strength of AI-related investments and undeniable signs of widespread speculative activity have left the broad public markets unbalanced, potentially carrying a higher-than-normal level of risk. Brown's reduced exposure to public equities, at 10.4%, reflects concern about these risks.

## Absolute Return

Absolute Return strategies also largely, though not exclusively, utilize individual stock selection to produce returns. They tend to carry lower risk, however, as a result of the ability to profit from declines in stock prices as well as gains, although there can be no guarantee of reduced risk. For Brown, Absolute Return makes up 21.7% of the endowment and generated \$253 million in profits for a 16.4% return. This return rivals that of public stock markets but far exceeds the benchmarks Brown uses to measure its Absolute Return managers, which as a group employ a spectrum of strategies and risk profiles.

## Private Equity

Brown's largest asset class is Private Equity, making up 44.4% of the endowment's portfolio, or \$3.6 billion. Private Equity strategies traffic in private companies, both innovative new enterprises, as in the case of Venture Capital, or mature businesses, as in the case of Buyouts. Brown pursues both strategies in approximately equal measure. As an asset class, Private Equity generated \$237 million in profits, a 7.1% return, which was not accretive to the endowment's overall return and slightly trailed industry benchmarks. Despite now consecutive years of disappointing performance for the asset class, even including these last two years, the 10-year results for both Buyouts and Venture Capital have been heroic and are twin pillars that Brown's longer-term track record stands upon.

Nonetheless, the Private Equity industry, and by extension Brown's portfolio, is undeniably in a period of transition. As a broad group, these managers have struggled to return capital to investors on the originally envisioned timetable. Because the contract period for the relationship between an investor and manager can last 10 years or longer, these investments are said to be illiquid; investors cannot simply ask for their money back as is the case with more so-called liquid strategies. During FY25, in response to this dynamic, some higher education endowments that have been pioneers in utilizing Private Equity decided to pursue secondary sales and market their stakes in Private Equity funds to third parties in exchange for ready cash.

Financial pundits broadly misinterpreted this activity by some of Private Equity's earliest and most aggressive backers, which are university and college endowments. Widely interpreted as an indicator of either frustration or desperation, these sales are better understood as a marker of the increasing maturity of the secondary market for private equity fund interests. This market has grown dramatically in recent years. It has grown into a legitimate avenue for liquidity for a holder of a Private Equity portfolio that would like to reposition, albeit with some frictional costs. University and college endowments frequently hold some of the highest-quality funds and have found willing buyers. Although challenges undoubtedly exist during this transition, Private Equity will remain an essential tool for diversified endowment portfolios.

## Real Assets

The Real Assets portfolio encompasses investments that include real estate, commodities, physical infrastructure and other diversifying stores of value. Together this was \$792 million of the endowment at fiscal year-end, and produced \$75 million in profits, a 10.8% return. Increasingly Brown's Real Assets portfolio is dominated by ownership in digital infrastructure, a "picks and shovels" approach to benefiting from the growth of generative AI. Traditional real estate's cyclical challenges continued in FY25.

## Credit

At 7.8%, Credit is the smallest of Brown's five core asset categories and is a diverse mix of strategies that are tied together only by the underlying quality of investing primarily in debt, rather than equity. This asset class produced a prodigious 24.5% return in FY25, generating \$125 million in profits. This result far outstrips all pertinent benchmarks and reflects the skill of Brown's investment partners operating in inefficient markets. This type of return is an outlier not likely to be repeated, as the Credit asset class has as its primary attributes the risk-reducing features of seniority in capital structures and steady payout of interest.

**Figure 16: Endowment Asset Allocation as of June 30, 2025**  
*dollars in millions*

Asset Class	Market Value	% of Endowment
Public Equity	\$834	10%
Absolute Return	1,746	22%
Private Equity	3,573	44%
Real Assets	792	10%
<b>Brown Total Risk Assets</b>	<b>\$7,572</b>	<b>94%</b>
Cash and Receivables	346	4%
<b>Total Endowment</b>	<b>\$8,044</b>	<b>100%</b>

## AI IMPLEMENTATION

The emergence of generative AI as a new and disruptive technological paradigm is amply evident in the investment marketplace. New technologies always introduce significant uncertainty. A study of the history of breakthroughs shows that, although enormous opportunity is created, it is accompanied by disruption, and frequently it is only evident in hindsight who benefits from the value. Generative AI brings with it a deeper uncertainty, however, as not only might the investments that the endowment makes be disrupted, but the investment model itself may be exposed to similar disruption. Aided by investment partners, Brown faculty and the broader community of Brown alumni, students and parents, the Investment Office is examining and preparing for the possibility of significant changes in the investment model that has served the endowment well for decades. The ability to adapt swiftly is going to be a necessary condition for successful stewardship of Brown's financial assets.

## IN CLOSING

It is a period of significant change for higher education. Amid a landscape of major shifts in federal government priorities for funding higher education, efforts to diversify funding for the innovative research that takes place on Brown's campus are underway. Brown is fortunate to be among a select few colleges and universities that have a financial resource like the Brown endowment. The endowment's annual contribution to the budget reduces the financial burden for students and families pursuing a Brown education and helps to fund research in the sciences, engineering and humanities that deepens our understanding and works to hasten the end of scourges like Alzheimer's and cancer. But now the investment proceeds will be subject to escalating tax rates, just as federal funding for research is reduced.

Nonetheless, Brown will pursue its mission — to serve the community, the nation and the world by discovering, communicating and preserving knowledge and understanding in a spirit of free inquiry — relentlessly. The endowment's ability to support Brown in doing so has been expanded over the last 10 years at an unparalleled rate.

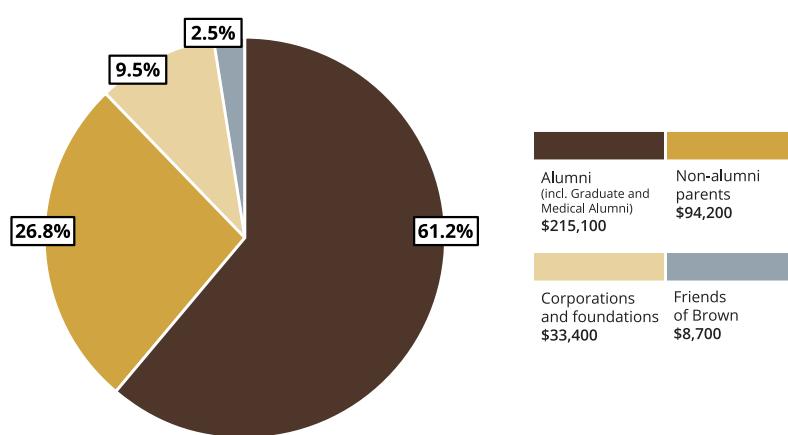
# Report on Fundraising

## Brown University Division of Advancement

The University raised \$351.4 million in new gifts and pledges from more than 32,500 donors in FY25. Brown recorded its highest level for cash received: a total of \$374 million, an increase of nearly \$39 million from the previous record of \$335.2 million in FY23. The Brown Annual Fund surpassed the \$50 million mark for the fourth straight year and had yet another record-breaking year, with \$53.9 million raised — a 5.5% increase over last fiscal year.

Figure 17: FY25 New Gifts and Pledges by Constituency

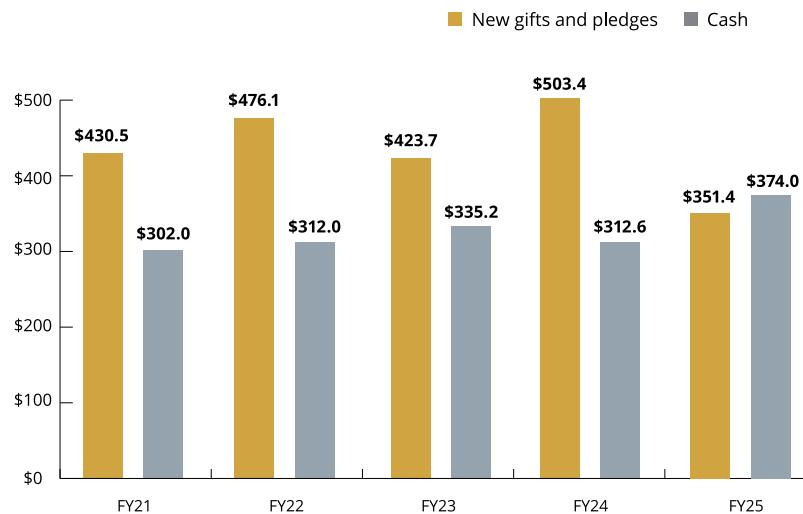
*dollars in thousands*



Giving from Brown alumni exceeded \$215.1 million. Non-alumni parent giving totaled \$94.2 million, which included \$9.8 million directed to the Brown Annual Fund — an increase of 6.3% over FY24. Corporations and foundations fundraising totaled \$33.4 million in grants, awards and gifts to the University. New gifts and pledges to Brown Athletics and Recreation totaled \$23.9 million from 9,527 donors.

Figure 18: Fiscal Year 2025 Fundraising Results Comparison

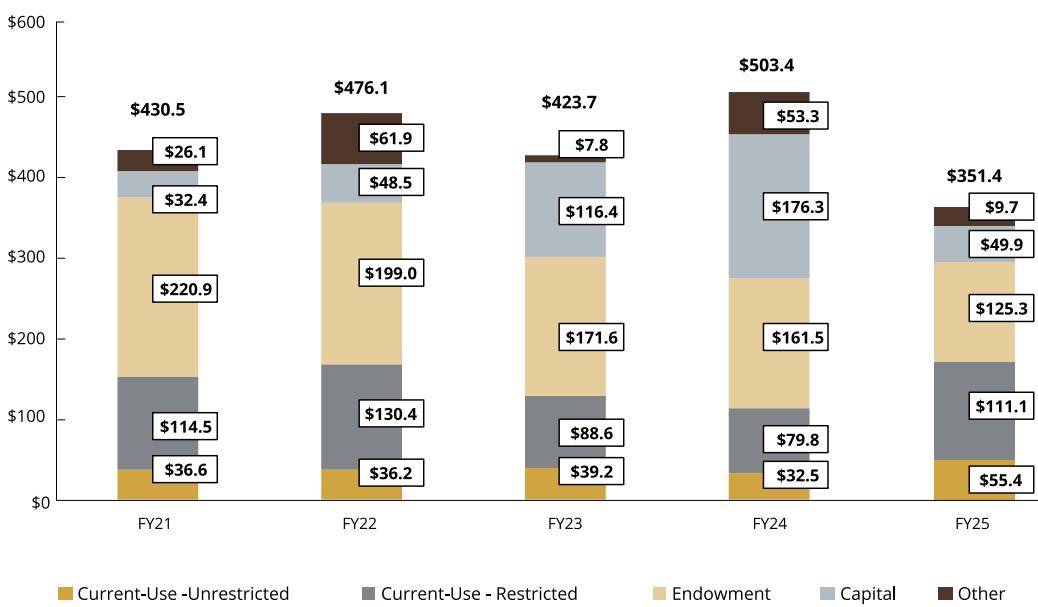
*dollars in millions*



Shifts in the federal funding landscape in the fiscal year placed greater emphasis on philanthropic support for Brown's research enterprise. The University established a Research Resilience and Innovation Fund in April to provide direct operational support for research and scholarship facing delay or disruption from instability in federal funding. Donor response to this ongoing effort — at every level of giving — has been inspiring. New gifts and pledges to the fund totaled \$4.6 million at the close of the fiscal year. The fund has since evolved and expanded. It will fund the most promising areas of research at Brown, provide seed grants for early-career researchers and underwrite scholarship in fields unlikely to receive federal funding in the coming years.

Uncertainty surrounding the impact of federal actions on traditional sources of revenue — including sponsored research, but also federal Pell grants and tuition from international students — prompted a focus on fundraising for current-use gifts that can be spent more immediately and flexibly than endowed funds to meet Brown's evolving resource needs. Unrestricted current-use gifts totaled \$55.4 million in FY25, up from \$32.5 million the previous fiscal year.

**Figure 19: Gifts and Commitments by Purpose**  
*dollars in millions*

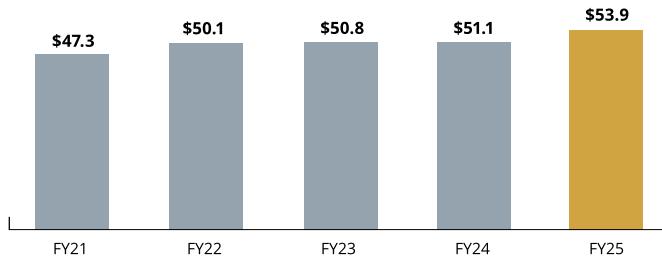


## BROWN ANNUAL FUND

The family of funds that make up the Brown Annual Fund — The Brown Fund, Athletics Annual Fund, Brown's professional school funds, affinity scholarships, and impact funds — surpassed \$50 million in immediate-use support for the fourth consecutive year. A new Brown Annual Fund record of \$53.9 million was achieved with contributions from nearly 30,000 donors. That total includes \$33.6 million through The Brown Fund, as well as record-breaking totals for the School of Public Health, the Inman Page Black Alumni Council Brown Annual Fund Scholarship, the Mercedes Domenech Brown University Latino Alumni Council Brown Annual Fund Scholarship, and the International Brown Annual Fund Scholarship.

The Brown University Sports Foundation Athletics Annual Fund achieved new highs in dollars and donors, raising \$8.6 million from 8,644 donors. Bruno Gives Back Day, a 24-hour giving event for athletics held in October 2024, contributed a record-breaking \$4.6 million donated by 4,885 members of the Brown Bears family.

**Figure 20: Brown Annual Fund Cash Totals**  
*Fiscal Year Comparison*  
*dollars in millions*



Both the Brown Medical Annual Fund and the School of Engineering Annual Fund topped the \$1 million mark for the fourth straight year, raising \$1.4 million and \$1.1 million, respectively. Gifts to the School of Public Health exceeded \$988,000.

The BrownConnect Fund received a record \$1.4 million to provide stipends and summer earnings waivers to undergraduates receiving financial aid, so they can pursue low- or no-pay internships and research opportunities. The newly expanded Pathways to Diversity and Inclusion Fund raised a record \$2.9 million in cash to support a broad range of priorities, including emergency funds for low-income undergraduate students, the centers that provide resources and mentorship for students interested in the perspectives and experiences of diverse communities, and other programs that build and sustain an inclusive community at Brown.

Community giving days have become instrumental in the Brown Annual Fund's continued growth. The third annual "I Heart Brown Day," held on November 19, 2024, raised more than \$3.3 million from 4,136 donors. New records were set for dollars raised and donor participation on "Brunonians Pay It Forward Day," April 22, 2025, with more than \$3.5 million in gifts from 2,766 donors.

## END OF THE CAMPAIGN FOR BUILDING ON DISTINCTION

Fiscal Year 2025 marked the culmination of the most ambitious fundraising campaign in Brown's history, *BrownTogether: The Campaign for Building on Distinction*. More than 76,800 members of the Brown community and friends contributed \$4.44 billion in gifts that bolstered financial support for current and future students, transformed the campus through more than 35 major facilities projects, empowered faculty members and students to take on groundbreaking research and innovative teaching, and enriched campus life for all who live, work and study at Brown. More than 33,000 first-time donors made campaign contributions, along with nearly 14,000 non-alumni parent donors. The campaign marked a historic achievement that secured record philanthropic support for Brown's people, programs and campus.

### Financial Aid

When the University marked the end of the campaign in the second quarter of FY25, donors had contributed \$728 million for financial aid, creating more than 400 new endowed financial aid funds for undergraduate, graduate and medical students. Donors to The Brown Promise, the initiative that eliminates loans from all University undergraduate financial aid awards in favor of scholarships, raised \$129.3 million; \$28.8 million was given to expand support for U.S. military veterans and to permanently endow full scholarships for veterans at all income levels, and \$224.2 million was raised to help the University achieve need-blind admissions for prospective international undergraduate students, which began with the Class of 2029.

### Academics

*BrownTogether* elevated Brown's education, research and innovative scholarship, raising \$1.58 billion to benefit new initiatives, institutes, centers and schools at the University. During the campaign, donors raised 143 endowed professorships across humanities and life, physical and social sciences departments, empowering faculty members and students to take on groundbreaking research and innovative teaching. This surpassed the goal of 123 new endowed positions.

The campaign also enriched Brown's teaching and learning through major investments in new and renovated academic spaces, laboratories and systems to support pioneering research. A \$100 million gift in 2018 has helped to propel the Robert J. and Nancy D. Carney Institute for Brain Science as one of the highest-impact university-based brain science institutes in the country.

### Careers and Campus Life

Campaign support helped to transform the University's approach to career services with the launch of the Brown Center for Career Exploration in 2023. Donors contributed \$70.5 million to bolster staffing, increase paid experiential learning opportunities and expand career advising tailored to a wider range of industry paths. In addition, fundraising support enhanced living and learning at Brown in myriad other ways, including the construction of the first new residence halls in 30 years. Campaign commitments to athletics totaled \$314.9 million to bolster programs and resources for both varsity and club sports, including \$138.8 million supporting key facilities projects. Donors to endowed funds raised 22 coaching positions.

## THE PHYSICAL CAMPUS

Gifts totaling \$777 million enriched Brown's physical spaces, including investments in new and renovated academic spaces, laboratories, athletic facilities and student housing. More than 35 facilities projects commenced during the campaign. These include the state-of-the-art Engineering Research Center, which opened in 2017; a major renovation to Friedman Hall in 2018 to create a modern and fully accessible classroom building in the heart of campus, as well as the renovations of Churchill House and Andrews House; the creation of Stephen Robert '62 Hall, a major physical expansion for what is now The Thomas J. Watson Jr. School of International and Public Affairs; and the cutting-edge Lindemann Performing Arts Center, which opened in 2023, along with the creation of the Perelman Arts District, which showcases spaces across campus where arts learning, education and performance take place.

Donor support is also helping to bring to life a range of in-development projects, like the William A. and Ami Kuan Danoff Life Sciences Laboratories, which is expected to open in 2027 and will convene scientists across multiple fields of study to solve some of the world's most complex, interconnected health and medical challenges. Also on the horizon, the 76,000-square-foot, 100% donor-funded Indoor Turf Facility, which is set to open in early 2026, will provide year-round training opportunities for varsity, club and intramural sports.

## MOMENTUM BEYOND THE CAMPAIGN

While the *BrownTogether* campaign proved extraordinarily successful, the University's continued aspirations include further investment to bring education and research to even greater heights. This includes ongoing investment in scholarship and research, further enhancing students' access to a Brown education, cultivating the diversity of perspectives, ideas and experiences needed for academic excellence and continuing to reinvigorate Brown's physical campus through targeted development.

### Faculty, Research and Innovation

Support for Brown's world-class faculty remains a top fundraising priority. This is reflected in gifts to endow the deanship for the newly established Thomas J. Watson Jr. School of International and Public Affairs and the directorship of the Center for the Study of Race and Ethnicity in America. In addition, new endowed professorships have been established for the Center for Philosophy, Politics and Economics; the Department of Computer Science; the Robert J. and Nancy D. Carney Institute for Brain Science; and for women's health at the Warren Alpert Medical School.

Fundraising for Danoff Laboratories, which is ongoing, reached \$202.6 million by the end of the fiscal year. A topping-off ceremony was held to celebrate the structure's final steel beam being put into place in August 2025. Upon its completion, Danoff Laboratories will serve as a state-of-the-art facility for integrated research ranging from molecular-level science, to biotech innovations, to patient therapies and interventions. The first floor will house spaces for interactions with participants in clinical trials for new medical treatments or other patient-based research — an element uncommon in most lab buildings, but reflective of Brown's focus on solving real patient challenges.

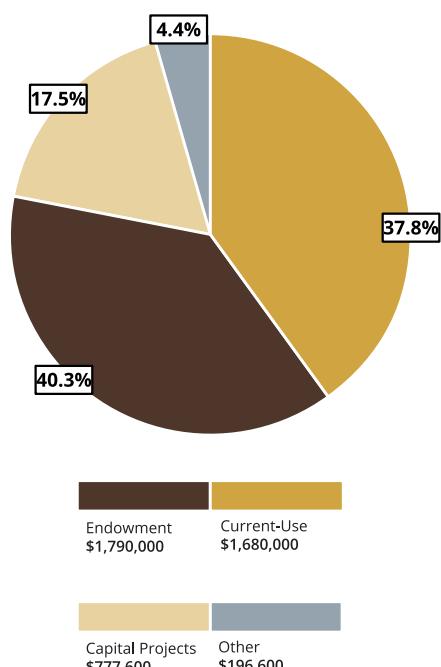
Launched in 2024, the Giuliani RNA Center is becoming a global hub for RNA research, thanks in part to significant philanthropic investment. This vital funding supports Brown faculty members across disciplines who are working together to make basic RNA discoveries and translating their impact to patient outcomes in health and medicine and applications in fields ranging from agriculture to biosecurity. In partnership with other RNA scientists, researchers at the center have catalyzed an international effort to identify and sequence all human RNA as part of the Human RNome Project.

### Campus Development

The new Galen V. Henderson Admission Welcome Center in Brown's historic Manning Hall is now serving as a dedicated hub for prospective students and families to begin their Brown journey. The renovation of the 2,400-square-foot first-floor space, which launched in

Figure 21: Total Campaign New Gifts and Pledges by Type

*dollars in thousands*



FY25, was entirely donor funded. Another donor-funded project this year has created an outdoor, terraced amphitheater with new seating areas and lush landscaping in the Ruth J. Simmons Quadrangle. Beneath the bronze equestrian statue of Roman emperor Marcus Aurelius, the Stephen Sondheim Amphitheater now serves as a natural venue for performances as well as an open-air classroom.

Planning for the renovation of Prince Lab is well underway. Fundraising for this project reached \$37.4 million as of the end of FY25. A lead commitment from the Lassonde Family Foundation will name the Lassonde Innovation and Design Hub. The reimagined facility will be a dynamic space for project-based learning for the entire campus community. A more prominent main entrance will make the structure more inviting at the street level, and new large windows will offer views into the dynamic space. The space will feature workshops, research and design studios, areas for fabrication and rapid prototyping, and new teaching and learning spaces for master's programs. Overall, the Lassonde Innovation and Design Hub will increase utilization space by 30%. The University is targeting the spring semester of 2026 to begin work on the expected 18-month renovation.

## IN CLOSING

A primary focus for investment in the years to come is the people who make it possible for Brown to fulfill its mission. The generosity of the University community continues to strengthen Brown's momentum. Philanthropic support is expanding access to a Brown education, driving discovery and innovation across disciplines and ensuring that students and faculty members have the resources to excel. The commitment of alumni, parents and friends sustains a vibrant and forward-looking academic community and affirms Brown's role as a global leader in teaching and research.

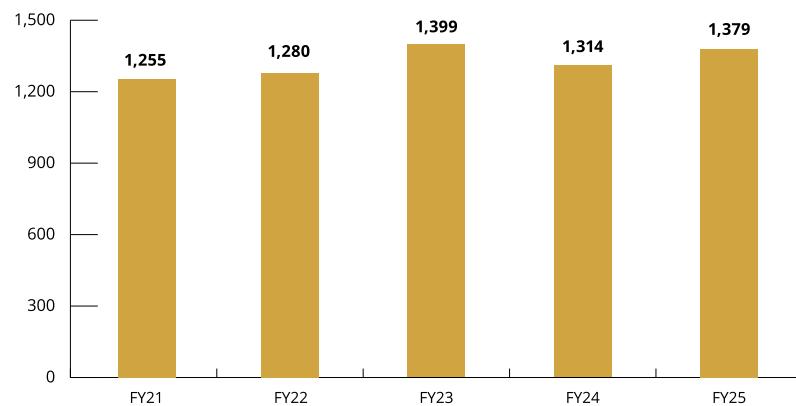
# Research Report

## Brown University Division of Research

Brown University's research expenditures continued an upward trend in Fiscal Year 2025, growing to \$309.5 million, an increase of \$16.4 million, or 5.6%, from the previous fiscal year. It was the largest year of research expenditures ever for Brown. Researchers and scholars received 1,379 awards from research sponsors, including the National Institutes of Health (NIH), the Department of Defense (DOD), the Department of Energy (DOE), the National Science Foundation (NSF) and other federal and non-federal agencies. (See the full list of research sponsors with active awards in FY25 on page 32.)

Sponsored research is the third-largest source of revenue for Brown, making up 20.5% of total revenue in FY25. Brown has continued to invest in staffing, systems and tools dedicated to supporting faculty members and students in all aspects of their research activities — from the conception of new ideas through the dissemination of the knowledge they create.

Figure 22: Total Research Award Counts, FY21 to FY25



Belying a narrative of strictly positive news, Brown's research enterprise confronted an unprecedented disruption in federal funding in Q3 and Q4 amid major policy shifts and government actions to reduce historical support for America's leading research universities. Starting in January 2025, federal executive orders and shifting priorities of federal agencies following the transition in the federal administration led to a pause in grant disbursements, canceled reviews for renewals of grants in areas of research not aligned with administration priorities and issuance of stop-work orders and grant terminations.

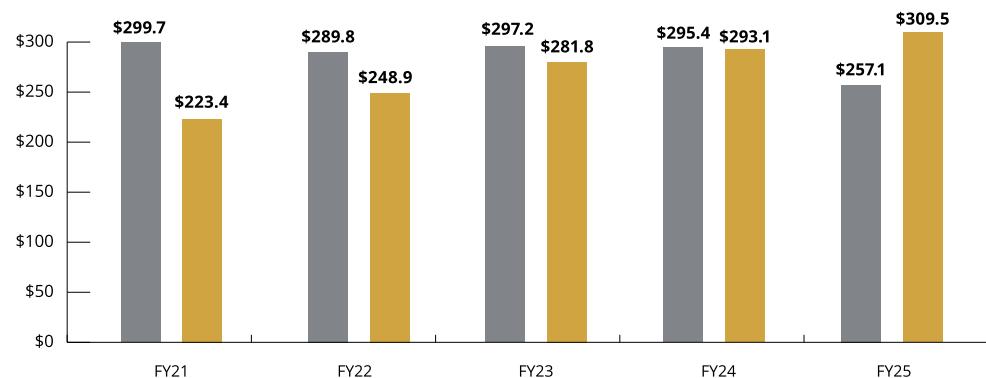
Several federal agencies also issued directives to implement a 15% cap on the amount that institutions of higher education can recover in indirect research costs from their agencies. The National Institutes of Health was the first agency to attempt the 15% cap, and the DOE, NSF and DOD soon followed with similar caps and award pauses. Brown's vice president for research filed declarations on behalf of the University in multiple successful lawsuits that asked a federal court to halt the implementation of the proposed funding limits.

While the court challenges were successful, the constrained funding environment led to an unexpected \$38.3 million drop in new award dollars, down from \$295.4 million in FY24 to \$257.1 million in FY25.

**Figure 23: Total New Award Dollars and Sponsored Expenditures FY21 to FY25**

*dollars in millions*

■ Total new award dollars ■ Total sponsored expenditures



Total Research Expenditures represents actual direct and indirect expenses incurred on grants and contracts. It excludes certain federal resources, including Higher Education Emergency Relief Fund reimbursement and the Federal Work-Study Program.

*\*Funding levels reflect total dollars over the funded period, in some cases for multiyear awards.*

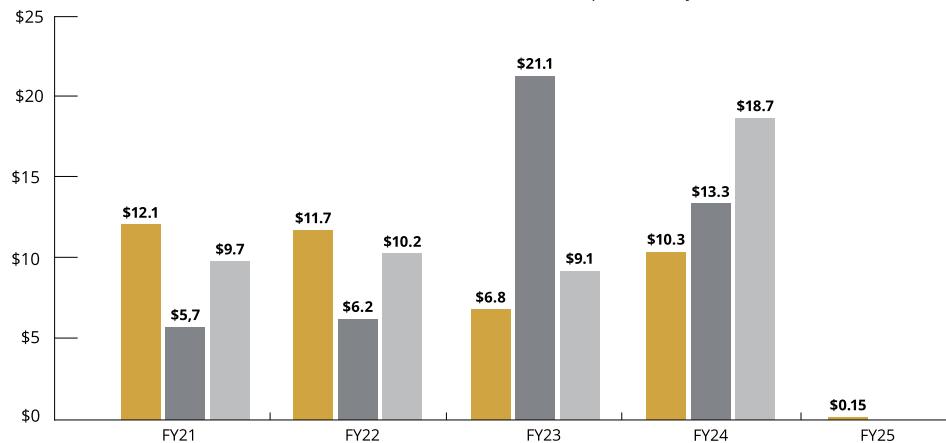
## Q4 DIRECT THREATS TO BROWN RESEARCH FUNDING

In the final quarter of FY25, Brown and several other institutions experienced a large-scale freeze of hundreds of millions of dollars of federal research funding. Beginning April 3, the government (without formal explanation or notice) ceased paying bills on existing Brown grants from the NIH, the University's largest source of grant funding. In addition, between April 3 and the end of the fiscal year, the NIH made no new grant awards to Brown. In a typical year, Brown would have expected to receive approval for about 25 new NIH grants totaling more than \$33 million in the three-month period between April and the start of July. Further, the NIH did not issue routine annual grant renewals to Brown for 79 existing multiyear grants during this same period.

**Figure 24: New Q4 NIH Awards, FY21 to FY25  
(Total Anticipated for Total Project Period)**

*dollars in millions*

■ April ■ May ■ June



The single new NIH award to Brown in Q4 FY25 represented \$146,922, compared to a Q4 average of \$33.8 million for the previous four fiscal years.

By the fiscal year end on June 30, the amount owed to Brown on nonpayment of NIH bills was approximately \$50 million, a number that was increasing about \$3.5 million per week. This did not include unspent funds for federal grants that had been terminated outright, which totaled more than 38 grant awards. The impact on Brown's research enterprise was significant. In addition to representing over 70% of the University's federal research, Brown's NIH portfolio supports the work of more than 1,000 faculty members, postdoctoral researchers, staff members and students.

Beyond the funding freeze, active grants targeted for termination included a total of approximately \$16 million in unspent funds, not only from the NIH, but also from NASA, the NSF and the State Department. While justification for the terminations was not consistently clear, the terminated grants focused on diversity, equity and inclusion (DEI) initiatives; gender; HIV/AIDS; COVID-19; climate-related health impacts; climate-related science; and other topics no longer in alignment with articulated federal priorities.

The University announced July 30, after the end of the 2025 fiscal year, that it had reached a resolution agreement with the federal government to restore NIH funding (the agreement also resolved three open reviews assessing Brown's compliance with federal nondiscrimination laws). The agreement restored money owed to Brown for grant reimbursements and, in subsequent months, many of the terminated grants were reinstated through litigation and the University's agreement with the federal government. However, some terminated grants resulted from entire programs being eliminated (e.g., National Endowment for the Humanities) and were not reinstated.

Despite these impacts, Brown's research expenditures continue to reflect a steady increase in FY25. Throughout the funding freeze, the University instructed Brown researchers to continue their work, and the Division of Research continued to support researchers vigorously in applying for new research awards. The University fully bridged funding gaps from nonpayment of NIH bills and worked closely to support faculty who were experiencing grant cancellations, nonrenewals or delays in the issuance of new awards.

## RESEARCH FUNDING GROWTH: FY25 VS. FY24

In line with Brown's plans announced in 2022 to grow and strengthen its research enterprise, the number of new research awards in FY25 outpaced FY24 in both Q3 and Q4, and new award dollars were also higher in Q3 compared with FY24. These higher FY25 figures underscore the continued growth of research activity at Brown. The one area where FY24 outperformed FY25 was in Q4 new award dollars: FY25 totaled \$25.4 million compared to \$68.9 million in FY24, a difference of 63%, or approximately \$43.5 million. This shortfall highlights one example of the negative impact of the current federal funding environment.

Figure 25: New Q3 and Q4 Awards FY24 to FY25

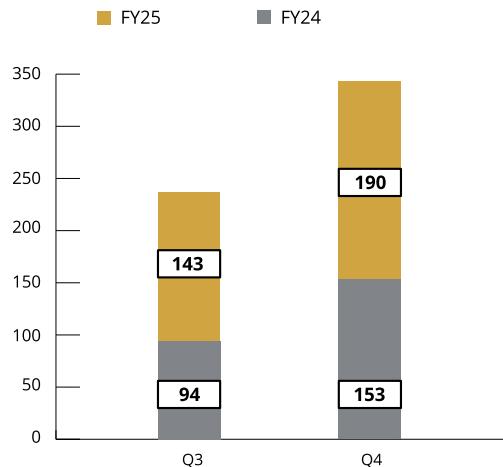
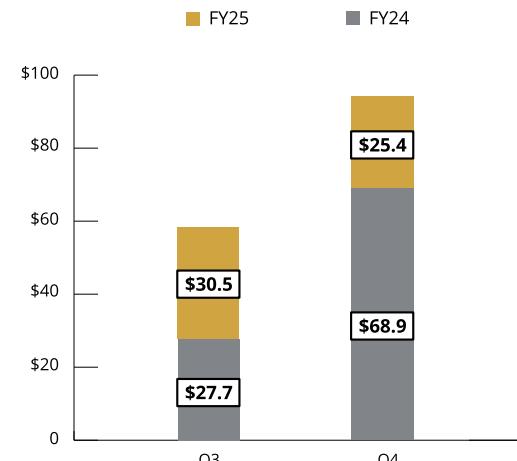


Figure 26: New Q3 and Q4 Award Dollars FY24 to FY25  
dollars in millions



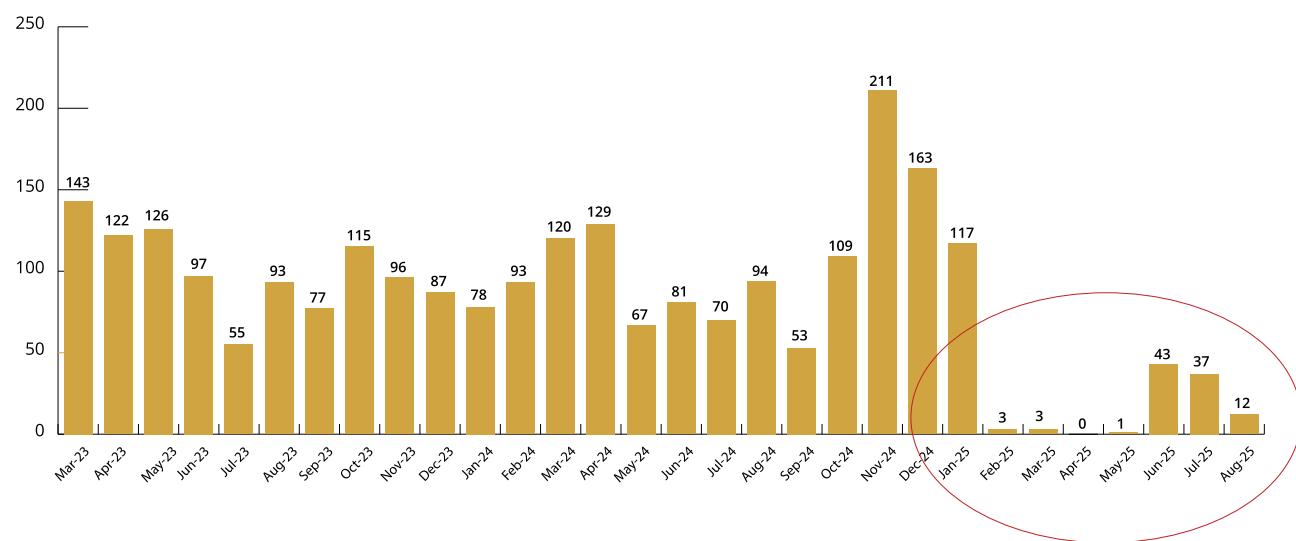
FY25 data show an increase in research growth across all quarters except new award dollars in Q4 of FY25.

## FUNDING HEADWINDS

Federal support — long the backbone of Brown's sponsored research — is clearly more uncertain than in the past, and future reductions in federal funding would have a severe impact on Brown. Federal appropriations remain vulnerable to deep reductions, with the president's 2025 tax and spending bill proposing cuts of up to 37% at the NIH and 67% at the NSF, despite stated Congressional support.

The impact of this shift in funding priorities away from research is already being felt. Funding opportunity announcements for the Department of Health and Human Services (HHS) dropped off dramatically after January 2025, with the pace of new federal funding opportunities being added daily falling to 80% to 90% of pre-January levels. The slowdown of funding announcements will impact the timing of new awards issued over the next year or more.

Figure 27: HHS Funding Opportunities by Month

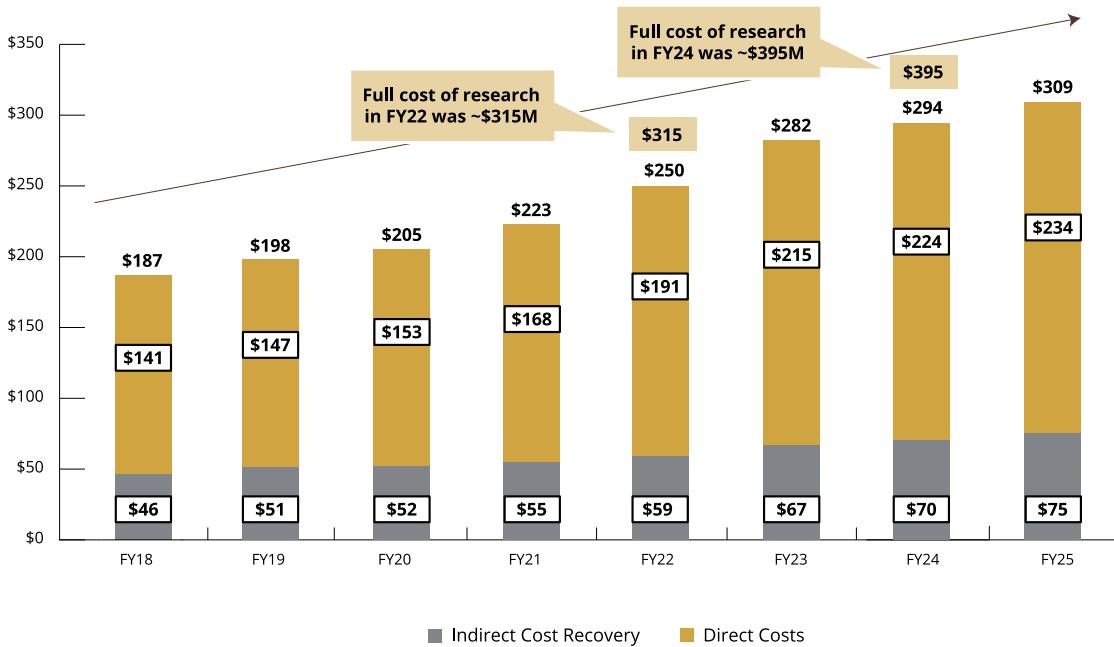


During the second half of FY25, announced funding opportunities from the National Institutes of Health on Grants.gov plummeted to a low of zero in April and one announcement in May.

In addition, if the government implemented the threatened new 15% limit on indirect cost reimbursements for research grants to higher education institutions, it would significantly reduce Brown's anticipated annual indirect cost recovery and require Brown to move urgently to adjust operations to absorb the loss of millions of dollars of expected revenue. If implemented, the cap would constrain the University's ability to support laboratory facilities, compliance services and research administration. Because sponsored funding does not fully cover the true cost of research, Brown — like other research-intensive universities — would face a substantial budget gap and have little capacity to absorb further reductions in funding.

For example, in FY24, Brown's true cost of research was approximately \$395 million, about \$100 million more than the combined sponsored direct costs (\$224 million) and indirect costs (\$70 million) received from the federal government. University contributions to the full cost of research include internally funded research, startup funding, cost-sharing on active projects and unrecovered indirect costs.

**Figure 28: Total Sponsored Expenditures Including Indirect and Direct Costs**  
*dollars in millions*



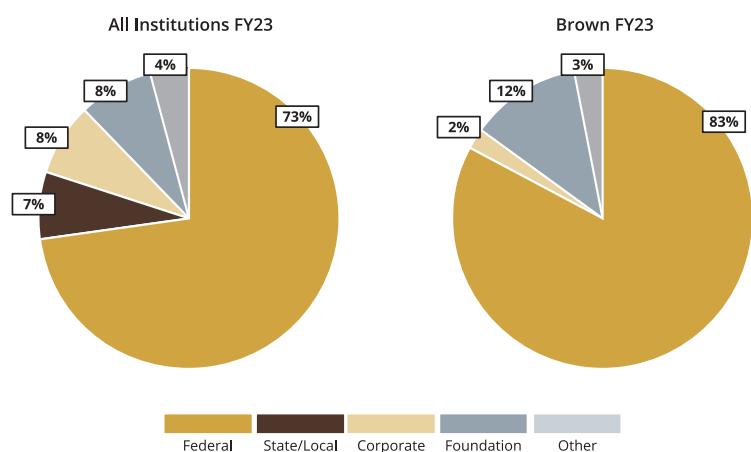
Brown's full cost of research is significantly more than what is covered by sponsored direct costs and indirect cost recovery from research awards. (FY24 represents the most recent complete data available as of the date of publication of this report.)

## LOOKING AHEAD

The experience of responding to the federal actions during FY25 underscored the critical importance of diversifying research funding at Brown. Brown is approximately 10 percentage points more reliant on federal funding than peer institutions, with 83% of research funds awarded by federal agencies compared to 73% among university peers. To ensure greater stability, resilience and diversification, the University is intensifying efforts to expand corporate, foundation and philanthropic partnerships so that federal funding no longer represents an outsized share of its research portfolio.

Brown remains committed to extending the impact of its research as part of the University's mission to be in service to the nation, the world and society. While Brown and other colleges and universities across the country continue to contend with uncertainty in research funding, the University continues to assert the critical importance of investment in research to support cutting-edge, multiyear projects that benefit individuals, families and communities across the globe.

**Figure 29: Brown's Reliance on Federal Research Funding**



Brown can decrease its reliance on federal research funding by building a state/local portfolio of research sponsors and increasing funding from corporate sponsors, in line with other institutions. Source: Higher Education Research and Development (HERD) Survey, 2023 Institutional Funds excluded from analysis. (FY23 reflects the most recent HERD data available as of the date of publication of this report.)

# FY25 Research Sponsors

Brown's research enterprise is supported by a diverse network of 341 sponsors, spanning corporate and industry partners, major federal agencies and private foundations and nonprofit organizations, which collectively make up the University's externally sponsored research enterprise.

This portfolio includes support from NASA, the NSF, DOD, NIH and other agencies. Such breadth of sponsorship strengthens Brown's capacity to pursue innovative research across disciplines while reducing dependence on any single funding source.

This section of the Research Report provides the complete list of 338 sponsors with active awards during FY25.

## SPONSORS WITH ACTIVE AWARDS IN FY25

### Corporate and Industry

Actuate Therapeutics Inc.  
Amazon Research Awards  
Amazon Robotics  
American Board of Psychiatry and Neurology  
Arnold Ventures  
AstraZeneca International  
Axbio  
Black In Genetics  
Blue Cross Blue Shield of Rhode Island  
Boston Dynamics AI Institute  
Chan Zuckerberg Initiative  
Chimerix  
Cowin Investment Holding Company Ltd.  
DALHAP Investments Ltd.  
Dassault Systemes Americas Corp.  
Dassault Systemes Simulia Corp.  
DEM BioPharma  
Facebook  
First Solar  
Gates Ventures  
GE Aerospace  
General Motors  
Gentroma  
GlaxoSmithKline  
Google LLC  
Incyte Corporation  
Insight Therapeutics LLC  
Intel Corp.  
Janssen Research and Development LLC  
JNC Materials Co. Ltd.

Johnson & Johnson Services Inc.

J.P. Morgan AI  
Meta Platforms Inc.  
Motorola Labs  
Nortel Networks Corp.  
Quanterix Corp.  
Renox LLC  
Revvity Health Sciences Inc.  
Samsung Electronics Co. Ltd.  
Sanofi Pasteur  
SMURF-Therapeutics Inc.  
Spitfire Pharma  
TherapyX Inc.  
Toyota Motor Engineering & Manufacturing North America Inc.

American College of Radiology

American Council of Learned Societies  
American Federation for Aging Research  
American Foundation for Suicide Prevention  
American Health Care Association  
American Heart Association  
American Physical Society  
American Psychological Association  
American Radio Relay League  
American Society for Engineering Education  
American Thoracic Society  
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Annenberg Foundation  
Annie E. Casey Foundation  
Arcadia Fund  
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Brain & Behavior Research Foundation  
Breakthrough T1D  
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Brown Physicians Inc.  
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Carnegie Corporation of New York

### Foundations and Not for Profits

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American Academy of Developmental Medicine and Dentistry  
American Cancer Society  
American Chemical Society  
American Chemical Society Petroleum Research Fund

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Charles A. Dana Foundation	Institute for Public Health Innovation	Paragon Health Institute
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Eagles Autism Foundation	Longview Philanthropy	Ruth D Turner Foundation
EdFund	Maine Community Foundation	Schmidt Futures
Edward Charles Foundation	Mary Kay Ash Foundation	Schmidt Sciences
EM Foundation	Medical College of Virginia Foundation	Searle Scholars Program
Ethereum Foundation	Melanoma Research Foundation	Sequoia Foundation (California)
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HT LLC	Nuclear Threat Initiative	Spectroscopy Society of Pittsburgh
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Howard Hughes Medical Institute		Steven J. Massarsky Charitable Trust

Teiger Foundation  
Templeton World Charity Foundation Inc.  
Tennessee State Collaborative on Reforming Education  
The Andy Warhol Foundation for the Visual Arts  
The Charles Stark Draper Laboratory Inc.  
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The Health Foundation  
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Thundermist Health Center  
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NASA  
NASA Ames Research Center  
NASA Goddard Space Flight Center  
NASA Headquarters  
NASA Kennedy Space Center  
NASA Marshall Space Flight Center  
NASA Shared Services Center  
NASA Stennis Space Center

## National Endowment for the Arts and Humanities

National Endowment for the Arts  
National Endowment for the Humanities

## National Science Foundation

National Science Foundation

## Nonfederal Government

Asian Office of Aerospace Research and Development  
Boston Public Schools  
Department for International Development (UK)  
European Commission  
European Commission Host Organization  
Maryland Health Care Commission  
Massachusetts Department of Elementary and Secondary Education  
Massachusetts Department of Public Health  
Ministry of Business, Innovation and Employment (New Zealand)  
Natural Sciences and Engineering Research Council of Canada  
New York State Office for the Prevention of Domestic Violence  
Pennsylvania Department of Health  
Research Council of Norway  
Rhode Island Attorney General  
Rhode Island Commerce Corp.  
Rhode Island Department of Human Services  
Rhode Island Life Science Hub  
Social Sciences and Humanities Research Council (Canada)

## Other Federal

Institute of Museum and Library Services  
National Historical Publications and Records Commission  
National Oceanic and Atmospheric Administration  
Pipeline and Hazardous Materials Safety Administration  
Providence VA Medical Center  
U.S. Department of Agriculture  
U.S. Department of Commerce  
U.S. Department of Labor  
U.S. Department of State  
U.S. Department of the Interior  
U.S. Environmental Protection Agency  
VA Bedford Healthcare System

## Other Nonfederal

American Society of Hematology  
Brown University Health  
Lifespan  
Rhode Island Hospital  
World Health Organization

## U.S. Department of Defense

Air Force  
Air Force Office of Scientific Research  
Army Corps of Engineers  
Army Medical Research Acquisition Activity  
Army Natick Soldier RD&E Center  
Army Research Office  
Defense Advanced Research Projects Agency  
Defense Threat Reduction Agency  
Medical Research and Material Command  
National Security Agency  
Naval Facilities Engineering and Expeditionary Warfare Center  
Naval Surface Warfare Center Dahlgren Division  
Office of Naval Research  
U.S. Department of Defense

**U.S. Department of Education**

Institute of Education Sciences  
U.S. Department of Education

**U.S. Department of Energy**

National Nuclear Security Administration  
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**U.S. Department of Health and Human Services**

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National Center for Complementary and Integrative Health

National Eye Institute

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National Institute of Arthritis and Musculoskeletal and Skin Diseases

National Institute of Biomedical Imaging and Bioengineering

National Institute of Child Health and Human Development

National Institute of Dental and Craniofacial Research

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National Institutes of Health

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National Institute on Alcohol Abuse and Alcoholism

National Institute on Deafness and Other Communication Disorders

National Institute on Drug Abuse

National Institute on Minority Health and Health Disparities

National Library of Medicine

NIH Office of the Director

Substance Abuse and Mental Health Services Administration

U.S. Department of Health and Human Services

**Editing and Design**  
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**President's Letter**  
Office of the President

**Finance and Budgeting Report**  
Finance Division

**Endowment Report**  
Investment Office

**Fundraising Report**  
Division of Advancement

**Research Report**  
Division of Research



## ABOUT THE COVER

### **Giuliani RNA Center**

With a \$11.1 million grant from the National Institutes of Health, Brown University has established a new Center of Biomedical Research Excellence to support RNA research in Rhode Island, including at the Giuliani RNA Center (above). Part of an international effort to identify and sequence all human RNA (cDNA derived from RNA shown in detail on the front cover), the Giuliani RNA Center is helping to advance understanding of RNA and its applications in health and medicine, agriculture, biosecurity and beyond.

(Photo credit: Nick Dentamaro)

## **Brown University Annual Financial Report Fiscal Year 2025**

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