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(in thousands)

Cash and cash equivalents	$	21,412	$	10,558
Accounts receivable, net (Note B)		45,384		41,407
Contributions receivable, net (Note C)		159,946		157,993
Notes and other receivables, net (Note B)		31,145		36,261
Investments (Note E)		3,155,299		2,795,575
Funds held by trustees (Note E)		5,977		5,918
Other assets		7,406		8,036
Property, plant and equipment, net (Note G)		1,774,703		1,716,085
Total assets	$	5,201,272	$	4,771,833
Accounts payable	$	4,732	$	6,825
Accrued liabilities		252,433		236,061
Deposits payable and deferred revenues		43,069		30,501
Bonds and mortgages payable, net (Note H)		1,313,937		1,061,623
U.S. Government loan advances		12,301		18,823
Total liabilities		1,626,472		1,353,833
Without donor restrictions (Note I)		1,736,888		1,679,424
With donor restrictions (Note I)		1,837,912		1,738,576
Total net assets		3,574,800		3,418,000
Total liabilities and net assets	$	5,201,272	$	4,771,833

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

(in thousands)

Total increase (decrease) in net assets	$	156,800	$	(41,389)
Adjustments to reconcile change in net assets to cash, cash equivalents, and restricted cash used in operating activities				
Depreciation, amortization and accretion		88,514		83,196

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

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

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

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

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

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

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

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

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

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

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

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

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

Contribution and sponsored research revenue with

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

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

The consolidated financial statements include certain prior year summarized comparative information, but do not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the University's audited financial statements for the year ended May 31, 2019

In March 2017, the FASB issued

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

(in thousands)

Cash and cash equivalents	$ 21,412	$ 10,558
Accounts receivable, net	26,571	19,857
Contributions receivable	8,678	8,875
Short-term investments	585,231	312,830

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

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

As of May 31, 2020, the University's investments include $659,732,000 of Level I equities, $674,366,000 of Level I fixed income securities, $8,379,000 of Level II fixed income securities and $3,982,000 of Level III fixed income securities. Excluded from the fair value hierarchy at May 31, 2020 are $1,580,747,000 of equities, $121,063,000 of fixed income securities, and $80,576,000 of real assets, for which fair value is measured at net asset value per share using the practical expedient. Also excluded from the fair value hierarchy at May 31, 2020 are $32,431,000 of real estate investments valued at cost.

As of May 31, 2019, the University's investments include $843,402,000 of Level I equities, $513,950,000 of Level I fixed income securities, $8,789,000 of Level II fixed income securities and $3,938,000 of Level III fixed income securities. Excluded from the fair value hierarchy at May 31, 2019 are $1,216,592,000 of equities, $74,368,000 of fixed income securities, and $107,572,000 of real assets, for which fair value is measured at net asset value per share using the practical expedient. [illegible]

The University does not distribute from funds with market values less than historical value. To the extent that the fair value of a donor restricted endowment fund falls below its historic dollar value it is reported as a reduction of net assets with donor restrictions. As of May 31, 2020 and 2019, there are no endowment funds with a market value less than historical value.

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

(in thousands)

Land and improvements	$ 339,080	$ 337,309
Buildings	1,924,796	1,733,906
Equipment	249,009	246,434
Library books	231,912	222,950
Rare book and art collections	32,504	30,146
Purchase options	2,855	2,855
Plant under construction	101,429	199,133
Property, plant and equipment, gross		

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

(in thousands)

Boston College Issues (fixed rate) Series M, 5.00 - 5.50%, due 2023 - 2035	$	129,360	$	134,285
Boston College Issues (fixed rate) Series Q, 4.25 - 5.00%, due 2020-2029		7,245		55,205

In March 2020, the University issued $148,820,000 of MDFA Series U Revenue Bonds ("Series U"). The Series U was issued with an original issue premium of $38,645,000, which will be amortized over the life of the bonds. The entire net proceeds from Series U, $186,408,000, were used to refund a portion of existing Series M, Series Q, and Series R bonds. The retirement of Series M was comprised of $4,925,000 repayment of par value and $105,000 interest prepayment. The retirement of Series Q was comprised of $41,660,000 of par value and $565,000 of interest prepayment. The retirement of Series R was comprised of $135,980,000 of par value and $3,361,000 of interest prepayment. The University incurred costs of $1,162,000 associated with the issuance of Series U, which were capitalized and will be amortized over the life of the bonds, and recognized a net gain of $15,498,000 on the partial refunding, which was recorded within other gains (losses), net in the consolidated statement of activities.

All eligible full-time personnel may elect to participate in a defined contribution retirement program. Under the program, the University makes contributions, currently limited to 8-10% of the annual wages of participants, up to defined limits. Voluntary contributions by participants are made subject to IRS limitations. The limitation applicable to University contributions is on a combined plan basis. For the years ended May 31, 2020 and 2019, the University's contributions to the retirement program are $28,170,000 and $27,642,000, respectively.

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

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

(in thousands)

Service cost	$ 3,258	$ 3,170
Net periodic postretirement benefit cost	3,258	3,170
Net loss (gain)	11,802	(11,188)
Interest cost	3,962	3,759
Other changes in plan assets and benefit obligation	15,764	(7,429)
Total recognized in net periodic benefit cost and net assets without donor restrictions	$ 19,022	$ (4,259)

In Fiscal 2021, an unrecognized net loss of $1,130,000 is expected to be amortized as a component of net periodic postretirement benefit cost.

For measurement purposes, the assumed annual rates of increase for measuring the obligation at May 31, 2019 and the cost for the year ending May 31, 2020 were: 5.75% in the per capita cost of covered health care benefits for post-65 benefits and 7.00% in the per capita cost of covered health

A one percentage point change in the assumed health care cost trend rates would have the following effect:

(in thousands)

Effect on total of service and interest cost components	$	716	$	(586)
Effect on postretirement benefit obligation				