

BROWN UNIVERSITY  
FINANCIAL REPORT  
**Fiscal Year 2018**



BROWN

# Brown University Summary

Fiscal years ended June 30

<b>FINANCIAL</b> (dollars in millions)	Fiscal Year 2018	Fiscal Year 2017
<b>Principal Revenue Sources</b>		
Tuition and Fees (net)	\$353	\$327
Grants and Contracts	\$190	\$172
Endowment Return Appropriated	\$152	\$165
Contributions	\$282	\$214
Total Investment Return	\$448	\$421
<b>Principal Purpose of Expenditures</b>		
Instruction and Departmental Research	\$355	\$335
Academic Student Support	\$233	\$216
<b>Financial Balance Sheet</b>		
Total Assets	\$5,792	\$5,370
Total Liabilities	\$1,156	\$1,183
Net Assets	\$4,636	\$4,187
<b>Fundraising</b>		
New Gifts and Pledges	\$389	\$270
Cash	\$240	\$242
<b>STUDENTS</b>		
<b>Enrollment</b>		
Undergraduate Students	6,988	6,926
Graduate Students	2,541	2,310
Medical Students	566	545
<b>Degrees Conferred</b>		
Bachelor's Degrees	1,696	1,561
Master's Degrees	717	633
Doctor of Philosophy	208	210
Doctor of Medicine	120	121
<b>Annual Tuition and Required Fees</b>		
Undergraduate	\$53,419	\$51,366
Graduate	\$53,205	\$51,152
Medical	\$59,302	\$56,480
<b>FACULTY</b>		
Campus-based Faculty (all ranks)*	758	749
Medical School Faculty	626	654

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

# Brown University Financial Report

## Fiscal Year 2018

### FROM THE PRESIDENT



Brown is committed to the responsible stewardship of its resources as the University pursues its ambitious aspirations for academic and operational excellence.

The annual Brown University Financial Report offers an overview of our financial statements, success in fundraising and investment performance. Covering Fiscal Year 2018, this year's report highlights the ways in which the financial markets and growth of the economy created opportunities for excellent financial results for Brown.

As outlined in the Financial Statement Overview of the report, Brown benefitted from a 13.2 percent return on the endowment and 10.7 percent growth in net assets. We're seeing continuing success in sponsored research, largely funded by federal agencies like the National Institutes of Health. Grants and contracts are Brown's second largest revenue source and grew by \$18 million, or 10.5 percent, from last fiscal year through FY18.

The endowment and other managed assets ended the year at \$3.8 billion, as shown in the Endowment Report prepared by the Investment Office. The 13.2 percent appreciation in value from July 1, 2017, to June 30, 2018, represents \$450 million in investment gains, the second-largest total in the endowment's history. Brown's endowment provided \$163 million to the University during the year, supporting 15 percent of the operating budget.

In a record year of fundraising in FY18, generous alumni, parents and friends gave \$389.1 million to Brown as part of the *BrownTogether* campaign. This eclipsed the previous fundraising record by \$88 million. The fact that more than 32,000 donors contributed a record \$45.8 million to the Brown Annual Fund reflects the deep affinity our community has for Brown.

The Brown community also gave generously to support *The Brown Promise*, an effort to eliminate packaged loans from all of the University's undergraduate financial aid awards. Fundraising for the initiative surpassed its initial goal of \$30 million before the end of the calendar year. This made it possible for the University to implement *The Brown Promise* for the 2018-19 academic year as fundraising continues toward a \$120 million goal to sustain the initiative. At the end of FY18, Brown had raised \$1.78 billion toward the \$3 billion goal of the *BrownTogether* campaign.

In addition to reporting on Brown's financial health, the financial report provides an opportunity to share progress in key thematic areas of the University's strategic plan, *Building on Distinction: A New Plan for Brown*. Last year, the report began with an overview of the deep impact of Brown's work in medicine, public health and brain science. The theme for this year's report is the University's long and distinguished record of innovation in the arts and humanities.

With a focus on the 2017-18 year, the report highlights how Brown is integrating the arts throughout its curriculum as a catalyst for creative problem-solving and discovery. The report also details the many ways that initiatives in the humanities at Brown are building understanding of critical issues affecting the human experience. The University has been intensifying the power of the humanities to inspire change, including collaborations with other disciplines and efforts in the digital humanities.

In 2019, Brown will mark five years since the 2014 launch of *Building on Distinction* as a strategic vision to guide the University over the next decade. The Fiscal Year 2019 Brown University Financial Report will provide an overview of the University's successes in all aspects of the strategic plan. I am excited to share how Brown is achieving new levels of academic leadership by investment in the people and distinctive programs of the Brown community.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Paxson'.

Christina Paxson  
President, Brown University

# Arts and Humanities at Brown

## Strategic investments making an impact

**BROWN UNIVERSITY** has a long and distinguished record of innovation in the arts and the humanities. Driven by the belief that the arts are fundamental to critical inquiry and creative problem-solving, Brown is a leader in positioning the arts as a catalyzing force for discovery. At the same time, the University embraces the humanities as critical to understanding the human experience, for promoting our ability as a society to learn from our past and our present, and for offering the intellectual tools to navigate a rapidly changing world.

This report describes how Brown has expanded on its long-term reputation for excellence in the arts and the humanities. With a focus on the 2017-18 academic year, it details how Brown is infusing creative expression more fully across the curriculum by integrating the arts with a world-class liberal arts education. It also demonstrates how Brown has moved strategically to advance educational innovation and research collaboration in the humanities, driving new and important work on questions of fundamental human concern.

Through focused investments in faculty, fellows, programming and infrastructure, the University continues to build upon a foundation of excellence in research, scholarship and practice in these sets of academic disciplines.

### THE ARTS AT BROWN — CULTIVATING CREATIVE EXPRESSION

Brown University's long-standing renown as "the Creative Ivy" is well earned. Brown advances cutting-edge research in the arts, as well as the highest levels of arts practice. College Hill abounds with artists and scholars of exceptional talent whose creativity transcends the arts and influences other fields of study. About 60 percent of undergraduates declare the arts as their principal co-curricular interest.

With bold aspirations to build on its legacy of excellence, Brown is advancing a plan to fully integrate arts practice, theory and scholarship into the broad range of intellectual activity on campus. Through new investments in funding for students, new partnerships with artists and scholars within and beyond the University, and major new investments in arts programming and facilities, Brown is committed to engaging the public, incorporating global perspectives and supporting all that is experimental and forward-thinking in the arts.

#### **The Brown Arts Initiative Catalyzes Intellectual Inquiry**

In 2017, Brown launched the Brown Arts Initiative (BAI), a campus-wide effort to make the University a vibrant laboratory for inventive arts practice and scholarship. As a convener and a catalyzing force that brings together ideas, expertise, skills, spaces, partners and audiences, the BAI has succeeded in creating a wealth of new opportunities for student and faculty collaboration and experimentation in the arts.

To celebrate its launch, the BAI convened a symposium that showcased the latest arts practices and research that react to and engage with the environment. Bringing together more than 20 trailblazing artists, performers, curators, scholars and practitioners like environmental artist Natalie Jeremijenko and conceptual artist Mierle Laderman Ukeles, the symposium affirmed Brown's role as a destination for exploring how arts practices convey, embody and interact with cutting-edge research on the most pressing questions.

The event established BAI's first three-year programming theme — Arts and Environment — which has given shape to a wide array of programs focused on this urgent, timely issue, including exhibitions, lectures, performances, film screenings and curated conversations.

In 2018, the BAI convened a group of artists, scientists, researchers and policymakers to imaginatively address the impact of climate change, particularly in polar regions. The BAI coordinated the symposium with a larger University initiative titled “WeatherProof: Arts, Humanities and Sciences Explore the Environment,” which probed environmental topics from multiple academic perspectives.

The David Winton Bell Gallery presented companion programming including the sound installation “Isfald” (Icefall), which brought the recorded sounds of melting, cracking glaciers into the gallery, and the mural project “33°,” which documented the beauty and destruction of polar regions via photomurals mounted on the exteriors of Brown buildings. Like the Bell Gallery's incisive, provocative exhibitions throughout the year — ranging from photographer Carrie Mae Weems' self-portraits to Pierre Huyghe's film set in devastated post-Fukushima Japan — both projects were captivating, standalone experiences and important means of deepening related academic inquiry on campus.

Separately, the BAI launched the Warren and Allison Kanders Lecture Series, which catalyzed open dialogue about the impact of contemporary visual art on our world. In its first year, the annual series of presentations and student interactions featured prominent contemporary artists and art-world luminaries. Among the Kanders lecturers were dancer and performance artist Nick Cave, multimedia artist Wangechi Mutu, photographer and filmmaker Shirin Neshat and Director and Chief Curator of The Studio Museum in Harlem Thelma Golden.

# \$5.5M

**Total grant funding for active Brown research projects in arts and humanities**



## BREAKING DOWN BARRIERS

In February 2018, Brown shared with the world some unexpected news — moving forward, the University promised to provide scholarship funds to cover the full cost of tuition for all students in the Brown/Trinity Rep master of fine arts (MFA) programs in acting and directing. Not only will the additional funding ease debt for individual MFA students, it will diversify the pool of actors and directors in training, encourage innovation and experimentation in art-making and ultimately redefine whose stories are being told through on-stage performance.

**20%**  
**of Brown  
undergraduates  
declare a  
primary  
concentration  
in the arts or  
humanities**

### **Creating a Hub for the Performing Arts**

Brown is embarking on one of its largest single undertakings in the arts as the University plans for the construction of a performing arts center. Brown has long envisioned the creation of a major performance space that would serve as a hub for music, dance, theater and multimedia arts on campus.

The University took critical steps toward realizing this vision in 2017-18 after selecting New York-based architecture firm REX at the end of last academic year. Extensive engagement with the campus and Providence community led to approval of a location for the Performing Arts Center on The Walk between Angell and Olive streets, facing the existing Granoff Center for the Creative Arts.

As envisioned, the new building will mark a substantial expansion of physical resources for the arts and support teaching and learning around the development and presentation of music, theater, dance and multimedia arts. It will serve all of the arts departments at Brown and create opportunities for students from every discipline to be involved in the arts, whether in a class or as a performer, audience member or researcher. It is also expected to welcome members of the external community to Brown for arts events, with flexible performance spaces, superb acoustics and a large performance hall.

The new Performing Arts Center will complement the Granoff Center both aesthetically and programmatically, creating a synergistic relationship between the two buildings. With the construction of the new center — expected to be completed in 2021 — students and practitioners who incubate ideas at Granoff will be able to execute them at a state-of-the-art facility next door. This will enrich the possibilities for arts practice and discovery even further. The Performing Arts Center will attract the best faculty, visiting artists and students to Brown and provide them with the necessary diversity of spaces to experiment, work and perform.

### **Bringing Unique Opportunities to Students**

The vibrancy of the arts at Brown is reflected in the talent of the University's arts faculty and its students. Throughout the 2017-18 year, Brown students engaged with the arts and artists through a wide range of exceptional hands-on opportunities. Students performed and premiered their work in New York and took on leadership roles as curators, directors and managers of arts activities featuring other artists.

Through BAI songwriting workshops, students honed their skills in weekly sessions with singer-songwriters; those students could also take master classes with renowned visiting artists, including Rosanne Cash and John Leventhal. And through collaborations with music department artists in residence, students composed original pieces for artists like inventor and electric violinist Tracy Silverman, who debuted the compositions in performance.

With new investments establishing a set of professor of the practice positions, the BAI welcomed distinguished artists that include dancer, choreographer and writer Ralph Lemon, filmmaker RaMell Ross, violinist Sebastian Ruth and poet Anne Waldman, each of whom shared their expertise and experiences with students via teaching, art-making, events and more.

A collaboration with Performa, a nonprofit arts organization that focuses on live performance in visual art, allowed Brown students to engage directly in the art-

making processes of cutting-edge artists and to learn how to translate their theory- and skill-based learning from the classroom to a cultural organization. Through the partnership, students spent the summer working with artist Kelly Nipper as she developed discipline-bending research and performances combining video, photography, movement and new technologies like Rapid Liquid Printing. The work culminated in an exhibition and performance that premiered in New York and whose development was documented in exhibitions at Brown. Two students served as post-baccalaureate fellows at Performa, gaining invaluable training at a leading arts think tank and performance center.

Throughout the academic year, the Writers on Writing series in literary arts gave students and community members access to leading literary voices. Luminaries like Zadie Smith, Marlon James, John Banville and Cathy Park Hong came to Brown to read their work and converse with students about the practice of writing.

And through major festivals, like 2018's International Fiction Now event honoring Robert Coover, some of the most defining voices of contemporary literature — from Edwidge Danticat to Paul Auster— came to Brown for a series that also shined a light on the University's role on the leading edge of experimental fiction, digital language arts and its commitment to freedom of expression on an international scale.

Brown continues to offer students a unique five-year dual degree bachelor's program via a partnership with the Rhode Island School of Design (RISD). Students draw on the complementary strengths of the two schools to pursue degrees, and the program enables them to take advantage of Brown's Open Curriculum and RISD's intensive, specialized education in arts and design. The results include uncommon combinations of study like theater and glass, film and video with screenwriting, and computer science and photography.

## THE HUMANITIES — BUILDING CRITICAL UNDERSTANDING

For more than a century, the two dozen departments and programs that comprise the humanities at Brown have asked big questions that inform our understanding of the past and deepen our sense of how to best approach current societal challenges of global significance.

How do we create a meaningfully engaged citizenry? How will we understand and respond to the social and ethical dimensions of technological change? How do religious and literary traditions inform our understanding of current political events?

Such questions are vital. Through a range of strategic initiatives, Brown worked in the 2017-18 academic year to intensify the global impact of the humanities and their power to inspire change.

### Digital Humanities Rescue Historical Knowledge

With major grants from the Andrew W. Mellon Foundation and the National Endowment for the Humanities, work in the digital humanities rapidly expanded — especially with the launch of the University's Digital Scholarship Initiative. At Brown, scholars called on cutting-edge technology to preserve centuries-old texts, providing new ways of interacting with and interpreting cultural information and ensuring open access to previously unavailable resources.

**“The arts are vital, powerful and provocative — and at Brown, they are paramount. They teach imaginative thinking, foster empathy, champion experimentation and inform new ways of questioning, collaborating and seeing — vital elements for the future of innovation, humankind and the planet.”**

— Butch Rovon, Professor of Music and Faculty Director of the Brown Arts Initiative

# \$338,621

**Total funding from six active grants supporting digital humanities research**

**ACTIVE FISCAL YEAR  
2018 GRANTS SUPPORT  
ARTS AND HUMANITIES  
RESEARCH TOPICS**

ranging from dance scholarship to literary workshops that bridge the civilian-military divide, to digital preservation of ancient Syrian texts to how cultural and linguistic expertise can improve biomedical research in the deaf community.

Matthew Rutz, an associate professor of Egyptology and Assyriology, won a \$166,632 grant from the National Endowment for the Humanities to digitally preserve clay tablets important to Syria's cultural heritage and imperiled by modern-day conflict in that country. Rutz is creating a searchable database of the texts, which are inscribed in the clay in cuneiform script and document the political, social and economic life of a cosmopolitan city that flourished 3,000 years ago. The work is greatly enhancing public and scholarly access to the texts, and it has allowed Rutz to shed light on ancient social and economic structures, while improving the understanding of the language on the tablets.

In another project, Brown's Digital Scholarship Lab enabled Brown faculty and students to digitize texts from centuries-old letters from the ancient crossroads city of Timbuktu. Student and faculty scholars also created a database of inscriptions found on monumental architecture and notices in Israel and Palestine from the Persian period through the Islamic conquest. These digital humanities projects provide invaluable resources for historical investigation of information that is frequently not available in existing literary texts.

Other efforts, like the Opening the Archives project, shed light on previously classified material on more recent historical events. Under the leadership of James N. Green, director of Brown's Brazil Initiative, the project is systematically digitizing and indexing declassified documents in the U.S. government archives related to Brazil from 1960 to 1980. The project is enabling scholars to better understand Brazil's history and the U.S.'s relationship to it.

**Collaborative Research via the Humanities Initiative**

At the heart of Brown's work to understand the human experience is the Humanities Initiative, which aims to heighten the impact of collaborative research and teaching across the disciplines. This includes bridging scholarship in the humanities and related work in the social and natural sciences. Brown's Cogut Institute for the Humanities leads this effort.

Over the last year, the Cogut Institute culminated its transition from a center to an institute. Already a hub for the humanities at Brown, Cogut expanded its mission and joined a network of 21 humanities institutes advancing scholarship across the globe.

To achieve the goals of the Humanities Initiative, Cogut is investing in faculty who are renowned for their scholarship and expertise. The establishment of six endowed professorships enabled the University to recruit outstanding humanists who are attracted to the openness and intellectual versatility of Brown's culture.

Among the five faculty hired through the initiative to date is distinguished philosopher and musicologist Peter Szendy, who joined Brown in 2017 and will lead an initiative that explores how art, philosophy and economic principles intersect. Szendy joined a group of pre-eminent scholars at Brown via the Humanities Initiative: Leela Gandhi, who leads the Humanities in the World initiative, explores the global dimension of humanities scholarship and the role of the humanities in society; Paul Guyer, one of the world's foremost scholars on philosopher Immanuel Kant; and Andrew Laird, who focuses on the role of humanism in mediating native languages and legacies in 16th-century Mexico.

**\$1.3M**

**A three-year  
grant from  
the Andrew  
W. Mellon  
Foundation for  
collaborative  
humanities  
workshops**



## Making the Humanities Meaningful and Accessible

Beyond the classroom, scholars in the humanities at Brown are ensuring that the study of the human experience is meaningful and accessible to the greater community. Brown's humanities departments and programs — including the Center for the Study of Slavery and Justice (CSSJ), Center for the Study of Race and Ethnicity in America (CSREA), the Pembroke Center for Teaching and Research on Women, the Cogut Institute and the John Nicholas Brown Center (JNBC) — hosted hundreds of events, readings, conferences and public programs, engaging members of the public on a wide variety of topics.

A series titled “Building Health Equity in an Unequal World,” hosted last year by CSREA, brought to Brown important figures like Mona Hanna-Attisha, the physician who sounded the alarm on the Flint, Michigan, water crisis. The CSSJ hosted a wide variety of events that spoke directly to issues of urgent contemporary concern, like a lecture about J. Marion Sims and the debate over statues viewed as racist. And partnering with other departments across campus, the JNBC hosted exhibitions focused on the future of Guantánamo detainees, mass incarceration and other issues as well as courses and panels interrogating the role of public humanities and educators in prison settings.

Brown continues to be a premier center of public humanities research, training students to be the next generation to make art, history and culture accessible to the world beyond academe, in particular through the JNBC's master's in public

# \$1.8M

## New grant support for postdoctoral fellowships in humanities



## A WINDOW ON 400 YEARS OF GLOBAL JEWISH CULTURE

Through a generous gift last year, the Brown University Library became the home of the Dr. Steven Ungerleider Collection of Haggadot. The gift comprises a wide-ranging set of rare texts illustrating the order of rituals, blessings and customs of the first two nights of the Passover Seder, as practiced by communities on five continents over four centuries. Including Haggadot published in Constantinople in 1505 and in Munich after WW II, the texts provide rare insights into the lived experiences and shared customs of Jewish communities across the globe. Of great value to scholars in many fields, ranging from music and Judaic studies to Renaissance and early modern studies, the Haggadot have been digitized so researchers worldwide can access them.



## THE PEMBROKE CENTER AND THE DIGITAL HUMANITIES

Since 1981, Brown's Pembroke Center for Teaching and Research on Women has been at the forefront of interrogating questions of gender, sexuality and difference in all its forms. Today, work to curate, preserve and make accessible important tools and texts for women's history and feminist scholarship is a major focus, particularly in the center's Feminist Theory Archive and the Christine Dunlap Farnham Archive. Recent digital humanities projects include "Brown Women Speak," a collection of alumnae oral histories, and the digitization of the Pembroke Record student newspaper, which documented life at Brown's women's college from 1922 to 1970.

humanities program. Through rigorous, engaged coursework and by welcoming experts who work in leading cultural institutions like the Smithsonian Institution, students learn about curation, think critically about the field of museum and public art curation and practice, and create new means of engaging the public. Groundbreaking programs like the Public Humanities LAB asked provocative questions about the nature of art exhibitions, and about issues of identity and inclusion in curatorial practice.

Through these activities and others in 2017-18, academic programs advancing humanistic studies engaged the public in critical conversations that informed a deeper understanding of important developments in the world.

### Commitment to Educational Innovation

A new Collaborative Humanities Initiative is manifesting the spirit of Brown's Open Curriculum at the graduate level and has made Cogut the first in the country to offer a graduate certificate in collaborative humanities. The initiative is both shaping the thought leaders of the future and expanding students' prospects for successful lives and professional careers.

In 2017, with a three-year, \$1.3 million Mellon Foundation grant, the institute launched the collaborative humanities certificate program, enabling doctoral students to adapt the resources of different disciplines to research problems. Key to the program are team-taught collaborative research seminars led by pairs of faculty members from different fields. This is an approach that the Cogut Institute has been developing for a number of years. Five seminars were offered in 2017-18; that number has nearly doubled for the 2018-19 academic year.

For student Stephen Marsh, whose research focuses on a group of mid-20th century American cultural critics, the program allowed him to get to the heart of his research questions. Because the group he studies understood literature through politics, Marsh's research questions do not reside within a single disciplinary boundary, and the certificate program enabled him to traverse both literature and politics.

The team-teaching at the core of the program prompts both faculty and students to imagine new ways of working together and to think beyond established forms of co-authorship or group work. Undertaking high-level research questions in a multi-dimensional way prepares graduate students for teaching in more than one area.

At the undergraduate level, students enjoyed new scholarly opportunities created via endowed gifts, new programming that crossed disciplinary boundaries and newly developed courses designed by faculty who won fellowships to support curricular innovation.

The Greg and Julie Flynn Cogut Institute Speaker Series brings to campus high-profile speakers in the humanities to give a public lecture and engage in conversations with undergraduates in small seminars. In its inaugural year, the series hosted environmental writer Terry Tempest Williams and two Pulitzer Prize winners.

Separately, a Politics in the Humanities lecture series is traversing the intersections of the social sciences and the humanities. In 2018, it brought professor, author and



## EXAMINING THE FIGHT FOR JUSTICE

A major undertaking in 2017-18 by the Center for the Study of Slavery and Justice was planning for its exhibition “Unfinished Business: The Long Civil Rights Movement.” The CSSJ is a scholarly research center with a public humanities mission. The exhibition, which opened in fall 2018 in the Carriage House Gallery of the John Nicholas Brown Center, traced the black organizing tradition from the moment of emancipation until the 1984 and 1988 presidential campaigns of Jesse Jackson. The CSSJ invited tours of the exhibit by schools and community groups.

activist Cornel West to campus. He delivered a fiery, uplifting plea for humanity rooted in an examination of income inequality, mass incarceration, white supremacy and other reminders of the current historical moment.

Recent investments from Brown have also spurred new courses in the humanities, such as “Fake: A History of the Inauthentic,” taught by archaeologist Felipe Rojas, and “Scales of Historiography” co-taught by Tamara Chin, associate professor of comparative literature and East Asian studies, and historian Rebecca Nedostup.

A series of destination courses during Brown’s 2018 Wintersession sent teams of faculty and undergraduates to Barbados to study living and material landscapes of the African diaspora, to Thailand to examine critical approaches to global humanitarianism and to Hawaii to explore settler colonialism and the U.S. military empire in the Pacific, among other examples.

Also contributing to the roster of courses offered to Brown undergraduates is the postdoctoral fellowship program at Cogut. The program enabled departments over the past year to recruit young scholars in cutting-edge fields of inquiry — on race and public health, Arabic philosophy, indigenous studies and film studies, among many other topics. These fellows, with multiple affiliations on campus, create new courses or add dimension to existing courses.

All of these efforts in 2017-18 — from curricular innovations for students, to the collaborations in research, to the commitment to the public humanities reported in previous sections of this report — are part of a positive trajectory of building on Brown’s international reputation for distinction in the humanities.

Brown believes that endeavors to learn from historic texts, analyze and understand current experiences, and comprehend future possibilities for the human condition are fundamental to the University’s mission and its contributions to society.

# Financial Statement Overview

## Letter from the Chief Financial Officer

Healthy financial markets and economic growth during Fiscal Year 2018 provided the backdrop for another year of excellent financial results at Brown. Top-tier investment performance of 13.2 percent and record-breaking gifts of \$389 million fortified our financial position and added substantial support for our strategic and operational plans. But unfavorable tax legislation and a variety of economic, political and foreign policy concerns reminded us that we have to be prepared to operate effectively and pursue the priorities in Brown's *Building on Distinction* strategic goals in all conditions. Investments in financial planning and risk management during the past year have enhanced our ability to anticipate and navigate more challenging economic and financial market environments.

### FINANCIAL SUPPORT FOR *BUILDING ON DISTINCTION*

Enhancing financial sustainability requires current spending and investment in some cases, and deferral of expenditures in others. I reported last year the University's important decision to defer spending from the endowment by lowering the payout rate over time. The initial, short-term impact of that decision can be seen in 2018's reduced payout when compared to the prior year. Much less visible is the compounded return that those retained earnings will generate for Brown's future beneficiaries. We have made substantial progress in just two years moving from the top end of our allowable payout range of 4.5 percent to 5.5 to a payout rate of 4.9 percent for the current fiscal year.

Support for our community and student experience objectives took many forms in 2018. Chief among them was our very successful effort to launch and fund the initial years of *The Brown Promise* initiative, which eliminates the loans previously packaged in Brown's financial aid awards and attracts more middle-income students to Brown. Fundraising to date for a new health and wellness center and residence hall project that will combine a new home for Health Services with additional dorm rooms has enabled architect selection and triggered some new thinking about the financial model that will support this facility. In addition, plans for the Performing Arts Center are well underway and generating excitement about the expected impact of the Brown Arts Initiative.

At the very core of our strategic plan is the pursuit of academic excellence. Outstanding fundraising performance, stronger than planned research growth and careful stewardship of operating funds all contributed to our continuous progress against this key objective. New endowments funded more professorships; research funding supported more graduate students; capital gifts enabled the opening of a magnificent new Engineering Research Center; and in-depth reviews of key operating units allowed for some reallocation of operating funds and improved productivity and service.

Last spring Standard & Poor's reaffirmed our AA+ credit rating with a stable outlook. Early in the fiscal year we utilized our financial strength to issue tax-exempt bonds at very competitive rates. Later in the year our financial strength attracted developers that wanted to use our valuable long-term commitment to purchase power as funding for their development of renewable energy facilities, sources of energy that will significantly reduce our carbon footprint and, very likely, the overall cost of energy over the course of the multi-year agreement.

The pages that follow provide more details about our 2018 financial performance.



Jay Calhoun

Chief Financial Officer, Brown University

## REVIEW OF 2018 FINANCIAL STATEMENTS

Brown University's 2018 financial statements were prepared in accordance with U. S. generally accepted accounting principles and audited by independent outside auditors from the firm KPMG LLP.

<b>Assets</b> <i>dollars in thousands</i>	2018	2017	% Change
Cash and cash equivalents	\$243,241	\$210,714	15.4%
Accounts receivable and other assets	\$62,500	\$59,362	5.3%
Contributions receivable, net	\$217,634	\$158,224	37.5%
Notes receivable, net	\$28,306	\$29,031	-2.5%
Funds held in trust by others	\$94,443	\$35,530	165.8%
Investments	\$4,021,114	\$3,777,316	6.5%
Land, buildings and equipment, net	\$1,124,728	\$1,099,743	2.3%
	<b>\$5,791,966</b>	<b>\$5,369,920</b>	<b>7.9%</b>

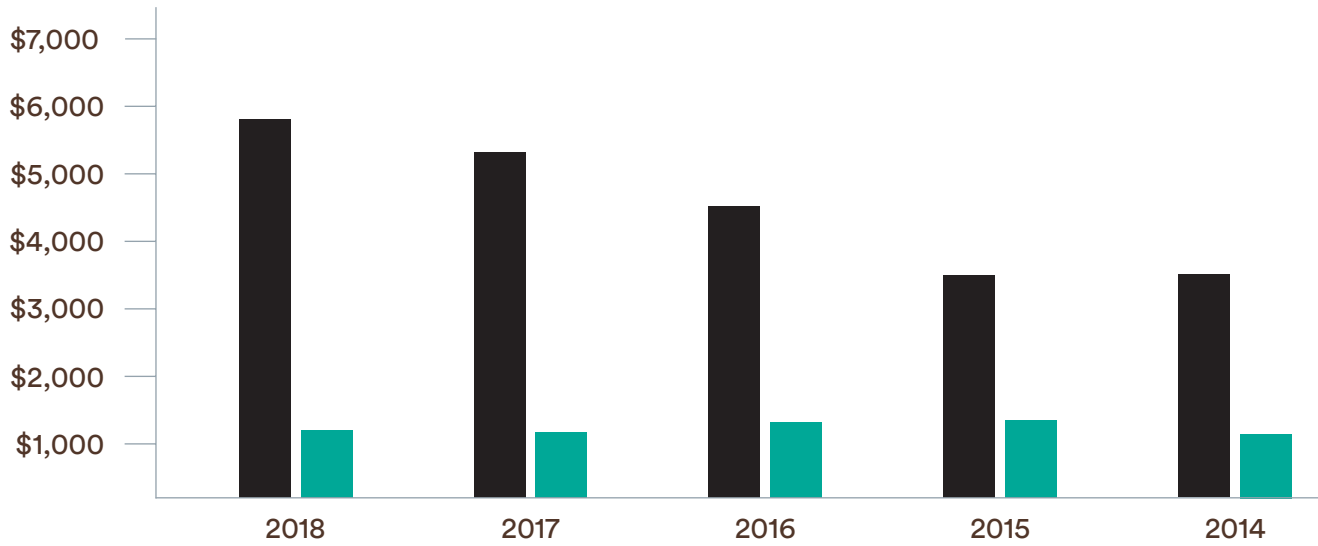
The top-tier 13.2 percent return on the endowment drove the increase in investments, which accounted for almost 60 percent of the 7.9 percent increase in total assets. Gifts and funds held in trust each provided 14 percent of the total asset increase, but funds held in trust increased due to the tax-exempt bond issuance in summer 2017. These borrowed funds are released from the trust as they are spent for the intended capital investments.

<b>Liabilities</b> <i>dollars in thousands</i>	2018	2017	% Change
Accounts payable and accrued liabilities	\$106,288	\$59,761	77.9%
Liabilities associated with investments	\$60,128	\$157,954	-61.9%
Student deposits and grant advances	\$65,655	\$65,099	0.9%
Federal student loan advances	\$19,875	\$25,271	-21.4%
Split-interest obligations	\$17,019	\$18,986	-10.4%
Other long-term obligations	\$66,849	\$82,225	-18.7%
Bonds, loans and notes payable	\$819,661	\$773,910	5.9%
	<b>\$1,155,475</b>	<b>\$1,183,206</b>	<b>-2.3%</b>

While a 2017 bond issuance increased long-term debt, other liability components decreased and contributed to a modest 2.3 percent decline in total liabilities. A concentration of construction-related invoices near the end of the year was the largest individual category that caused the year-over-year increase in payables. Investment-related liabilities declined 61.9 percent, but this was not due to any substantive change in investment strategy. It was instead a function of the required accounting treatment for the tactics and different mix of vehicles that were used to effect portfolio strategy at the fiscal year-end June 30, 2018, when compared to the prior year-end. The reduction in other long-term obligations reflects valuation improvements for pension obligations and interest-rate swaps that resulted from increased interest rates.

**Assets and Liabilities**  
dollars in millions

■ Assets ■ Liabilities

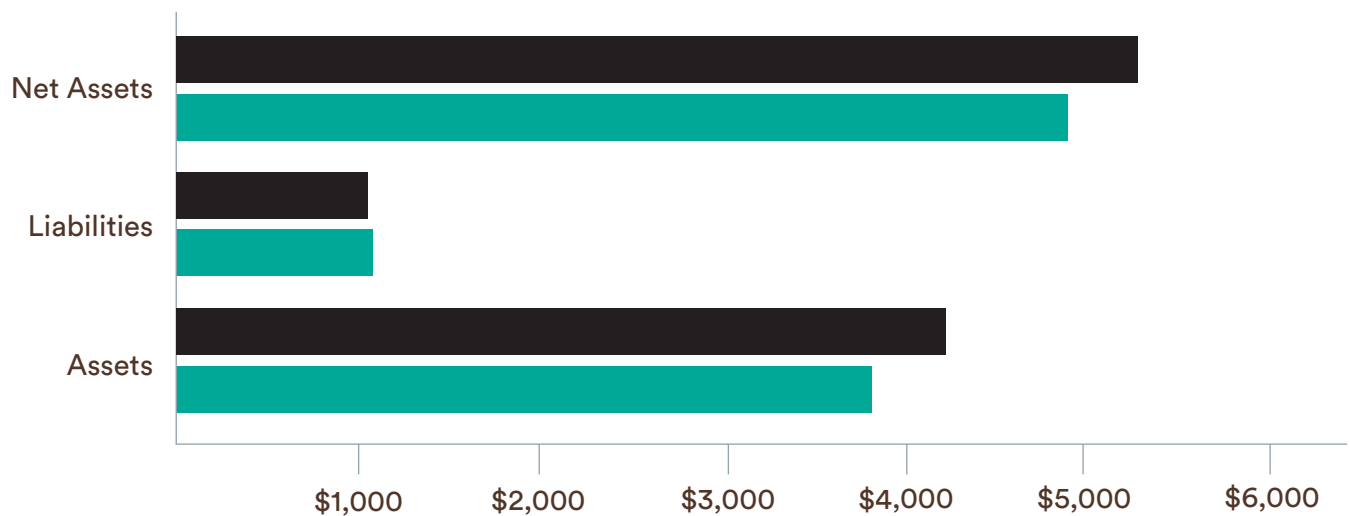


**Assets, Liabilities and Net Assets**  
dollars in millions

	2018	2017	2016	2015	2014
Assets	\$5,792	\$5,370	\$5,000	\$5,132	\$4,926
Liabilities	\$1,156	\$1,183	\$1,198	\$1,213	\$1,073
<b>Net assets</b>	<b>\$4,636</b>	<b>\$4,187</b>	<b>\$3,802</b>	<b>\$3,919</b>	<b>\$3,853</b>

**Assets, Liabilities and Net Assets**  
dollars in millions

■ 2018 ■ 2017



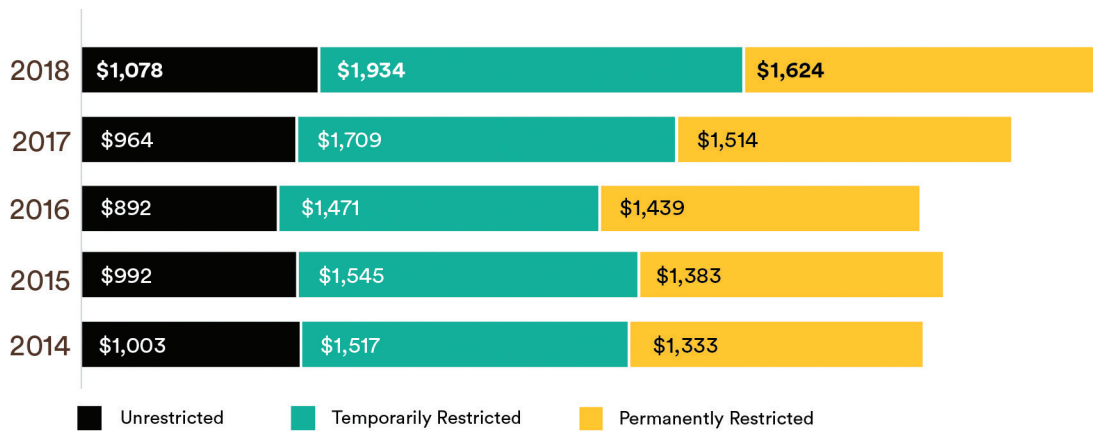
## NET ASSETS

Net assets grew by 10.7 percent, or \$449 million. Growth in excess of 10 percent for two years running has added \$834 million to our net asset position and strengthened our balance sheet considerably. Investment performance and gifts have been the primary contributors, but over the four-year period starting in 2014, a reduction in direct debt from a peak of \$852 million to \$820 million is also notable. The combined effect of these positive balance-sheet developments is illustrated by a debt-to-net-assets ratio that has improved to 17.7 percent from 2014's level of 22.1 percent.

Our stated investment returns have been top quartile in each of the trailing one-, three- and five-year periods. In addition, a measure of our risk-adjusted returns over the trailing five-year period has been in the top five percent of the large endowment universe. Brown's investment strategy emphasizes a balance of risk and return designed to weather multiple economic scenarios, as well as the stock market's inevitable corrections.

### Net Assets

dollars in millions



## OPERATING REVENUES

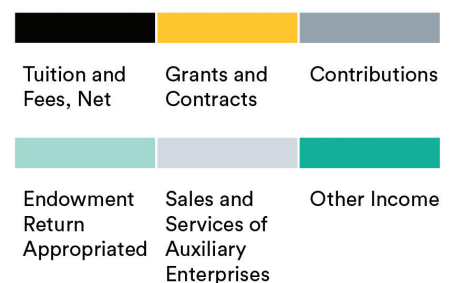
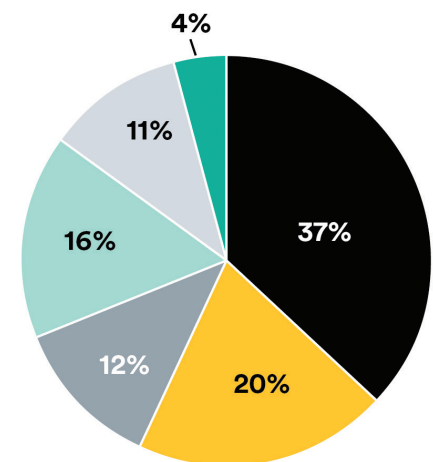
The University's total operating revenues increased by 5.5 percent from \$902.4 million in Fiscal Year 2017 to \$951.7 million in Fiscal Year 2018. The pie chart at right displays University revenues by source for FY18.

During the same time period, gross tuition and fees grew by 7.1 percent from \$514.5 million to \$550.8 million. This increase was fueled by modest undergraduate enrollment gains and a 4.4 percent increase in total charges to undergraduate students. After accounting for \$197.4 million of expense related to scholarships, Brown's net tuition and fee revenue of \$353.4 million represented 37 percent of total University revenues in FY18.

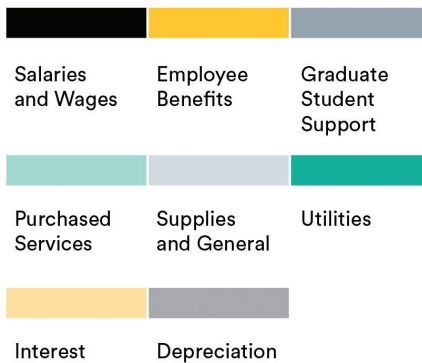
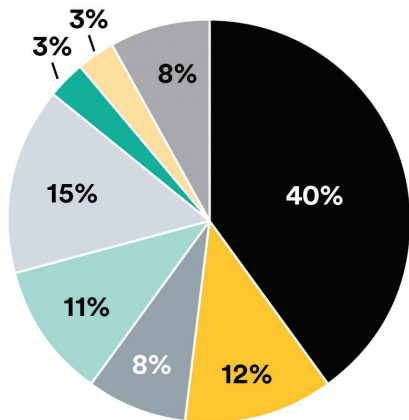
Grants and contracts, the second largest revenue source, grew by \$18.0 million or 10.5 percent from FY17 to FY18. Brown's sponsored research is largely funded by federal government agencies such as the National Institutes of Health, the National Science Foundation and the Department of Defense. Research growth was driven, in part, by a 5.4 percent increase in new awards as well as higher levels of activity on subcontracts on which Brown collaborates with other institutions on joint projects.

In FY18, Brown approved a payout rate of 5.07 percent for the University's endowment. This payout rate is applied to the average market value of the endowment over the most recent three-year period. The payout in FY18 translated to an appropriation of \$151.6 million, which was 16 percent of total University revenues. Brown's endowment distribution was the only major revenue source to experience a decline, as the University intentionally lowered the payout rate from 5.49 percent in FY17 to 5.07 percent in FY18 to preserve the future purchasing power of the endowment.

### Fiscal Year 2018 Operating Revenues



**Fiscal Year 2018  
Operating Expenses**



As in years past, Brown’s benefactors gave generously to the University in FY18. Current-use contributions, which include gifts to the Brown Annual Fund and the Brown University Sports Foundation, rose by 9.1 percent, from \$103.1 million in FY17 to \$112.5 million in FY18. Gifts and pledges for the endowment and capital projects are excluded from these figures because they are classified as non-operating contributions.

**OPERATING EXPENSES**

The University’s total operating expenses increased by 7.4 percent, from \$881.9 million in FY17 to \$947.2 million in FY18. The pie chart displays University expenses by use for fiscal year 2018.

From FY17 to FY18, expenses for salaries and wages increased by 5.2 percent, which was driven by merit increases for Brown employees, equity adjustments and a roughly 2 percent increase in employee full-time equivalent positions. During the same time period, the cost of employee benefits grew by 4 percent, which was primarily the result of increases in health insurance costs. The total employee benefit cost of \$109 million in FY18 was equivalent to 29 percent of the total salaries and wages expense.

Costs for supplies and general increased by 8.1 percent from FY17 to FY18. A contributing factor to the growth of this expense category was casualty insurance costs, which increased by \$2.3 million. While spending on purchased services increased by 19.7 percent, roughly 25 percent of the total amount in FY18 was due to research subcontracts, which are largely funded by external sponsors. Consulting in a variety of areas and expenses associated with program partners accounted for almost half of this expense category.

Consistent with Brown’s ongoing commitment to student support, the University increased spending on graduate students by \$7.2 million, or 10.6 percent, from FY17 to FY18. Among the many forms of support, this investment included increased stipends for graduate research assistants and teaching assistants.

The utilities expense category includes spending on property costs, which increased in FY18 as many administrative functions were relocated to South Street Landing in Providence’s Jewelry District. The relocation of these functions made room for planned growth in academic and research programs on the main campus on College Hill. Finally, Brown was able to lower its interest expense by \$1.8 million from FY17 to FY18 partly due to a refinancing of debt.

**NON-OPERATING ACTIVITIES**

Non-operating activities contributed \$445 million of the total \$449 million addition to net assets. Contributions of \$169 million and a total investment return of \$436 million were offset by the \$152 million that was drawn from the endowment, a distribution that is included in operating revenues. As noted earlier in the discussion of operating revenues, contributions for capital projects and the endowment are the gifts that appear in this non-operating category.

**SUMMARY**

The record-breaking generosity of our donors and the outstanding performance of the Brown University Investment Office were responsible for a significant increase in net assets and financial strength in our 2018 fiscal year. Our operating statement reflects a balance between the needs of today and tomorrow. We were able to advance our academic and community-building goals with current expenditures that allowed for a small operating margin. We achieved this while supporting our longer-term sustainability objectives with thoughtful prioritization and timing of capital projects and restrained spending from our endowment.



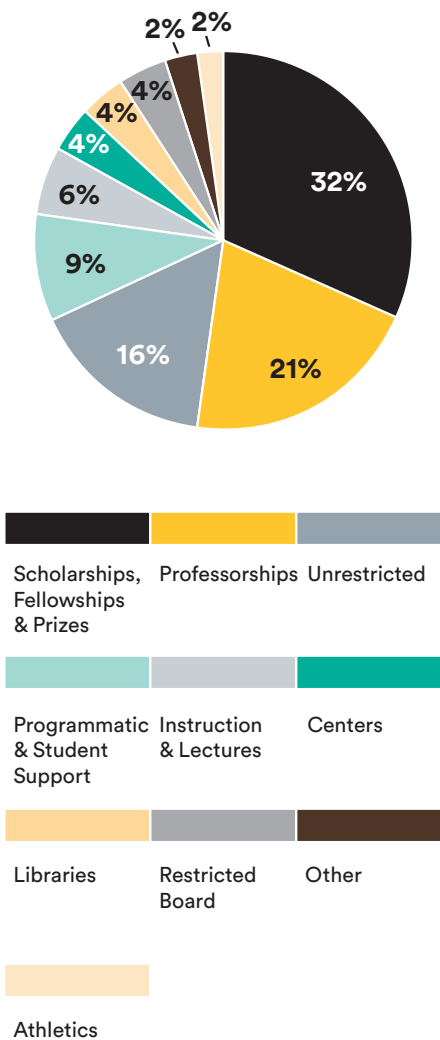
# Endowment Report

## Brown University Investment Office

During the fiscal year from July 1, 2017, to June 30, 2018, Brown University's endowment and other managed assets appreciated by 13.2 percent. This return represents \$450 million in investment gains, the second-largest total in the endowment's history.

Brown's endowment and other managed assets provided \$163 million to the University during the year. This contribution comprises 15 percent of the annual operating budget and represents approximately \$17,000 per student. In a record year for giving to Brown, net additions to the endowment totaled \$93 million. Net of investment gains, expenses, gifts and spending, the endowment increased by 10.6 percent over the prior year. At the conclusion of Fiscal Year 2018, the endowment and other managed assets stand at \$3.8 billion.

Endowment Income by Gift Purpose



### SPENDING

The endowment is an aggregation of more than 3,000 accounts, the majority of which have specific mandates for their spending. This capital is pooled for the purposes of investment and management, and the spending requirements that govern the endowment govern each of these accounts. So while the pooling of these accounts makes it difficult to appreciate the broad diversity of their purposes, the collective result is to serve as a financial resource to the University, and to provide stability and support by contributing a percentage of the endowment's value to the operating budget each year. For FY18, the endowment contributed 5.07 percent of its value (the aforementioned \$163 million) to the University. The value of the endowment is determined for the purpose of this calculation by computing the rolling average value of the prior 12 quarters. This has the desired effect of reducing the impact of the volatility of financial markets on the University, thereby improving the accuracy of forecasted capital outlays.

Although the endowment has grown in value each of the last two years, the contribution of the endowment to the operating budget in dollar terms actually declined year over year, and stands slightly below the contribution made in FY16. This is the result of a strategic decision by the Corporation of Brown University in 2017 to reduce the endowment payout, effectively conserving funds in order to compound their value and eventual impact on future Brown scholars.

### PERFORMANCE

While the investment performance of the endowment is evaluated on an annualized basis, it is important to emphasize that the investment program itself is not implemented with a view toward achieving a return in a single year. Rather, the endowment is invested with the goal of achieving returns across considerably longer terms. More appropriate units of measurement for the endowment's investment program might include entire business cycles, decades or perhaps even generations.

Nonetheless, each time Brown's Van Winkle Gates have swung both inward and outward marking the passage of a year, it is time to evaluate the endowment's progress, which can be examined through three lenses.

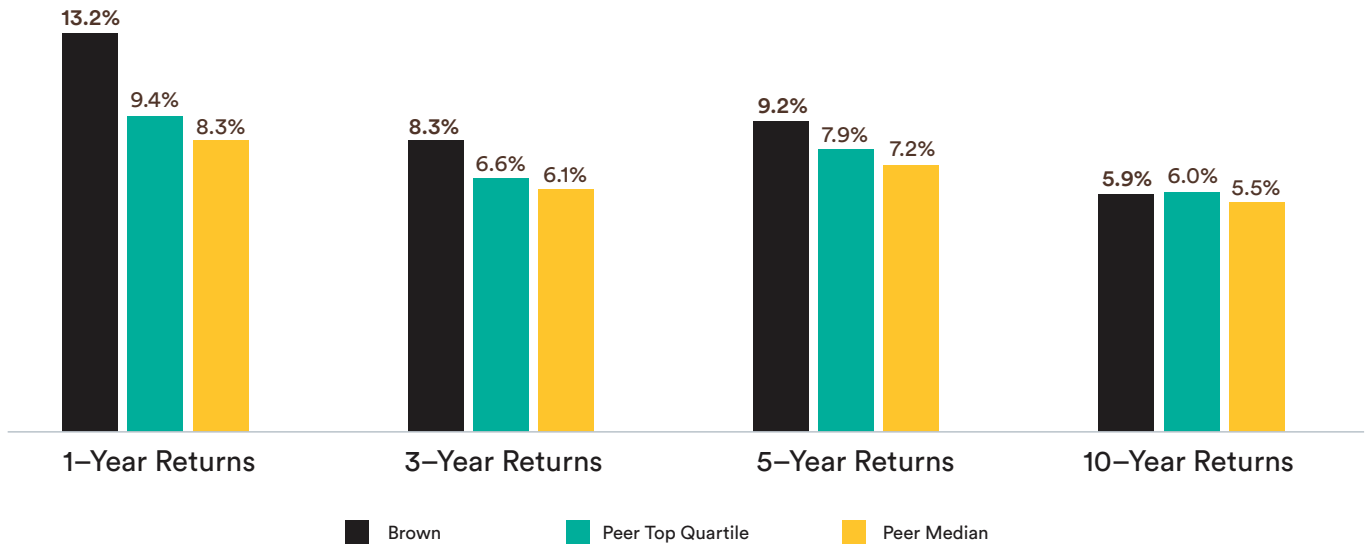
The endowment's chief mandate is to preserve both value and purchasing power after spending. The preservation of purchasing power implies that inflation will not reduce the real impact of the endowment's spending on the endeavors of future Brown students and faculty. The most appropriate measure of inflation for this purpose is the Higher Education Price Index (HEPI), which for the last five years has averaged approximately 2 percent. The endowment's single-year investment return of 13.2 percent in FY18 far exceeds the sum of spending and inflation, as do the trailing 3-, 5- and 20-year annualized returns. The 10-year trailing return is the exception, which continues to bear the weight of FY09.

Fiscal Year Annualized Returns	FY	Annualized Returns as of June 30, 2018			
	2018	3 Year	5 Year	10 Year	20 Year
<b>Brown Endowment</b>	<b>13.2%</b>	<b>8.3%</b>	<b>9.2%</b>	<b>5.9%</b>	<b>8.3%</b>
Aggregate Benchmark	9.7%	6.1%	7.2%	4.5%	N/A
70/30 MSCI ACWI/ Barclays Global Aggregate	7.9%	6.6%	7.1%	5.1%	N/A
MSCI All-Country World (ACWI)	10.7%	8.2%	9.4%	5.8%	N/A
MSCI All-Country World (ACWI) ex-US	7.3%	5.1%	6.0%	2.5%	N/A
S&P 500 Index	14.4%	11.9%	13.4%	10.2%	6.5%

The second consideration relates to whether the endowment's returns are exceeding the benchmarks provided by the capital markets. Put another way, is the endowment's return beating what could be achieved with a simple rules-based approach utilizing low-cost index funds? The most appropriate measure in this case is a 70/30 blend of global stock markets and fixed income markets. For this purpose, the MSCI All-Country World Index and the Barclays Global Aggregate Bond Index comprise the blended index. The endowment's return surpassed the 70/30 stock/bond blend in FY18 and has surpassed this benchmark for each of the 3-, 5- and 10-year trailing periods.

The third consideration is that peer educational institutions are undertaking similar decisions, with broadly similar missions, resources and time horizons. In order to examine Brown's investment performance relative to peers, we refer to a database of investment returns maintained by Cambridge Associates. For FY18, Brown's return of 13.2 percent places it comfortably ahead of the mean (8.5 percent) and median (8.3 percent) returns of 139 colleges and universities. Brown's compounded annual returns over 3-, 5- and 10-year periods each surpass the mean and median return, and the 1-, 3- and 5-year numbers are each in the first quartile of peer results.

## Brown Performance Versus Cambridge Associates Peers Through FY18<sup>1</sup>



1. Cambridge Associates as of September 28, 2018

In summary, by all three measures — exceeding spending plus inflation, surpassing market benchmarks and remaining competitive with peers — Brown's endowment continues to achieve satisfactory results.

### ASSET ALLOCATION REVIEW

For the purposes of investment decision-making, measurement and reporting, the Brown Investment Office breaks the endowment down into asset classes. This is a necessary and helpful framework that provides valuable insights but is not a precise classification system. Certain investments bear the characteristics of more than one asset class, yet must ultimately be assigned to a single one for reporting purposes. Another aspect of asset allocation addresses liquidity: Investments may be held in a liquid investment structure — that is, one that allows Brown discretion regarding when to ask for the return of its capital — and yet the underlying securities or assets may encounter periods when the availability of liquidity is diminished. An important consideration, therefore, is whether those investments are better described as liquid or illiquid. A successful asset allocation framework requires the practitioner to organize discretely that which is frequently ambiguous.

The endowment manages this ambiguity in several ways. One is by setting relatively broad ranges for asset allocation guidelines. A more conventional approach sets target allocations and thus encourages rebalancing, a merited technique that involves selling what has been recently successful and rotating capital into asset classes that have recently been less so. Brown's Investment Committee, rather than setting target allocations, sets intentionally broad ranges. While both approaches recognize and therefore require the benefits of diversification, Brown's approach incrementally values flexibility over the discipline of rebalancing.

## Endowment Asset Allocation as of June 30, 2018

dollars in millions

Asset Class	Value	Endowment
Public Equity	\$1,030	27%
Absolute Return Strategies	\$1,251	32%
Private Equity	\$904	23%
Real Assets	\$174	5%
<b>Total Risk Assets</b>	<b>\$3,359</b>	<b>87%</b>
Fixed Income	\$165	4%
Tail Hedges	\$1	0%
Cash	\$324	8%
<b>Total Endowment</b>	<b>\$3,849</b>	<b>100%</b>

Another approach to managing ambiguity is to employ a generalist model in the Brown Investment Office, rather than a specialist model. The combination of a target asset allocation with a specialist model — one in which individuals or teams of staff members focus exclusively on a single asset class — would create a problematic decision-making dynamic. Asset class specialists have a tendency to view available capital through the lens of a budget, that is, to be spent fully but not exceeded. The generalist model allows for more flexibility of thought. It allows the Brown investment team the freedom to conclude that an entire asset class appears unattractive, rather than feel subtly compelled to make an investment in order to achieve a target portfolio weighting.

Brown's size, resources, governance structure and other factors are critical inputs into the preference of these approaches, which are only a selection of the decisions that affect a successful asset allocation practice. Other investment organizations will make investment decisions differently. Each organization's requirements are unique, and while commonalities outnumber differences, there are many successful implementations that look very different from Brown's.

**Public Equities:** Fiscal Year 2018 witnessed continued strong global equity market performance. The U.S. equity markets reasserted their leadership over global stocks, briefly relinquished during FY17, with the S&P 500 gaining 14.4 percent during the year while overseas markets gained 7.3 percent, as measured by the MSCI All-Country World ex-U.S. index. U.S. markets were helped along by corporate profits that exceeded expectations, due in part to the significant corporate tax cut arising from the Tax Cuts and Jobs Act passed by Congress in late 2017. Emerging Markets built on the strong gains of the prior year, climbing 8.2 percent. That number masks marked volatility, however, as Emerging Markets stocks led the way in the first half of the year, only to stumble and give back a bulky portion of gains during a spring marked by sovereign crises in Argentina and Turkey, with accompanying fears of contagion.

Brown's domestic equity portfolio slightly trailed benchmarks, while the global equity portfolio outperformed. The Emerging Markets portfolio, while modest in size, outperformed significantly, driven primarily by strategies focused on China. The combined result was a substantial outperformance of the MSCI All-Country World Index, the most comprehensive measure of the global equity market opportunity set. Although the Brown endowment employs low-cost index funds to achieve some of the desired exposure, the outperformance is largely attributable to the prowess of our investment managers.

**Absolute Return Strategies:** Brown's portfolio of absolute return strategies encompasses the greatest diversity of approaches to investing Brown's capital prudently and productively. Within our absolute return portfolio, the endowment grants some investment managers broad discretion to determine how much market exposure to employ, while others are strictly mandated to employ little or no market exposure. Brown's partners in this asset class utilize a mix of underlying securities, including equities, debt securities, currencies and derivative instruments. The portfolio includes managers who are aggressive about employing risk, balanced with managers who are extremely risk averse. Mandates range from broad to narrow. The notable common thread is that the endowment invests with partners who are exceptional at their chosen pursuit, whose incentives are aligned with Brown's, and who consider their investors to be partners rather than customers.

The results of this group of strategies for FY18 were exceptionally strong. The asset class generated a return approximately in line with the S&P 500, despite employing significantly lower market exposure. Generating an equity-like return in a strong year for the stock markets while employing a fraction of the risk is a genuinely excellent outcome. Caveats are appropriate here: Risk is not strictly defined by market exposure, and one year's results alone do not validate what is designed to be a long-term strategy. Nonetheless, the absolute return asset class is working precisely as intended.

**Private Equity:** One of the endowment's competitive advantages relates to time horizon. The advantages that accrue to investors who are able to take the long view are evident in some form in virtually all asset classes. However, in the endowment's private equity strategies, a long time horizon is a requirement. The Investment Office continues to make progress on a steady and methodical effort to build a superior private equity investment program. The primary focus is on finding partners with ability and integrity who are focused on opportunity sets where observable competitive advantages exist.

While the work is not done, the results from FY18 are encouraging. In a strong year for the asset class, Brown's private equity portfolio outperformed comparable benchmarks. Each of the Venture and Buyout/Growth sub-asset classes contributed returns nearly double their weight in the portfolio. Brown's portfolio of real estate and other real assets — considerably smaller — also generated solid results.

Endowment  
increased by  
**10.6%**  
over the  
prior year

**\$450M**  
in  
investment  
gains

## LEADERSHIP STRUCTURE

At the conclusion of FY18, the Investment Committee of the Corporation of Brown University ratified a change to the leadership structure of the Investment Office. Jane Dietze, a member of the investment team since 2013, became vice president and chief investment officer (CIO). Joseph L. Dowling III, university vice president and chief investment officer since 2013, assumed the newly created role of chief executive officer of the Investment Office.

The role of CIO, while ostensibly a pure investment role, has come to encompass a broad set of responsibilities. Managing a diverse portfolio of investments can be a consuming vocation, but a CIO must manage much in addition to this: an office and a team; the relationships of investment and administrative partners; the Investment Committee members' access to timely information; and more. The endowment's current leadership already shared many of these functions in a complementary fashion, with support from a deep and flexible team. Among the Investment Committee's core responsibilities is a mandate to hire and retain capable leadership. The change in leadership structure is fundamentally a recognition that Brown already had two strong leaders in place, as well as a deep and committed bench.

Among a leader's most critical tasks in any organization is to establish and maintain culture. Since 2013, the endowment leadership has made deliberate choices about the prevailing culture of the Investment Office. Today, it is a culture of teamwork and shared responsibility. It emphasizes the pursuit of continuous learning and data-driven empiricism. It stresses service to Brown's educational mission, through engagement with the University and its community, highlighted by scores of undergraduate interns and the several Brown alumni who work full time on the investment team today.

## BROWN'S COMPETITIVE ADVANTAGES

The endowment's competitive advantages stem from the character of Brown University itself. The permanent nature of the institution allows for long investment horizons. The mission and values of the University make the endowment an attractive partner for our investment managers, conferring admittance to investment opportunities of limited capacity.

Nowhere is Brown's character more evident, however, than in the advantage that accrues to the endowment from the efforts of alumni and friends of the University. It was a wonderful year in this regard. The endowment utilized the generous efforts of alumni and parents assisting in due diligence, providing references and generating referrals to potential investment opportunities. These efforts are put forth with no motivation other than a love for Brown, and we are grateful.

Some institutions are unfortunately exposed to the inverse of this positive externality. That is, a disadvantage accrues as a result of the presumed privilege of being a member of a club. Associates may seek to extract rather than contribute value. Instead of experiencing a cumulative effect, these efforts are ultimately depletive to the institution. We are fortunate that Brown's values tend to inoculate the endowment from this dynamic. Brown's network is synergistic, and we anticipate that its effects will compound over time.

## **TAXING ENDOWMENTS**

During FY18, Congress passed the Tax Cuts and Jobs Act of 2017, legislation that holds diverse implications for the endowment's investments. Of particular note is that for the first time, the act established a 1.4 percent excise tax on the net investment income of the endowments of private colleges and universities that meet specific criteria. For the purposes of this report, we will set aside considerations of whether or not it is appropriate for Congress to tax the proceeds of endowed gifts to educational institutions. The practical reality for the immediate future is that Brown's endowment does not appear to reach a threshold set by the law, which is that the tax applies only to endowments with greater than \$500,000 in endowment funds per full-time student. Clarification on how the law will be applied is still pending from the Internal Revenue Service, but for this year, and in all likelihood for a few years to come, it appears that the excise tax will not apply to Brown until we have made more progress in growing the endowment.

## **IN CLOSING**

Guided by the Investment Committee, and actively supported by alumni, the endowment's investment program is implemented and monitored by a dedicated team of professionals. The result is a diversified portfolio of investments overseen by practitioners selected for their skill and integrity. The endowment's liquidity is balanced, allowing for long-term investments while remaining consistently prepared to meet the University's financial needs. All the while, Brown's benefactors generously continue to build the strength of this core financial resource. The stewardship of the endowment is imbued in every sense with the permanence of Brown University and the timelessness of its mission and values.

# Report on Fundraising

## Brown University Division of Advancement

**In Fiscal Year 2018, alumni, parents and friends gave a total of \$389.1 million to Brown, shattering the University's previous fundraising record by \$88 million. These new gifts and pledges, recorded between July 1, 2017, and June 30, 2018, provide support for endowed faculty chairs, innovative research, financial aid and enhanced campus life initiatives. They also include a significant number of planned gifts, thereby ensuring the University's future excellence.**

As part of the FY18 fundraising effort in support of the *BrownTogether* campaign, more than 32,000 donors contributed \$45.8 million to the Brown Annual Fund, far surpassing the prior fundraising record of \$37.9 million raised last year. In addition, Brown eclipsed its largest one-day total in Brown Annual Fund giving history, with \$2.35 million raised on Giving Tuesday in November 2017. Brown Annual Fund giving is crucial to sustaining the University's fiscal strength year after year as we work toward achieving the overarching goals of the *Building on Distinction* strategic plan.

In September 2017, Brown also launched fundraising for *The Brown Promise* initiative, an effort to eliminate packaged loans from all of the University's undergraduate financial aid awards. Fundraising for the initiative surpassed its initial goal of \$30 million before the end of the calendar year, which made it possible for the University to implement *The Brown Promise* for the 2018-19 academic year. To make this initiative a permanent part of Brown's financial aid program, the University continues to seek *Brown Promise* endowment and current-use funding to meet its total \$120 million goal. The amount raised by the end of the fiscal year for this endeavor was \$44.8 million.

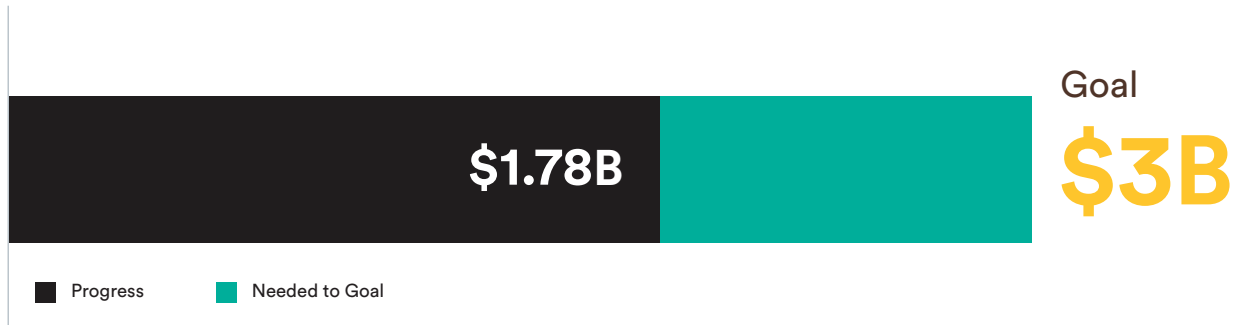
Two years after the public launch of the \$3 billion *BrownTogether* campaign, President Christina Paxson announced to the Brown community in November 2017 the milestone of surpassing the campaign midpoint. The University had raised \$1.6 billion as of mid-October 2017. As of the end of FY18, bolstered by the leadership and dedication of campaign co-chairs Joan Wernig Sorensen '72, P'06, P'06, Theresia Gouw '90 and Ralph F. Rosenberg '68, P'17, the Brown community had helped to raise \$1.78 billion toward Brown's aspirations of achieving the highest levels of excellence.

The exceptional generosity shown by the Brown community over the course of this fiscal year has allowed the University to keep pace with changes in the higher education landscape, address the evolving needs of its students and produce research that will have a meaningful impact on the world around us. With upgraded facilities, exciting new academic programming, expanded avenues for community engagement and an increase in the financial aid budget from \$122 million to \$135.4 million, the University is well positioned as it heads toward reaching the \$3 billion *BrownTogether* goal by 2022.

The following pages provide a snapshot of progress in crucial sectors of growth in fundraising from FY18.



Campaign Total as of June 30, 2018  
dollars in billions



## OUR PEOPLE

Goal: \$1.1 billion

Raised as of June 30, 2018: \$473 million

### FY18 Highlights

#### \$56.2 million raised for endowed faculty positions

Brown redoubled its efforts to endow faculty positions, both as a way to attract the most distinguished scholars to College Hill and to ensure the University's fiscal sustainability in the years to come. Generous alumni, parents and foundations chose to fund full professorships, research professorships, professorships of the practice and center directorships in areas marked for growth at Brown. These include economics, international and public affairs, creative arts, and medicine. Below, we highlight a few of these newly endowed faculty positions.

- 2 professorships and 1 assistant professorship in economics
- 4 professorships affiliated with the Brown Institute for Translational Science
- 1 professorship in emergency medicine
- 1 professor of the practice in literary arts
- 1 assistant professorship in engineering
- 1 professorship and 1 professor of the practice in entrepreneurship
- 1 professorship in security studies and 1 directorship at the Watson Institute for International and Public Affairs

## OUR PEOPLE

*“BrownTogether aims to raise \$1.1 billion in support of sustainable excellence — strengthening our distinctive community of scholars by funding new endowed professorships, recruiting more faculty from historically underrepresented groups, increasing undergraduate financial aid, strengthening opportunity for undergraduate internships, and offering expanded fellowships and other support for graduate and medical students.”*

— *BrownTogether* Campaign  
Case Statement

### **\$44.8 million raised for *The Brown Promise***

On September 20, 2017, President Christina Paxson kicked off *The Brown Promise* financial aid initiative, asking supporters to help us build upon the success of need-blind admission at Brown. The goal is to eliminate loans from the financial aid packages awarded by Brown to all undergraduates, with a focus on increasing support for students from families with moderate incomes. These families often do not qualify for the generous financial aid offered to low-income families by Brown and some other universities, yet also do not have the full resources to cover the cost of attending college. Many of Brown's peer institutions, both inside and beyond the Ivy League, have sought to improve access by eliminating loans from their financial aid packages and eliminating or reducing parent contributions for students from moderate-income families.

The Brown community responded enthusiastically to *The Brown Promise*, donating more than the \$30 million needed by December 31, 2017, to replace all loans with University scholarships in undergraduate financial aid packages starting with the 2018-19 academic year. By June 30, 2018, alumni, parents and friends had contributed approximately \$44.8 million in both current-use and endowment funding for *The Brown Promise*. As a result, 1,452 undergraduates had loans removed from their packages this year, and the Office of College Admission saw a 9 percent increase in matriculating students from moderate-income backgrounds in the Class of 2022. *The Brown Promise* also helped increase the average financial aid package to a total of \$50,486, which covers approximately 68 percent of the total cost of attendance.

The total \$120 million goal for *The Brown Promise* is part of the overall \$500 million goal for undergraduate financial aid set in 2015 as part of the *BrownTogether* campaign.

## EDUCATION AND RESEARCH

“Through *BrownTogether*, we aim to raise \$900 million that will empower collaboration and innovation in education and research. These pursuits are inextricably linked at Brown, where all researchers teach and all students are encouraged to participate in research.”

— *BrownTogether* Campaign  
Case Statement

## EDUCATION AND RESEARCH

**Goal: \$900 million**

**Raised as of June 30, 2018: \$648 million**

### FY18 Highlights

#### **\$100 million gift to the Carney Institute for Brain Science**

Brown's brain science institute is a national leader in the quest to understand the inner workings of the brain and to uncover new knowledge that will enhance diagnosis and treatment of neurodegenerative diseases. In order to accelerate this innovative research, Robert J. Carney '61 and Nancy D. Carney made a \$100 million gift to the institute this year. In recognition of this outstanding gift, the institute has been renamed the Robert J. and Nancy D. Carney Institute for Brain Science. The extraordinarily generous gift will support hiring of leading faculty and postdoctoral scholars in fields related to brain science, provide seed funding for high-impact new research, and fund essential new equipment and infrastructure in technology-intensive areas of exploration. This work has implications for the future diagnosis and treatment of neurologic and psychiatric disorders, including spinal injuries and paralysis, Parkinson's disease, depression, autism and amyotrophic lateral sclerosis (ALS).

#### **\$50 million gift to the Warren Alpert Medical School at Brown**

In February 2018, Chancellor Samuel Mencoff '78, P'11, P'15 and his wife, Ann, gave a \$50 million gift to the Warren Alpert Medical School to transform biomedical research and discovery into treatments and cures for diseases such as Alzheimer's, lung cancer and multiple sclerosis. Half of the gift was designated to establishing

endowed chairs and providing funding to support outstanding researchers whose discoveries have the potential to alleviate illness and disease. These researchers will be affiliated with the Brown Institute for Translational Science, which seeks to convert scientific discoveries into medical breakthroughs that are tested in the clinic and brought to patients in the marketplace. The other half of the gift will support medical education and research. Philanthropic investment in translational science is a major priority of the *BrownTogether* campaign because it gives faculty the monetary flexibility to pursue new lines of inquiry and/or to alter the design of their studies based on new data without the lengthy process needed to apply for or amend current federal or foundation grants.

## CAMPUS AND COMMUNITY

Goal: \$600 million

Raised as of June 30, 2018: \$348 million

### FY18 Highlights

#### \$5 million gift to establish the Thomas McMullen Fund for Excellence in Athletics

The University views athletic competition as a pursuit that enriches students' preparation for life beyond college, as well as a vehicle for building bridges and improving health and wellness throughout the community. As such, strengthening Brown Athletics is among the important priorities of the *BrownTogether* campaign. This year, Thomas McMullen '62 made a generous gift of \$5 million to improve the competitiveness of Brown's athletic programs, both within and beyond the Ivy League. The fund will support infusions of resources for football, men's and women's basketball, men's ice hockey, women's soccer, women's swimming and diving, and volleyball in order to move these programs into the top tier of the Ivy League.

In total, Brown raised \$18.2 million for athletics this year, including support for facilities upgrades, endowed coaching positions, and funding for team travel and recruiting.

## BROWN ANNUAL FUND

Goal: \$400 million

Raised as of June 30, 2018: \$216 million

### FY18 Highlights

#### \$45.8 million raised for the Brown Annual Fund from more than 32,000 donors

The Brown Annual Fund alumni co-chairs John Atwater '83, P'17; John Ehrenkranz '87; and Paula McNamara '84, P'20 have devoted their time and leadership to expanding the base of community support and creating avenues to reach a \$50 million Annual Fund total by 2022, when the *BrownTogether* campaign will conclude. This year the Annual Fund saw a large jump in giving, raising a total of \$45.8 million and eclipsing the previous record by more than \$7 million. More than 32,000 donors from a range of constituencies across the University came together to support BAF in its mission to enhance the student experience, bolster undergraduate scholarship, increase graduate student fellowships and stipends, and aid in faculty recruitment and retention. *The Brown Promise* played a role in this achievement, helping to drive current-use funding. The Parents Annual Fund continued to increase its contributions as well, surpassing its goal with more than \$6.6 million raised.

## CAMPUS AND COMMUNITY

*"BrownTogether seeks to inspire \$600 million in support of the evolution of our campus as a dynamic, living laboratory where great minds come together to develop knowledge to serve the world."*

— *BrownTogether* Campaign Case Statement

## BROWN ANNUAL FUND

*"Through a \$400 million investment in unrestricted resources, BrownTogether will support transformative experiences for students and academic excellence each and every year."*

— *BrownTogether* Campaign Case Statement

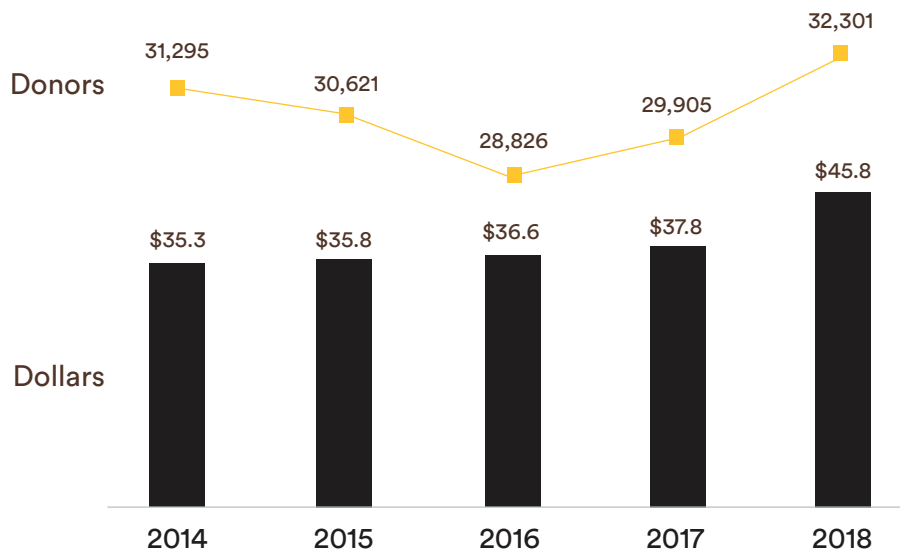
### \$13.4 million raised through Reunion giving

Alumni in Reunion years increased their giving by 23 percent over last year, contributing a total of \$13.4 million to the Brown Annual Fund. The Class of 1978 broke three 40th Reunion records, with 33 donors of \$10,000 or more, 43 percent participation within the class and total dollars raised of \$1.95 million. The Class of 1983 broke two 35th Reunion records, with 43 percent participation and \$2.5 million raised; and the Class of 1958 achieved the highest Annual Fund participation rate of all Reunion classes with 59 percent of its members making a gift in honor of their 60th Reunion.

### \$4.6 million raised on Giving Tuesday and Pay It Forward Day

In FY18, the University set new records for its fall and spring giving days, which aim to raise funds from alumni and friends in a 24-hour period. Giving Tuesday on Nov. 28, 2017, raised \$1.85 million from 3,309 donors, a new record for dollars raised on a Brown giving day. A \$500,000 matching gift brought the Giving Tuesday total to \$2.35 million. Brunonians Pay It Forward Day on April 26, 2018, raised \$1.8 million from 3,663 donors across the globe, a new record for number of donors on a Brown giving day. This exceptional support triggered a matching gift of \$500,000 to bring the Pay It Forward Day total to \$2.3 million. Of these individual donors, more than 600 were parents, contributing a total of more than \$300,000.

### Annual Fund Donors and Dollars for Fiscal Year 2018



Produced by the Office of the President with the Office of University Communications

**“Arts and Humanities at Brown”**

Gillian Kiley

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Creative Services

**Photography**

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Nicholas Dentamaro

**Financial Statement Overview**

Finance and Administration

**Endowment Report**

Brown University Investment Office

**Fundraising Report**

Division of Advancement

**Printing**

Print Services



## **ABOUT THE COVER**

At Brown, students and faculty can use two state-of-the-art immersive virtual reality theaters, the Cave and the Yurt, for research and teaching. A student writer can step into the Cave and write a narrative, poem or play involving sound, animation, electronic music, digital video and 3D virtual reality. A visual artist can use “CavePainting” to create immersive 3D works of art. Or, as shown here, scholars can step into and manipulate the immersive environments they create using high-tech eyewear and controllers.

## **Brown University Financial Report Fiscal Year 2018**

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