Report on Audit of Federal Awards in Accordance with the Uniform Guidance

Boston Children's Hospital and Subsidiaries
Year Ended September 30, 2025
With Reports of Independent Auditors

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Boston Children's Hospital and Subsidiaries

Report on Audit of Federal Awards in
Accordance with the Uniform Guidance

Year Ended September 30, 2025

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Section I – Financial Information

Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116

Tel: +1 617 266 2000
Fax: +1 617 266 5843
ey.com

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Report of Independent Auditors

Management and The Board of Trustees
Boston Children's Hospital

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Children's Medical Center Corporation and Subsidiaries (the Medical Center) (d/b/a Boston Children's Hospital and Subsidiaries), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Medical Center at September 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the 2024 financial statements of the Physicians' Organization at Children's Hospital, Inc. (the P.O.) and the Physician Foundations (the Foundations), controlled affiliates, which statements reflect total assets constituting $1,896 million of consolidated total assets at September 30, 2024, and total revenues constituting $1,077 million of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the P.O. and Foundations for 2024, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to December 19, 2025. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2025, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control over financial reporting and compliance.

Ernst & Young LLP

December 19, 2025, except for our report on the
Schedule of Expenditures of Federal Awards for
which the date is June 26, 2026

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Boston Children's Hospital and Subsidiaries

Consolidated Balance Sheets
(In Thousands)

	September 30 2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ **278,869**	$ 224,010
Patient accounts receivable, net	**587,121**	551,649
Other receivables	**95,097**	76,189
Grants receivable	**88,084**	90,219
Current portion of pledges receivable, net	**44,830**	41,573
Other current assets	**101,244**	104,767
Total current assets	**1,195,245**	1,088,407
Investments:		
Unrestricted as to use	**4,012,137**	3,560,600
Limited by Board designation	**2,447,293**	2,533,633
Restricted by donor-imposed restriction	**759,201**	723,193
	7,218,631	6,817,426
Other assets whose use is limited:		
By externally administered trusts	**45,175**	45,443
For deferred compensation and other benefit obligations	**307,158**	274,896
By long-term debt agreements and other	**12,218**	52,404
	364,551	372,743
Other non-current assets:		
Property, plant, and equipment, net	**3,501,985**	3,161,505
Operating lease right-of-use assets	**480,871**	535,821
Goodwill and other intangible assets	**20,323**	23,747
Pledges receivable, net	**82,621**	64,314
Net pension asset	**102,352**	77,882
Other assets	**261,631**	261,724
Total assets	**$ 13,228,210**	$ 12,403,569

Boston Children's Hospital and Subsidiaries

Consolidated Balance Sheets (continued)
(In Thousands)

	September 30 2025	2024
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 336,871**	$ 332,646
Accrued salaries and wages	**268,598**	221,396
Current portion of estimated third-party settlement liabilities	**21,474**	30,010
Current portion of long-term debt	**335**	326
Current portion of operating lease liabilities	**56,640**	56,381
Deferred revenue	**130,052**	127,796
Other current liabilities	**2,642**	340
Total current liabilities	**816,612**	768,895
Non-current liabilities:		
Long-term debt	**2,017,603**	2,023,162
Mortgage notes payable	**27,000**	27,000
Estimated third-party settlement liabilities	**57,352**	34,263
Operating lease liabilities	**486,828**	534,939
Net pension liability	**36,830**	10,443
Funds held for others	**26,200**	27,000
Interest rate swap liabilities	**37,423**	54,819
Deferred compensation and other benefit obligations	**213,317**	189,987
Other liabilities	**209,587**	229,558
Total non-current liabilities	**3,112,140**	3,131,171
Net assets:		
Without donor restrictions	**8,367,631**	7,628,980
With donor restrictions	**931,827**	874,523
Total net assets	**9,299,458**	8,503,503
Total liabilities and net assets	**$ 13,228,210**	$ 12,403,569

See accompanying notes.

Boston Children's Hospital and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended September 30	
	2025	**2024**
Revenues		
Net patient services revenue	**$ 3,659,207**	$ 3,167,295
Research grants and contracts	**359,983**	364,686
Recovery of indirect costs on grants and contracts	**130,634**	132,700
Other operating revenue	**235,341**	208,755
Contributions without donor restrictions, net of fundraising expenses of $7,286 and $6,583 in 2025 and 2024, respectively	**21,414**	25,184
Net assets released from restrictions used for operations	**91,154**	86,906
Total revenues	**4,497,733**	3,985,526
Expenses		
Salaries and benefits	**2,575,272**	2,352,321
Supplies and other expenses	**1,230,926**	1,097,480
Direct research expenses of grants and contracts	**359,983**	364,686
Health Safety Net assessment and Waiver *(Note 4)*	**73,561**	43,281
Depreciation and amortization	**214,189**	193,913
Interest and net interest rate swap cash flows	**35,468**	38,318
Total expenses	**4,489,399**	4,089,999
Gain (loss) from operations	**8,334**	(104,473)
Non-operating gains (losses)		
Income from investments	**120,221**	114,862
Net realized gains on investments	**290,056**	175,252
Changes in unrealized gains and losses on investments, net	**29,363**	371,855
Changes in value of alternative investments, net	**292,230**	240,561
Recognition of unrealized losses on investments	**(4)**	(1)
Loss on extinguishment of debt	**–**	(2,115)
Fundraising expenses on donor-restricted contributions	**(41,287)**	(37,427)
Adjustment of interest rate swaps to fair value	**17,396**	(23,487)
Other non-operating gains (losses), net	**(11,641)**	787
Total non-operating gains, net	**696,334**	840,287
Excess of revenues over expenses	**704,668**	735,814

Boston Children's Hospital and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

(In Thousands)

	Year Ended September 30	
	2025	**2024**
Changes in net assets without donor restrictions:		
Excess of revenues over expenses *(continued from page 6)*	**$ 704,668**	$ 735,814
Net asset transfer and released from restrictions, net	**12,635**	50,201
Pension adjustment and other, net	**21,348**	32,441
Increase in net assets without donor restrictions	**738,651**	818,456
Changes in net assets with donor restrictions:		
Contributions	**121,955**	82,124
Income and net realized gains on investments, net	**29,349**	38,467
Changes in unrealized gains and losses on investments, net	**(55,688)**	(6,964)
Changes in value of alternative investments, net	**65,478**	45,970
Recognition of unrealized losses on investments	**(1)**	–
Net assets released from restrictions	**(103,789)**	(137,107)
Increase in net assets with donor restrictions	**57,304**	22,490
Increase in net assets	**795,955**	840,946
Net assets at beginning of year	**8,503,503**	7,662,557
Net assets at end of year	**$ 9,299,458**	$ 8,503,503

See accompanying notes.

Boston Children's Hospital and Subsidiaries

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended September 30	
	2025	**2024**
Operating activities		
Increase in net assets	**$ 795,955**	$ 840,946
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**214,189**	193,913
Deferred software implementation cost amortization	**10,976**	3,800
Noncash interest expense	**2,452**	3,127
Donor-restricted contributions	**(121,955)**	(82,124)
Tenant improvements	**8,099**	–
Noncash lease expense	**53,768**	(2,261)
Income and net realized and unrealized gains and losses on investments, net	**(809,762)**	(1,187,695)
Loss on extinguishment of debt	–	2,115
Bad debt expense	**(353)**	–
Changes in operating assets and liabilities:		
Investments classified as trading securities	**38,758**	207,693
Patient accounts receivable	**(35,472)**	(106,710)
Other receivables	**(16,420)**	(10,292)
Other assets	**(31,830)**	(101,736)
Accounts payable and accrued expenses	**65,216**	5,019
Estimated third-party settlement liabilities	**14,553**	22,187
Operating lease liabilities	**(54,770)**	10,003
Other liabilities	**17,926**	30,783
Net cash provided by (used in) operating activities	**151,330**	(171,232)
Financing activities		
Proceeds from bond issuance	–	968,498
Bond payments	–	(472,350)
Debt issuance costs	–	(4,918)
Payments related to royalty monetization	**(4,270)**	(4,435)
Increase (decrease) in pledges receivable	**(21,564)**	14,331
Donor-restricted contributions	**121,955**	82,124
Net cash provided by financing activities	**96,121**	583,250

Boston Children's Hospital and Subsidiaries

Consolidated Statements of Cash Flows (continued)
(In Thousands)

	Year Ended September 30	
	2025	**2024**
Investing activities		
Purchases of investments	**$ (1,422,248)**	$ (888,625)
Proceeds from sales of investments	**1,761,450**	1,238,869
Additions to fixed assets, net of retirements	**(570,583)**	(667,928)
Decrease (increase) in other assets whose use is limited	**8,192**	(146,925)
Net cash used in investing activities	**(223,189)**	(464,609)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**24,262**	(52,591)
Cash, cash equivalents, and restricted cash at beginning of year	**269,456**	322,047
Cash, cash equivalents, and restricted cash at end of year	**$ 293,718**	$ 269,456
Reconciliation of cash, cash equivalents, and restricted cash at end of year to the consolidated balance sheets		
Cash and cash equivalents	**$ 278,869**	$ 224,010
Cash included in investments	**14,849**	45,446
Total cash, cash equivalents, and restricted cash shown on the statements of cash flows	**$ 293,718**	$ 269,456

See accompanying notes.

Boston Children's Hospital and Subsidiaries

Notes to Consolidated Financial Statements
(In Thousands, unless stated otherwise)

September 30, 2025

1. Summary of Significant Accounting Policies

Organization, Basis of Consolidation and Other

The accompanying consolidated financial statements include the accounts of Children's Medical Center Corporation (CMCC, d/b/a Boston Children's Hospital) and its subsidiaries and controlled affiliates (collectively, the Medical Center). Subsidiaries and controlled affiliates include but are not limited to: (a) Children's Hospital Corporation (the Hospital), which engages in pediatric patient care, research, education and training, and community service; (b) 15 tax-exempt faculty physician foundations (the Foundations), which are organized for charitable, scientific, and educational purposes and operate for the benefit of the Hospital and Harvard Medical School by providing medical, education, and health care services primarily to patients at the Hospital and at other health care providers at satellite locations; (c) the Physicians' Organization at Children's Hospital, Inc. (the P.O.), which provides coordination and general oversight of the business operations of the Foundations; (d) CHB Properties, Inc., which owns and operates real property and distributes the net income of such property to the Medical Center; (e) Longwood Research Institute, Inc., which holds real property for the benefit of the Hospital in the furtherance of its research mission; (f) Boston Children's Health Physicians (BCHP), a fully integrated pediatric physician practice that provides pediatric inpatient and ambulatory care to patients throughout the New York Metropolitan Area, the Hudson Valley, Connecticut, and New Jersey; (g) Franciscan Hospital for Children, Inc. (FC); and other affiliates. All material intercompany balances and transactions are eliminated in consolidation.

Certain balances reflected in the tables within the notes to the consolidated financial statements may not agree to the consolidated financial statements due to rounding.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although actual amounts could differ from those estimates, management believes estimated amounts recorded are reasonable and appropriate.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents include money market instruments with average maturities of less than 90 days, excluding amounts included in investments and other assets whose use is limited. Cash balances maintained with financial institutions may exceed federal depository insurance limits; however, management believes the credit risk related to these financial institutions is minimal. The Medical Center has not experienced any credit losses in such accounts, and it believes it is not exposed to any significant credit risk at September 30, 2025.

The Medical Center's cash management system provides for daily investment of available balances and the funding of outstanding checks when presented for payment. Outstanding, but unpresented, checks totaling $20,785 and $23,443 at September 30, 2025 and 2024, respectively, have been included as a component of accounts payable and accrued expenses on the accompanying consolidated balance sheets. Upon presentation for payment, these checks are funded through available cash balances.

Investments and Other Assets Whose Use Is Limited

Investments and other assets whose use is limited may include the following: Board-designated assets for plant replacement and expansion and mission-related activities; donor-restricted assets and funds held for others (all of which participate in the investment pool); externally managed trusts associated with deferred giving arrangements; assets limited by long-term debt agreements; and deferred compensation (which are invested primarily in mutual funds and government obligations, and are reported at fair value).

Medical Center

The Medical Center follows the practice of pooling resources of unrestricted and restricted assets for long-term investment purposes. The investment pool is operated on the market-value method, whereby each participating fund is assigned a number of units based on the percentage of the pool it owns at the time of entry. Income, gains, and losses of the pool are allocated to the funds based on their respective participation in the pool.

1. Summary of Significant Accounting Policies (continued)

Investments in marketable debt and equity securities are stated at fair value determined principally from quoted market prices. Realized gains and losses on investment transactions are computed on an average-cost basis. Net realized and unrealized gains and losses on investments without donor restrictions and impairments in investment values that are determined to be other than temporary are reported as non-operating gains (losses). Net realized and unrealized gains and losses on investments with donor restrictions are recorded as an increase or decrease to net assets with donor restrictions. Investment income without donor restrictions is reported as non-operating gains. Investment income on endowment funds appropriated by the Board of Trustees (the Board) for expenditure is reported as non-operating gains. Investment income with donor restrictions is recorded as an increase to net assets with donor restrictions.

Real estate purchased and held for investment is accounted for at cost less accumulated depreciation. Alternative investments (non-traditional, not readily marketable holdings) include hedge funds and private equity funds. Alternative investment interests generally are structured such that the Medical Center holds a limited partnership interest. The Medical Center's ownership structure does not provide for control over the related investees, and the associated financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitment. Future funding commitments for alternative investments aggregated approximately $446,468 and $560,710 at September 30, 2025 and 2024, respectively.

Alternative investments are reported on the accompanying consolidated balance sheets based upon net asset values derived from the application of the equity method of accounting. Individual investment holdings within the alternative investments include nonmarketable and market-traded debt, equity and real asset securities, and interests in other alternative investments. Financial information used by the Medical Center to evaluate its alternative investments is provided by the investment manager or general partner and includes fair value valuations (quoted market prices and values determined through other means) of underlying securities and other financial instruments held by the investee, and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits does not coincide with the Medical Center's annual financial statement reporting.

There is uncertainty in the valuation for alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, lockup periods, and time lags associated with reporting by investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term by a material amount.

1. Summary of Significant Accounting Policies (continued)

The Medical Center may be exposed indirectly to securities lending; short sales of securities; and trading in futures and forward contracts, options, and other derivative products. Alternative investments often have liquidity restrictions under which the Medical Center's capital may be divested only at specified times. The Medical Center's liquidity restrictions may be up to seven years or longer for certain private equity investments. Liquidity restrictions may apply to all or portions of a particular invested amount.

The Medical Center holds certain non-marketable equity securities, including those received as compensation in connection with the licensing of certain intellectual property. Investments in non-marketable equity securities that do not have readily determinable fair values are carried at cost, less any impairments, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Each period the Medical Center assesses relevant transactions to identify observable price changes, and the Medical Center regularly monitors these investments to evaluate whether there is an indication of impairment. There were no impairments recognized during the years ended September 30, 2025 and 2024. The Medical Center realized gains from sales of non-marketable equity securities of $1,274 and $0 for the years ended September 30, 2025 and 2024, respectively.

Foundations

The Foundations classify their investments as trading securities with investment income (including realized and unrealized gains and losses on investments, interest, and dividends) included in the excess of revenues over expenses as a component of non-operating gains (losses) unless the income is restricted by donor or law. Investments in marketable equity and debt securities and mutual funds are carried at quoted market values (fair value) of the investments at the balance sheet date. The Foundations also invest in alternative investments and report their investments on the same basis as the Medical Center, as described above.

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or net realizable value and are recorded as a component of other current assets on the accompanying consolidated balance sheets.

1. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Interest costs incurred during the construction period of major projects are capitalized as a component of the cost of these assets and are depreciated over the estimated useful lives of the assets. The costs of repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on the straight-line method based on the estimated useful lives of the assets. The estimated useful lives conform to the guidelines established by the American Hospital Association. The half-year convention is used for calculating depreciation in the year the asset is placed into service.

Original Issue Discount and Premium and Debt Issuance Costs

Unamortized original issue discount and premium and the costs associated with the issuance of debt are amortized using the interest method over the life of the bond issue and are presented on the accompanying consolidated balance sheets as a direct deduction from or addition to the carrying amount of debt.

Pledges

Unconditional pledges, less an allowance for uncollectible amounts, are recorded as a receivable in the year made. Pledges receivable over a period greater than one year are stated at net present value.

Deferred Implementation Costs

Implementation costs associated with cloud computing arrangements (CCA) are capitalized consistent with costs capitalized for internal-use software. The capitalized CCA costs are amortized over the term of the related hosting agreement, taking into consideration renewal options, if any. The renewal period is included in the term of the hosting agreement if determined that the option is reasonably certain to be exercised. Amortization expense is recorded within supplies and other expenses in the consolidated statements of operations and changes in net assets which is within the same line item as the related hosting fees. The Medical Center recorded $11.0 million and $3.8 million of amortization expense associated with capitalized CCA costs for the years ended September 30, 2025 and 2024, respectively.

1. Summary of Significant Accounting Policies (continued)

Leases

The Medical Center leases certain property and equipment, including clinical and office space, for certain hospital, medical, and administrative purposes. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared with the fair value of the asset, among other criteria.

For leases with initial terms greater than a year, the Medical Center records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the term of the lease arrangement. The Medical Center's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options or termination options are also excluded from amounts used to determine the right-of-use assets and liabilities unless the Medical Center is reasonably certain to exercise the option to extend or terminate the lease.

The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable; otherwise, the Medical Center has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The Medical Center has made an accounting policy election to not separate lease components from nonlease components in contracts when determining its lease payments for its asset classes. As such, the Medical Center accounts for the applicable nonlease components together with the related lease components when determining the right-of-use assets and liabilities.

Leases with an initial term of 12 months or less are not recorded in the accompanying consolidated balance sheet. Lease expense for operating leases is recognized on a straight-line basis over the lease term and included in supplies and other expenses in the accompanying consolidated statements of operations and changes in net assets while expense for finance leases is recognized as depreciation and amortization expense and interest expense in the accompanying consolidated statements of operations and changes in net assets.

1. Summary of Significant Accounting Policies (continued)

Net Assets

The accompanying consolidated balance sheets classify net assets into two categories: without donor restrictions and with donor restrictions. Net assets that bear no external restriction as to time or purpose are classified as net assets without donor restrictions. Also included in this classification are assets whose use is limited under debt or trust agreements and Board-designated funds for plant replacement and expansion and mission-related activities.

Net assets which are restricted by donors or grantors as to time or purpose are classified as net assets with donor restrictions. This includes net assets restricted by the donor or grantor principally for the support of research, patient care, departmental support, medical education, community health services, and the acquisition of property, plant, and equipment. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the consolidated statements of operations and changes in net assets as net assets released from restrictions. Net assets with donor restrictions also include contributions to the Medical Center, the principal of which may not be expended. Income from such net assets may be with or without donor restrictions in accordance with the donor's request. In accordance with the laws of the Commonwealth of Massachusetts, gains on net assets with donor restrictions are recorded as such until appropriated for expenditure by the Board.

Net Patient Services Revenue and Receivables for Patient Care

Net patient services revenue is reported at the amount that reflects the consideration to which the Medical Center expects to be entitled in exchange for providing health care services. These amounts are due from patients and third-party payors and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied. Third-party payors include federal and state agencies (under Medicare, Medicaid, and other programs), managed care health plans, commercial insurance companies, and employers (see Note 10).

After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the Medical Center follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the Medical Center. Accounts receivable are written off after collection efforts have been followed in accordance with the Medical Center's policies.

1. Summary of Significant Accounting Policies (continued)

Research Grants and Contracts

The Medical Center, through the Hospital, engages in research activities funded by grants and contracts with federal and state governments, and various private sources. Revenues associated with grants and contracts that are considered conditional contributions are recognized as the related costs are incurred and as the barriers in the respective grant awards and contracts are met. Research funds received in advance are reported as deferred revenue and are recognized as earned revenue as the related research expenditures are incurred.

Recoveries of indirect costs relating to certain government grants and contracts are reimbursed at predetermined rates negotiated with government agencies. Recoveries of indirect costs relating to non-government grants are reimbursed at varying rates, depending upon sponsor policies.

Contributions

Contributions without donor restrictions are recorded as operating revenue; restricted contributions are recorded as additions to net assets with donor restrictions. Donated securities and property are recorded at fair value as of the date of donation.

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from the excess of revenues over expenses primarily include changes in net assets related to the pension adjustment and net assets released from restrictions for capital.

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The Medical Center, the Hospital, and substantially all of their affiliates are Section 501(c)(3) organizations exempt from income taxes on related business income pursuant to Internal Revenue Code (the Code) Section 501(a), or are disregarded entities for tax purposes. Franciscan Pediatrics, Inc. (FPI) is a for-profit corporation organized under MGL Chapter 156(b) and is subject to federal and state income taxes. The tax years subject to audit for the Medical Center and its affiliated organizations are tax years ended September 30, 2022 through September 30, 2025.

The effects of income taxes are not material to the accompanying consolidated financial statements.

New Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU No, 2025-06, *Intangibles – Goodwill and Other (Topic 350): Internal-Use Software (ASU 2025-06)*. The main objective of ASU 2025-06 is to modernize the accounting for software costs that are accounted for under Subtopic 350-40, *Intangibles – Goodwill and Other – Internal-Use Software* (referred to as "internal-use software"). The amendments remove all references to prescriptive and sequential software development stages and now require a company to begin capitalizing software costs when both of the following occur: (1) management has authorized and committed to funding the software project, and (2) it is probable that the project will be completed and the software will be used to perform the function intended (referred to as the "probable-to complete recognition threshold"). The Medical Center is evaluating ASU 2025-06 as it is effective for all entities for annual reporting period beginning after December 15, 2027.

(In Thousands, unless stated otherwise)

2. Investments, Other Assets Whose Use Is Limited, and Liquidity

Investments and other assets whose use is limited consist of the following:

	September 30 2025	2024
Pooled investments	**$ 5,928,232**	$ 5,298,834
Non-pooled investments	**1,597,557**	1,793,488
Externally administered trusts (marketable debt and equity securities)	**45,175**	45,443
Long term debt agreements	**9,136**	49,516
Other	**3,082**	2,888
	$ 7,583,182	$ 7,190,169

Investment earnings were reported as follows:

	Year Ended September 30, 2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income:			
Other operating revenue	**$ 15,973**	**$ –**	**$ 15,973**
Non-operating revenue	**120,221**	**–**	**120,221**
Net realized gains	**290,056**	**20,642**	**310,698**
Increase in net assets with donor restrictions	**–**	**8,707**	**8,707**
Changes in unrealized gains and losses, net	**29,363**	**(55,688)**	**(26,325)**
Changes in value of alternative investments, net	**292,230**	**65,478**	**357,708**
Recognition of unrealized losses	**(4)**	**(1)**	**(5)**
Total net income on investments	**$ 747,839**	**$ 39,138**	**$ 786,977**

(In Thousands, unless stated otherwise)

2. Investments, Other Assets Whose Use Is Limited, and Liquidity (continued)

Investment income is reported net of fees of $9,318 for the year ended September 30, 2025.

	Year Ended September 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income:			
Other operating revenue	$ 26,992	$ –	$ 26,992
Non-operating revenue	114,862	–	114,862
Net realized gains	175,252	29,720	204,972
Increase in net assets with donor restrictions	–	8,747	8,747
Changes in unrealized gains and losses, net	371,855	(6,964)	364,891
Changes in value of alternative investments, net	240,561	45,970	286,531
Recognition of unrealized losses	(1)	–	(1)
Total net income on investments	$ 929,521	$ 77,473	$ 1,006,994

Investment income is reported net of fees of $9,556 for the year ended September 30, 2024.

The Medical Center retains professional investment managers for the management of all pooled investments. These managers invest in temporary cash investments, fixed income securities, and equities. In addition, as part of their investment strategy, certain managers may engage in short-selling and futures and options trading. Management believes that the risk of accounting loss associated with short-selling and futures and options-trading strategies is no greater than that associated with other investment strategies, which do not involve off-balance sheet risk.

Management continually reviews its investment portfolio where the fair value is below cost, and in cases where the decline is considered to be other than temporary, an adjustment is recorded to realize the loss. The Medical Center recorded a realized loss of approximately $5 and $1 for other-than-temporary declines in the fair value of investments for the years ended September 30, 2025 and 2024, respectively, of which $4 and $1, respectively, is included in investment income without donor restrictions (as a component of non-operating gains (losses), net), and $1 and $0, respectively, is included in changes in net assets with donor restrictions. There were no investments that had aggregate gross unrealized losses at September 30, 2025 or 2024.

(In Thousands, unless stated otherwise)

2. Investments, Other Assets Whose Use Is Limited, and Liquidity (continued)

The table below presents financial assets and liquidity resources available for general expenditures within one year at September 30, 2025:

Financial assets as reported on the accompanying consolidated balance sheet:	
Cash and cash equivalents	$ 278,869
Patient accounts receivable, net	587,121
Other receivables	95,097
Grants receivable	88,084
Current portion of pledges receivable, net	44,830
Investments	7,218,631
Other assets whose use is limited	364,551
Total financial assets as reported on the accompanying consolidated balance sheet	8,677,183
Less amounts not available to be used for general expenditures within one year:	
Investments restricted by donor-imposed restriction	759,201
Investments with liquidity and debt covenant restrictions	1,620,449
Grants receivable	88,084
Current portion of pledges receivable, net	44,830
Other assets whose use is limited	364,551
Total amount not available to be used for general expenditures within one year	2,877,115
Financial assets available to be used for general expenditures within one year	5,800,068
Liquidity resources:	
Bank line of credit (*Note 8*)	300,000
Financial assets available and liquidity resources available to be used for general expenditures within one year	$ 6,100,068

(In Thousands, unless stated otherwise)

2. Investments, Other Assets Whose Use Is Limited, and Liquidity (continued)

There are certain assets designated for capital or other general expenditures at the discretion of the Board. Such assets can be made available for general expenditures within one year. Refer to Note 5 for discussion of commitments to complete projects relating to capital construction and software development.

3. Contributions

Contributions pledged to the Medical Center and received are reported in the accompanying consolidated financial statements in accordance with donors' restrictions as follows:

	Year Ended September 30	
	2025	**2024**
Without donor restrictions	**$ 28,700**	$ 31,767
With donor restrictions	**121,955**	82,124
	$ 150,655	$ 113,891

In addition to the $150,655 in contributions received during the year ended September 30, 2025, the Medical Center raised $74,885 in non-governmental grant awards to bring the total funds raised to $225,540. In addition to the $113,891 in contributions received during the year ended September 30, 2024, the Medical Center raised $83,619 in non-governmental grant awards to bring the total funds raised to $197,510.

(In Thousands, unless stated otherwise)

3. Contributions (continued)

Contributions pledged to the Medical Center but not yet received are due as follows:

	September 30 2025	2024
Due in less than one year	**$ 44,830**	$ 41,573
Due in one to five years	**78,771**	44,090
Due in more than five years	**17,629**	34,282
	141,230	119,945
Less discount to present value	**(7,125)**	(8,475)
Less allowance for uncollectible pledges	**(6,654)**	(5,583)
Total pledges receivable, net	**127,451**	105,887
Less current portion of pledges receivable, net	**(44,830)**	(41,573)
Non-current portion of pledges receivable, net	**$ 82,621**	$ 64,314

4. Charity Care, Health Safety Net Trust, Waiver, and Community Services

The Medical Center's commitment to community service is evidenced by services and programs provided to low-income and high-risk families and the benefits provided to the broader community. Services are provided to persons who are uninsured or underinsured without expectation of payment or at amounts less than established rates.

The Medical Center provides quality medical care regardless of race, gender, religion, faith, sex, sexual orientation, national origin, handicap, age, or ability to pay. Although reimbursement for services rendered is critical to the operations and stability of the Medical Center, it is recognized that not all individuals possess the ability to pay for essential medical services and that the Medical Center's mission is to serve the community with respect to health care and health care education.

In keeping with the Medical Center's commitment to serve members of the community, the Medical Center provides the following: charity care to the indigent, care to persons covered by governmental programs at below cost, and health care activities and programs to support the community. These activities include wellness and prevention programs, community education programs, direct services, and a broad variety of community support services and partnerships with other community-based organizations.

4. Charity Care, Health Safety Net Trust, Waiver, and Community Services (continued)

The Medical Center also provides resources to support numerous initiatives aimed at contributing to the health and well-being of children, youth, and families living in the Medical Center's community with a special emphasis on those living in low-income areas. These initiatives include programs available at the Medical Center, and also many in collaboration with community-based organizations and health centers. These efforts are focused on the most pressing and community-identified health needs of children, such as asthma, obesity, and mental and behavioral health, as well as the social determinants, which are those issues that affect an individual's health, such as being exposed to trauma, experiencing food or housing insecurity, or coping with the stressors from living in poverty. The Medical Center also provides medical services to the community through its emergency room, which operates 24 hours a day, and is available to all regardless of ability to pay.

The Medical Center makes available free care programs for qualifying patients under its charity care and financial aid policy. The Medical Center obtains additional financial information for uninsured or underinsured patients who do not qualify or have not supplied requisite information to qualify for charity care. The additional information is used by the Medical Center in determining whether to qualify patients for charity care and/or financial aid. Charges for patients determined to qualify for charity care do not meet the criteria for revenue recognition. For patients who qualify for financial aid, discounts from established rates are considered implicit price concessions and included as a direct reduction of net patient services revenue.

The costs of uncompensated care (other than uncollectible accounts) and community benefit activities are derived from various Medical Center records. Amounts for activities as reported below are based on estimated and actual data, subject to changes in estimates upon the finalization of the Medical Center's cost report, and other government filings. The amounts reported below are calculated in accordance with guidelines prescribed by the IRS. The net cost of charity includes the direct and indirect cost of providing charity care services and is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care.

The Hospital and the Foundations do not pursue collection of amounts determined to qualify as free care. The Hospital also supports the delivery of health care services to the indigent through payments to the Health Safety Net Trust (HSN), which is administered by the Commonwealth of Massachusetts.

(In Thousands, unless stated otherwise)

4. Charity Care, Health Safety Net Trust, Waiver, and Community Services (continued)

The amounts of HSN assessment and receipts, implicit price concessions, provision for uncollectible accounts, and free care were as follows:

	Year Ended September 30	
	2025	**2024**
HSN assessment	**$ 9,952**	$ 9,463
HSN receipts (net patient services revenue)	**(3,850)**	(3,850)
Net disbursements to HSN	**6,102**	5,613
Implicit price concessions	**100,035**	84,653
Free care (at cost)	**18,476**	11,531
Total HSN, implicit price concessions, and free care	**$ 124,613**	$ 101,797

The Centers for Medicare & Medicaid Services and the Massachusetts Executive Office of Health and Human Services approved Massachusetts' latest 1115 Medicaid waiver amendment (the Waiver) in September 2022. The Waiver is effective October 1, 2022 through December 31, 2027.

The Waiver continues to secure funding of safety net hospitals in Massachusetts, with substantial incremental funding being directed to private acute care hospitals in Massachusetts that serve Medicaid and uninsured populations. Dollars are also directed to those hospitals for reporting on quality and health outcomes on relevant performance measures. There are additional dollars provided to support efforts at hospitals aimed at reducing disparities and promoting health equity. Additional funding will be made to further transition hospitals to value-based care. During the year ended September 30, 2025, the Medical Center incurred expenses of $63,609 related to the Waiver and recognized $133,259 of incremental funding, as compared to $33,818 and $72,334 for the year ended September 30, 2024. On the accompanying consolidated statements of operations and changes in net assets, the expenses are reported as a component of Health Safety Net and Waiver and the incremental funding is reported as a component of net patient services revenue.

(In Thousands, unless stated otherwise)

5. Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	September 30 2025	2024
Land and improvements	**$ 219,989**	$ 219,989
Buildings, leasehold, and related improvements	**3,783,290**	3,659,807
Equipment	**1,317,706**	1,245,133
Construction-in-progress	**1,104,102**	750,699
	6,425,087	5,875,628
Less accumulated depreciation and amortization	**(2,923,102)**	(2,714,123)
	$ 3,501,985	$ 3,161,505

At September 30, 2025 and 2024, the Medical Center had commitments of approximately $564,028 and $597,768, respectively, to complete projects relating to capital construction and software development. At September 30, 2025 and 2024, the Medical Center had fixed asset additions not yet paid of approximately $51,537 and $65,326, respectively.

(In Thousands, unless stated otherwise)

6. Other Current and Non-Current Assets and Other Liabilities

Other current and non-current assets consist of the following:

	September 30 2025	2024
Other current assets:		
Inventory	**$ 50,316**	$ 49,249
Prepaid expenses	**38,341**	44,221
Deferred implementation costs	**12,587**	11,297
	$ 101,244	$ 104,767
Other assets (non-current):		
Expected insurance recoveries for professional liability claims (*Note 13*)	**$ 126,658**	$ 122,043
Employee loans receivable	**16,116**	14,778
Prepaid expenses	**14,130**	14,819
Deferred cost associated with royalty monetization	**5,604**	8,197
Deferred implementation costs	**96,925**	98,506
Other	**2,198**	3,381
	$ 261,631	**$ 261,724**

Other liabilities consist of the following:

	September 30 2025	2024
Estimated insured professional liability losses (*Note 13*)	**$ 126,658**	$ 122,043
Royalty monetization financing obligation	**30,655**	37,462
Software license obligation	**–**	7,236
Finance lease liabilities	**191**	382
Non-current portion of estimated liability for claims incurred but not reported (*Note 13*)	**37,627**	35,836
Asset retirement obligations	**10,701**	11,029
Other	**3,755**	15,570
	$ 209,587	$ 229,558

(In Thousands, unless stated otherwise)

7. Leases

The following table presents the Medical Center's lease-related assets and liabilities at September 30, 2025 and 2024:

		September 30	
	Balance Sheet	**2025**	**2024**
Assets			
Operating leases	Operating lease right-of-use assets	**$ 480,871**	$ 535,821
Liabilities			
Current:			
Operating leases	Operating lease liabilities, current	**$ 56,640**	$ 56,381
Non-current:			
Operating leases	Operating lease liabilities	**486,828**	534,939
Total lease liabilities		**$ 543,468**	$ 591,320

The weighted average lease terms and discount rates for operating leases are presented in the following table:

	September 30	
	2025	**2024**
Weighted average remaining lease term (years)	**9.33**	10.13
Weighted average discount rate	**3.15%**	3.09%

(In Thousands, unless stated otherwise)

7. Leases (continued)

The following presents information related to lease expense for finance and operating leases for the years ended September 30, 2025 and 2024:

	September 30 2025	2024
Amortization of right-of-use assets (finance leases)	**$ 495**	$ 495
Interest on finance lease liabilities	**21**	24
Operating lease cost	**73,483**	74,793
Variable lease cost	**32,741**	29,623
Short-term lease cost	**–**	139
Sub-lease income	**(4,519)**	(4,944)
Total lease expense	**$ 102,221**	$ 100,130

The following table presents cash flow information for the years ended September 30, 2025 and 2024:

	September 30 2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	**$ 73,684**	$ 71,745
Non-cash items:		
Right-of-use assets obtained in exchange for new and modified operating leases	**6,918**	57,681

(In Thousands, unless stated otherwise)

7. Leases (continued)

The obligations under noncancelable operating leases as of September 30, 2025, are as follows:

2026	$ 72,508
2027	69,331
2028	67,466
2029	65,110
2030	66,441
Thereafter	294,871
Total lease payments	635,727
Less imputed interest	(92,259)
Total lease obligation	543,468
Less current portion	(56,640)
Long-term liability	$ 486,828

8. Long-Term Debt and Mortgage Notes

Long-term debt consists of the following:

	September 30	
	2025	**2024**
Series N	**$ 65,000**	$ 65,000
Series Q	**50,255**	50,255
Series S	**135,215**	135,215
Series T	**491,127**	496,961
Series U	**216,000**	216,000
Series V	**252,500**	252,500
Series 2017A	**350,000**	350,000
Series 2020A	**300,000**	300,000
Series 2021A	**48,630**	48,630
Series 2021B	**107,370**	107,370
FC Series 2020	**11,388**	11,713
	2,027,485	2,033,644
Less:		
Unamortized debt issuance costs	**9,547**	10,156
Current portion of long-term debt	**335**	326
	$ 2,017,603	$ 2,023,162

8. Long-Term Debt and Mortgage Notes (continued)

Interest paid, exclusive of cash paid related to interest rate swaps, was $64,466 and $53,997 for the years ended September 30, 2025 and 2024, respectively. Interest capitalized in connection with ongoing construction projects approximated $17,449 and $13,470 for the years ended September 30, 2025 and 2024, respectively.

Series N Bonds

On May 13, 2010, the Hospital issued Series N Massachusetts Health and Educational Facilities Authority (MHEFA) Revenue Bonds in the amount of $341,590. The bond proceeds redeemed MHEFA's Revenue Bonds, Children's Hospital Issue, Periodic Auction Reset Securities Series G, H, I, J, and K. The Series N Bonds were issued as Variable Rate Demand Revenue Bonds. In July 2014, $125,000 of the Series N Bonds were refunded by the proceeds of the Series R Bonds. In May 2024, $151,590 of the Series N Bonds were refunded by the proceeds of the Series V Bonds. The remaining $65,000 of the Series N Bonds have a mandatory tender purchase date of September 2, 2031. At the end of the direct purchase period, the Series N Bonds may be remarketed or converted to another mode under the governing loan and trust agreement.

Series O Bonds

On December 11, 2013, the Hospital entered into two direct purchase loan agreements with banks for the Series O Massachusetts Development Finance Agency (MDFA) Revenue Bonds in the amount of $200,640. The terms of the loan agreements were $100,640 for a 10-year period and $100,000 for a 15-year period. The bonds were refunded on May 1, 2024, using proceeds from the Series U and Series V Bonds.

Series P Bonds

In December 2021, proceeds from the issuance of the Series 2021 A and B Notes were deposited into an escrow fund held by an independent trustee that refunded the Series P bonds on October 1, 2024, the earliest date the Series P bonds were redeemable, and to pay the interest on the Series P Bonds through October 1, 2024. As a result, the liability for the Series P Bonds and the proceeds from the Series 2021 A and B Notes were excluded from the Medical Center's consolidated balance sheets at September 30, 2024, as the advance refunding satisfied the derecognition criteria in Accounting Standards Codification (ASC) 405-20, *Liabilities – Extinguishments of Liabilities*, and ASC 860, *Transfers and Servicing*. The outstanding principal and interest on the Series P Bonds paid to bondholders from the escrow on October 1, 2024, totaled $153,710.

8. Long-Term Debt and Mortgage Notes (continued)

Series Q Bonds

On July 11, 2014, the Hospital entered into a direct purchase loan agreement with a bank for the Series Q MDFA Revenue Bonds in the amount of $50,255. The bond proceeds were used to reimburse and fund certain capital additions and renovations. The term of the loan agreement was for a ten-year period. On September 1, 2021, the loan agreement was restructured with a revised mandatory tender purchase date of September 1, 2031. Interest on the loan is variable based on a tax-exempt rate and was 3.28% on September 30, 2025.

Interest payments are due monthly. Principal on the loan is due upon the maturity date of October 1, 2042. At the end of the direct purchase period, the Series Q Bonds may be remarketed or converted to another mode under the governing loan and trust agreement.

Series R Bonds

On July 29, 2014, the Hospital entered into a direct purchase loan agreement with a bank for the Series R MDFA Revenue Bonds in the amount of $125,350. The bond proceeds redeemed $125,000 of the Series N-1 and N-2 MHEFA Variable Rate Demand Revenue Bonds. The bonds were refunded on May 1, 2024, using proceeds from the Series U Bonds.

Series S Bonds

In December 2017, the Hospital entered into a direct purchase loan agreement with a bank for the Series S MDFA Revenue Bonds in the amount of $135,215. The proceeds were deposited into an escrow fund held by an independent trustee to advance refund the Series M Massachusetts Health and Educational Facilities Authority Revenue bonds. The Series S Bonds have a stated maturity of December 2039, with the first principal payment due December 1, 2032. The Series S Bonds were issued in direct purchase mode where the purchasing bank agreed to hold the bonds for ten years with a mandatory tender purchase date of December 17, 2027. Interest is fixed based on a tax-exempt rate of 2.55%. At the end of that ten-year period, the Series S Bonds may be remarketed or converted to another mode under the governing loan and trust agreement.

8. Long-Term Debt and Mortgage Notes (continued)

Series T Bonds

On February 8, 2024, the Hospital issued Series T MDFA Revenue Bonds in the amount of $436,565. The bond proceeds will be used to reimburse and fund certain capital additions, renovations, and equipment expenditures. The bonds, with a final maturity in March 2054, were issued at a net premium in the amount of $63,433 to bear interest at yields that increase from 2.71% to 4.16% as maturities lengthen. Interest payments are due semiannually. The first bond maturity in the amount of $250,805 is due on March 1, 2034.

Series U and V Bonds

On February 8, 2024, the Hospital issued Series U MDFA Revenue Bonds in the amount of $216,000 (two series: Series U-1 and U-2 for $108,000 each). The bond proceeds were deposited into various escrow funds held by an independent trustee to refund $100,000 of the Series O MDFA Revenue Bonds (Series O-2) and $114,500 of the Series R MDFA Revenue Bonds on May 1, 2024, and to pay the interest on those Bonds through May 1, 2024. The Series U Bonds have a final maturity in March 2048 and were issued as Variable Rate Demand Revenue Bonds secured by bank letters of credit. The bank letters of credit expire on February 8, 2029. Interest payments are due monthly and interest on the bonds is variable based on a daily auction. Principal on the bonds is due at maturity. To the extent any amounts are drawn on the letters of credit, those amounts would convert to a term loan. The principal amount of each term loan would be repaid in equal quarterly payments of principal, with the first payment due 366 days after the draw, and the final quarterly payment due no later than three years from the date of the draw.

On February 8, 2024, the Hospital issued Series V MDFA Revenue Bonds in the amount of $252,500. The bond proceeds were deposited into an escrow fund held by an independent trustee to refund $100,640 of the Series O MDFA Revenue Bonds (Series O-1) and $151,590 of the Series N MHEFA Revenue Bonds (Series N-4) on May 1, 2024, and to pay the interest on those Bonds through May 1, 2024. The Series V Bonds have a final maturity in March 2049 and bear interest at 5.90%. Interest payments are due semiannually. Principal on the bonds is due at maturity. Concurrent with the issuance of the Series V Bonds, the Hospital entered into a total return interest rate swap agreement with a bank in the notional amount of $252,500 where the Hospital pays a variable rate of interest based on a tax-exempt index and receives the fixed rate of interest on the Bonds. The value of the swap is determined by the change in the value of the underlying bonds. The swap agreement expires on February 8, 2031.

8. Long-Term Debt and Mortgage Notes (continued)

Series 2017A

On January 31, 2017, the Hospital issued The Children's Hospital Corporation Taxable Bonds, Series 2017A in the amount of $350,000. The proceeds were used for general corporate purposes. The bonds, with a final maturity on January 1, 2047, bear interest at a yield of 4.12%. Interest payments are due semiannually beginning on July 1, 2017.

Series 2020A

On July 7, 2020, the Hospital issued The Children's Hospital Corporation Taxable Bonds, Series 2020A in the amount of $300,000. The proceeds were used for general corporate purposes. The bonds, with a final maturity on February 1, 2050, bear interest at a yield of 2.59%. Interest payments are due semiannually beginning on February 1, 2021.

Series 2021A and B

In December 2021, the Hospital entered into a direct purchase loan agreement with a life insurance company for the Series 2021A and B Notes in the aggregate amount of $156,000. The proceeds were deposited into an escrow fund held by an independent trustee that refunded the Series P bonds on October 1, 2024, the earliest date the Series P bonds were redeemable, and to pay the interest on the Series P Bonds through October 1, 2024. The Series 2021A Note in the amount of $48,630 has a stated maturity of October 1, 2034, and bears interest at a yield of 2.32%. The Series 2021B Note in the amount of $107,370 has a stated maturity of October 1, 2046, and bears interest at a yield of 2.81%. Interest payments are due semiannually beginning on April 1, 2022.

FC Series 2020

In March 2020, FC entered into a loan and security agreement with the MDFA and a bank, as trustee and bondholder, in the amount of $13,075 in Series 2020 tax exempt revenue bonds. FC will make monthly payments, including interest at a variable rate of the Federal Home Loan Bank Rate plus 0.89%. The interest rate was 2.62% as of September 30, 2025. The original maturity date is March 24, 2050.

8. Long-Term Debt and Mortgage Notes (continued)

Mortgage Notes

On November 9, 2009, CHB Properties, Inc. acquired the remaining property interest in a medical office building and assumed the balance of the mortgage note in the amount of $27,837. On October 1, 2013, CHB Properties, Inc. entered into a term loan with a bank in the amount of $27,000 to pay off the remaining balance of the mortgage note. The bank loan bears interest at a variable rate of 5.14% at September 30, 2025. On November 30, 2025, an amendment was signed, extending the date of the original maturity, and the loan is now scheduled to mature on November 30, 2028. Interest payments are due monthly.

Line of Credit

In June 2022, the Medical Center entered into a $200,000 revolving line of credit agreement for a three-year term, which expired May 31, 2025. The credit agreement was then renewed effective July 3, 2025 for an increased amount of $300,000. The updated credit agreement bears interest at a variable rate equal to BSBY plus 7.5 basis points of the outstanding commitment. There were no amounts outstanding as of September 30, 2025.

Covenants

As of September 30, 2025, the Medical Center was in compliance with all applicable debt covenants.

(In Thousands, unless stated otherwise)

8. Long-Term Debt and Mortgage Notes (continued)

Future Maturities

Future maturities of long-term debt and mortgage notes as of September 30, 2025, are as follows:

	Long-Term Debt	Mortgage Notes	Total
Years ending September 30:			
2026	$ 335	$ –	$ 335
2027	343	–	343
2028	352	–	352
2029	362	27,000	27,362
2030	372	–	372
Thereafter	1,971,159	–	1,971,159
Principal payments	1,972,923	27,000	1,999,923
Premium (discount)	54,562	–	54,562
Total	$ 2,027,485	$ 27,000	2,054,485
Less:			
Unamortized debt issuance costs			9,547
			$ 2,044,938

The table above reflects future maturities based on the stated maturity date and does not reflect any potential tender dates or bank letter of credit terms as described in the preceding descriptions.

(In Thousands, unless stated otherwise)

8. Long-Term Debt and Mortgage Notes (continued)

Interest Rate Swap Agreements

The Medical Center was a party to the following interest rate swap agreements as of September 30, 2025:

Effective Date	Notional Amount	Fixed Interest Rate	Maturity Date
December 2007	$ 115,155	3.42%	October 2042
May 2006	119,875	3.57	October 2040
August 2004	47,350	4.00*	October 2028
November 2003	50,000	3.13	October 2040
July 2002	35,000	4.72	October 2027
May 2001	105,250	4.58	October 2035

* Fixed at 4.00% through October 1, 2028, if the variable rate tax-exempt index reaches 4.50%.

Effective Date	Notional Amount	Variable Interest Rate	Maturity Date
February 2024	$ 252,500	SIFMA+ 40bps	February 2031

The Medical Center uses interest rate swap agreements in order to manage its interest rate risk associated with its outstanding debt. These swaps effectively convert interest rates on variable rate bonds to fixed rates. The interest rate swap agreements meet the definition of derivative instruments. Consequently, the aggregate fair value of the swaps (a liability of $37,423 and $54,819 at September 30, 2025 and 2024, respectively) is reported in non-current liabilities on the accompanying consolidated balance sheets, and the change in fair value of $17,396 and ($23,487) for the years ended September 30, 2025 and 2024, respectively, is reported as a non-operating gain or loss on the accompanying consolidated statements of operations and changes in net assets. The swaps, while serving as an economic hedge, do not qualify as an accounting hedge.

(In Thousands, unless stated otherwise)

8. Long-Term Debt and Mortgage Notes (continued)

Cash flows under the swaps netted to receipts of approximately ($3,371) and ($1,952) for the years ended September 30, 2025 and 2024, respectively, and are reported as a component of interest expense on the accompanying consolidated statements of operations and changes in net assets.

Two of the interest rate swaps are cancelable at the option of the counterparty at any time if the variable interest rate is greater than or equal to 7%. The aggregate fair value of these swaps as of September 30, 2025 and 2024, is a liability of approximately $4,064 and $10,473, respectively.

Guaranteed Debt and Other Arrangements

As security to the Hospital's direct purchase loan agreements with banks, Series 2017A bonds, Series 2020A bonds, Series 2021A and B notes, Series T Bonds, Series U Bonds, Series V Bonds, and the mortgage note associated with CHB Properties, Inc., the Medical Center has executed unconditional and irrevocable guaranties of full and punctual payment of all obligations of the Hospital under the terms of the related loan and mortgage agreements. Pursuant to the terms of the letters of credit for the Series U Bonds, the Hospital has agreed to maintain a minimum average deposit of $15,000 with a bank, and as part of the direct purchase loan agreement for the Series S Bonds, the Hospital has agreed to maintain a minimum average deposit of $7,000 with a bank.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are composed of the following:

	September 30	
	2025	**2024**
Mission-related activities	**$ 347,124**	$ 265,572
Accumulated gains on endowment funds	**229,224**	262,014
Investments to be held in perpetuity, the income from which is:		
Unrestricted as to use	**50,861**	55,796
Restricted for patient-care-related activities	**183,938**	179,508
Restricted for research	**94,745**	82,963
Restricted for medical education	**25,935**	28,670
	$ 931,827	$ 874,523

9. Net Assets with Donor Restrictions (continued)

The Medical Center follows the requirements of the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA) as they relate to its endowments with donor restrictions. The Medical Center's endowments consist of numerous individual funds established for a variety of purposes and include both donor-restricted endowment funds and unrestricted Board-designated funds held as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of the Medical Center has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulation to the contrary. Net assets with donor restrictions are classified as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure. The Medical Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the Medical Center and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, and (6) the investment policies of the Medical Center.

(In Thousands, unless stated otherwise)

9. Net Assets with Donor Restrictions (continued)

The components of endowment-related activities include the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	**$ 1,247,071**	**$ –**	**$ 1,247,071**
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	**–**	**367,447**	**367,447**
Accumulated investment gains	**–**	**229,224**	**229,224**
Total endowment funds, September 30, 2025	**$ 1,247,071**	**$ 596,671**	**$ 1,843,742**
Endowment net assets, beginning of year	**$ 1,298,266**	**$ 618,577**	**$ 1,916,843**
Investment return:			
Investment income	**218,601**	**36,175**	**254,776**
Total investment return	**218,601**	**36,175**	**254,776**
Contributions	**11,945**	**10,885**	**22,830**
Appropriation of endowment assets for expenditure, net of transfers to/from board-designated endowment funds	**(281,741)**	**(68,966)**	**(350,707)**
Endowment net assets, September 30, 2025	**$ 1,247,071**	**$ 596,671**	**$ 1,843,742**

Excluded from the above table but included in total net assets for the year ended September 30, 2025, are net assets with donor restrictions of $45,175 related to assets whose used is limited by externally administered trusts, $127,451 related to pledge receivables, and $162,530 related to philanthropic fund balances available for current use. The remaining balance of net assets includes $7,120,560 of other net assets without restrictions.

(In Thousands, unless stated otherwise)

9. Net Assets with Donor Restrictions (continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,298,266	$ –	$ 1,298,266
Donor-restricted endowment funds:			
Original donor-restricted gift amounts required to be maintained in perpetuity by donor	–	356,563	356,563
Accumulated investment gains	–	262,014	262,014
Total endowment funds, September 30, 2024	$ 1,298,266	$ 618,577	$ 1,916,843
Endowment net assets, beginning of year	$ 1,118,433	$ 603,422	$ 1,721,855
Investment return:			
Investment income	271,751	65,945	337,696
Total investment return	271,751	65,945	337,696
Contributions	82	13,454	13,536
Appropriation of endowment assets for expenditure, net of transfers to/from board-designated endowment funds	(92,000)	(64,244)	(156,244)
Endowment net assets, September 30, 2024	$ 1,298,266	$ 618,577	$ 1,916,843

Excluded from the above table but included in total net assets for the year ended September 30, 2024, are net assets with donor restrictions of $45,443 related to assets whose used is limited by externally administered trusts, $105,887 related to pledge receivables, and $104,616 related to philanthropic fund balances available for current use. The remaining balance of net assets includes $6,330,714 of other net assets without restrictions.

The Medical Center's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Medical Center must hold in perpetuity and the unexpended appreciation on those funds and unrestricted funds, which the Board has designated to function as endowments in support of mission-related activities. Under this policy, as approved by the Board, the endowment assets are invested with the expectation they will generate a long-term rate of return of approximately 6.5% per annum. Actual returns in any given year may vary from this amount.

(In Thousands, unless stated otherwise)

9. Net Assets with Donor Restrictions (continued)

To satisfy its long-term rate-of-return objectives, the Medical Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Medical Center targets a diversified asset allocation that consists of equities, fixed income securities, and alternative investments.

The Medical Center has a policy of appropriating for distribution each year no more than a specified percentage (4.5% for the years ended September 30, 2025 and 2024) of its endowment funds' three-year trailing average market value. In establishing this policy, the Medical Center considered the long-term expected return on its endowments.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Medical Center to retain as a fund of perpetual duration. No deficiencies of this nature are reported in net assets with donor restrictions for the years ended September 30, 2025 or 2024.

The Hospital's donor match program matches certain gifts with donor restrictions under a predefined ratio. This program has resulted in several major gifts to the Hospital in support of certain strategic purposes.

Net assets were released from donor restrictions by incurring expenses or satisfying the associated conditions for the following restricted purposes:

	Year Ended September 30	
	2025	**2024**
Mission-related activities	**$ 103,789**	$ 137,107

10. Net Patient Services Revenue

The Hospital and the Foundations have agreements with numerous third-party payors that provide for payments at amounts different from their established charges. Contracts with commercial providers provide for payments based on a variety of methodologies, including discounted charges, per-case or per-diem arrangements, and fee schedules for certain outpatient and professional services. Medicaid payments are based on a contract with the Massachusetts Executive Office of Health and Human Services, and hospital services are reimbursed on a standardized payment-per-encounter basis for outpatients, a standardized per-adjusted-discharge basis for inpatients, and a fee schedule for professional services. Medicare reimbursements are based upon Medicare's proportionate share of reasonable costs for hospital services and a fee schedule for professional services. Certain contracts also provide for payments that are contingent upon meeting agreed-upon quality and efficiency measures.

In 2018, Massachusetts redesigned its Medicaid program by creating a number of Accountable Care Organizations (ACOs) across the state to provide care for eligible Medicaid participants. As part of this redesign, the Hospital partnered with Tufts Health Public Plans to create its own ACO to participate in the MassHealth ACO program with the goal of providing better coordination of care for MassHealth members.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Medical Center believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

During the years ended September 30, 2025 and 2024, in connection with special legislative appropriations, the Medical Center received $23,373 and $21,786, respectively, from the Federal Children's Hospital's Graduate Medical Education program for reimbursement of graduate medical education expense. There is no guarantee that similar appropriations will occur in the future, or at what level.

10. Net Patient Services Revenue (continued)

Net patient services revenue is reported at the amount that reflects the consideration to which the Medical Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration (additions or reductions to revenue) for retroactive revenue adjustments due to settlement of risk-sharing arrangements under certain payor contracts (including the MassHealth ACO program) and adjustments due to ongoing and future audits, reviews, and investigations.

Performance obligations are based on the nature of the services provided, and net patient services revenue is recognized as performance obligations are satisfied. Net patient services revenue is recognized for performance obligations satisfied over time based on actual charges incurred in relation to total expected or actual charges. The Medical Center believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services and patients receiving services in the Medical Center's outpatient centers. The Medical Center measures the performance obligation from admission or the commencement of an outpatient service to the point when there are no further services required for the patient, which is generally at the time of discharge or the completion of the outpatient visit. Generally, the Medical Center bills patients and third-party payors several days after the services are performed and/or the patient is discharged.

The Medical Center uses the portfolio approach practical expedient to account for patient contracts with similar characteristics as a collective group, rather than recognizing revenue on an individual contract basis. The portfolios are determined based on payor classes and patient types, both inpatient and outpatient. Based on historical collection trends and other analyses, the Medical Center believes that revenue recognized utilizing the portfolio approach approximates the revenue that would have been recognized on a contract-by-contract basis.

(In Thousands, unless stated otherwise)

10. Net Patient Services Revenue (continued)

Disaggregated net patient services revenue for the year ended September 30, 2025, by payor, is as follows:

	Inpatient	**Outpatient**	**Total**	**Percentage**
Commercial/other managed care	**$ 481,221**	**$ 978,529**	**$ 1,459,750**	**39.9%**
Blue Cross	**368,699**	**697,605**	**1,066,304**	**29.1**
Medicaid	**477,725**	**383,839**	**861,564**	**23.6**
Self-pay	**13,120**	**58,457**	**71,577**	**2.0**
International	**64,076**	**46,639**	**110,715**	**3.0**
Other governmental	**36,446**	**29,478**	**65,924**	**1.8**
Other	**23,373**	**–**	**23,373**	**0.6**
	$ 1,464,660	**$ 2,194,547**	**$ 3,659,207**	**100.0%**

Disaggregated net patient services revenue for the year ended September 30, 2024, by payor, is as follows:

	Inpatient	**Outpatient**	**Total**	**Percentage**
Commercial/other managed care	$ 464,327	$ 749,802	$ 1,214,129	38.3%
Blue Cross	397,049	547,926	944,975	29.8
Medicaid	461,658	275,519	737,177	23.4
Self-pay	15,154	39,243	54,397	1.7
International	87,584	40,496	128,080	4.0
Other governmental	40,623	26,128	66,751	2.1
Other	21,786	–	21,786	0.7
	$ 1,488,181	$ 1,679,114	$ 3,167,295	100.0%

Deductibles, co-payments, and coinsurance under third-party payment programs, which are the patient's responsibility, are included within the primary payor categories above.

10. Net Patient Services Revenue (continued)

As substantially all of the Medical Center's performance obligations relate to contracts with a duration of less than one year, the Medical Center has elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time. The performance obligations for these services are generally completed when the patients are discharged, which generally occurs within days or weeks after the end of the reporting period.

The Medical Center's initial estimate of the transaction price is based on the standard charges for services provided, reduced by various elements of variable consideration, including explicit price concessions, discounts, and implicit price concessions. Explicit price concessions are based on patients who have third-party payor coverage, and the transaction price is determined on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Medical Center's discount policies, and historical experience. For uninsured and underinsured patients who do not qualify for charity care, the Medical Center determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions represent differences between amounts billed and the estimated consideration the Medical Center expects to receive from patients, which is based on historical collection experience for applicable patient portfolios, current market conditions, and other factors. A patient who has no insurance may receive a discount to a facility-specific percent of charge. Under the Medical Center's charity care policy, a patient who has no insurance or is underinsured and is ineligible for any government assistance program has his or her bill reduced based on a sliding scale according to federal poverty level guidelines, with discounts ranging from 25% to 100%.

10. Net Patient Services Revenue (continued)

Settlements with third-party payors for risk-sharing arrangements under certain contracts (including the MassHealth ACO program), and for cost report filings and retroactive adjustments due to ongoing and future audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price using the expected value method. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Medical Center's historical settlement activity, including an assessment to ensure it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such audit, review, or investigation. For the years ended September 30, 2025 and 2024, the net effect of the Medical Center's revisions to prior year estimates resulted in net patient services revenue increasing by $13,376 and $26,423, respectively.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net patient services revenue in the period of the change. Portfolio collection estimates are updated monthly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended September 30, 2025 and 2024, was not material.

The Medical Center has elected the practical expedient not to adjust the amount of consideration from patients and third-party payors for the effects of a significant financing component, due to the Medical Center's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Medical Center does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Medical Center may not have the right to bill and were not material at September 30, 2025 or 2024.

(In Thousands, unless stated otherwise)

10. Net Patient Services Revenue (continued)

The Hospital and the Foundations grant credit without collateral to their patients. The concentration of credit risk by payor, as measured by net patient accounts receivable, was as follows as of September 30:

	2025
Commercial/other managed care	**35.7%**
Blue Cross	**24.0**
Medicaid	**22.8**
International	**9.2**
Self-pay	**5.5**
Other governmental	**2.8**
Total	**100.0%**

	2024
Commercial/other managed care	34.4%
Blue Cross	23.9
Medicaid	19.1
International	15.2
Self-pay	4.6
Other governmental	2.8
Total	100.0%

11. Employees' Retirement Plans

The Hospital sponsors a non-contributory, defined benefit retirement plan that covers substantially all employees of the Hospital. Effective December 31, 2022, the Children's Hospital Corporation Maintenance Employees' Pension Plan (the Maintenance Plan) was merged into The Children's Hospital Corporation Pension Plan (the Plan). The pension expense, projected benefit obligation, and market value of the assets related to the Maintenance Plan were transferred to the Plan. The Plan is a cash balance plan under which benefits are based on the annuitized value of a participant's account, which consists of basic credits (determined on age, years of vesting service, and compensation), plus interest credits thereon. The measurement date of the Plan is September 30. During the year ended September 30, 2025, the Hospital offered a voluntary early retirement program (VERP). Employees eligible for the VERP were 62 years or older with at least 10 years of service as of October 1, 2024. The VERP enhancements payable from the Plan are accounted for as special termination benefits. The VERP special termination benefit expense amounted to $26,805 in the fiscal year ended September 30, 2025, and was recorded in other non-operating gains and losses, net.

The Foundations maintain five defined benefit pension plans for eligible employees at retirement based upon years of service, age, and compensation rates near retirement. These plans call for benefits to be paid to eligible employees at retirement based upon years of service and compensation earned as set forth in each plan. Contributions to these plans reflect benefits attributed to employees' services to date, as well as services expected to be earned in the future, and are based upon actuarially determined requirements. The annual measurement date for these respective plans is September 30.

The Foundations also maintain two postretirement medical plans, which provide eligible participants and their dependents with postretirement health benefits. The plans are intended to qualify as medical reimbursement plans under Internal Revenue Code Section 105(b). Participants must meet age and years of service requirements. A fixed amount is credited to participants' accounts based on years of service, with a cost of living adjustment credited annually. The annual measurement date for these postretirement medical plans is September 30.

(In Thousands, unless stated otherwise)

11. Employees' Retirement Plans (continued)

Reconciliation of Funded Status

A reconciliation of the changes in the defined benefit pension plans' aggregate projected benefit obligation, fair value of assets, and the accumulated benefit obligation of the plans is as follows:

	Year Ended September 30	
	2025	**2024**
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 1,256,300**	$ 1,097,977
Service cost	**58,191**	51,089
Interest cost	**67,186**	64,162
Actuarial loss	**27,352**	85,912
Settlements and amendments	**(6,883)**	844
Special termination benefits	**26,805**	–
Benefits paid	**(115,094)**	(43,684)
Benefit obligation at end of year	**1,313,857**	1,256,300
Change in plan assets		
Fair value of plan assets at beginning of year	**1,323,739**	1,129,259
Actual return on plan assets	**139,030**	199,062
Employer contributions	**38,587**	39,102
Settlements	**(6,883)**	–
Benefits paid	**(115,094)**	(43,684)
Fair value of plan assets at end of year	**1,379,379**	1,323,739
Funded status		
Aggregate net funded status at end of year	**$ 65,522**	$ 67,439
Accumulated benefit obligation	**$ 1,168,828**	$ 1,145,498

(In Thousands, unless stated otherwise)

11. Employees' Retirement Plans (continued)

	As of September 30 2025	2024
Amounts not yet recognized in net periodic benefit cost and included in net assets without donor restrictions		
Actuarial net (gain) loss	**$ (18,485)**	$ 4,876
Prior service credit	**(10,803)**	(12,812)
	$ (29,288)	$ (7,936)

	As of September 30 2025	2024
Defined benefit plans with benefit obligations in excess of plan assets		
Fair value of plan assets	**$ 1,033,304**	$ 1,000,681
Projected benefit obligation	**(1,070,134)**	(1,011,124)
	$ (36,830)	$ (10,443)

	As of September 30 2025	2024
Defined benefit plans with plan assets in excess of benefit obligations		
Fair value of plan assets	**$ 346,074**	$ 323,058
Projected benefit obligation	**(243,722)**	(245,176)
	$ 102,352	$ 77,882

(In Thousands, unless stated otherwise)

11. Employees' Retirement Plans (continued)

The following table provides an estimate of the components of the total net periodic benefit cost for the defined benefit pension plans:

	Year Ended September 30	
	2025	**2024**
Components of net periodic benefit cost		
Service cost (included in salaries and benefits)	**$ 58,191**	$ 51,089
Interest cost	**67,186**	64,162
Expected return on plan assets	**(84,928)**	(72,277)
Effect of settlement	**(1,070)**	–
Amortization of net gain	**(2,319)**	(1,439)
Special termination benefits	**26,805**	–
Amortization of prior service credit	**(2,012)**	(2,813)
Non-service cost components (included in non-operating gains (losses), net)	**3,662**	(12,367)
Net periodic benefit cost	**$ 61,853**	$ 38,722

Prior service credit of $2,687 and unrecognized actuarial losses of ($3,064) are expected to be recognized in net periodic benefit cost during the fiscal year ending September 30, 2026.

The weighted average assumptions used to develop pension expense are as follows:

	Year Ended September 30	
	2025	**2024**
Discount rates	**5.10% / 5.80%**	6.00%
Expected return on plan assets	**6.50%**	6.50%
Cash balance interest crediting rate	**4.30% / 4.95%**	4.30%
Rates of compensation increase	**2.00%–4.00%**	2.00%–4.00%

(In Thousands, unless stated otherwise)

11. Employees' Retirement Plans (continued)

The weighted average assumptions used to develop the projected benefit obligation are as follows:

	Year Ended September 30	
	2025	**2024**
Discount rates	**5.57%**	5.10%
Cash balance interest crediting rate	**4.85%**	4.30%
Rates of compensation increase	**3.00%–6.00%**	2.00%–4.00%

The year-over-year increase in the discount rates used to develop the projected benefit obligation was a result of an observed increase in applicable interest rates. While the increase in the discount rate resulted in an actuarial gain, such gain was offset by an increase in the cash balance interest rate assumption and updates in the lump-sum conversion assumptions, experience study assumption, and census. The decrease in actual return on plan assets was primarily due to less favorable capital market conditions during the year ended September 30, 2025, compared with the year ended September 30, 2024.

Plan Assets

To develop the expected long-term rate of return on plan assets assumption, the Medical Center considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolios.

The plans' investment objectives are to achieve long-term growth in excess of long-term inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets over a long-term time horizon. In order to minimize risk, the plans intend to minimize the variability in yearly returns. The plans also intend to diversify their holdings among asset classes, investment managers, sectors, industries, and companies. The Hospital's target asset policy guidelines include total equities between 50% and 75%, total fixed income between 10% and 40%, and other strategies between 5% and 25%. The Foundations' target asset policy guidelines include total equities between 55% and 80%, total fixed income between 10% and 40%, and other strategies between 0% and 40%.

(In Thousands, unless stated otherwise)

11. Employees' Retirement Plans (continued)

The Hospital's and Foundations' pension plans' weighted average asset allocations, by asset category, are as follows:

	September 30	
	2025	**2024**
Cash and cash equivalents	**2.4%**	1.4%
U.S. equities	**20.7**	17.9
Global equities	**14.1**	21.3
Fixed income	**9.2**	8.4
Mutual funds	**4.3**	6.5
Alternative investments	**49.3**	44.5
Total	**100.0%**	100.0%

Contributions

The Hospital and Foundations expect to contribute an aggregate of approximately $36,648 to their pension plans in 2026.

Estimated Future Benefit Payments

Benefit payments, which reflect expected future service, are expected to be paid as follows:

	Pension Benefits
2026	$ 93,758
2027	72,630
2028	76,446
2029	80,085
2030	81,936
Years 2031–2035	473,369

11. Employees' Retirement Plans (continued)

Certain physicians, by virtue of their joint appointments at the Hospital and Harvard University, are eligible for participation in the Harvard Retirement Plan for Teaching Faculty (the Harvard Plan), a defined contribution plan, and do not participate in the Hospital's plans. The Hospital's pension expense related to the Harvard Plan was approximately $7,743 and $6,524 for the years ended September 30, 2025 and 2024, respectively.

The Hospital has a 403(b) Tax-Deferred Annuity Plan under which contributions can be made by employees. The Hospital makes contributions to the plan based on a percentage of annual eligible earnings. Hospital contributions under the plan amounted to $13,764 and $11,932 for the years ended September 30, 2025 and 2024, respectively.

The Foundations have established 18 defined contribution plans to provide their long-term physician employees with fair and adequate retirement benefits. These include traditional 403(b) plans, money purchase plans, and profit-sharing plans. The basis for determining contributions ranges from 10% to 50% based on compensation of eligible employees. Total expense recognized by the Foundations under the defined contribution plans for the years ended September 30, 2025 and 2024, amounted to $53,875 and $47,889, respectively.

12. Deferred Compensation and Other Benefit Obligations

The Medical Center and Foundations maintain a program of integrated retirement plans, such as 457(b), 457(f), and supplemental executive retirement plans, to provide supplemental retirement benefits to certain employees. Plans provide either immediate vesting of benefits or may be determined by years of service and annual base compensation depending on the provisions set forth in the respective plans.

The Foundations have also established other profit-sharing, severance benefit, education or tuition, and long-term service plans to provide their physician employees with fair and adequate benefits. The benefits under these plans are administered based on the provisions set forth in the respective plan documents.

(In Thousands, unless stated otherwise)

12. Deferred Compensation and Other Benefit Obligations (continued)

The following table outlines the assets designated, accrued liabilities, and expenses recorded for the respective deferred compensation and other benefit plans as of and for the years ended September 30:

	Assets	Liabilities	Expense
2025			
Supplemental retirement benefit plans	**$ 142,969**	**$ 161,689**	**$ 77,710**
Other benefit plan obligations	**164,189**	**51,628**	**10,623**
	$ 307,158	**$ 213,317**	**$ 88,333**
2024			
Supplemental retirement benefit plans	$ 131,395	$ 139,558	$ 81,220
Other benefit plan obligations	143,501	50,429	14,497
	$ 274,896	$ 189,987	$ 95,717

13. Professional Liability

The Hospital's and the Foundations' primary professional and general liability insurance coverages are provided by Controlled Risk Insurance Company, Ltd. (CRICO), a corporation formed and wholly owned by the Harvard-affiliated medical institutions. The Hospital owns approximately 10% of CRICO's stock and accounts for this investment on the cost basis. The premiums paid to CRICO are actuarially determined based on asserted claims and incurred but unasserted claims. CRICO obtains excess coverage from other insurers.

The Hospital's and the Foundations' professional liability insurance policy is a retrospectively rated policy and is on a claims-made basis. The Hospital and the Foundations accrue a liability for claims incurred but not reported, which, at September 30, 2025, was $37,627 and at September 30, 2024, was $36,447. During the years ended September 30, 2025 and 2024, there were $17,186 and $0 in CRICO distributions.

Additionally, the Hospital and Foundations recorded a liability of $126,658 and $122,043 at September 30, 2025 and 2024, respectively, related to estimated insured professional liability losses and a corresponding receivable of $126,658 and $122,043 at September 30, 2025 and 2024, respectively, related to estimated recoveries under insurance coverage related to those losses.

(In Thousands, unless stated otherwise)

13. Professional Liability (continued)

Professional liability insurance expenses, net of recoveries, are as follows:

	Year Ended September 30	
	2025	**2024**
Professional liability insurance premiums, net of recoveries	**$ 21,478**	$ 21,009
(Decrease) increase in reserve for incurred but not reported professional liability claims, net	**1,180**	(1,460)
Total	**$ 22,658**	$ 19,549

14. Fair Value of Financial Instruments

The Medical Center uses the methods for calculating fair value as defined in ASC 820, *Fair Value Measurement*, to value its financial assets and liabilities, where applicable. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the reporting entity's perspective.

The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

14. Fair Value of Financial Instruments (continued)

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or a liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Medical Center uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

Financial instruments carried at fair value are classified in the tables below in one of the three categories described above:

	September 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	**$ 850,816**	**$ 1,222**	**$ –**	**$ 852,038**
U.S. equities	**1,375,273**	**–**	**–**	**1,375,273**
Global equities	**25,758**	**–**	**–**	**25,758**
Investment-grade fixed income	**663,651**	**102,930**	**–**	**766,581**
Mutual funds	**458,561**	**–**	**–**	**458,561**
High-yield fixed income	**29,010**	**–**	**–**	**29,010**
Real asset funds	**171,530**	**–**	**–**	**171,530**
Marketable alternatives	**28**	**–**	**–**	**28**
	$ 3,574,627	**$ 104,152**	**$ –**	**$3,678,779**
Investments accounted for pursuant to the equity method:				
Common/collective trust funds:				
Domestic equity				**68,481**
Global equity				**743,741**
Limited partnerships:				
Marketable alternatives				**1,641,259**
Private equity				**1,281,598**
Real estate investments carried at amortized cost				**169,324**
				3,904,403
Total investments				**$ 7,583,182**
Liabilities				
Interest rate swap agreements	**$ –**	**$ (37,423)**	**$ –**	**$ (37,423)**

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

	September 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	$ 771,637	$ 1,970	$ –	$ 773,607
U.S. equities	1,232,576	–	–	1,232,576
Global equities	205,717	–	–	205,717
Investment-grade fixed income	681,364	146,523	–	827,887
Mutual funds	418,176	–	–	418,176
High-yield fixed income	30,946	–	–	30,946
Real asset funds	109,123	–	–	109,123
Marketable alternatives	37	–	–	37
	$ 3,449,576	$ 148,493	$ –	3,598,069
Investments accounted for pursuant to the equity method:				
Common/collective trust funds:				
Domestic equity				59,093
Global equity				781,042
Limited partnerships:				
Marketable alternatives				1,462,856
Private equity				1,121,531
Real estate investments carried at amortized cost				167,578
				3,592,100
Total investments				$ 7,190,169
Liabilities				
Interest rate swap agreements	$ –	$ (54,819)	$ –	$ (54,819)

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

Financial assets invested in the Medical Center's defined benefit pension plans are classified in the tables below in one of the three categories described above:

	September 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	**$ 33,681**	**$ –**	**$ –**	**$ 33,681**
U.S. equities	**265,424**	**–**	**–**	**265,424**
Mutual funds	**58,964**	**–**	**–**	**58,964**
Global equities	**14,675**	**–**	**–**	**14,675**
Investment-grade fixed income	**113,838**	**11,189**	**–**	**125,027**
Real asset funds	**29,590**	**–**	**–**	**29,590**
	$ 516,172	**$ 11,189**	**$ –**	**$527,361**
Investments measured at net asset value (NAV) as a practical expedient:				
Common/collective trust funds:				
Domestic equity				**20,305**
Global equity				**179,219**
Other				**1,095**
Limited partnerships:				
Marketable alternatives				**380,064**
Private equity				**271,335**
				852,018
Total investments				**$ 1,379,379**

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

	September 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Cash and cash equivalents	$ 18,367	$ –	$ –	$ 18,367
U.S. equities	220,913	–	–	220,913
Mutual funds	86,454	–	–	86,454
Global equities	85,034	–	–	85,034
Investment-grade fixed income	101,344	9,556	–	110,900
Real asset funds	20,372	–	–	20,372
	$ 532,484	$ 9,556	$ –	542,040
Investments measured at net asset value (NAV) as a practical expedient:				
Common/collective trust funds:				
Domestic equity				16,256
Global equity				196,707
Other				775
Limited partnerships:				
Marketable alternatives				331,183
Private equity				236,778
				781,699
Total investments				$ 1,323,739

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

The following table presents liquidity information for the financial instruments carried at net asset value:

Investment Type	September 30 2025 Net Asset Value	September 30 2024 Net Asset Value	Liquidity Restriction Range (Including Notice Period) for Redemption*
U.S. equities	**$ 20,305**	$ 16,256	0 to 60 days
Global equities	**179,219**	196,707	30 to over 365 days
Real asset funds	**1,095**	775	0 to 60 days
Domestic equity hedge funds	**75,277**	69,907	90 to over 365 days
Distressed debt hedge funds	**129,445**	84,405	90 to over 365 days
Multi-strategy hedge funds	**87,442**	106,521	90 to over 365 days
Global equity hedge funds	**87,900**	70,250	90 to over 365 days
Private equity partnerships	**271,335**	236,778	Up to 7 years
	$ 852,018	$ 781,599	

* Notices for redemption can be anywhere from a few days before a redemption date to more than 90 days, assuming the fund has met its lockup period.

Assets classified as Level 1 are valued using unadjusted quoted market prices for identical assets in active markets. Level 2 assets primarily include fixed income securities. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. There were no transfers between Level 1 and Level 2 during fiscal year 2025 or 2024.

The Level 2 liabilities are interest rate swap agreements. The fair value of interest rate swap agreements is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, and credit spreads.

(In Thousands, unless stated otherwise)

14. Fair Value of Financial Instruments (continued)

The Medical Center's long-term debt obligations and mortgage notes are reported on the accompanying consolidated balance sheets at principal value, less unamortized discount or premium and debt issuance costs, which totaled $2,017,603 and $27,000, and $2,023,162 and $27,000 at September 30, 2025 and 2024, respectively.

The methods described above may produce a fair value that is not indicative of net realizable value or reflective of future fair values. Furthermore, while the Medical Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

15. Functional Expenses

The Medical Center is a multifaceted pediatric patient care provider dedicated to the improvement of the quality of life for children and their families. In its leadership role in pediatric medicine, the Medical Center focuses its efforts in three major areas: patient care, research, and medical education. Expenses related to providing these services are estimated as follows for the years ended September 30, 2025 and 2024:

	Patient Care	Research	Medical Education	Total
September 30, 2025				
Salaries and benefits	**$ 2,077,117**	**$ 355,979**	**$ 142,176**	**$ 2,575,272**
Supplies and other expenses	**1,001,682**	**180,123**	**49,121**	**1,230,926**
Direct research expenses of grants	**–**	**359,983**	**–**	**359,983**
Health Safety Net assessment and Waiver	**73,561**	**–**	**–**	**73,561**
Depreciation, amortization, and interest	**216,962**	**28,288**	**4,407**	**249,657**
	$ 3,369,322	**$ 924,373**	**$ 195,704**	**$ 4,489,399**

(In Thousands, unless stated otherwise)

15. Functional Expenses (continued)

	Patient Care	Research	Medical Education	Total
September 30, 2024				
Salaries and benefits	$ 2,024,735	$ 208,218	$ 119,368	$ 2,352,321
Supplies and other expenses	921,493	137,978	38,009	1,097,480
Direct research expenses of grants	–	364,686	–	364,686
Health Safety Net assessment and Waiver	43,281	–	–	43,281
Depreciation, amortization, and interest	211,125	17,438	3,668	232,231
	$ 3,200,634	$ 728,320	$ 161,045	$ 4,089,999

16. Subsequent Events

Subsequent events have been evaluated for potential recognition or disclosure in the consolidated financial statements through December 19, 2025, which is the date the accompanying consolidated financial statements were issued.

Section II – The Uniform Guidance Audit of Federal Awards

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER				
Direct Programs:				
Department of Health and Human Services (DHHS)/Public Health Service:				
Family Smoking Prevention and Tobacco Control Act Regulatory Research		93.077	$ 207,144	$ –
Food and Drug Administration Research		93.103	473,916	175,800
Environmental Health		93.113	1,292,484	390,254
Oral Diseases and Disorders Research		93.121	952,310	–
Human Genome Research		93.172	5,607,710	829,422
Research Related to Deafness and Communication Disorders		93.173	2,572,604	238,262
Research and Training in Complementary and Integrative Health		93.213	248,544	98,235
National Research Service Awards Health Services Research Training		93.225	461,115	–
Research on Healthcare Costs, Quality and Outcomes		93.226	1,512,128	681,003
National Center on Sleep Disorders Research		93.233	154,432	–
Mental Health Research Grants		93.242	14,098,996	3,652,934
Poison Center Support and Enhancement Grant		93.253	(260,231)	–
Alcohol Research Programs		93.273	698,322	73,226
Drug Use and Addiction Research Programs		93.279	4,735,770	306,885
Centers for Disease Control and Prevention Investigations and Technical Assistance		93.283	332,446	12,500
Discovery and Applied Research for Technological Innovations to Improve Human Health		93.286	2,661,582	638,142
Teenage Pregnancy Prevention Program		93.297	(9,536)	–
Minority Health and Health Disparities Research		93.307	203,744	–
Trans-NIH Research Support		93.310	2,849,378	498,423
Rare Disorders: Research, Surveillance, Health Promotion, and Education		93.315	80,134	–
National Center for Advancing Translational Sciences		93.350	2,218,118	1,037,609
Research Infrastructure Programs		93.351	127,949	–
Cancer Cause and Prevention Research		93.393	1,824,149	698,570
Cancer Detection and Diagnosis Research		93.394	593,428	208,148
Cancer Treatment Research		93.395	2,683,454	94,258
Cancer Biology Research		93.396	2,482,786	253,948
Cancer Research Manpower		93.398	205,275	–
Cardiovascular Diseases Research		93.837	19,166,309	1,914,126
Lung Diseases Research		93.838	7,557,710	1,225,800
Blood Diseases and Resources Research		93.839	11,699,082	1,406,132
Arthritis, Musculoskeletal and Skin Diseases Research		93.846	4,902,549	114,480
Diabetes, Digestive, and Kidney Diseases Extramural Research		93.847	25,810,556	4,903,701
Extramural Research Programs in the Neurosciences and Neurological Disorders		93.853	21,985,029	2,118,344
Allergy and Infectious Diseases Research		93.855	53,482,245	17,804,463
Biomedical Research and Research Training		93.859	7,931,961	104,933
Child Health and Human Development Extramural Research		93.865	15,031,070	1,779,488
Aging Research		93.866	8,270,538	1,935,979
Vision Research		93.867	12,153,423	1,615,790
Medical Library Assistance		93.879	1,982,085	317,744
International Research and Research Training		93.989	60,383	–
DHHS/NIH Contracts		93.RD	16,817,822	7,097,328
Department of Health and Human Services (DHHS)/Public Health Service Total:			255,858,913	52,225,927
Department of Homeland Security (DHS):				
Financial Assistance for Targeted Violence and Terrorism Prevention		97.132	11,962	–
Department of Homeland Security (DHS) Total:			11,962	–
Department of Defense (DOD):				
Military Medical Research and Development		12.420	8,154,593	919,421
Department of Defense (DOD) Total:			8,154,593	919,421
Department of Justice (DOJ):				
National Institute of Justice Research, Evaluation, and Development Project Grants		16.560	128,570	39,157
Department of Justice (DOJ) Total:			128,570	39,157
National Science Foundation (NSF):				
Computer and Information Science and Engineering		47.070	166,529	40,688
Biological Sciences		47.074	182,586	–
Social, Behavioral, and Economic Sciences		47.075	108,954	–
STEM Education (formerly Education and Human Resources)		47.076	151,041	–
National Science Foundation (NSF) Total:			609,110	40,688

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture (USDA):				
Gus Schumacher Nutrition Incentive Program		10.331	$ 3,764	$ –
U.S. Department of Agriculture (USDA) Total:			3,764	–
Total Direct Programs			264,766,912	53,225,193
Pass Through Programs (DHHS):				
Albert Einstein College of Medicine				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS117390	93.853	112,079	–
American Academy of Addiction Psychiatry				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79TI088037	93.243	172,624	–
American Academy of Pediatrics				
Health Program for Toxic Substances and Disease Registry	NU61TS000356	93.161	207,098	–
American Gastroenterological Association				
Allergy and Infectious Diseases Research	R24AI118629	93.855	1,433	–
Arkansas Children's Hospital				
Allergy and Infectious Diseases Research	R01AI159684, RAI170385	93.855	855	–
Association for Africans Living in Vermont				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79SM084890	93.243	3,695	–
Baylor College of Medicine				
Dietary Supplement Research Program	RHD104618	93.321	61,743	–
Lung Diseases Research	R01HL165301	93.838	13,405	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK112194	93.847	152,991	–
Biomedical Research and Research Training	R01GM080600	93.859	17,979	–
Baylor College of Medicine Total:			246,118	–
Beth Israel Deaconess Medical Center Inc.				
National Center on Sleep Disorders Research	R01HL161253	93.233	46,257	–
Cancer Biology Research	R01CA279550	93.396	45,424	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	RC2DK122397	93.847	575,932	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	RNS133187	93.853	13,593	–
Allergy and Infectious Diseases Research	K08AI168487, PAI179405	93.855	82,532	–
Aging Research	R01AG080842	93.866	56,931	–
Vision Research	R01EY032749	93.867	102,911	–
Beth Israel Deaconess Medical Center Inc. Total:			923,580	–
Boston Medical Center (BCH/THH)				
Cardiovascular Diseases Research	R01HL168098	93.837	23,200	–
Boston University				
Research Related to Deafness and Communication Disorders	P50DC018006, RDC010290	93.173	256,770	–
Discovery and Applied Research for Technological Innovations to Improve Human Health	R21EB028363, REB035574	93.286	89,833	–
Allergy and Infectious Diseases Research	R01AI171100	93.855	482,330	–
Child Health and Human Development Extramural Research	R21HD111945	93.865	4,922	–
Boston University Total:			833,855	–
Brigham & Women's Hospital				
Research Related to Deafness and Communication Disorders	R01DC021104	93.173	72,990	–
Drug Use and Addiction Research Programs	U19NS130617	93.279	706,767	–
Discovery and Applied Research for Technological Innovations to Improve Human Health	R01EB032378	93.286	27,252	–
Trans-NIH Research Support	UNS134357	93.310	136,112	–
National Center for Advancing Translational Sciences	U01TR003201	93.350	177,738	–
Research Infrastructure Programs	R24OD035402	93.351	364,693	–
Cancer Cause and Prevention Research	RCA294033	93.393	44,676	–
Cancer Detection and Diagnosis Research	R33CA278393	93.394	209,771	–
Cancer Treatment Research	R01CA200900	93.395	108,769	–
Cancer Biology Research	R01CA200748	93.396	20,694	–
Cancer Centers Support Grants	PCA165962	93.397	135,845	–
Cardiovascular Diseases Research	RHL162356	93.837	660,644	–

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Lung Diseases Research	K23HL141651, R01HL130974, R01HL161620, R01HL171279, U01HL146002, UG1HL139124	93.838	$ 380,911	$ –
Blood Diseases and Resources Research	P01HL171803, PHL158688, R01HL161087, R33HL168751	93.839	1,000,779	–
Arthritis, Musculoskeletal and Skin Diseases Research	P30AR070253, R01AR074526, RAR082858	93.846	367,043	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	RDK048873, RDK125786, RDK135667, UDK140927	93.847	255,998	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS123557	93.853	10,112	–
Allergy and Infectious Diseases Research	U19AI095219	93.855	152,236	–
Child Health and Human Development Extramural Research	R00HD098288, R01HD097327, R01HD106106, R01HD107475, R01HD111016	93.865	224,404	–
Aging Research	P01AG071463, R01AG082346, RF1AG079917	93.866	464,967	–
Brigham & Women's Hospital Total:			5,522,401	–
Broad Institute				
Mental Health Research Grants	R01MH131719	93.242	15,463	–
21st Century Cures Act - Beau Biden Cancer Moonshot	U2CCA252974	93.353	152,219	–
Cancer Biology Research	R01CA279550	93.396	(16,692)	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	UM1DK105554	93.847	427,931	–
Broad Institute Total:			578,921	–
Brown University				
Alcohol Research Programs	RAA029008	93.273	14,105	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	R01DK116163, R01DK127585	93.847	270,538	–
Child Health and Human Development Extramural Research	R01HD106106	93.865	40,833	–
Brown University Total:			325,476	–
Case Western Reserve University				
Oral Diseases and Disorders Research	R56DE030206, RDE032670	93.121	195,200	–
Cedars-Sinai Medical Center				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS130126, U01NS117839	93.853	273,604	–
Children's Hospital - Los Angeles				
Allergy and Infectious Diseases Research	U01AI126612	93.855	(3,880)	–
Child Health and Human Development Extramural Research	R01HD082554	93.865	9,079	–
Children's Hospital - Los Angeles Total:			5,199	–
Children's Hospital - Philadelphia				
Human Genome Research	U01HG011175	93.172	3,117	–
Research on Healthcare Costs, Quality and Outcomes	P30HS029755, R01HS029867	93.226	262,261	–
Trans-NIH Research Support	OOD037960, U54HL165442	93.310	264,910	–
Lung Diseases Research	U01HL159880	93.838	22,781	–
Arthritis, Musculoskeletal and Skin Diseases Research	RAR079822	93.846	1,645	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS127830, R01NS131512, R61NS130216	93.853	387,304	–
Child Health and Human Development Extramural Research	R01HD101528	93.865	37,375	–
Autism Collaboration, Accountability, Research, Education, and Support	UT542432	93.877	74,432	–
Children's Hospital - Philadelphia Total:			1,053,825	–
Children's Mercy Hospital				
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK066143	93.847	1,550	–
Children's National Medical Center				
Child Health and Human Development Extramural Research	RHD111638, U54HD061221	93.865	48,696	–
Children's Research Institute				
Child Health and Human Development Extramural Research	R01HD093622, R01HD108839	93.865	(46,180)	–
Cincinnati Children's Hospital Medical Center				
Food and Drug Administration Research	R01FD007275	93.103	(44,928)	–
Human Genome Research	U01HG011172	93.172	6,869	–
Research on Healthcare Costs, Quality and Outcomes	R18HS029626	93.226	23,527	–
National Center on Sleep Disorders Research	R61HL165366	93.233	1,676	–
Cardiovascular Diseases Research	R01HL151604, U01HL131003	93.837	406,999	–
Child Health and Human Development Extramural Research	P01HD093363, R33HD100934	93.865	379,710	–
Vision Research	R01EY034565	93.867	36,434	–
Cincinnati Children's Hospital Medical Center Total:			810,287	–

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Colorado State University				
Allergy and Infectious Diseases Research	R01AI141656	93.855	$ (9,834)	$ –
Child Health and Human Development Extramural Research	R01HD110542, RHD113720	93.865	763,948	–
			754,114	–
Columbia University				
Human Genome Research	U01HG008680	93.172	200,065	–
Mental Health Research Grants	RMH137679	93.242	14,698	–
Cancer Cause and Prevention Research	U01CA265729	93.393	271,852	–
Cardiovascular Diseases Research	R01HL141823, U01HL153009	93.837	134,876	–
Lung Diseases Research	OT2HL156812, R01HL148718	93.838	651	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	R01DK136134, RDK132527, U01DK136523	93.847	75,849	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS114636, U01NS110438, U54NS078059	93.853	272,329	–
Allergy and Infectious Diseases Research	R01HG013031	93.855	110,048	–
Child Health and Human Development Extramural Research	P50HD109879, RHD112908	93.865	92,576	–
Columbia University Total:			1,172,944	–
Connecticut Children's Medical Center				
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK134356	93.847	7,408	–
Cook Children's Healthcare System				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS104116	93.853	51,330	–
Dana-Farber Cancer Institute				
Trans-NIH Research Support	UG3NS132127	93.310	95,916	–
Cancer Cause and Prevention Research	R01CA276112	93.393	474,409	–
Cancer Centers Support Grants	P30CA006516, P50CA265826, PCA240243, U54CA274516	93.397	787,089	–
Blood Diseases and Resources Research	P01HL158505	93.839	826,575	72,736
Dana-Farber Cancer Institute Total:			2,183,989	72,736
Dartmouth College				
Drug Use and Addiction Research Programs	UG1DA040309	93.279	20,220	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	RF1NS118301	93.853	(4,702)	–
			15,518	–
Dimock Community Health Center				
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	H1224846	93.153	139,501	–
Duke University				
Lung Diseases Research	R33HL147833	93.838	(11,575)	–
Allergy and Infectious Diseases Research	P01AI138211, R01AI154524, UM1AI144371	93.855	983,149	–
DHHS/NIH Contracts	75N93019C00050, 75N93024C00074, HHSN275201800003I	93.RD	725,079	71,300
Duke University Total:			1,696,653	71,300
Emory University				
Blood Diseases and Resources Research	UHL173303	93.839	97,602	–
Allergy and Infectious Diseases Research	U19AI110483, UAI158080	93.855	201,572	–
Emory University Total:			299,174	–
European Molecular Biology Laboratory				
Cancer Biology Research	U24CA253539	93.396	30,085	–
Father Flanagan's Boys' Home				
Research Related to Deafness and Communication Disorders	R01DC018330	93.173	2,159	–
Fred Hutchinson Cancer Center				
Allergy and Infectious Diseases Research	UM1AI068614	93.855	493,545	234,122
George Washington University				
National and State Tobacco Control Program	U24HL166799	93.387	2,880	–
Cardiovascular Diseases Research	U24HL166799	93.837	(2,315)	–
George Washington University Total:			565	–

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Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Harvard Catalyst: Clinical & Translation				
National Center for Advancing Translational Sciences	KTR004381	93.350	$ 102,450	$ –
Harvard Medical School				
Research and Training in Complementary and Integrative Health	R01AT011447	93.213	269,422	–
Trans-NIH Research Support	UHG007530A, UM1DA058230	93.310	169,115	–
National Center for Advancing Translational Sciences	UM1TR004408	93.350	404,670	–
Research Infrastructure Programs	R24OD035556	93.351	65,283	–
ADVANCED RESEARCH PROJECTS AGENCY for HEALTH (ARPA-H)	1AYSAX000005	93.384	720,676	–
Cancer Biology Research	R01CA272484, U01CA267827	93.396	248,877	–
Cardiovascular Diseases Research	R01HL162893	93.837	26,419	–
Blood Diseases and Resources Research	R01HL153970	93.839	138,690	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	PDK040561	93.847	2,033	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	RNS130945	93.853	39,273	–
Allergy and Infectious Diseases Research	R01AI150709	93.855	238,471	–
Child Health and Human Development Extramural Research	R01HD100823	93.865	103,269	41,504
Vision Research	P30EY012196	93.867	122,963	–
Harvard Medical School Total:			2,549,161	41,504
Harvard Pilgrim Health Care				
Drug Use and Addiction Research Programs	U01DA059472	93.279	58,273	–
Minority Health and Health Disparities Research	R01MD015256	93.307	19,754	–
Child Health and Human Development Extramural Research	R01HD090019	93.865	107,080	–
Harvard Pilgrim Health Care Total:			185,107	–
Harvard T.H. Chan School of Public Health				
Environmental Health	R01ES029097, RES031252	93.113	70,779	–
Cardiovascular Diseases Research	R01HL151848	93.837	147,902	–
Child Health and Human Development Extramural Research	P01HD103133	93.865	101,726	–
Harvard T.H. Chan School of Public Health Total:			320,407	–
Harvard University				
NIEHS Superfund Hazardous Substances: Basic Research and Education	P42ES030990	93.143	43,735	–
ADVANCED RESEARCH PROJECTS AGENCY for HEALTH (ARPA-H)	1AY2AX000005	93.384	288,469	–
Arthritis, Musculoskeletal and Skin Diseases Research	R01AR081274	93.846	342,953	–
Allergy and Infectious Diseases Research	P30AI060354	93.855	(1,105)	–
Harvard University Total:			674,052	–
Hugo W Moser Research Institute at Kennedy Krieger Inc.				
Extramural Research Programs in the Neurosciences and Neurological Disorders	K12NS098482	93.853	396,974	63,763
Icahn School of Medicine At Mount Sinai				
Environmental Health	R01ES033436	93.113	51,942	–
Mental Health Research Grants	RMH128813	93.242	94,341	–
Trans-NIH Research Support	UG3OD023337, UH3OD023337	93.310	368,917	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	UDK114886	93.847	62,252	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	UNS115198	93.853	20,011	–
Icahn School of Medicine At Mount Sinai Total:			597,463	–
Indiana University				
Arthritis, Musculoskeletal and Skin Diseases Research	R01AR053237	93.846	332,336	–
DHHS/NIH Contracts	75N92019D00018	93.RD	199,123	–
Indiana University Total:			531,459	–
Jackson Laboratory				
Trans-NIH Research Support	U19NS132304	93.310	339,830	–
JAEB Center for Health Research				
Vision Research	UG1EY011751	93.867	81,934	–
Johns Hopkins University				
Discovery and Applied Research for Technological Innovations to Improve Human Health	REB032788	93.286	126,355	–
Trans-NIH Research Support	RHD105591	93.310	17,544	–
Cancer Detection and Diagnosis Research	RCA279948	93.394	46,726	–

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Schedule of Expenditures of Federal Awards (continued)

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Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Cardiovascular Diseases Research	RHL175954	93.837	$ 105,881	$ –
Allergy and Infectious Diseases Research	UM1AI164566	93.855	12,611	–
Johns Hopkins University Total:			309,117	–
Johns Hopkins University School of Medicine				
Lung Diseases Research	UH3HL151458	93.838	25,679	–
Joslin Diabetes Center				
Diabetes, Digestive, and Kidney Diseases Extramural Research	R01DK132469, R01DK133528, U01DK134996, UDK140790	93.847	570,225	–
La Jolla Institute for Immunology				
Allergy and Infectious Diseases Research	U01AI167892	93.855	190,805	–
Louisiana State University				
Research Related to Deafness and Communication Disorders	R01DC020243	93.173	168,534	–
Lovelace Biomedical Research Institute				
Extramural Research Programs in the Neurosciences and Neurological Disorders	RNS098494	93.853	8,372	–
Lurie Children's Hospital of Chicago				
Research on Healthcare Costs, Quality and Outcomes	R18HS029638	93.226	47,684	–
Cardiovascular Diseases Research	UG3HL148318	93.837	35,554	–
Arthritis, Musculoskeletal and Skin Diseases Research	U01AR079113	93.846	3,762	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK127995	93.847	20,351	–
Lurie Children's Hospital of Chicago Total:			107,351	–
Mass General Brigham Incorporated Research				
Oral Diseases and Disorders Research	R01DE031452	93.121	717	–
Human Genome Research	R35HG010717, UM1HG012010	93.172	132,721	–
Mental Health Research Grants	P50MH129699, R01MH116042	93.242	(4,591)	–
Discovery and Applied Research for Technological Innovations to Improve Human Health	R03EB031175	93.286	19,164	–
Trans-NIH Research Support	UG3OD023253	93.310	22,118	–
Nursing Research	R21NR020433	93.361	20,960	–
Cancer Treatment Research	P01CA163222	93.395	736,085	–
Cardiovascular Diseases Research	P01HL158504	93.837	1,199,285	(186,640)
Blood Diseases and Resources Research	P01HL131477	93.839	703,062	–
Arthritis, Musculoskeletal and Skin Diseases Research	P30AR075042	93.846	220,611	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	P30DK040561, PDK135043, R01DK119699	93.847	112,203	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	K08NS118107, KNS138691, R01NS111168, R01NS134597, R21NS127345, RF1NS126547, UNS107243	93.853	388,452	–
Allergy and Infectious Diseases Research	R01AI169795, R01AI172938, R21AI151591, R21AI175965, R21AI178155, U01AI163086, U19AI174967	93.855	1,784,593	252,396
Child Health and Human Development Extramural Research	P01HD068250, R01HD102616	93.865	92,696	–
Mass General Brigham Incorporated Research Total:			5,428,076	65,756
Massachusetts Eye And Ear Infirmary				
Research Related to Deafness and Communication Disorders	R01DC012142	93.173	45,013	–
Drug Use and Addiction Research Programs	UG3NS131518	93.279	32,987	–
Massachusetts Eye And Ear Infirmary Total:			78,000	–
Massachusetts Institute of Technology				
Discovery and Applied Research for Technological Innovations to Improve Human Health	REB036090	93.286	200,000	–
Cancer Biology Research	U01CA253547	93.396	21,773	–
Arthritis, Musculoskeletal and Skin Diseases Research	RAR082995	93.846	123,497	–
Massachusetts Institute of Technology Total:			345,270	–
Mayo Clinic				
21st Century Cures Act - Beau Biden Cancer Moonshot	U01CA246568	93.353	18,166	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	U54NS115198	93.853	(31,695)	–
Mayo Clinic Total:			(13,529)	–
McLean Hospital				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS129188	93.853	270,998	–

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Medical College of Wisconsin				
Cardiovascular Diseases Research	OT3HL147741, R01HL142791	93.837	$ 1,600,939	$ 22,740
Blood Diseases and Resources Research	R01HL142791, U24HL157560	93.839	156,446	–
Medical College of Wisconsin Total:			1,757,385	22,740
Medical University of South Carolina				
Child Health and Human Development Extramural Research	R01HD102336	93.865	90,973	–
Memorial Sloan-Kettering				
Cancer Cause and Prevention Research	P01CA228696	93.393	275,046	–
National Jewish Health				
Allergy and Infectious Diseases Research	UM1AI151958	93.855	18,318	–
New York University				
Cancer Biology Research	R01CA269898	93.396	18,063	–
Cardiovascular Diseases Research	R01HL086694	93.837	257,881	–
Lung Diseases Research	OT2HL161847	93.838	90,891	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS123928	93.853	85	–
New York University Total:			366,920	–
Northeastern University				
Vision Research	R01EY032162	93.867	118,680	–
Northwestern University				
Cancer Biology Research	R01CA256741, R01CA278832	93.396	339,225	–
Arthritis, Musculoskeletal and Skin Diseases Research	R01AR080089	93.846	16,038	–
Northwestern University Total:			355,263	–
Oklahoma Medical Research Foundation				
Cardiovascular Diseases Research	R01HL163095	93.837	17,778	–
Arthritis, Musculoskeletal and Skin Diseases Research	UAR081032A	93.846	58,122	–
Oklahoma Medical Research Foundation Total:			75,900	–
Oklahoma State University				
Child Health and Human Development Extramural Research	R01HD074579	93.865	19,284	–
Oregon Health and Science University				
Child Health and Human Development Extramural Research	U54HD100982	93.865	207,079	–
Partnership to End Addiction				
Drug Use and Addiction Research Programs	R24DA051946	93.279	26,048	–
Pennsylvania State University				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS115942	93.853	162,032	–
Allergy and Infectious Diseases Research	R21AI181227	93.855	107,212	–
Pennsylvania State University Total:			269,244	–
Public Health Institute				
Cancer Treatment Research	U10CA180886, UCA228823	93.395	83,431	–
Cancer Control	UG1CA189955	93.399	13,480	–
Public Health Institute Total:			96,911	–
Research Institute Nationwide Children's				
Special Projects of Regional and National Significance	U1IMC43532	93.110	47,310	13,103
Blood Diseases and Resources Research	R01HL157208	93.839	2,499	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS133037, UNS124961	93.853	57,707	–
Research Institute Nationwide Children's Total:			107,516	13,103
Rochester General Hospital				
Allergy and Infectious Diseases Research	RAI187168, U01AI172733	93.855	44,797	–
Scripps Research Institute California				
Allergy and Infectious Diseases Research	U19AI171443	93.855	60,318	–

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Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
St. Jude Children's Research Hospital				
Cancer Treatment Research	UM1CA081457	93.395	$ 268,312	$ –
Extramural Research Programs in the Neurosciences and Neurological Disorders	U24NS120854	93.853	(345)	–
Allergy and Infectious Diseases Research	R01AI168214, RAI171038	93.855	703,875	–
St. Jude Children's Research Hospital Total:			971,842	–
Stanford University				
ADVANCED RESEARCH PROJECTS AGENCY for HEALTH (ARPA-H)	1AY2AX000056	93.384	410,711	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	KDK133995	93.847	29,494	–
Allergy and Infectious Diseases Research	U19AI057229	93.855	17,700	–
Stanford University Total:			457,905	–
Stanford University Medical Center				
Diabetes, Digestive, and Kidney Diseases Extramural Research	K12DK133995	93.847	206,677	–
Temple University				
Research Related to Deafness and Communication Disorders	RDC021407	93.173	139,400	–
Allergy and Infectious Diseases Research	UM1AI164568	93.855	16,621	–
Temple University Total:			156,021	–
The Methodist Hospital Research Institute				
Cardiovascular Diseases Research	R01HL148338	93.837	6	–
The National Marrow Donor Program				
Blood Diseases and Resources Research	UHL174426	93.839	24,366	–
Allergy and Infectious Diseases Research	UAI184132	93.855	179,278	–
The National Marrow Donor Program Total:			203,644	–
The University of Maryland Baltimore				
Mental Health Research Grants	R01MH091363	93.242	140,007	–
Cardiovascular Diseases Research	U24HL134763	93.837	86	–
The University of Maryland Baltimore Total:			140,093	–
The University of Texas Rio Grande Valley				
Human Genome Research	U54HG013247	93.172	33,152	–
Tufts University				
Allergy and Infectious Diseases Research	RAI169795	93.855	15,130	–
Tulane University				
Oral Diseases and Disorders Research	R01DE031928	93.121	519,835	–
Child Health and Human Development Extramural Research	R01HD108325	93.865	1,224	–
Tulane University Total:			521,059	–
University Hospitals				
Special Projects of Regional and National Significance	U1I43532, U1IMC43532	93.110	161,507	–
University of Alabama				
DHHS/NIH Contracts	HHSN272201600018C	93.RD	13,785	–
University of Arizona				
Dietary Supplement Research Program	R01HD104618	93.321	(43,515)	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	RC2DK129964	93.847	73,441	–
University of Arizona Total:			29,926	–
University of Buffalo				
Cardiovascular Diseases Research	R01HL163168	93.837	72,374	–
University of California, Irvine				
Discovery and Applied Research for Technological Innovations to Improve Human Health	REB031849	93.286	150,489	–
Allergy and Infectious Diseases Research	R01AI158503	93.855	382,915	–
Child Health and Human Development Extramural Research	RHD109395	93.865	155,593	–
University of California, Irvine Total:			688,997	–

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University of California, Los Angeles				
Special Projects of Regional and National Significance	U9D49250	93.110	$ 92,884	$ –
Cancer Cause and Prevention Research	RCA281293	93.393	20,850	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	RC2DK118640	93.847	537,574	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	UG3NS104095	93.853	(1,241)	–
University of California, Los Angeles Total:			650,067	–
University of California, Riverside Camp				
Cardiovascular Diseases Research	R01HL167206	93.837	236,480	–
University of California, San Diego				
Drug Use and Addiction Research Programs	U24DA055325	93.279	269,181	–
Lung Diseases Research	R01HL162570	93.838	40,534	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	RDK136796	93.847	21,284	–
University of California, San Diego Total:			330,999	–
University of California, San Francisco				
Extramural Research Programs in the Neurosciences and Neurological Disorders	K23NS105918, R01NS111166, R01NS119896, R01NS124051, U54NS065705	93.853	62,908	–
Allergy and Infectious Diseases Research	R01AI175614	93.855	75,688	–
University of California, San Francisco Total:			138,596	–
University of Chicago				
Mental Health Research Grants	RMH135095	93.242	17,472	–
Child Health and Human Development Extramural Research	R01HD099847	93.865	12,239	–
University of Chicago Total:			29,711	–
University of Cincinnati				
Extramural Research Programs in the Neurosciences and Neurological Disorders	U01NS106655	93.853	69,880	–
University of Colorado Denver				
Special Projects of Regional and National Significance	UA631101	93.110	156,650	–
Trans-NIH Research Support	UHG012513	93.310	291,217	–
Extramural Research Programs in the Neurosciences and Neurological Disorders	U01NS114312	93.853	80,816	–
Child Health and Human Development Extramural Research	R01HD108133	93.865	220,913	–
University of Colorado Denver Total:			749,596	–
University of Georgia				
DHHS/NIH Contracts	75N93021C00018	93.RD	682,597	52,165
University of Iowa				
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK108334	93.847	(32,915)	–
University of Louisville Research Foundation				
Allergy and Infectious Diseases Research	RAI148241	93.855	67,043	–
University of Massachusetts Medical Center				
Discovery and Applied Research for Technological Innovations to Improve Human Health	R01EB029315	93.286	(4,359)	–
Nursing Research	R01NR020752	93.361	26,707	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	U01DK104218, UG3DK142192	93.847	195,449	–
Child Health and Human Development Extramural Research	P50HD060848	93.865	39,033	–
University of Massachusetts Medical Center Total:			256,830	–
University of Massachusetts, Boston				
Cancer Cause and Prevention Research	R01CA273696	93.393	63,992	–
Cancer Centers Support Grants	UCA156734	93.397	49,453	–
University of Massachusetts, Boston Total:			113,445	–
University of Massachusetts, Worcester				
Lung Diseases Research	R01HL169229	93.838	12,109	–
University of Miami				
Research Related to Deafness and Communication Disorders	R01DC019404	93.173	60,798	–

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University of Michigan				
Lung Diseases Research	OT2HL161847, R01HL149910, R01HL153519	93.838	$ (13,528)	$ –
Diabetes, Digestive, and Kidney Diseases Extramural Research	U54DK083912	93.847	39,813	–
Allergy and Infectious Diseases Research	U54AI170660	93.855	268,019	–
University of Michigan Total:			294,304	–
University of Minnesota				
Diabetes, Digestive, and Kidney Diseases Extramural Research	R01DK138809	93.847	407,930	–
Allergy and Infectious Diseases Research	U19AI171954	93.855	689,375	–
University of Minnesota Total:			1,097,305	–
University of Missouri				
Cardiovascular Diseases Research	RHL166836, RHL179313	93.837	23,785	–
University of North Carolina, Chapel Hil				
Extramural Research Programs in the Neurosciences and Neurological Disorders	R01NS094596	93.853	62,935	–
Allergy and Infectious Diseases Research	UM1AI164567	93.855	123,594	–
University of North Carolina, Chapel Hill Total:			186,529	–
University of Pennsylvania				
Child Health and Human Development Extramural Research	R01HD098269	93.865	172,284	–
University of Pittsburgh				
National Center on Sleep Disorders Research	R01HL169318	93.233	378,946	–
Mental Health Research Grants	U01MH124639, U01MH136020	93.242	877,863	–
Cancer Cause and Prevention Research	R01CA207342	93.393	267,991	–
Cardiovascular Diseases Research	R01HL144494, R01HL152740	93.837	81,333	–
University of Pittsburgh Total:			1,606,133	–
University of South Florida				
Trans-NIH Research Support	OT2OD032720	93.310	(236,612)	–
University of Texas Health Science Center				
Cardiovascular Diseases Research	R01HL158901	93.837	45,092	–
Child Health and Human Development Extramural Research	R01HD105055	93.865	157,866	–
University of Texas Health Science Center Total:			202,958	–
University of Utah				
Chronic Diseases: Research, Control, and Prevention	U01DP006702	93.068	104,457	–
Oral Diseases and Disorders Research	R01DE027493	93.121	(19,499)	–
Minority Health and Health Disparities Research	RMD018517	93.307	58,900	–
Child Health and Human Development Extramural Research	RHD113931	93.865	70,938	–
Aging Research	RAG084477	93.866	6,257	–
University of Utah Total:			221,053	–
University of Virginia				
Diabetes, Digestive, and Kidney Diseases Extramural Research	P50DK096373	93.847	33,281	–
University of Washington				
Blood Diseases and Resources Research	R01HL146500, R01HL165061	93.839	530,222	–
Allergy and Infectious Diseases Research	R01AI145954	93.855	293,575	–
University of Washington Total:			823,797	–
University of Washington School of Medicine				
Allergy and Infectious Diseases Research	R01AI174304	93.855	125,266	–
University of Wisconsin				
Diabetes, Digestive, and Kidney Diseases Extramural Research	U24DK127726	93.847	(1,367)	–
Allergy and Infectious Diseases Research	UM1AI160040	93.855	372,866	–
University of Wisconsin Total:			371,499	–
Vanderbilt University Medical Center				
Cardiovascular Diseases Research	R01HL164995	93.837	17,678	–

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Wake Forest University				
Nursing Research	R01NR017639	93.361	$ 11,563	$ –
Washington State University				
Research on Healthcare Costs, Quality and Outcomes	R01HS026742	93.226	(566)	–
Child Health and Human Development Extramural Research	R01HD091142	93.865	(1,406)	–
Washington State University Total:			(1,972)	–
Washington University				
National Center for Advancing Translational Sciences	U01TR002764	93.350	2,464	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	P50DK133943	93.847	34,376	–
Allergy and Infectious Diseases Research	R01AI163019	93.855	227,727	–
Child Health and Human Development Extramural Research	R01HD113199	93.865	147,155	–
Washington University Total:			411,722	–
Wayne State University				
Lung Diseases Research	R01HL148247	93.838	40,519	–
Weill Medical College of Cornell University				
Cancer Biology Research	R01CA249843	93.396	63,372	–
Lung Diseases Research	P01HL114501	93.838	53,533	–
Allergy and Infectious Diseases Research	U19AI144301	93.855	(1,156)	–
Child Health and Human Development Extramural Research	K12HD000850	93.865	361,986	–
Weill Medical College of Cornell University Total:			477,735	–
Wyss Institute for Biologically Inspired				
DHHS/NIH Contracts	75A50123D00004	93.RD	764,247	–
Yale University				
Mental Health Research Grants	U19MH108206	93.242	1,088,152	–
Drug Use and Addiction Research Programs	UG1DA015831	93.279	1,344,206	–
Allergy and Infectious Diseases Research	R01AI181379, U19AI089992	93.855	146,125	–
Child Health and Human Development Extramural Research	R01HD085853	93.865	4,061	–
DHHS/NIH Contracts	75N92019D00036	93.RD	851,137	–
Yale University Total:			3,433,681	–
Pass Through Programs (DHHS): Total			52,412,027	637,189
Pass Through Programs (DHS):				
University of Illinois				
Public Safety and Violence Prevention Research, Evaluation, and Implementation	21STFRG00014	97.108	6,293	–
University of Nebraska				
Centers for Homeland Security	20STTPC00001	97.061	98,901	–
Pass Through Programs (DHS): Total			105,194	–
Pass Through Programs (DOD):				
Beth Israel Deaconess Medical Center Inc.				
Military Medical Research and Development	HT94252311052	12.420	253,441	–
Draper Laboratories				
Military Medical Research and Development	W81XWH-20-1-0295	12.420	(34,881)	–
Harvard Medical School				
Military Medical Research and Development	HT94252410177	12.420	35,092	–
Research and Technology Development	HR0011-19-2-0022	12.910	320,868	–
Harvard Medical School Total:			355,960	–
Harvard University				
Basic and Applied Scientific Research	N00014-23-1-2550, N000142412282	12.300	109,009	–
University of Alabama				
Department of Defense Contracts	W81XWH2230001	12.RD	20,765	8,000

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
University of California, Los Angeles				
Military Medical Research and Development	HT94252410485	12.420	$ 14,403	$ –
University of Miami				
Military Medical Research and Development	HT94252310608	12.420	50,268	–
University of Pavia				
Military Medical Research and Development	HT94252410247	12.420	110,509	–
University of Rochester				
Military Medical Research and Development	HT94252411097	12.420	64,890	–
University of San Francisco				
Military Medical Research and Development	HT94252310333	12.420	128,314	–
Pass Through Programs (DOD): Total			1,072,678	8,000
Pass Through Programs (NSF):				
Boston University				
Biological Sciences	THL6A6JLE1S7	47.074	35,582	–
Carnegie Mellon University				
NSF Technology, Innovation, and Partnerships	2229881	47.084	195,158	–
Kent State University				
Social, Behavioral, and Economic Sciences	2230083	47.075	47,906	–
Massachusetts Institute of Technology				
Computer and Information Science and Engineering	CCF-1231216	47.070	246,570	18,793
University of Illinois				
Biological Sciences	2221237	47.074	325,088	–
Integrative Activities	2243257	47.083	286,119	–
University of Illinois Total:			611,207	–
Pass Through Programs (NSF): Total			1,136,423	18,793
Pass Through Programs (US Agency for International Development (USAID)):				
JSI Research & Training Institute, Inc.				
USAID Foreign Assistance for Programs Overseas	7200AA18CA00032	98.001	51,079	–
Tufts University				
USAID Foreign Assistance for Programs Overseas	7200AA21LE00001	98.001	(1,504)	–
Pass Through Programs (US Agency for International Development (USAID)): Total			49,575	–
Total Pass Through Programs			54,775,897	663,982
Total Research and Development Cluster Expenditures			319,542,809	53,889,175
CHILD CARE AND DEVELOPMENT FUND CLUSTER				
Direct Programs:				
Department of Health and Human Services (DHHS)/Public Health Service:				
Child Care And Development Block Grant		93.575	468,584	–
Department of Health and Human Services (DHHS)/Public Health Service Total:			468,584	–
Total Direct Programs			468,584	–
Total Child Care and Development Fund Cluster Expenditures			468,584	–

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
OTHER PROGRAMS				
Direct Programs:				
Department of Health and Human Services (DHHS)/Public Health Service:				
Special Projects of Regional and National Significance		93.110	$ 1,447,761	$ 63,181
Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243	803,076	19,248
Poison Center Support and Enhancement Grant		93.253	1,048,589	–
Leading Edge Acceleration Projects (LEAP) in Health Information Technology		93.345	392,173	57,122
University Centers for Excellence in Developmental Disabilities Education, Research, and Service		93.632	603,687	437,035
Mental and Behavioral Health Education and Training Grants		93.732	638,955	–
DHHS/NIH Contracts		93.U01	1,214,799	262,440
Department of Health and Human Services (DHHS)/Public Health Service Total:			6,149,040	839,026
Department of Homeland Security (DHS):				
Financial Assistance for Targeted Violence and Terrorism Prevention		97.132	723,070	130,486
Department of Homeland Security (DHS) Total:			723,070	130,486
Total Direct Programs			6,872,110	969,512
Pass Through Programs (DHHS):				
Academy Health				
Special Projects of Regional and National Significance	UJ645789	93.110	85,136	–
Action for Boston Community Development/ABCD				
Family Planning Services	FPHPA006419, FPHPA006583	93.217	195,410	–
American Academy of Addiction Psychiatry				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79TI085588	93.243	(9,432)	–
American Academy of Pediatrics				
Health Program for Toxic Substances and Disease Registry	NU61TS000296	93.161	17,343	8,650
American Thrombosis And Hemostasis Network				
Blood Disorder Program: Prevention, Surveillance, and Research	NU27DD000020	93.080	263,797	213,653
Arab Community Center for Economic and Social Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79SM087901	93.243	27,960	–
Arizona Health Care Cost Containment System				
Block Grants for Prevention and Treatment of Substance Abuse	B08T1083927	93.959	64,623	–
Aurora Mental Health Center				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79SM084997	93.243	(185)	–
Boston Public Health Commission				
Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	UT833922, UT8HA33922	93.686	329,095	–
HIV Emergency Relief Project Grants	H89HA00011	93.914	51,573	–
			380,668	–
CDC Foundation				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Prote	NU38OT000288	93.421	(202,760)	807
City of Hope Comprehensive Cancer Center				
DHHS/NIH Contracts	OT3HL152932	93.U02	24,612	24,612
Commonwealth of Massachusetts				
Public Health Emergency Preparedness	INTF6208U05202313113	93.069	319,245	–
Special Projects of Regional and National Significance	U9H46905	93.110	3,971	–
Children's Justice Grants to States	099211CHILDRENHOSP2	93.643	71,089	–
			394,305	–
Commonwealth of Massachusetts/Poison Control Center				
Maternal and Child Health Services Block Grant to the States	INFT3109M04404124008	93.994	753,610	–

Boston Children's Hospital and Subsidiaries

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended September 30, 2025

Federal Grantor/Pass-through Grantor/Program Title	Pass-Through Identifying Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
Health Level Seven international				
Closing the Gap Between Standards Development and Implementation	90AX0035	93.826	$ (14,054)	$ –
Jewish Family Services of Western New York				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	H79SM085029	93.243	13,313	–
Lehigh University				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Prote	NU38OT000297	93.421	(59)	–
Massachusetts Department of Public Health				
Emergency Medical Services for Children	H3306721	93.127	22,792	–
New York University				
Lung Diseases Research	OT2HL161847	93.838	75,403	–
Refugee and Immigration Assistance Center				
Refugee and Entrant Assistance Discretionary Grants	90ZQ000301	93.576	47,148	–
Rhode Island DPH				
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention	NUE2EH001425	93.197	16,284	–
RTI International				
DHHS/NIH Contracts	OT2HL156812	93.U03	77,573	–
The Task Force for Global Health, Inc.				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Prote	NU38PW000002	93.421	17,781	–
University of Colorado Denver				
Tribal Maternal, Infant, and Early Childhood Home Visiting	90PH0030	93.872	34,437	–
Pass Through Programs (DHHS): Total			2,285,705	247,722
Pass Through Programs (DHS):				
Institute for Strategic Dialogue				
Financial Assistance for Targeted Violence and Terrorism Prevention	EMW-2023-GR-00123	97.132	23,522	–
Pass Through Programs (DHS): Total			23,522	–
Pass Through Programs (Department of State (DOS)):				
The Counter Extremism Project (CEP)				
Global Counterterrorism Programs	SLMAQM21GR3435	19.701	208	–
Pass Through Programs (Department of State (DOS)): Total			208	–
Total Other Pass Through Programs			2,309,435	247,722
Total Other Program Expenditures			9,181,545	1,217,234
TOTAL FEDERAL EXPENDITURES			$ 329,192,938	$ 55,106,409

Boston Children's Hospital and Subsidiaries

Note to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2025

1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Medical Center for the year ended September 30, 2025 and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). For purposes of the Schedule, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans and loan guarantees, or other non-cash assistance. In accordance with applicable requirements, certain programs may be presented in a fiscal period based on the program-specific guidance. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements of the Medical Center. Negative amounts represent adjustments to amounts reported as expenditures in prior years. Assistance Listing, pass-through award numbers and expenditures are provided where available.

Direct and indirect costs are charged to awards in accordance with cost principles contained in the United States Department of Health and Human Services *Cost Principles for Hospitals* at 45 CFR Part 75 Appendix IX for Uniform Guidance awards. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The Uniform Guidance provides for a de minimis indirect cost rate election; however, the Medical Center did not make this election and uses a negotiated indirect cost rate.

Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116

Tel: +1 617 266 2000
Fax: +1 617 266 5843
ey.com

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and The Board of Trustees
Boston Children's Hospital

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Children's Medical Center Corporation and Subsidiaries (the Medical Center) (d/b/a Boston Children's Hospital and Subsidiaries), which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated December 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ernst & Young LLP

December 19, 2025

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Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116

Tel: +1 617 266 2000
Fax: +1 617 266 5843
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Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and The Board of Trustees
Boston Children's Hospital

Report of Independent Auditors on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Children's Medical Center Corporation and Subsidiaries' (the Medical Center) (d/b/a Boston Children's Hospital and Subsidiaries) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Medical Center's major federal program for the year ended September 30, 2025. The Medical Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Medical Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Medical Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Medical Center's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Medical Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Medical Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Medical Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Medical Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Medical Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control over compliance. Accordingly, no such opinion is expressed.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001 related to the Research and Development Cluster for I. Procurement and Suspension and Debarment. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Medical Center's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Medical Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 related to the Research and Development Cluster for I. Procurement and Suspension and Debarment to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Medical Center's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Medical Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Medical Center is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Medical Center's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Ernst & Young LLP

June 26, 2026

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Boston Children's Hospital and Subsidiaries

Schedule of Findings and Questioned Costs

Year Ended September 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major federal program:		
Material weakness(es) identified?	X Yes	____ No
Significant deficiency(ies) identified?	____ Yes	X None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	____ No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

Finding 2025-001- Material Weakness related to Procurement and Suspension and Debarment

Identification of the Federal Program

Federal Agency: Department of Health and Human Services, Department of Homeland Security, Department of Defense, Department of Justice, National Science Foundation, Department of Agriculture, US Agency for International Development

Program Name: Research and Development Cluster

Assistance Listing Number: Various

Criteria or Specific Requirement:

2 CFR Section 200.303 of the Uniform Guidance states the following regarding internal control: "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

2 CFR Section 200.214 – Suspension and debarment – Non-Federal entities are subject to the non-procurement debarment and suspension regulations that restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Section III – Federal Award Findings and Questioned Costs (continued)

Condition:

The Medical Center did not evaluate all vendors for suspension and debarment during the fiscal year. As a result, there were instances of procurement transactions where the vendor was not subjected to suspension and debarment evaluation procedures prior to entering into the transaction.

Cause:

The issue occurred due to deficiencies in the design and operation of controls over the completeness and accuracy of vendor information provided to the third-party service provider for suspension and debarment monitoring. Specifically, controls were not in place to ensure that all vendors used for the Research and Development Cluster program expenditures were included in the vendor listing submitted for suspension and debarment monitoring.

Effect or Potential Effect:

The lack of an effective control over suspension and debarment has the potential to result in noncompliance with applicable requirements. Accordingly, the Medical Center could have entered into a procurement transaction with a suspended or debarred vendor.

Questioned Costs:

No questioned costs were identified.

Context:

Management was unable to provide evidence of a control being consistently performed throughout the audit period. The total population consisted of 1,374 vendors utilized for expenditures charged to the Research and Development Cluster. Our testing identified that 844 vendors, representing approximately $80 million in expenditures, were not evaluated for suspension and debarment prior to entering into a transaction. The remaining 530 vendors were appropriately evaluated. Subsequently, all 1,374 vendors were evaluated for suspension and debarment and none were noted as being suspended or debarred.

Identification as a Repeat Finding:

Not a repeat finding.

Section III – Federal Award Findings and Questioned Costs (continued)

Recommendation:

Management should design and implement effective internal controls to ensure the completeness and accuracy of vendor listings submitted for suspension and debarment evaluation. Controls should include procedures to verify that all vendors associated with Federal program expenditures are evaluated prior to entering into transactions and that evaluation results are appropriately documented and monitored on an ongoing basis.

Views of Responsible Officials:

Management concurs with the finding and has implemented procedures to ensure the vendor list for suspension and debarment evaluation is complete and accurate.

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TEACHING HOSPITAL

Finance Department
300 Longwood Avenue, Mailstop 3401, Boston, MA 02115
617-355-6000 | bostonchildrens.org

Corrective Action Plan
For the Year Ended September 30, 2025

Finding 2025-001- Material Weakness related to Procurement and Suspension and Debarment

Information on the federal program:

Federal Agency: Department of Health and Human Services, Department of Homeland Security, Department of Defense, Department of Justice, National Science Foundation, Department of Agriculture, US Agency for International Development

Program Name: Research and Development Cluster

Assistance Listing Number: Various

Planned corrective action:

The Medical Center has updated the reporting logic of the vendor report submitted to the third-party service provider for suspension and debarment evaluation. The Medical Center has also implemented an internal control where a member of Research Finance management will review the vendor report for accuracy and completeness and sign-off prior to submitting to the third-party service provider for suspension and debarment evaluation.

Name of responsible official:

Michael Brennan
Director, Research Finance
Michael.Brennan@childrens.harvard.edu

Anticipated completion date:

May 11, 2026