

Statement of Activity and Cash Flows*

In millions

For the fiscal year ended June 30,

	2006	2005	2004
Revenues			
MBA Tuition and Fees	\$ 73	\$ 68	\$ 65
Executive Education Tuition	81	76	71
Publishing	119	106	98
Endowment Distribution	71	62	56
Unrestricted Current-Use Gifts	12	8	8
Housing, Rents, and Other	9	9	8
Interest Income	3	2	3
Total Revenues	<u>\$368</u>	<u>\$331</u>	<u>\$309</u>
Expenses			
Salaries and Benefits	\$ 167	\$ 153	\$ 139
Publishing and Printing	42	35	35
Space and Occupancy	38	35	31
Supplies and Equipment	15	15	24
Professional Services	22	16	14
Fellowships	19	17	15
University Assessments	10	10	10
Debt Service	4	4	4
Other Expense	28	22	22
Total Expenses	<u>\$345</u>	<u>\$307</u>	<u>\$294</u>
Cash from Operations	\$ 23	\$ 24	\$ 15
Use of Endowment Gifts or Appreciation	14	13	13
Cash Before Capital Activities	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 28</u>
Capital Expenses	\$ (49)	\$ (79)	\$ (54)
Use of Gifts for Capital Projects	12	49	28
Net Capital Expenses	<u>\$ (37)</u>	<u>\$ (30)</u>	<u>\$ (26)</u>
New Borrowings	\$ 38	\$ 7	\$ 7
Debt Principal Payments	(4)	(3)	(8)
Other Activity	(26)	(15)	(1)
Net Debt and Other	<u>\$ 8</u>	<u>\$ (11)</u>	<u>\$ (2)</u>
Change in Unrestricted Reserves	\$ 8	\$ (4)	\$ 0
Beginning Balance, Unrestricted Reserves	\$ 52	\$ 56	\$ 56
Ending Balance, Unrestricted Reserves	\$ 60	\$ 52	\$ 56

* This statement presents a managerial view of Harvard Business School operations focused primarily on cash available for use. It is not intended to present the financial results in accordance with generally accepted accounting principles (GAAP). A presentation in accordance with GAAP would report higher operating revenues for gifts and endowment distribution and would include depreciation expense, yielding income from operations of \$12 million in fiscal 2006. Cash flows, however, would be equivalent under GAAP.

Consolidated Balance Sheet

In millions

For the fiscal year ended June 30,

	2006	2005	2004
Assets			
Cash	\$ 25	\$ 21	\$ 14
Unrestricted Reserves	60	52	56
Receivables, Loans, and Other Assets	178	165	195
Invested Funds:			
Endowment Investments	2,190	1,924	1,603
Current Fund Investments	18	17	43
Interest in Trusts Held by Others	132	124	120
Facilities, Net of Accumulated Depreciation	415	390	336
Total Assets	<u>\$3,018</u>	<u>\$ 2,693</u>	<u>\$ 2,367</u>
Liabilities			
Deposits, Advances, and Other	\$ 39	\$ 30	\$ 30
Deferred Revenue	36	34	32
Other Debt Owed to University	25	-	-
Building Debt	108	74	70
Total Liabilities	<u>\$ 208</u>	<u>\$ 138</u>	<u>\$ 132</u>
Composition of Net Assets			
Unrestricted Reserves	\$ 60	\$ 52	\$ 56
Undistributed Income and Other	36	28	14
Pledge Balances	56	83	122
Student Loan Funds	11	11	11
Investment in Facilities	307	316	266
Endowment and Other Invested Funds	2,340	2,065	1,766
Total Assets Net of Liabilities	<u>\$2,810</u>	<u>\$ 2,555</u>	<u>\$ 2,235</u>