

STATEMENT OF ACTIVITY & CASH FLOWS*

FOR THE FISCAL YEAR ENDED JUNE 30,

Revenues (in millions)	2010	2009	2008
MBA Tuition & Fees	\$ 92	\$ 84	\$ 82
Executive Education Tuition	113	107	106
Publishing	135	137	139
Endowment Distribution	101	113	94
Unrestricted Current Use Gifts	13	12	14
Housing, Rents, & Other	11	13	9
Interest Income	2	6	7
Total Revenues	\$ 467	\$ 472	\$ 451
Expenses			
Salaries & Benefits	\$ 203	\$ 212	\$ 206
Publishing & Printing	51	52	53
Space & Occupancy	41	42	42
Supplies & Equipment	9	12	11
Professional Services	22	31	29
Fellowships	35	33	26
University Assessments	15	13	12
Debt Service	7	6	7
Other Expenses	32	37	37
Total Expenses	\$ 415	\$ 438	\$ 423
Cash from Operations	\$ 52	\$ 34	\$ 28
Use of Endowment Gifts or Appreciation	13	11	41
Cash Before Capital Activities	\$ 65	\$ 45	\$ 69
Capital Expenses	\$ (14)	\$ (19)	\$ (40)
Use of Gifts for Capital Projects	3	0	5
Net Capital Expenses	\$ (11)	\$ (19)	\$ (35)
New Borrowings	\$ 0	\$ 3	\$ 22
Debt Principal Payments	(7)	(5)	(9)
Other Activity	(44)	(7)	(33)
Net Debt & Other	\$ (51)	\$ (9)	\$ (20)
Change in Unrestricted Reserves	\$ 3	\$ 17	\$ 14
Beginning Balance, Unrestricted Reserves	\$ 96	\$ 79	\$ 65
Ending Balance, Unrestricted Reserves	\$ 99	\$ 96	\$ 79

CONSOLIDATED BALANCE SHEET

FOR THE FISCAL YEAR ENDED JUNE 30,

Assets (in millions)	2010	2009	2008
Cash	\$ 10	\$ 8	\$ 14
Unrestricted Reserves	99	96	79
Receivables, Loans, & Other Assets	235	161	176
Invested Funds:			
Endowment Investments	2,154	1,971	2,804
Current Fund Investments	35	33	27
Interest in Trusts Held by Others	122	113	140
Facilities, Net of Accumulated Depreciation	432	444	444
Total Assets	\$ 3,087	\$ 2,826	\$ 3,684
Liabilities			
Deposits, Advances, & Other	\$ 45	\$ 37	\$ 38
Deferred Revenue	59	52	63
Other Debt Owed to University	26	26	29
Building Debt	112	119	121
Total Liabilities	\$ 242	\$ 234	\$ 251
Composition of Net Assets			
Unrestricted Reserves	\$ 99	\$ 96	\$ 79
Undistributed Income & Other	8	5	18
Pledge Balances	97	39	33
Student Loan Funds	10	10	10
Investment in Facilities	320	325	322
Endowment & Other Invested Funds	2,311	2,117	2,971
Total Assets Net of Liabilities	\$ 2,845	\$ 2,592	\$ 3,433

* The Statement of Activity & Cash Flows 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 \$46 million in fiscal 2010. Cash flows, however, would be equivalent under GAAP.