

# STATEMENT OF ACTIVITY & CASH FLOWS\*

FOR THE FISCAL YEAR ENDED JUNE 30,

Revenues (in millions)	2011	2010	2009
MBA Tuition & Fees	\$ 96	\$ 92	\$ 84
Executive Education Tuition	132	113	107
Publishing	152	135	137
Endowment Distribution	100	101	113
Unrestricted Current Use Gifts	17	13	12
Housing, Rents, & Other	11	11	13
Interest Income	1	2	6
<b>Total Revenues</b>	<b>\$ 509</b>	<b>\$ 467</b>	<b>\$ 472</b>
<b>Expenses</b>			
Salaries & Benefits	\$ 219	\$ 203	\$ 212
Publishing & Printing	55	51	52
Space & Occupancy	44	41	42
Supplies & Equipment	10	9	12
Professional Services	31	22	31
Fellowships	36	35	33
University Assessments	15	15	13
Debt Service	7	7	6
Other Expenses	39	32	37
<b>Total Expenses</b>	<b>\$ 456</b>	<b>\$ 415</b>	<b>\$ 438</b>
Cash from Operations	\$ 53	\$ 52	\$ 34
Use of Endowment Gifts or Appreciation	18	13	11
<b>Cash Before Capital Activities</b>	<b>\$ 71</b>	<b>\$ 65</b>	<b>\$ 45</b>
Capital Expenses	\$ (34)	\$ (14)	\$ (19)
Use of Gifts for Capital Projects	3	3	0
<b>Net Capital Expenses</b>	<b>\$ (31)</b>	<b>\$ (11)</b>	<b>\$ (19)</b>
New Borrowings	\$ 0	\$ 0	\$ 3
Debt Principal Payments	(9)	(7)	(5)
Other Activity	(51)	(44)	(7)
<b>Net Debt &amp; Other</b>	<b>\$ (60)</b>	<b>\$ (51)</b>	<b>\$ (9)</b>
<b>Change in Unrestricted Reserves</b>	<b>\$ (20)</b>	<b>\$ 3</b>	<b>\$ 17</b>
<b>Beginning Balance, Unrestricted Reserves</b>	<b>\$ 99</b>	<b>\$ 96</b>	<b>\$ 79</b>
<b>Ending Balance, Unrestricted Reserves</b>	<b>\$ 79</b>	<b>\$ 99</b>	<b>\$ 96</b>

# CONSOLIDATED BALANCE SHEET

FOR THE FISCAL YEAR ENDED JUNE 30,

<b>Assets</b> (in millions)	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cash	\$ 18	\$ 10	\$ 8
Unrestricted Reserves	79	99	96
Receivables, Loans, & Other Assets	214	235	161
Invested Funds:			
Endowment Investments	2,569	2,154	1,971
Current Fund Investments	66	35	33
Interest in Trusts Held by Others	144	122	113
Facilities, Net of Accumulated Depreciation	438	432	444
<b>Total Assets</b>	<b>\$ 3,528</b>	<b>\$ 3,087</b>	<b>\$ 2,826</b>
<b>Liabilities</b>			
Deposits, Advances, & Other	\$ 44	\$ 45	\$ 37
Deferred Revenue	62	59	52
Other Debt Owed to University	28	26	26
Building Debt	103	112	119
<b>Total Liabilities</b>	<b>\$ 237</b>	<b>\$ 242</b>	<b>\$ 234</b>
<b>Composition of Net Assets</b>			
Unrestricted Reserves	\$ 79	\$ 99	\$ 96
Undistributed Income & Other	8	8	5
Pledge Balances	80	97	39
Student Loan Funds	10	10	10
Investment in Facilities	335	320	325
Endowment & Other Invested Funds	2,779	2,311	2,117
<b>Total Assets Net of Liabilities</b>	<b>\$ 3,291</b>	<b>\$ 2,845</b>	<b>\$ 2,592</b>

\* 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 \$49 million in fiscal 2011. Cash flows, however, would be equivalent under GAAP.