

## Statement of Activity and Cash Flows \*

In millions			
For the fiscal year ended June 30,	2007	2006	2005
<b>Revenues</b>			
MBA Tuition and Fees	\$ 77	\$ 73	\$ 68
Executive Education Tuition	91	81	76
Publishing	128	119	106
Endowment Distribution	78	71	62
Unrestricted Current Use Gifts	17	12	8
Housing, Rents, and Other	9	9	9
Interest Income	5	3	2
Total Revenues	<u>\$405</u>	<u>\$368</u>	<u>\$331</u>
<b>Expenses</b>			
Salaries and Benefits	\$ 179	\$ 167	\$ 153
Publishing and Printing	51	42	35
Space and Occupancy	40	38	35
Supplies and Equipment	9	15	15
Professional Services	25	22	16
Fellowships	22	19	17
University Assessments	11	10	10
Debt Service	7	4	4
Other Expense	31	28	22
Total Expenses	<u>\$375</u>	<u>\$345</u>	<u>\$307</u>
Cash from Operations	\$ 30	\$ 23	\$ 24
Use of Endowment Gifts or Appreciation	14	14	13
Cash Before Capital Activities	<u>\$ 44</u>	<u>\$ 37</u>	<u>\$ 37</u>
Capital Expenses	\$ (20)	\$ (49)	\$ (79)
Use of Gifts for Capital Projects	3	12	49
Net Capital Expenses	<u>\$ (17)</u>	<u>\$ (37)</u>	<u>\$ (30)</u>
New Borrowings	\$ 7	\$ 38	\$ 7
Debt Principal Payments	(7)	(4)	(3)
Other Activity	(22)	(26)	(15)
Net Debt and Other	<u>\$ (22)</u>	<u>\$ 8</u>	<u>\$ (11)</u>
Change in Unrestricted Reserves	\$ 5	\$ 8	\$ (4)
Beginning Balance, Unrestricted Reserves	\$ 60	\$ 52	\$ 56
Ending Balance, Unrestricted Reserves	\$ 65	\$ 60	\$ 52

\*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 \$22 million in fiscal 2007. Cash flows, however, would be equivalent under GAAP.

## Consolidated Balance Sheet

In millions

For the fiscal year ended June 30,

	2007	2006	2005
<b>Assets</b>			
Cash	\$ 16	\$ 25	\$ 21
Unrestricted Reserves	65	60	52
Receivables, Loans, and Other Assets	182	178	165
Invested Funds:			
Endowment Investments	2,654	2,190	1,924
Current Fund Investments	16	18	17
Interest in Trusts Held by Others	151	132	124
Facilities, Net of Accumulated Depreciation	416	415	390
<b>Total Assets</b>	<b>\$3,500</b>	<b>\$ 3,018</b>	<b>\$ 2,693</b>
<b>Liabilities</b>			
Deposits, Advances, and Other	\$ 39	\$ 39	\$ 30
Deferred Revenue	50	36	34
Other Debt Owed to University	26	25	—
Building Debt	108	108	74
<b>Total Liabilities</b>	<b>\$ 223</b>	<b>\$ 208</b>	<b>\$ 138</b>
<b>Composition of Net Assets</b>			
Unrestricted Reserves	\$ 65	\$ 60	\$ 52
Undistributed Income and Other	34	36	28
Pledge Balances	40	56	83
Student Loan Funds	10	11	11
Investment in Facilities	308	307	316
Endowment and Other Invested Funds	2,821	2,340	2,065
<b>Total Assets Net of Liabilities</b>	<b>\$3,277</b>	<b>\$ 2,810</b>	<b>\$ 2,555</b>