



HARVARD UNIVERSITY

Popular Financial Report

Fiscal Year Ended
June, 30

2022

T A B L E O F C O N T E N T S

01

University Overview

02

Mission, Vision and History

03

Message from the President

04

Financial Overview

06

Rankings and Positioning

07

Administration Group

10

Financial Highlights and Major Policies

University Overview

Overview

Harvard University is a private institution that was founded in 1636 in Cambridge, Massachusetts. It is the first college in America and was officially founded by the Great and General Court of the Massachusetts Bay Colony.

The University is composed of 12 graduate and professional schools, an undergraduate college and the Harvard Radcliffe Institute.

Harvard's Ranking in the 2024 edition of Best Colleges in National Universities is #3. The schools include top-ranked Business School and Medical School and the outstanding Law School and the School of Engineering and Applied Sciences.

The university has a total undergraduate enrollment of 7,240 for fall 2022.

Harvard counts more than 45,000 applicants each year, admitting 1,220 new students to its class. The acceptance rate for its latest class is 2.6%.

Eight U.S. presidents graduated from Harvard, including Franklin Delano Roosevelt and John F. Kennedy.

98%

Graduation rate of our students

7240

Current Students

5076

Campus Size (in acres)

7:1

Student to Faculty ratio



Students' Life

On-campus residential housing is an integral part of student life, where freshmen live at the center of campus and upperclassmen live in 12 undergraduate houses.

Furthermore, Harvard's is home to the most extensive academic library in the world and the oldest collection in the United States.

Mission, Vision and History

Our Mission

The mission of Harvard College is to educate the citizens and citizen-leaders for our society. We do this through our commitment to the transformative power of a liberal arts and sciences education.

Our Vision

Harvard College sets the standard for residential liberal arts and sciences education. We have committed to creating and sustaining the conditions that enable all Harvard College students to experience an unparalleled educational journey that is intellectually, socially, and personally transformative.

Our History

When you attend Harvard College, you become a part of the rich history of the nation's oldest institution of higher learning.



Message from the President

I am pleased to submit Harvard University's Popular Financial Report for fiscal year 2022.

Following the health emergency, guided by health and safety protocols, our University saw the safe return of students and staff to campus last year.

On-campus activities increased thanks to improved health conditions. In May, our Commencement for the Class of 2022 was held and we have been able to welcome back to campus the Classes of 2020 and 2021 for a long-awaited celebration.

Two innovative research entities will be launched this fall: the Salata Institute for Climate and Sustainability and the Kempner Institute for the Study of Natural and Artificial Intelligence. The Presidential Initiative on Harvard and the Legacy of Slavery has begun its implementation work supported by the University with a \$100 million commitment.

The University is making progress with the approval for the University's Enterprise Research Campus (ERC), which will be aimed as a place for invention, cooperation and entrepreneurship. We are expanding opportunities and we are working to ensure talented individuals to reach those opportunities regardless of their circumstances.

We are profoundly grateful to our donors whose contributions are improving access to Harvard.

Donations enabled us to expand the Harvard Financial Aid Initiative (HFAI) for low and middle income families.

From class of 2026 the cost to attend Harvard College is free for families with annual incomes below \$75,000, different from the previous years' \$65,000 annual income, making it possible for more individuals to realize their potential.

Although we find ourselves in a better public health situation today, there remains instability in the global economy and markets, which will continue to influence the University's financial resources.

Fortunately, prudent planning and sound management have put us in a strong financial position that, along with the generous support of alums and friends, enables us to fulfill our mission.

It is impossible to anticipate the challenges the University will face in the future, but I know our community is prepared to embrace opportunities.

Lawrence S. Bacow
PRESIDENT

October 2022

Financial Overview

In 2022, Harvard's expenses and revenues exceeded for the first time pre-pandemic levels. The way the University operates now has shifted towards a future-oriented perspective, due to changes in how our goals are accomplished internally and as a consequence of external factors, like rising inflation and volatility in the capital markets.

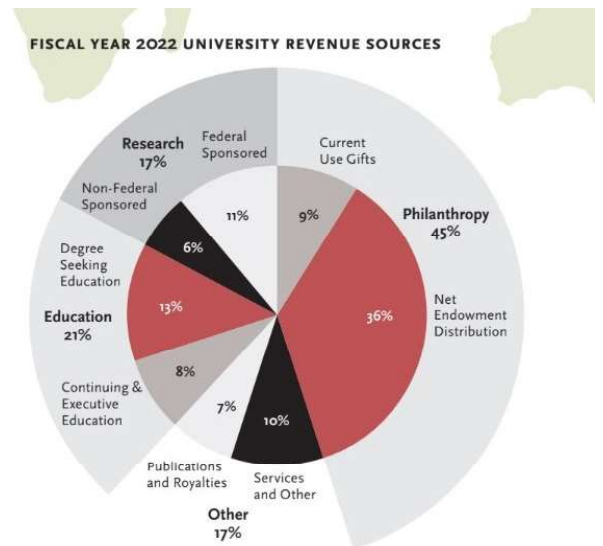
Revenues increased by 11% in respect to the previous year, which brought the total amount to \$5.8 billion, as a result of a rise in the number of students that came back to campus after the pandemic, following increases in tuition, rooms and other services related.

The University's revenues are formed by 45% from philanthropy, 9% from current use gifts and 36% from support of distributions from the endowment.

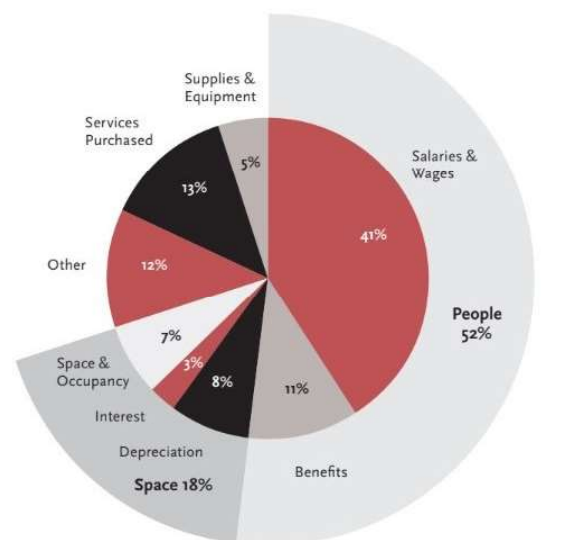
Expenses faced a rise of 9%, in part due to the lower employment encountered this past year. The difficulties in hiring employees caused a temporarily lower spending, that along with a boost in revenues contributed to a \$406 million surplus.

The surplus realised has been reallocated locally at Harvard and reinvested into the different unit's missions.

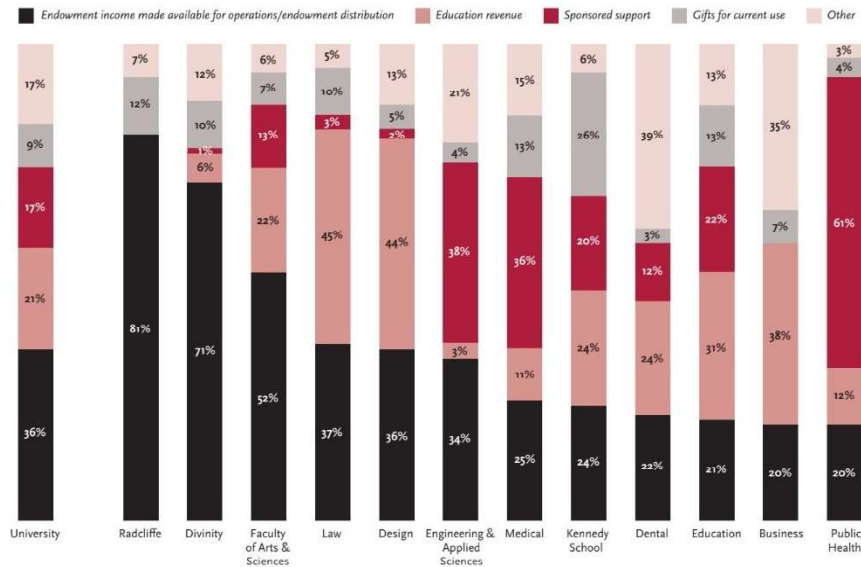
The different areas in which we are investing are education, student accessibility, financial aid, research and climate sustainability.



FISCAL YEAR 2022 OPERATING EXPENSES



FISCAL YEAR 2022 SOURCES OF OPERATING REVENUE



Regarding the Sustainability goals, Harvard is willing to take actions to reduce the use of fossil fuel by adopting innovative solutions, for example by improving building efficiency, promoting public wealth and equity and enhancing renewable energy. The community of students, the staff and the faculty are all intervening on climate change by translating research into action in their everyday lives.

The University has aimed to be fossil fuel-free by 2050 and fossil fuel-neutral by 2026, trying to make its endowment net zero of greenhouse gas emissions by 2050 too.



Rankings and positioning

The Academic Ranking of World Universities has been released by ShanghaiRanking Consultancy since 2003 and it presents annually the world's top universities built on transparent methodology and objective third-party data. The rankings sees the University of Harvard at the top of the list for the 20th year, followed by Stanford University, MIT, Cambridge University, Berkeley, Princeton, Oxford, Columbia, Caltech and Chigago.

TOP 100 Universities in ARWU 2022

2022 Rank	2021 Rank	Institution	Country/Region
1	1	Harvard University	United States
2	2	Stanford University	United States
3	4	Massachusetts Institute of Technology (MIT)	United States
4	3	University of Cambridge	United Kingdom
5	5	University of California, Berkeley	United States
6	6	Princeton University	United States
7	7	University of Oxford	United Kingdom
8	8	Columbia University	United States
9	9	California Institute of Technology	United States
10	10	University of Chicago	United States

The best ranked subjects

Global Ranking of Academic Subjects		
ENG	Biomedical Engineering	1
ENG	Environmental Science & Enginee...	1
ENG	Biotechnology	1
LIFE	Biological Sciences	1
MED	Clinical Medicine	1
MED	Public Health	1
MED	Medical Technology	1
MED	Pharmacy & Pharmaceutical Scie...	1

Key statistics

 41987 Total Enrollment	 14467 Undergraduate Enrollment	 27520 Graduate Enrollment
 24.0% International Students	 / International Students	 / International Students

Administration group

The University is a private, no-profit organisation and includes the Faculty of Arts and Sciences, the John A. Paulson School of Engineering and Applied Sciences, the Division of Continuing Education, ten graduate and professional Schools, the Radcliffe Institute for Advanced Study and several research museums and institutes, supported by its own library system.

The so-called “Corporation” is composed by the President and Fellows of Harvard College. They form one of the two governing boards of the Institute and are responsible for the financial, academic and physical resources issues. It is composed by the President, Lawrence S. Bacow, the Treasurer, Paul J. Finnegan, and members known as Fellows: Timothy R. Barakett, Kenneth I. Chenault, Mariano -Florentino (Tino) Cuéllar, Biddy Martin, Karen Gordon Mills, Diana L. Nelson, Tracy Palandjian, Penny Pritzker, David M. Rubenstein, Shirley M. Tilghman, Theodore V. Wells, JR. They delegate the management of resources and operations to each School and department.

The other board, larger than the previous one, is called Board of Overseers and it is formed by Harvard University alumni. They oversee essential duties, like the visitation process, and they prioritise plans and strategic initiatives.



Lawrence S. Bacow

The Officers are Alan M. Garber as Provost, Meredith Weenick as Executive Vice President, Paul Andrew as Vice President for Public Affairs and Communications, Marc Goodheart as Vice President and Secretary of the University, Manuel Cuevas-Trisàn as Vice President for Human Resources, Thoman J. Hollister as Vice President for Finance and Chief Financial Officer, Brian K. Lee as Vice President for Alumni Affairs and Development, Diane Lopez as Vice President and General Counsel, Klara Jelinkova as Vice President and Chief Information Officer, Martha Whitehead as Vice President for the Harvard Library.

The University counts with 19,000 employees from all backgrounds and disciplines. Benefits and rewards are provided to achieve the appropriate work/life balance. 40\$ are dedicated to Harvard Extension courses for employees. On average employees get 12.5 paid holidays each year and can benefit from the 6 on-campus child care centres. 150\$ constitutes reimbursements for gym memberships and subsidies are guaranteed on bus, underground, rail and boat passes.

The CEO, N.P. Narv Narvekar, states that the disparity between the performance of the financial year 2021 and financial year 2022, helps to highlight the value of fundings to Harvard University especially during economic hard times and emphasises the importance of focusing on long-term returns. The CEO communicates the market factors that impacted negatively on the University's performance. The first main impact was the poor global equity market's performance, followed by the execution in respect to public equities, hedge funds and private equities, which weren't as strong as in the previous years. Furthermore, several investors directed their money to the conventional energy sector, while Harvard Management Company decided to support sustainable options.



CEO, N. P. Narv Narvekar

Administration group

The institution includes Harvard Management Company (HMC), a subsidiary fully owned. It was established in 1974 in order to manage our investment assets. Its revenues contribute to more than one-third of the University's annual operating budget and are aimed at financial aid programs, scientific researches and professorships. It is composed by more than 14,000 individual funds invested as one single entity. HMC is supervised by a Board of Directors and appointed by the Corporation. For more information visit our website at <https://www.hmc.harvard.edu/>.



Harvard Management Company

Financial Highlights

CONSOLIDATED BALANCE SHEET

with summarized financial information as of June 30, 2021

In thousands of dollars

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 283,227	\$ 224,042
Receivables	339,792	322,482
Prepayments and deferred charges	317,448	315,172
Operating leases - right of use assets	677,147	689,962
Notes receivables	380,812	377,596
Pledges receivable	2,592,434	2,335,958
Fixed assets	8,442,840	8,463,008
Interest in trusts held by others	432,896	515,757
Securities pledged to counterparties	179,514	290,388
Investment portfolio	59,135,219	61,141,750
TOTAL ASSETS	72,781,329	74,676,115
LIABILITIES		
Accounts payable	\$ 486,707	\$ 488,896
Deferred revenue and other liabilities	1,679,364	1,716,026
Operating lease liabilities	689,342	702,872
Other liabilities associated with the investment portfolio	718,031	756,237
Liabilities due under split agreements	886,017	1,019,357
Bonds and note payable	6,117,203	5,503,199
Accrued retirement obligations	928,514	1,078,647
Government loan advances	29,457	35,807
TOTAL LIABILITIES	11,534,635	11,301,041
NET ASSETS	61,246,694	63,375,074
TOTAL LIABILITIES AND NET ASSETS	72,781,329	74,676,115

	Without donor restrictions	With donor restrictions	2022	2021
NET ASSETS				
General Operating Account	6,519,858	3,148,616	9,668,474	9,435,991
Endowment	9,057,969	41,819,711	50,877,474	53,165,753
Split Interest Agreements		700,540	700,540	773,330
TOTAL NET ASSETS	15,577,857	45,668,867	61,246,694	63,375,074

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITH GENERAL OPERATING ACCOUNT DETAIL

with summarized financial information as of June 30, 2021

<i>In thousands of dollars</i>	Without Donor Restrictions	With Donor Restrictions	For the year ended June 30	
			2022	2021
OPERATING REVENUE:				
Net student income	\$ 1,223,363		\$ 1,223,363	\$ 888,284
Sponsored support				
Federal government – direct costs	460,707		460,707	442,268
Federal government – indirect costs	181,439		181,439	182,750
Non-federal sponsors – direct costs	77,632	\$ 210,670	288,302	259,553
Non-federal sponsors – indirect costs	23,859	21,450	45,309	42,116
Total sponsored support	743,637	232,120	975,757	926,687
Gifts for current use	140,625	364,111	504,736	540,959
Investment income:				
Endowment returns made available for operations	395,456	1,723,399	2,118,855	2,039,524
GOA returns made available for operations	153,110		153,110	143,788
Other investment income	14,591	7,056	21,647	15,917
Total investment income	563,157	1,730,455	2,293,612	2,199,229
Other revenue	838,323		838,323	693,915
Net assets released from restriction	2,151,569	(2,151,569)	0	0
TOTAL OPERATING REVENUE	5,660,674	175,117	5,835,791	5,249,074
OPERATING EXPENSES:				
Salaries and wages	2,206,342		2,206,342	2,076,665
Employee benefits	583,931		583,931	578,126
Services purchased	732,709		732,709	644,699
Depreciation	428,860		428,860	410,229
Space and occupancy	353,786		353,786	316,916
Supplies and equipment	271,084		271,084	210,697
Interest	187,534		187,534	183,455
Scholarships and other student awards	171,312		171,312	160,744
Other expenses	494,575		494,575	384,825
TOTAL OPERATING EXPENSES	5,430,133	0	5,430,133	4,966,356
NET OPERATING SURPLUS	230,541	175,117	405,658	282,718
NON-OPERATING ACTIVITIES:				
Income from GOA investments	15,206		15,206	2,504
GOA realized and change in unrealized (depreciation)/appreciation, net	(259,353)		(259,353)	1,529,850
GOA returns made available for operations	(153,110)		(153,110)	(143,787)
Change in pledge balances		88,930	88,930	(12,362)
Change in interests in trusts held by others		(5,803)	(5,803)	765
Gifts for facilities and loan funds		87,874	87,874	135,488
Change in retirement obligations	142,745		142,745	105,987
Other changes	(11,067)		(11,067)	(162,718)
Transfers between GOA and endowment	(110,323)	6,513	(103,810)	(616)
Transfers between GOA and split interest agreements		25,213	25,213	21,019
Non-operating net assets released from restrictions	76,828	(76,828)	0	0
TOTAL NON-OPERATING ACTIVITIES	(299,074)	125,899	(173,175)	1,476,130
GENERAL OPERATING ACCOUNT NET CHANGE DURING THE YEAR	(68,533)	301,016	232,483	1,758,848
Endowment net change during the year	(365,086)	(1,922,987)	(2,288,073)	11,271,373
Split interest agreements net change during the year		(72,790)	(72,790)	175,137
NET CHANGE DURING THE YEAR	(433,619)	(1,694,761)	(2,128,380)	13,205,358
Net assets, beginning of year	16,011,446	47,363,628	63,375,074	50,169,716
NET ASSETS, END OF YEAR	\$ 15,577,827	\$ 45,668,867	\$ 61,246,694	\$ 63,375,074

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS OF THE ENDOWMENT

with summarized financial information as of June 30, 2021

<i>In thousands of dollars</i>	Without Donor Restrictions	With Donor Restrictions	For the year ended June 30	
			2022	2021
Investment return				
Income from general investments	\$ 24,464	\$ 108,460	\$ 132,924	\$ 17,923
Realized and change in unrealized (depreciation)/appreciation, net	(196,758)	(878,123)	(1,074,881)	12,814,780
Total investment return	(172,294)	(769,663)	(941,957)	12,832,703
Endowment returns made available for operations	(395,456)	(1,723,399)	(2,118,855)	(2,039,524)
Net investment return	(567,750)	(2,493,062)	(3,060,812)	10,793,179
Gifts for endowment	49,443	534,207	583,650	465,019
Transfers between endowment and the GOA	110,323	(6,513)	103,810	616
Capitalization of split interest agreements		18,603	18,603	16,830
Change in pledge balances		168,095	168,095	(54,262)
Change in interests in trusts held by others		(77,058)	(77,058)	87,633
Other changes	(4,059)	(20,302)	(24,361)	(37,642)
Net assets released from restrictions	46,957	(46,957)	0	0
NET CHANGE DURING THE YEAR	(365,086)	(1,922,987)	(2,288,073)	11,271,373
Net assets of the endowment, beginning of year	9,423,055	43,742,698	53,165,753	41,894,380
NET ASSETS OF THE ENDOWMENT, END OF YEAR	\$ 9,057,969	\$ 41,819,711	\$ 50,877,680	\$ 53,165,753

CONSOLIDATED STATEMENTS OF CASH FLOWS

with summarized financial information as of June 30, 2021

In thousands of dollars	For the year ended	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (2,128,380)	\$ 13,205,358
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	428,860	410,229
Amortization of premium and discount related to bonds and notes payable	(35,865)	(38,512)
Realized and change in unrealized depreciation/(appreciation), net	1,511,867	(14,741,458)
Change in fair value of interest rate exchange agreements	(22,704)	(12,928)
Change in interests in trusts held by others	82,861	(88,398)
Change in liabilities due under split interest agreements	(101,062)	226,092
Gifts of donated securities	(81,017)	(111,634)
Proceeds from the sales of gifts of unrestricted securities	15,069	22,290
Gifts for restricted purposes	(556,994)	(527,463)
Cost of issuance of debt	343	362
Loss on disposal of assets	23,439	39,033
Change in accrued retirement obligations	(150,133)	(137,604)
Non-cash operating lease costs	12,815	64,737
Changes in operating assets and liabilities:		
Receivables, net	(17,310)	(59,751)
Prepayments and deferred charges	(2,276)	(10,252)
Pledges receivable, net	(256,476)	67,217
Accounts payable	(6,807)	155,865
Deferred revenue and other liabilities	(36,662)	135,848
Operating lease liability	(13,530)	(64,727)
NET CASH (USED IN) OPERATING ACTIVITIES	(1,333,962)	(1,465,696)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans made to students, faculty, and staff	(64,584)	(50,412)
Payments received on student, faculty, and staff loans	48,654	55,893
Change in other notes receivable	12,714	(10,843)
Proceeds from the sales and maturities of investments	15,503,537	17,206,874
Purchase of investments	(14,028,307)	(15,952,533)
Change associated with repurchase agreements	(699,810)	427,855
Additions to fixed assets	(426,773)	(472,027)
NET CASH PROVIDED BY INVESTING ACTIVITIES	345,431	1,204,807
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in overdrafts included in accounts payable	(740)	6,377
Change in split interest agreements from new contributions, income and payments to annuitants	(32,278)	(26,319)
Proceeds from issuance of debt	746,530	
Debt repayments	(97,004)	(123,330)
Proceeds from the sales of gifts of restricted securities	65,948	89,344
Gifts for restricted purposes	556,994	527,463
Change in government loan advances	(6,350)	(8,941)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,233,100	464,594
NET CHANGE IN CASH	244,569	203,705
Cash, beginning of year	1,564,303	1,360,598
CASH, END OF YEAR	\$ 1,808,872	\$ 1,564,303
Cash and cash equivalents	\$ 283,227	\$ 224,042
Cash and cash equivalents held in investments	1,525,645	1,340,261
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,808,872	\$ 1,564,303
Supplemental disclosure of cash flow information:		
Accounts payable related to fixed asset additions	\$ 45,583	\$ 40,225
Cash paid for interest	\$ 222,932	\$ 223,715

CONSOLIDATED STATEMENTS OF CASH FLOWS

with summarized financial information as of June 30, 2021

In thousands of dollars	For the year ended	
	2022	2021
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Change in net assets	\$ (2,128,380)	\$ 13,205,358
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Major Policies

SIGNIFICANT ACCOUNTING POLICIES

Basis of financial statements

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the University and affiliated organizations controlled by the University. Significant inter-affiliate accounts and transactions have been eliminated.

Funds transferred to the University on behalf of specific beneficiaries (agency funds) are recorded as assets and liabilities in the *Consolidated Balance Sheets* and are not included in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail*.

The consolidated financial statements include certain prior year summarized comparative information in total, not by net asset classification. This information is not presented in sufficient detail to conform to generally accepted accounting principles (GAAP).

Such information should be read with the University's financial statements for the year ended June 30, 2021, from which the summarized information is derived. Certain prior year amounts have been reclassified to conform to current year presentation.

Net Asset classifications

For the purposes of financial reporting, the University classifies resources into two net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the University are classified in the accompanying consolidated financial statements in the categories that follow:

WITHOUT DONOR RESTRICTIONS — Net assets not subject to donor-imposed restrictions. Funds invested in fixed assets and unrestricted endowment funds comprise 81% of the University's net assets without donor-imposed restrictions as of June 30, 2022. In addition, this category

includes gifts and endowment income balances where the donor restriction has been met, University-designated loan funds, and other current funds.

WITH DONOR RESTRICTIONS — Net assets subject to legal or donor-imposed restrictions that will be satisfied either by actions of the University, the passage of time, or both. These net assets include net assets subject to donor-imposed restrictions that are invested to provide a perpetual source of income to the University. Generally, donors of these assets require the University to maintain and invest the original contribution in perpetuity but permit the use of some or all investment returns for general or specific purposes. The appreciation on these perpetual contributions must be reported as net assets with donor restrictions until appropriated for spending in accordance with Massachusetts law. Also included in this category are gifts donated for a particular purpose and amounts subject to time restrictions such as funds pledged for future payment.

Revenues from sources other than contributions are generally reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulations or by law. Investment returns earned by restricted donor funds are initially classified as net assets with donor restrictions and then reclassified to net assets without donor restrictions when expenses are appropriated or incurred for their intended purpose. Expirations of donor restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions and appear as "Net assets released from restrictions" and "Non-operating net assets released from restrictions" in the Consolidated Statements of Changes in Net Assets.

INVESTMENTS

Investments are presented at fair value in accordance with GAAP and under the guidelines prescribed by the HMC investment valuation policy, which is reviewed and approved by the HMC Board of Directors on an annual basis.

The majority of the University's investments are managed by HMC in the GIA, a pooled investment account that consists primarily of endowment assets. Certain other investments such as cash, short-term investments, split interest agreements and other assets, are managed separately from the GIA.

The University's investment holdings as of June 30, 2022 and 2021 presented on the Consolidated Balance Sheets are summarized in the following table (in thousands of dollars):

	2022	2021
Investment portfolio assets		
Pooled general investment account assets	\$ 55,938,831	\$ 58,566,261
Other investments	3,196,388	2,575,489
Investment portfolio, at fair value	59,135,219	61,141,750
Securities pledged to counterparties, at fair value	179,514	290,388
TOTAL INVESTMENT ASSETS	59,314,733	61,432,138
Pooled general investment account liabilities	709,422	724,924
Interest rate exchange agreement	8,609	31,313
TOTAL OTHER LIABILITIES ASSOCIATED WITH THE INVESTMENT PORTFOLIO	718,031	756,237
TOTAL INVESTMENTS, NET	\$ 58,596,702	\$ 60,675,901

University net investments were composed of the following components (in thousands of dollars):

	2022	2021
POOLED GENERAL INVESTMENT ACCOUNT		
Endowment	\$ 48,798,038	\$ 51,279,803
General operating account	4,658,269	4,777,430
Split interest agreements	934,971	1,021,209
Other internally designated funds	1,017,645	1,053,283
TOTAL POOLED GENERAL INVESTMENT ACCOUNT NET ASSETS	\$ 55,408,923	\$ 58,131,725
OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT		
General operating and other investments	2,536,192	1,772,698
Split interest agreements	651,587	771,478
TOTAL OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT	\$ 3,187,779	\$ 2,544,176
TOTAL INVESTMENTS, NET	\$ 58,596,702	\$ 60,675,901

Investment return

A summary of the University's total return on investments is presented as follows (in thousands of years):

	2022	2021
Return on pooled general investment account:		
Realized and change in unrealized (depreciation)/appreciation, net	\$ (1,223,200)	\$ 14,522,886
Interest, dividend, fees, and expenses, net	150,734	20,216
Total return on pooled general investment account	(1,072,466)	14,543,102
Return on other investments:		
Realized and change in unrealized depreciation/(appreciation), net	(288,667)	218,572
Interest, dividend, fees, and expenses, net	36,225	26,093
Total return on other investments	\$ (252,442)	\$ 244,665
Realized and change in unrealized appreciation on interest rate exchange agreement, net	19,169	9,272
TOTAL RETURN ON INVESTMENTS	\$ (1,305,739)	\$ 14,797,039

RECEIVABLES

	2022		2021	
Federal sponsored support	\$	67,130	\$	57,321
Executive education		63,484		73,400
Publications		61,545		55,058
Leases		32,525		32,731
Tuition and fees		19,584		20,774
Non-federal sponsored support		13,159		11,536
Gift receipts		17,344		7,985
Other		65,021		63,677
TOTAL RECEIVABLES, NET	\$	339,792	\$	322,482

NOTES RECEIVABLES

Notes receivable are recorded initially at face value plus accrued interest, which approximates fair value. Notes receivable, and related allowance for doubtful accounts, were as follows (in thousands of dollars):

	2022			2021		
	Receivable	Allowance	Net	Receivable	Allowance	Net
Student loans:						
Government revolving	\$ 26,754	\$ 643	\$ 26,111	\$ 31,933	\$ 832	\$ 31,101
Institutional	72,489	1,644	70,845	77,306	2,237	75,069
Total student loans	99,243	2,287	96,956	109,239	3,069	106,170
Faculty and staff loans	277,234	179	277,055	252,090	179	251,911
Other loans	49,448	42,647	6,801	57,615	38,100	19,515
TOTAL	\$ 425,925	\$ 45,113	\$ 380,812	\$ 418,944	\$ 41,348	\$ 377,596

Government revolving loans are funded principally with federal advances to the University under the Perkins Loan, the Health Professions Student Loan (HPSL) and Loans for Disadvantaged Students in Health Professions (LDS) Programs.

Interest earned on the revolving and institutional loan programs is reinvested to support additional loans. The repayment and interest rate terms of the institutional loans vary considerably.

Faculty and staff notes receivable primarily consists of mortgage and educational loans. Mortgages include shared appreciation loans, loans that bear interest at the applicable federal rate and interest-free loans. In addition, certain mortgages that bear interest at the current market rate or applicable federal rate may be subsidized for an initial period. The educational loans are primarily zero-interest loans.

FIXED ASSETS

Fixed assets are reported at cost or, if a gift, at fair value as of the date of the gift, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The major categories of fixed assets as of June 30, 2022 and 2021 are summarized as follows (in thousands of dollars):

	2022	2021
Research facilities	\$ 3,418,161	\$ 3,364,398
Classroom and office facilities	2,543,625	2,395,225
Housing facilities	2,525,545	2,408,385
Other facilities	425,737	460,640
Service facilities	1,114,162	1,065,126
Libraries	541,080	534,930
Museums and assembly facilities	990,568	987,906
Athletic facilities	263,825	259,254
Land	1,024,986	1,024,697
Construction in progress	357,434	401,316
Equipment	1,468,066	1,429,723
SUBTOTAL AT COST	14,673,189	14,331,600
Less: accumulated depreciation	(6,230,349)	(5,868,592)
FIXED ASSETS, NET	\$ 8,442,840	\$ 8,463,008

Certain University facilities are subject to restrictions.

The costs of research facilities are separated into the shell, roof, finishes, fixed equipment, and services. These components are separately depreciated.

Equipment includes general and scientific equipment, computers, software, furniture, and vehicles.

The University has asset retirement obligations of \$189.2 million and \$200.1 million, which are included in "Deferred revenue and other liabilities" in the *Consolidated Balance Sheets* as of June 30, 2022 and 2021, respectively.

Right-of-use assets from finance leases of \$52.3 million and \$59.0 million are included in "Fixed assets" in the *Consolidated Balance Sheets* as of June 30, 2022 and 2021, respectively.

ENDOWMENT AND GENERAL OPERATING ACCOUNT NET ASSETS

The University's net assets consisted of the following as of June 30, 2022 and 2021 (in thousands of dollars):

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
NATURE OF SPECIFIC NET ASSETS						
Perpetual endowment funds		\$ 9,057,578	\$ 9,057,578	\$ 8,562,120	\$ 8,562,120	
Endowment funds and appreciation subject to distribution policy and appropriation		30,925,321	30,925,321	33,434,803	33,434,803	
Endowment funds without restriction, board designated and subject to distribution policy	\$ 9,057,969		9,057,969	\$ 9,423,055		9,423,055
Pledge balances		1,433,186	1,433,186	1,265,091	1,265,091	
Interests in trusts held by others		403,626	403,626	480,684	480,684	
TOTAL ENDOWMENT	9,057,969	41,819,711	50,877,680	9,423,055	43,742,698	53,165,753
Operating	6,519,858		6,519,858	6,588,391		6,588,391
Unexpended contributions and endowment distributions		3,048,468	3,048,468	2,747,969	2,747,969	
Student loan funds		100,148	100,148	99,631	99,631	
TOTAL GENERAL OPERATING ACCOUNT	6,519,858	3,148,616	9,668,474	6,588,391	2,847,600	9,435,991
Split interest agreements (Note 9)		700,540	700,540	773,330	773,330	
TOTAL NET ASSETS	\$ 15,577,827	\$ 45,668,867	\$ 61,246,694	\$ 16,011,446	\$ 47,363,628	\$ 63,375,074

Endowment

Harvard's endowment has existed for nearly four centuries. The aggregate endowment is made up of more than 14,000 individual endowments that are supporting University's work, student financial aid and neighbourhood programs, campus activities, faculty and scientific advancement. The University's endowment consists of approximately 14,400 separate funds established over many years for a wide variety of purposes.

Endowment fund balances are classified and reported in accordance with donor specifications and state law. The endowment includes both donor-restricted endowment funds and funds functioning as endowment which are not subject to donor-imposed restrictions.

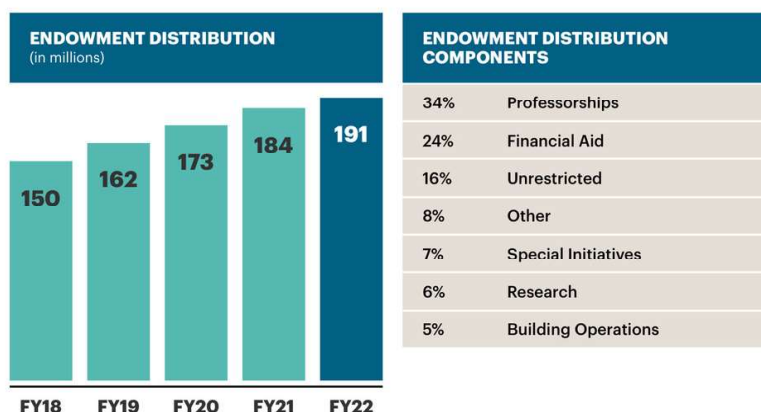
The University's endowment distribution policies preserve the value of the endowment in real prices (after inflation) and generate a predictable stream of available income. Each fall, the Corporation approves the endowment distribution for the following fiscal year.

In fiscal 2022, total revenue from the Harvard's philanthropic sources increased to \$260 million from \$244 million of the previous fiscal year. It amounted to 27% of the School's total revenues, different from the 30% of the previous year.

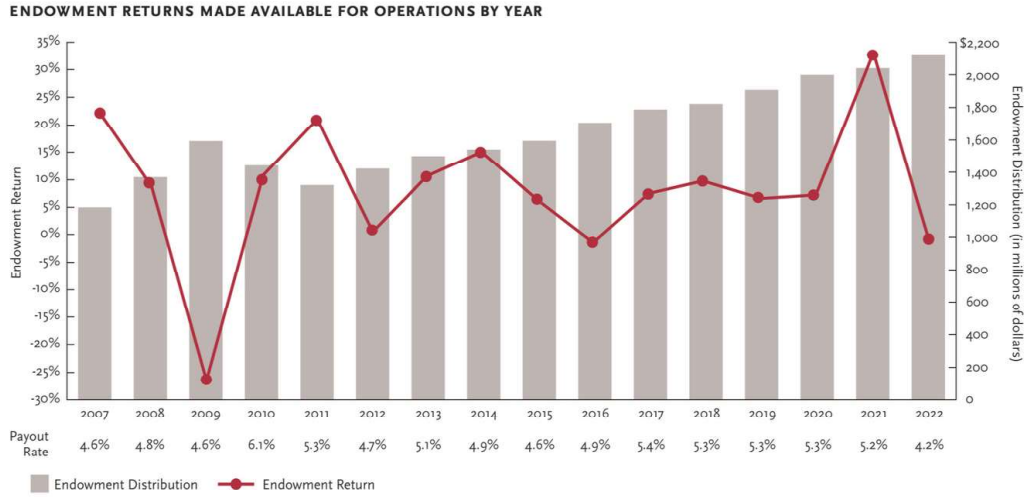
For the University as a whole, philanthropic revenue amounted to 45% of total operating revenues for fiscal 2022.

The annual endowment distribution for fiscal 2022 had a 4% increase from the prior year to \$191 million, amounting to 20% of total revenue.

Every year, the change in the endowment distribution is governed by different factors and the School budgets the use of endowment distributions to support operations in accordance with the donors' intentions.



Harvard is obligated to spend only a small fraction of the endowment value each year. Spending significantly more than that over time would privilege the present over the future inconsistently with the endowment's principal purpose of maintaining intergenerational equity. As a rule, Harvard targets an annual endowment payout rate of 5.0-5.5% of market value. The actual payout rate varies each year based on endowment returns.



EMPLOYEES BENEFITS

The University offers current employees a choice of health plans, a dental plan, short-term and long-term disability plans, life insurance, tuition assistance, and other benefits such as subsidized passes for public transportation and for Harvard athletic facilities. In addition, the University has retirement plans covering substantially all employees.

	Pension benefits		Postretirement health benefits	
	2022	2021	2022	2021
Change in projected benefit obligation:				
Projected benefit obligation, beginning of year	\$ 1,139,945	\$ 1,220,094	\$ 1,000,395	\$ 955,571
Service cost	11,208	12,950	32,542	32,961
Interest cost	34,980	36,673	32,643	32,728
Plan participants' contributions			9,527	8,361
Gross benefits paid	(52,631)	(103,677)	(40,664)	(25,125)
Actuarial gain	(188,991)	(26,555)	(199,211)	(4,101)
Plan amendments			(24)	
Special termination benefits ¹		460		
PROJECTED BENEFIT OBLIGATION, END OF YEAR²	944,511	1,139,945	835,208	1,000,395
Change in plan assets:				
Fair value of plan assets, beginning of year	1,061,693	959,414		
Actual return on plan assets	(177,857)	144,732		
Employer contributions	20,000	61,224	31,137	16,765
Plan participants' contributions			9,527	8,361
Gross benefits paid	(52,631)	(103,677)	(40,664)	(25,126)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	851,205	1,061,693	0	0
UNFUNDED STATUS³	\$ (93,306)	\$ (78,252)	\$ (835,208)	\$ (1,000,395)

Deferred compensation plan

The University offers a non-qualified deferred compensation plan to a select group of employees. There is no University contribution related to the plan. The University has recorded both an asset and a liability related to the plan of \$191.5 million as of June 30, 2022 and \$207.8 million as of June 30, 2021; the assets are included in "Prepayments and deferred charges" and the liabilities are included in "Deferred revenue and other liabilities" on the University's Consolidated Balance Sheets.

Pension benefits

All eligible faculty members and staff are covered by retirement programs that include a defined benefit component, a defined contribution component, or a combination of the two.

The University has established a trust to hold plan assets for its defined benefit pension plans.

The fair value of the trust's assets was \$851.2 million and \$1.1 billion as of June 30, 2022 and 2021, respectively. During fiscal years 2022 and 2021, the University made cash contributions to the defined benefit pension plan of \$20.0 million and \$61.2 million, respectively.

The University recorded expenses for its defined contribution plans of \$155.1 million for fiscal year 2022 and \$153.4 million for fiscal year 2021.

Post-retirement health benefits

The University provides post-retirement health coverage and life insurance to all of its employees. As of June 30, 2022, the University had internally designated and invested \$1.0 billion in the post-retirement health benefit accrued liability of \$835.2 million. As of June 30, 2021, the University had internally designated and invested \$1.0 billion to fund the post-retirement health benefit accrued liability of \$1.0 billion.

STUDENTS FINANCIAL AIDS

Financial aid granted to students in fiscal 2022 and 2021 is summarized as follows (in thousands of dollars):

	2022	2021
Scholarships and other student awards:		
Scholarships applied to student income	\$ 505,904	\$ 435,959
Scholarships and other student awards paid directly to students	171,312	160,744
Total scholarships and other student awards	677,216	596,703
Student employment	93,581	84,273
Student loans	14,124	13,064
Agency financial aid	21,505	21,279
TOTAL STUDENT FINANCIAL AID	\$ 806,426	\$ 715,319

GIFTS

Gifts are classified as net assets with or without restrictions in accordance with donor specifications. Gifts received for the year ended June 30, 2022 are summarized as follows (in thousands of dollars):

	2022		
	Gifts received	Donor redesignations/ other changes	Total
Current use	\$ 514,361	\$ (9,625)	\$ 504,736
Non-federal sponsored grants	235,481	(3,361)	232,120
Endowment funds	579,987	3,663	583,650
Split interest agreements	12,290		12,290
Loan funds and facilities	81,943	5,931	87,874
TOTAL GIFTS	\$ 1,424,062	\$ (3,392)	\$ 1,420,670

OTHER REVENUES

	2022	2021
Publications and royalties from copyrights	\$ 277,104	\$ 253,113
Royalties from the commercialization of intellectual property	152,078	107,164
Services income	135,240	96,443
Rental and parking	116,070	87,646
Health and clinic fees	70,214	61,461
Sales income	31,423	23,703
Interest income	8,373	7,079
Other student income	4,326	3,582
Other	43,495	53,724
TOTAL OTHER REVENUE	\$ 838,323	\$ 693,915

OTHER EXPENSES

	2022	2021
Subcontract expenses under sponsored projects	\$ 179,212	\$ 161,910
Advertising	53,007	40,444
Publishing	45,097	39,316
Travel	43,737	1,965
Taxes and fees	38,706	35,294
Insurance	25,669	15,749
Fixed asset impairments	21,385	20,804
Postage	14,907	13,265
Telephone	11,153	10,968
Other	61,702	45,110
TOTAL OTHER EXPENSES	\$ 494,575	\$ 384,825



This work was completed as part of the Public Management course at the School of Advanced Studies (SAA), University of Turin, under the supervision of Prof. Valerio Brescia. The elements presented in this assignment have been developed in accordance with the guidelines defined by Professors Paolo Biancone, Silvana Secinaro, Valerio Brescia, and Davide Calandra.

The Popular Annual Financial Report provides in detail all material events, both financial and non-financial. It has been prepared to better inform the public about about the overall financial situation of Harvard University. It is not intended to provide a complete financial view of the University.

To view Harvard University's comprehensive annual financial report visit:
https://finance.harvard.edu/sites/hwpi.harvard.edu/files/fad/files/fy22_harvard_financial_report.pdf?m=1665678388

This work is aimed to be published in the European Journal of volunteering and community based projects (odvcasarcobaleno.it)