



HARVARD
Faculty of Arts and Sciences

Financial Report

Fiscal Year 2024

Appendix

Certain prior year amounts have been reclassified to conform to current year presentation.

This report presents a financial view of the Faculty of Arts and Sciences of Harvard University operations including results of the Harvard John A. Paulson School of Engineering and Applied Sciences. The figures presented in the report have not been audited, are not intended to present financial results in accordance with Generally Accepted Accounting Principles (GAAP), and do not represent a subset of the University's financial statements and related footnotes.

Faculty of Arts and Sciences
Statement of Activity for Consolidated

<i>(in millions)</i>		June 30	
Revenues:		2024	2023
Tuition and Fees	(1)	\$707.4	\$682.7
<i>Less: Financial Aid</i>	(2)	(350.7)	(327.8)
Net Tuition and Fees		356.7	354.9
Grants and Contracts	(3)	280.3	276.3
Current Use Gifts	(4)	121.3	158.3
Endowment Distribution	(5)	983.1	925.0
Other Investment Income	(6)	24.5	4.3
Other Income	(7)	74.9	53.2
Income Transfers		30.7	42.8
Total Revenues		\$1,871.5	\$1,814.8
Expenses:			
Salaries and Wages	(8)	687.9	633.2
Employee Benefits		179.2	168.2
Fellowships and Awards		96.5	90.8
Supplies, Materials, and Equipment		78.5	77.0
Operations and Maintenance of Plant	(9)	252.7	224.2
Depreciation		139.6	136.3
Interest on Internal Debt	(10)	58.4	53.1
Services Purchased	(11)	240.3	227.6
Other Expenses	(12)	79.0	76.3
Transfers to University, University Assessment		50.4	49.3
Expense Transfers		1.1	0.1
Total Expenses		\$1,863.6	\$1,736.1
Net Revenue		\$7.9	\$78.7

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Faculty of Arts and Sciences Balance Sheet for Consolidated

<i>(in millions)</i>	June 30	
ASSETS:	2024	2023
Deposits with the University	\$1,523.2	\$1,541.0
Receivables		
Student Receivables	7.8	9.2
Other Receivables	19.4	15.5
Prepayments and Deferred Charges	20.3	16.7
Operating Lease, Right-of-Use	129.4	132.2
Notes Receivable (13)	188.3	177.4
Pledges Receivable	686.8	683.0
Fixed Assets, Net of Accumulated Depreciation (14)	2,571.6	2,371.2
Interests in Perpetual Trusts Held by Others	119.1	108.0
Long-Term Investments (Primarily Endowment) (15)	22,935.0	21,749.5
TOTAL ASSETS	\$28,200.9	\$26,803.7
LIABILITIES:		
Accrued Expenses	\$26.9	\$24.1
Operating Lease Liabilities	129.4	132.2
Deferred Revenue and Other Liabilities	82.3	66.9
Internal Debt Obligations (16)	1,573.4	1,419.5
TOTAL LIABILITIES	\$1,812.0	\$1,642.7
TOTAL NET ASSETS	\$26,388.9	\$25,161.0
TOTAL LIABILITIES AND NET ASSETS	\$28,200.9	\$26,803.7

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Faculty of Arts and Sciences Statement of Financial Activities

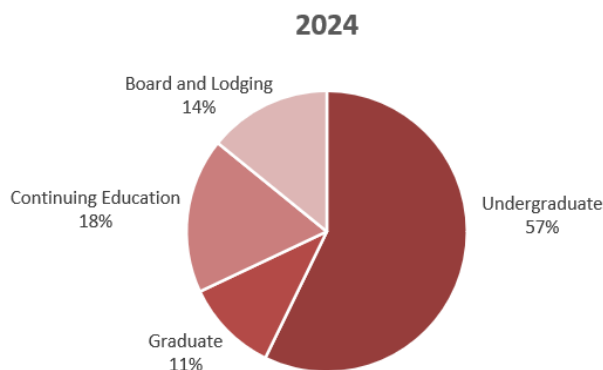
<i>(in millions)</i>	<u>June 30</u>	
	2024	2023
Net Revenue	\$7.9	\$78.7
Add Back: Depreciation	139.6	136.3
Transfers within General Operating Account (GOA)		
Investment in Plant and Equipment	(17) 72.7	54.5
Principal on Debt	64.4	59.8
Other Transfers within GOA	(1.2)	(1.2)
Transfers to/from Endowment	7.7	13.8
Transfers to/from Split Interest Agreements	(9.2)	(15.5)
Other Changes in Net Assets	(0.1)	(2.1)
TOTAL FINANCIAL ACTIVITIES	\$281.8	\$324.3

Notes to Consolidated Financial Statements

1. Tuition and Fees

Tuition and fees revenue includes both undergraduate and graduate tuition, as well as fees, such as the student activities fee. The revenue from on-campus lodging is reflected as well. Revenue from Continuing Education is also included, with tuition for degree-granting programs, executive and professional nondegree tuition, summer programs, and other fees.

The composition of tuition and fees revenue in fiscal year 2024 is:



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2. Financial Aid

Financial aid was as follows:

<i>(in millions)</i>	2024	2023
Undergraduate	\$260.9	\$246.8
Graduate	76.5	69.6
Continuing Education	13.3	11.4
TOTAL FINANCIAL AID	\$350.7	\$327.8

FAS financial aid to undergraduate, graduate, and continuing education students includes institutional scholarships and external grants. It does not include fellowships and awards which are primarily granted to graduate students. Those costs are captured in the expense section of the Statement of Activity.

The increase in undergraduate financial aid is driven by the 3.5 percent increase in billed costs combined with the change in family income threshold with the Harvard Financial Aid Initiative. The family income threshold increased to \$85,000 in fiscal year 2024, which accounted for approximately 24 percent of families not required to contribute to the cost of their child's education.

Fiscal year 2024 also saw the creation of the Launch Grant program. The \$2,000 Launch Grant is awarded annually to eligible students in the fall of their junior year to assist with costs related to their transition after college. In its inaugural year, the grant was also given to seniors who met the criteria.

Since the launching of the Harvard Financial Aid Initiative in 2005, Harvard College has awarded more than \$3 billion in grant aid to undergraduates, and the undergraduate financial aid budget has increased more than 225 percent, from \$80 million in 2005 to \$260 million in 2024. Approximately 55 percent of undergraduate students receive financial aid. Harvard College financial aid awards consist of grants: students are never required to take out loans to cover the cost of their education, although they are expected to contribute through term-time work.

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3. Grants and Contracts

Grants and contracts were as follows:

<i>(in millions)</i>	2024			2023
	Direct	Indirect	Total	Total
Federally Sponsored Research				
National Institutes of Health (NIH)	\$41.0	\$16.0	\$57.0	\$54.5
National Science Foundation (NSF)	28.9	13.8	\$42.7	\$44.6
Department of Defense (DoD)	23.3	5.6	\$28.9	\$23.5
Other	34.2	16.4	\$50.6	\$47.3
Subtotal - Federally Sponsored Research	127.4	51.8	\$179.2	\$169.9
Non-federally Sponsored Research	63.5	12.4	\$75.9	\$82.1
Other Sponsored	25.2	0.0	\$25.2	\$24.3
TOTAL GRANTS AND CONTRACTS	\$216.1	\$64.2	\$280.3	\$276.3

Grants and contracts normally provide for the recovery of direct costs and partial recovery of indirect costs.

Direct costs are those costs directly associated with the grant-funded activity (e.g., salaries of investigators, lab reagents, and research materials). Indirect cost recoveries help to pay for related costs such as facilities, libraries, and research administration. Indirect costs for federal projects are recovered at a predetermined rate negotiated with the federal government.

The negotiated federal rate for the FAS was 69.0 percent for organized on-campus research in both FY2024 and FY2023. Non-federal sponsors' rates vary. The ratio of indirect costs to direct costs, referred to as the "effective indirect rate" for federally sponsored research in the FAS, was 40.7 percent in 2024, down from 44.7 percent in 2023. Not all direct research expenses are eligible for indirect cost recovery, such as capital equipment, subcontract expenditures, and costs related to training grants.

4. Current Use Gifts

Current use gifts decreased in 2024 by \$37.0 million, or 23.4 percent. Current use gifts are gifts that may be spent down and are typically used within a relatively short time frame of one to three years. These gifts may be unrestricted or restricted depending on terms set forth by the donor.

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5. Endowment Distribution

The components of the endowment distribution were:

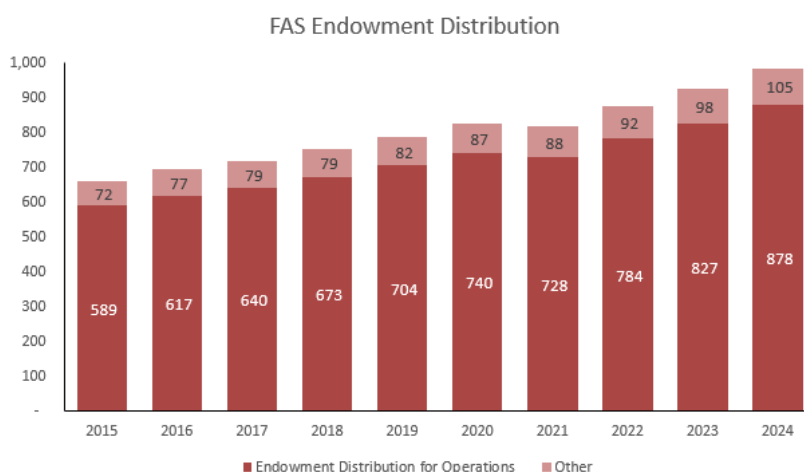
<i>(in millions)</i>	2024	2023
Endowment Distribution	\$878.5	\$827.0
Distribution for Central Administrative Operations	95.5	89.9
Endowment Income, Capitalizations ¹	(16.7)	(15.9)
Endowment Income, Transfers	25.8	24.0
TOTAL ENDOWMENT DISTRIBUTION	\$983.1	\$925.0

¹ Represents current year earned income that is capitalized due to either donor requirements or University or department requests. In 2024, endowment fund balances increased by \$7.7 million due to a net of capitalization and decapitalization activity.

Endowment income represented 52.5 percent of the FAS's total revenues. In addition to the annual endowment returns made available for operations, the FAS utilizes an assessment to support administrative costs.

The above chart does not include the federal Net Investment Income (NII) tax related to endowments. An excise tax of 1.4 percent on the investment income of private colleges and universities, the NII has been levied annually since 2017. The impact of the NII tax for the FAS in 2024 was \$7.8 million.

The chart below shows the FAS endowment distribution since 2015:



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6. Other Investment Income

Other investment income was as follows:

<i>(in millions)</i>	2024	2023
Interest Income ¹	\$21.1	\$0.6
Special Investment Income	3.4	3.7
TOTAL OTHER INVESTMENT INCOME	\$24.5	\$4.3

¹ Interest income is primarily interest received on unexpended fund balances. The internal interest rate was 2.0 percent in 2024. In 2023, the internal interest rate was 0.7 percent.

7. Other Income

Other income was as follows:

<i>(in millions)</i>	2024	2023
Royalty Income ¹	\$30.1	\$12.6
Sales of Services	11.9	13.0
Rental Income	8.1	7.0
Merchandise and Materials Sales	4.9	1.4
Admissions Application Fees	4.5	4.5
Miscellaneous Income ²	15.4	14.7
TOTAL OTHER INCOME	\$74.9	\$53.2

¹ Excludes distributions to third parties.

² Miscellaneous income includes fees and fines, subscription and membership fees, advertising sales, and athletic facility use fees.

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8. Salaries and Wages

Personnel costs (salaries, wages, and benefits) are the largest component of the FAS's expenses. In 2024, these costs represented 46.5 percent of the total FAS expenses.

The composition of salaries and wages was as follows:

<i>(in millions)</i>	2024	2023
Faculty	\$252.1	\$239.6
Exempt	\$179.7	\$160.1
Union	\$87.5	\$75.5
Other	\$168.6	\$158.0
TOTAL SALARIES AND WAGES	\$687.9	\$633.2

9. Operations and Maintenance of Plant

Operations and Maintenance of Plant was as follows:

<i>(in millions)</i>	2024	2023
Operations		
Cleaning and Housekeeping	\$42.3	\$39.8
Security Services	18.5	18.5
Groundskeeping	5.9	5.9
Other	17.0	15.0
Utilities		
Electricity	22.6	19.0
Hot + Chilled Water	16.3	15.3
Steam	16.3	14.6
Utilities Systems	11.3	10.3
Other	5.8	5.7
Improvements, Repairs, Maintenance	73.3	60.4
Rentals Net of Recoveries	23.4	19.7
TOTAL OPERATIONS AND MAINTENANCE OF PLANT	\$252.7	\$224.2

At the end of 2024 the FAS campus included 265 owned buildings comprising approximately 10.0 million gross square feet. The main driver for the overall increase is related to rate increase across services and utilities, as well as increased usage.

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10. Interest on Internal Debt

Interest on internal debt was as follows:

<i>(in millions)</i>	2024	2023
Interest Expense ¹	\$12.3	\$8.5
Interest on Space and Occupancy	46.1	44.6
TOTAL INTEREST ON INTERNAL DEBT	\$58.4	\$53.1

¹ Interest Expense is primarily interest charged on fund balances in deficit. The internal interest rate was 2.0 percent in 2024. In 2023, the internal interest rate was 0.7 percent.

11. Services Purchased

The major components of services purchased were as follows:

<i>(in millions)</i>	2024	2023
Professional Services	\$70.6	\$67.2
Technology Services	59.4	55.2
Subcontracted Services	26.4	27.3
Dining and Catering Services	19.5	15.5
Contingent Labor and Labor Services	9.9	10.6
Other Student-Related Services	7.9	7.2
Records and Preservation	7.0	6.4
Noncomputer Repairs and Maintenance	5.2	5.2
Other Services	34.4	33.0
TOTAL SERVICES PURCHASED	\$240.3	\$227.6

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12. Other Expenses

The major components of other expenses were as follows:

<i>(in millions)</i>	2024	2023
Travel and Entertainment	\$37.7	\$33.4
Postage	5.8	5.3
Taxes, Fees, and Licenses	4.8	5.2
Insurance	4.3	5.8
Telephone	4.2	4.2
Printing and Publishing	3.6	3.8
Training and Professional Development	3.3	2.8
Other Miscellaneous Expenses	15.3	15.8
TOTAL OTHER EXPENSES	\$79.0	\$76.3

13. Notes Receivable

Notes receivable and the related allowance for doubtful amounts were as follows:

<i>(in millions)</i>	2024	2023
Student Notes Receivable:		
University Loan Program	\$26.9	\$27.0
Faculty Loans	161.4	150.4
TOTAL NOTES RECEIVABLE	\$188.3	\$177.4

Faculty loans are primarily mortgages and educational loans with the faculty of the FAS. Mortgages include shared appreciation loans, loans that bear interest at the Applicable Federal Rate (AFR), and zero-interest loans. Educational loans are primarily zero-interest loans.

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14. Fixed Assets, Net of Accumulated Depreciation

Fixed assets are recorded at cost or fair market value on the date of acquisition, net of accumulated depreciation. Depreciation is calculated using the straight-line method computed over the useful life of the asset. Assets may increase or decrease through acquisitions, sales, or impairments.

The table below summarizes FAS assets as of June 30, 2024 and 2023:

<i>(in millions)</i>	2024	2023
Research Facilities	\$1,388.5	\$1,362.0
Housing Facilities	1,339.8	1,308.1
Classrooms and Offices	718.3	599.5
Libraries	260.9	259.4
Athletic Facilities	259.3	231.2
Museums and Assembly Facilities	197.8	195.5
Leasehold Improvements	102.1	100.6
Service Facilities	46.3	44.9
Land	5.6	5.6
Construction in Progress	239.3	170.4
Equipment	507.3	459.6
Total Fixed Assets at Cost	\$5,065.2	\$4,736.8
Less: Accumulated Depreciation	\$(2,493.6)	\$(2,365.6)
TOTAL FIXED ASSETS, NET	\$2,571.6	\$2,371.2

In 2024, there was an overall increase in the FAS Physical Plant across several categories.

The renovations at 60 Oxford Street were completed for the new home of the Harvard Quantum Initiative, which increased Classrooms and Offices. Ongoing renovations of the Science Center increased Construction in Progress. Housing Facilities increased due to the ongoing House Renewal Project, largely with Adams House. The renovation of the Newell Boathouse increased Athletic Facilities in 2024, and Research Facilities increased due to the Engineering Science Lab (ESL), which houses research labs for bioengineering and Environmental Science and Engineering.

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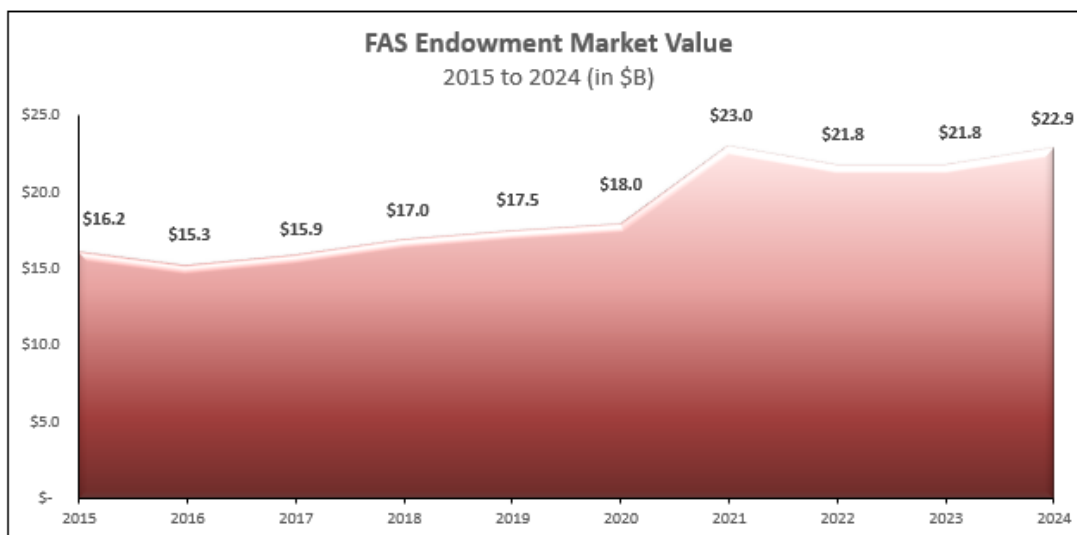
15. Long-Term Investments (Primarily Endowment)

The long-term investments were as follows:

<i>(in millions)</i>	2024	2023
Endowment Investments	\$22,897.8	\$21,717.1
Gift Fund Investments	2.2	2.4
General Operating Account Investments ¹	35.0	30.0
TOTAL LONG-TERM INVESTMENTS	\$22,935.0	\$21,749.5

¹ Includes the FAS investment in the Giant Magellan Telescope (GMT).

The market value of the FAS endowment over the past ten years was as follows:



The June 30, 2024 FAS endowment market value of \$22.9 billion includes endowment investments and undistributed investment earnings. It does not include endowment pledges or interests in trusts held by others.

Changes in market value includes all endowment activities: investment appreciation and depreciation, endowment distributions, new gifts, additions to the endowment (capitalizations), and the use of appreciation for specific purposes as approved by the Corporation (decapitalizations).

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16. Internal Debt Obligations

Internal debt obligations were as follows:

<i>(in millions)</i>	2024	2023
Long-Term Debt	\$1,412.0	\$1,269.1
Faculty Loans	161.4	150.4
TOTAL INTERNAL DEBT OBLIGATIONS	\$1,573.4	\$1,419.5

Long-term debt includes loans for facilities and equipment. Faculty loans are primarily mortgages and educational loans with the faculty of the FAS. Changes in internal debt obligations reflect new borrowings, principal payments, and the paydown of debt on retired plant assets.

17. Investment in Plant and Equipment, Net

Investment in plant and equipment, net was as follows:

<i>(in millions)</i>	2024	2023
Construction in Progress	\$21.9	\$13.4
Equipment - Work in Progress	28.3	19.8
Equipment - Placed in Service	22.5	21.3
TOTAL INVESTMENT IN PLANT AND EQUIPMENT, NET	\$72.7	\$54.5

Net Investment in Plant and Equipment represents the amount that the FAS invests in current- and future-year capital projects from operations. In 2024, Investment in Plant and Equipment – Construction in Progress included the renovation of the Bright-Landry Hockey Center and the Naito Chemistry Lab Building. Investment in Plant and Equipment includes the use of operating cash to support Sponsored and Non-Sponsored research activities.

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