

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that such interest will be taken into account in computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. Under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX EXEMPTION” herein.



\$734,995,000
MASSACHUSETTS DEVELOPMENT FINANCE AGENCY
Revenue Bonds
Harvard University Issue, Series 2024B



Dated: Date of Delivery

Due: As shown on the inside cover page

The Bonds (as defined herein) will be issued only as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds will be made in book-entry-only form. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. The Bonds will be issued in minimum denominations of \$5,000 and whole multiples thereof. The Bank of New York Mellon Trust Company, N.A. will act as Trustee.

Principal and semiannual interest on the Bonds will be paid by the Trustee. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner, as more fully described herein. Interest on the Bonds will be payable on August 15, 2024, and semiannually thereafter on each February 15 and August 15 to the Bondowners of record as of the close of business on the first day of the month of such interest payment date.

The Bonds are subject to optional redemption prior to maturity. See “THE BONDS—Optional Redemption” herein.

The Bonds shall be special obligations of the Massachusetts Development Finance Agency (the “Issuer”) payable solely from the Revenues of the Issuer paid to the Trustee for the account of the Issuer by President and Fellows of Harvard College (the “Institution”) in accordance with the provisions of the Loan and Trust Agreement, dated as of April 1, 2024 (the “Agreement”), among the Issuer, the Institution and the Trustee. The payments pursuant to the Agreement are general obligations of the Institution. The proceeds of the Bonds are expected to be used to (i) finance and refinance certain capital projects, including repaying a portion of the Institution’s commercial paper, the proceeds of which were used to finance a portion of such projects, (ii) refund through purchase by means of a tender offer and cancellation certain bonds previously issued by the Issuer for the benefit of the Institution, and (iii) pay costs of issuance of the Bonds, as more fully described under “PLAN OF FINANCING” herein.

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL AND MAKE-WHOLE REDEMPTION PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

The Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of their legality and certain other matters by Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts, and for the Underwriters by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the Bonds will be available in definitive form for delivery to DTC in New York, New York or its custodial agent on or about April 24, 2024.

Goldman Sachs & Co. LLC

Barclays

Morgan Stanley

Wells Fargo Securities

BofA Securities

J.P. Morgan

Loop Capital Markets

TD Securities

Academy Securities

RBC Capital Markets

Siebert Williams Shank & Co., LLC

Dated: April 9, 2024

MATURITY SCHEDULE

\$734,995,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

Revenue Bonds

Harvard University Issue, Series 2024B

| Due (February 15) | Amount | Interest Rate | Yield | CUSIP[†] Number |
|------------------------------|---------------|----------------------|--------------|---------------------------------|
| 2030 | \$ 30,075,000 | 5.000% | 2.650% | 57585BAH1 |
| 2031 | 56,120,000 | 5.000 | 2.630 | 57585BAJ7 |
| 2033 | 205,705,000 | 5.000 | 2.730 | 57585BAK4 |
| 2034 | 300,470,000 | 5.000 | 2.740 | 57585BAL2 |
| 2036 | 142,625,000 | 4.000 | 3.030 | 57585BAM0 |

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IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS (INCLUDING DEALERS DEPOSITING BONDS INTO INVESTMENT TRUSTS) AND DEALER BANKS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE HEREOF AND SAID OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

No dealer, broker, salesperson or other person has been authorized by the Issuer, the Institution or the Underwriters to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and the Appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Issuer neither has nor assumes any responsibility as to the accuracy or completeness of the information contained in this Official Statement, other than that appearing under the captions "THE ISSUER" and "LITIGATION – The Issuer" (but only insofar as it relates to the Issuer). The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof.

Certain information contained herein has been obtained from the Institution, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Issuer or the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information herein relating to the Institution and its affairs and condition has been provided by such entity, and none of the Issuer or the Underwriters make any representation with respect to or warrants the accuracy of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The Institution has agreed to enter into a Continuing Disclosure Agreement pursuant to which the Institution will provide certain continuing disclosure to the extent required by law. The purpose of the Continuing Disclosure Agreement is to assist the Underwriters in complying with Rule 15c2-12, as amended, of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be used, in whole or in part, for any other purpose. The information and expression of opinions set forth herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof. The order and placement of materials in this Official Statement, including the Appendices, are not deemed to be a

determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAW, AND THE AGREEMENT HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON THE EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE AND NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR GOVERNMENTAL ENTITY OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY HEREOF. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Official Statement, including Appendix A, contains statements which should be considered “forward-looking statements,” meaning they refer to possible future events or conditions. Such statements are generally identifiable by the words such as “plan,” “expect,” “estimate,” “budget” or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Issuer nor the Institution expect or intend to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for the purposes of Rule 15c2-12 by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

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OFFICIAL STATEMENT

Relating to

\$734,995,000

MASSACHUSETTS DEVELOPMENT FINANCE AGENCY

Revenue Bonds

Harvard University Issue, Series 2024B

INTRODUCTION

Purpose of this Official Statement

This Official Statement, including the cover page, and appendices hereto, sets forth certain information in connection with the issuance and sale of the Revenue Bonds, Harvard University Issue, Series 2024B (the “Bonds”) of the Massachusetts Development Finance Agency (the “Issuer”), a body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”). The Issuer is authorized under Chapter 23G and, to the extent incorporated therein, Chapter 40D of the Massachusetts General Laws (said Chapters, collectively and as amended, the “Act”), and pursuant to a resolution of the Issuer adopted on March 14, 2024 (the “Resolution”), to issue the Bonds. The Bonds will be issued pursuant to Loan and Trust Agreement dated as of April 1, 2024 (the “Agreement”) by and among the Issuer, President and Fellows of Harvard College (the “Institution”) and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Trustee”).

The information contained in this Official Statement is provided for use in connection with the initial sale of the Bonds. The definitions of certain terms used and not defined herein are contained in Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT.”

Plan of Financing

The proceeds of the Bonds will be used to (i) finance and refinance certain capital projects, including repaying a portion of the Institution’s commercial paper, the proceeds of which were used to finance such projects, (ii) refund through purchase by means of a tender offer and cancellation a portion of the Issuer’s Revenue Bonds Harvard University Issue, Series 2016A (the “2016A Bonds”), and (iii) pay costs of issuance of the Bonds.

On March 22, 2024, an “Invitation to Tender Bonds Made by President and Fellows of Harvard College” (the “Invitation”) was released, inviting owners of certain maturities of the 2016A Bonds (the “Target Bonds”) to offer to sell to the Institution for payment in cash their Target Bonds in an aggregate principal amount of up to \$432,720,000 at the applicable tender offer purchase prices designated in the Invitation (the “Tender Offer”). Goldman Sachs & Co. LLC and Loop Capital Markets LLC have been retained to act as exclusive dealer managers (collectively, the “Dealer Managers”) in connection with the Tender Offer. The Invitation was made by the Institution, with the assistance of the Dealer Managers. The purchase price of the Target Bonds will be paid from the proceeds of the Bonds, as described herein, along with other funds of the Institution. The Dealer Managers will be paid a customary fee by the Institution and will be reimbursed by the Institution for any expenses they incur as the Dealer Managers of the Tender Offer. The Dealer Managers are also Underwriters (as defined herein) of the Bonds.

See “Issuer Instruction of Preference of Allocation of the Bonds” below, and “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Issuer Instruction of Special Consideration of Allocations of the Bonds

The Issuer, upon the direction of the Institution, instructed Goldman Sachs & Co. LLC (the “Representative”), as representative of the underwriters named on the cover page hereof (collectively, the “Underwriters”), that holders of Target Bonds whose tenders were accepted and who also submitted an order to purchase Bonds would receive special consideration of allocation for a like maturity of the Bonds up to the principal amount of such Target Bonds, subject to acceptance by the Institution. Such special consideration instructions were subject to the Representative’s discretion and alteration at the Institution’s discretion as further described herein. As such, holders of Target Bonds were advised that such special consideration may not ultimately be possible.

See also “PLAN OF FINANCING – Tender for Purchase” herein.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

The Issuer, the Institution and the Trustee shall execute the Agreement, which provides that, to the extent permitted by law, the obligation of the Institution to make the payments thereunder is a general obligation of the Institution and that the full faith and credit of the Institution are pledged to its performance. The Agreement also provides, among other things, that the Institution shall make payments to the Trustee equal to principal and interest on the Bonds and certain other payments required by the Agreement. The Agreement shall remain in full force and effect until such time as all of the Bonds and the interest thereon have been fully paid or until adequate provision for such payments has been made. The obligation of the Institution to make payments under the Agreement is unsecured.

The Bonds are special obligations of the Issuer, equally and ratably secured by and payable from a pledge of and lien on, to the extent provided by the Agreement, the moneys received with respect to the Bonds by the Trustee for the account of the Issuer pursuant to the Agreement.

Under the Agreement, the Issuer assigns and pledges to the Trustee in trust upon the terms of the Agreement (i) all Revenues to be received from the Institution or derived from any security provided thereunder, (ii) all rights to receive such Revenues and the proceeds of such rights, (iii) all funds and investments held from time to time in the funds established under the Agreement and (iv) all of its right, title and interest in the Agreement, including enforcement rights and remedies but excluding certain rights of indemnification and to reimbursement of certain expenses as set forth in the Agreement. Under the Act, to the extent authorized or permitted by law, the pledge of Revenues is valid and binding from the time when such pledge is made and the Revenues and all income and receipts earned on funds held by the Trustee for the account of the Issuer shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

The assignment and pledge by the Issuer does not include (i) the rights of the Issuer pursuant to provisions of the Agreement for consent, concurrence, approval or other action by the Issuer, notice to the Issuer, or the filing of reports, certificates or other documents with the Issuer, (ii) the right of the Issuer to any payment or reimbursement pursuant to the Agreement or (iii) the powers of the Issuer as stated in the Agreement to enforce the rights set forth in subclauses (i) and (ii) of this sentence.

As additional security for its payment obligations under the Agreement, the Institution, pursuant to the Agreement, grants to the Trustee a security interest in the moneys and other investments and any proceeds thereof held in the funds established under the Agreement.

The Institution's payment obligations under the Agreement constitute unsecured general obligations of the Institution. Such payment obligations are not secured by a reserve fund, mortgage lien or security interest on or in any funds or other assets of the Institution. The Institution is not required to pay to the Trustee amounts necessary to pay the principal of and interest on the Bonds until the opening of business on the Business Day next preceding the date on which such payment is due; therefore, the funds held from time to time by the Trustee for the benefit of Bondowners under the Agreement are expected to be minimal.

The Institution has other unsecured general obligations outstanding. As of June 30, 2023, the Institution had approximately \$5.9 billion principal amount of indebtedness outstanding, including long-term debt and commercial paper. Subsequent to June 30, 2023, the Institution paid down approximately \$93.2 million principal amount of long-term debt and drew down an additional \$92.7 million of commercial paper. On March 12, 2024, the Institution issued \$750,000,000 principal amount of its Taxable Bonds, Series 2024A (the "Series 2024A Bonds"), for general corporate purposes of the Institution and to pay costs of issuance of the Series 2024A Bonds. The Series 2024A Bonds are an unsecured general obligation of the Institution. In addition, pursuant to the Tender Offer, the Institution on April 10, 2024, accepted \$334,925,000 aggregate principal amount of the Target Bonds tendered for purchase, which Target Bonds will be purchased by the Institution on the Settlement Date (defined herein). Upon delivery of the Bonds, excluding the commercial paper to be repaid with the proceeds of the Bonds and the Target Bonds canceled pursuant to the Tender Offer, the total outstanding principal amount of indebtedness, including the Series 2024A Bonds, is expected to be approximately \$6.8 billion. See, "PLAN OF FINANCING" herein.

The Institution is not restricted by the Agreement or otherwise from incurring additional indebtedness. Such additional indebtedness, if issued, may be either secured or unsecured and may be entitled to payment prior to the Institution's payment obligations under the Agreement. The Agreement also does not contain any financial covenants limiting the ability of the Institution to encumber or dispose of its property or merge with any other entity, or any covenants. Further, the Institution is not required by the Agreement to produce revenues at any specified level or to obtain any insurance with respect to its property or operations.

Acceleration

The Trustee may declare all of the Bonds immediately due and payable prior to maturity at par, plus accrued interest, upon an Event of Default under the Agreement. See Appendix C – "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT – Summary of Certain Provisions of the Agreement – Default and Remedies."

THE BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER OR A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY POLITICAL SUBDIVISION THEREOF. THE PRINCIPAL OR MAKE-WHOLE REDEMPTION PRICE OF AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THEIR PAYMENT UNDER THE AGREEMENT. THE ISSUER HAS NO TAXING POWER UNDER THE ACT.

THE ISSUER

The Issuer is authorized and empowered under the laws of the Commonwealth, including the Act, to issue the Bonds for the purposes described herein and to enter into the Agreement and other agreements and instruments necessary to issue and secure the Bonds.

Except for the information contained herein under the caption “THE ISSUER” and “LITIGATION – The Issuer”, the Issuer has not provided any of the information contained in this Official Statement. The Issuer is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Institution, the Underwriters or any other person.

THE BONDS

Description of the Bonds

The Bonds will be issued in the aggregate principal amount set forth on the cover page hereof, will be dated the date of original issuance and will bear interest from such date, payable on August 15, 2024 and each February 15 and August 15 thereafter at the respective rates set forth on the inside cover page hereof and will mature as set forth on the inside cover page hereof. Interest on the Bonds will be calculated on the basis of twelve 30-day months for a 360-day year.

Subject to the provisions discussed under “—Book-Entry-Only System” below, the Bonds are issuable as fully-registered bonds without coupons in the minimum denomination of \$5,000 or any multiple thereof. Principal and Make-Whole Redemption Price (as defined below) of the Bonds will be payable at the principal corporate trust office of the Trustee, and interest on the Bonds will be paid by check or draft mailed to the registered owner as of the first (1st) day of the month in which interest is to be paid for the Bonds (the “Record Date”) or by wire transfer as provided in the Agreement.

Optional Redemption

The Bonds are subject to redemption prior to maturity at the option of the Institution by the written direction of the Institution to the Issuer and the Trustee, in whole or in part (in Authorized Denominations), at any time, in such order of maturity as directed by the Institution, at the Make-Whole Redemption Price.

The “Make-Whole Redemption Price” means the greater of:

(1) one hundred percent (100%) of the Amortized Value (as defined below) of the Bond to be redeemed; or

(2) an amount equal to the sum of the present values of the remaining unpaid payments of principal and interest to be paid on the Bond to be redeemed from and including the date of redemption to the stated maturity date of such Bond, discounted to the date of redemption on a semiannual basis at a discount rate equal to the Applicable Tax-Exempt Municipal Bond Rate (as described below) for such Bond minus 25 basis points (0.25%),

plus, in each case, accrued interest to the date of redemption.

The “Applicable Tax-Exempt Municipal Bond Rate” for such Bond will be the Comparable AAA General Obligations yield curve rate for the stated maturity date of such Bond as published by Municipal Market Data five Business Days prior to the date of redemption. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined, and the Applicable Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis.

In calculating the Applicable Tax-Exempt Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, then the Applicable Tax-Exempt Municipal Bond Rate will equal the AAA Benchmark Index yield curve rate (as published daily by Municipal Market Advisors) for the applicable year.

In the further event that Municipal Market Advisors no longer publishes the AAA Benchmark Index yield curve rate, the Applicable Tax-Exempt Municipal Bond Rate will be determined by Goldman Sachs & Co. LLC or a successor determined by the Institution, as the quotation agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity of those tax-exempt general obligation bonds rated in the highest rating category by Moody's and S&P with a maturity date equal to the stated maturity date of such Bond having characteristics (other than the ratings) most comparable to those of such Bond in the judgment of the quotation agent. The quotation agent's determination of the Applicable Tax-Exempt Municipal Bond Rate is final and binding in the absence of manifest error.

The "Amortized Value" will equal the principal amount of the Bond to be redeemed multiplied by the price of such Bond expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the date of redemption, a maturity date equal to the stated maturity date of such Bond and a yield equal to such Bond's original offering yield as set forth on the inside cover page of this Official Statement.

The Make-Whole Redemption Price will be determined by an independent accounting firm or independent financial advisor (which accounting firm or financial advisor shall be retained by the Institution at the expense of the Institution) in order to calculate such redemption price. Each of the Trustee, the Issuer and the Institution may conclusively rely on such accounting firm's or financial advisor's determination of such redemption price and will bear no liability for such reliance.

Purchase of Bonds by the Institution

The Institution may purchase Bonds of any maturity and credit them against the principal payment for such maturity at the principal amount by delivering them to the Trustee for cancellation at least sixty (60) days before the principal payment date. Whenever Bonds are called for optional redemption, the Institution may purchase some or all of the Bonds called for redemption if it gives written notice, as appropriate, to the Trustee and the Issuer not later than the day before the redemption date that it wishes to purchase the principal amount of Bonds specified in the notice, on the redemption date, at a purchase price equal to the Make-Whole Redemption Price. Any such purchase of Bonds by the Institution shall not be deemed to be a payment or redemption of the Bonds or any portion thereof and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds.

Selection of Bonds

If less than all of the Bonds are called for redemption, the Institution will select the maturity or maturities, or sinking fund installment or installments, as applicable, from which the Bonds are to be redeemed. If less than all of the Bonds within a maturity are to be redeemed, the particular Bonds to be called for redemption shall be selected by the Trustee by lot or in any customary manner as determined by the Trustee; provided, however, that so long as DTC or its nominee is the Bondowner, the particular portions of the Bonds to be redeemed shall be selected by lot by DTC in such manner as DTC may determine.

Notice of Redemption and Other Notices

So long as DTC or its nominee is the Bondowner, the Issuer and the Trustee will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory and regulatory requirements which may be in effect from time to time.

The Trustee shall give notice of redemption to the Bondowners not less than twenty (20) days nor more than forty-five (45) days prior to the date fixed for redemption. Such notice of redemption may state that the proposed redemption is conditioned upon there being on deposit in the Redemption Fund on the redemption date sufficient funds to pay the full Make-Whole Redemption Price of the Bonds to be redeemed. Failure to mail notice to a particular Bondowner, or any defect in the notice to such Bondowner, shall not affect the redemption of any other Bond. So long as DTC or its nominee is the Bondowner, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a Direct Participant or otherwise) to notify the Beneficial Owner so affected shall not affect the validity of the redemption.

Effect of Redemption

On the redemption date, the Make-Whole Redemption Price of each Bond to be redeemed will become due and payable; and from and after such date, notice having been properly given and amounts having been made available and set aside for such redemption in accordance with the provisions of the Agreement, notwithstanding that any Bonds called for redemption have not been surrendered, no further interest will accrue on any Bonds called for redemption.

Book-Entry-Only System

DTC will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies,

and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants,” and together with Direct Participants, “Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, Make-Whole Redemption Price of and interest on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Issuer or the Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Underwriters, the Trustee, the Institution or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or Make-Whole Redemption Price of, and interest to Cede & Co. (or such other nominee as may be requested by an

authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, such Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC. See "Certificated Bonds" below.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer, the Institution and the Underwriters believe to be reliable, but the Issuer, the Institution and the Underwriters take no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications to DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NONE OF THE ISSUER, THE INSTITUTION, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE BONDS.**

So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, references herein to Bondowners or registered owners of the Bonds (other than under the heading "TAX EXEMPTION" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

For every transfer and exchange of Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds, or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by the Issuer or restricted registration is no longer in effect, Bond certificates will be delivered.

NONE OF THE ISSUER, THE INSTITUTION OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE AGREEMENT; (III) THE SELECTION BY DTC OR ANY

DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL, MAKE-WHOLE REDEMPTION PRICE OF OR INTEREST DUE WITH RESPECT TO THE BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE BONDS; OR (VI) ANY OTHER MATTER.

Certificated Bonds

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. In addition, the Issuer may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interests of the Beneficial Owners. If for either reason the Book-Entry-Only system is discontinued, Bond certificates will be delivered as described in the Agreement and the Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Bondowner. Thereafter, the Bonds may be exchanged for an equal aggregate principal amount of the Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the principal corporate trust office of the Trustee. The transfer of any Bond may be registered on the books maintained by the Trustee for such purpose only upon assignment in form satisfactory to the Trustee. For every exchange or registration of transfer of the Bonds, the Issuer and the Trustee may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the Bondowner for any exchange or registration of transfer of the Bonds. The Trustee will not be required to register the transfer of or exchange any Bond during the notice period preceding any redemption if such Bond (or any part thereof) is eligible to be selected or has been selected for redemption.

PLAN OF FINANCING

The proceeds of the Bonds are expected to be applied to (i) finance and refinance certain capital projects (and as further defined below, the "Projects"), including repaying \$70 million of the Institution's outstanding commercial paper (the "Commercial Paper"), the proceeds of which financed certain of the Projects (as defined below), (ii) refund through purchase and cancellation the Target Bonds accepted for purchase through the Tender Offer, and (iii) pay costs of issuance of the Bonds.

Projects

The Institution expects that the portion of the Bond proceeds to be used for the Projects will be held in an Institution-established fund, which will be applied by the Institution to the repayment of the Commercial Paper on or after the date of issuance of the Bonds (and in any event within ninety (90) days following the issuance of the Bonds) and to the payment of Projects.

Specifically, the capital projects currently expected to be financed or refinanced, in whole or in part, with proceeds of the Bonds (the "Projects") include renovations to undergraduate student housing at the main campus, the renovation of Gordon Hall, a Harvard Medical School administrative building at the Longwood campus, and construction of new Harvard affiliate housing at the Allston campus.

Tender for Purchase

On March 22, 2024, the Institution caused the release of the Invitation, inviting owners of the Target Bonds to offer to tender their Target Bonds pursuant to the Tender Offer on the terms and conditions described in the Invitation.

The Invitation was made by the Institution, with the assistance of the Dealer Managers. The purpose of the Tender Offer was to give the Institution the opportunity to retire a portion of the Target Bonds with a portion of the proceeds of Bonds, along with other funds of the Institution, on the date of issuance of the Bonds (the “Settlement Date”).

The Invitation expired by its terms on April 5, 2024. On April 10, 2024, the Institution accepted \$334,925,000 aggregate principal amount of the Target Bonds tendered for purchase. The Target Bonds tendered for purchase will be canceled on the Settlement Date. See “ESTIMATED SOURCES AND USES OF FUNDS.”

The Issuer, upon the direction of the Institution, instructed the Representative that holders of Target Bonds whose tenders were accepted and who also submitted an order to purchase Bonds would receive special consideration of allocation for a like maturity of the Bonds up to the principal amount of such Target Bonds, subject to acceptance by the Institution. The Representative had the discretion to accept orders outside of the Issuer’s instructed special consideration if the Representative determined it would be in the best interest of the Underwriters of the Bonds, as per the rules of the Municipal Securities Rulemaking Board, and the Institution also had the discretion to direct the Issuer to alter its special consideration instructions. As such, holders of the Target Bonds were advised in the Invitation that such special consideration allocation may not ultimately have been possible.

This section is not intended to summarize all of the terms of the Invitation and reference is made to the Invitation for a discussion of the terms of the Tender Offer and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase.

The Target Bonds accepted for purchase are listed in the table below.

Description of Target Bonds Accepted for Purchase

**Massachusetts Development Finance Agency
Revenue Bonds
Harvard University Issue, Series 2016A**

| Maturity Date (July 15)¹ | Interest Rate | Principal Amount Outstanding | Principal Amount Tendered for Purchase | Principal Amount Accepted for Purchase | Purchase Price as a Percentage of Pay | CUSIP[†] |
|--|----------------------|-------------------------------------|---|---|--|--------------------------|
| 2030 | 5.00% | \$44,905,000 | \$32,935,000 | \$32,935,000 | 106.597% | 57584XXY2 |
| 2031 | 5.00 | 39,115,000 | 11,895,000 | 11,895,000 | 106.824 | 57584XXZ9 |
| 2033 | 5.00 | 169,145,000 | 93,295,000 | 93,295,000 | 106.664 | 57584XYA3 |
| 2034 | 5.00 | 103,740,000 | 46,800,000 | 46,800,000 | 106.659 | 57584XYB1 |
| 2036 | 4.00 | 400,000,000 | 309,925,000 | 150,000,000 | 103.378 | 57584XYC9 |

¹ Target Bonds are callable at par beginning on July 15, 2026.

[†] CUSIP numbers are included solely for the convenience of the holders of the Target Bonds. None of the Institution, Issuer, Trustee or Underwriters is responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to the correctness of the CUSIP numbers on the Target Bonds or as indicated above.

ESTIMATED SOURCES AND USES OF FUNDS

The table below sets forth the estimated sources and uses of funds in connection with the issuance of the Bonds.

| Sources of Funds: | Total |
|--|-------------------------|
| Principal Amount of Bonds | \$734,995,000.00 |
| Premium | 120,037,897.65 |
| Other Institution Funds for Purchase of Target Bonds | 6,629,344.83 |
| Total Sources | \$861,662,242.48 |
| | |
| Uses of Funds: | |
| Projects ⁽¹⁾ | \$500,000,000.00 |
| Purchase of Target Bonds | 356,502,746.30 |
| Costs of Issuance ⁽²⁾ | 5,159,496.18 |
| Total Uses | \$861,662,242.48 |

(1) Includes refinancing the Commercial Paper, the proceeds of which financed certain Projects. See "PLAN OF FINANCING" herein.

(2) Includes the Underwriters' compensation and other costs of issuing the Bonds.

RATINGS

Moody's Investors Service, Inc. has assigned a rating of "Aaa" with a stable outlook to the Bonds and S&P Global Ratings has assigned a rating of "AAA" with a stable outlook to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Goldman Sachs & Co. LLC, as representative of the underwriters named on the cover page hereof (collectively, the "Underwriters"), will agree to purchase the Bonds at an aggregate purchase price of \$852,567,795.59 (representing the principal amount of the Bonds, plus an aggregate original issue premium of \$120,037,897.65 and less an underwriting discount of \$2,465,102.06), pursuant to a purchase contract. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The contract for the purchase of the Bonds by the Underwriters is subject to certain conditions and provides that the Underwriters will purchase all the Bonds if any are purchased and requires the Institution to make certain representations and to indemnify the Underwriters and the Issuer and certain other parties against losses, claims, damages or liabilities arising out of any incorrect statements or information, including any omission of material facts, contained in certain portions of this Official Statement described in the fifth paragraph under the heading "MISCELLANEOUS." The public offering prices set forth on the inside cover page hereof may be changed after the initial offering by the Underwriters.

Goldman Sachs & Co. LLC is acting as lead Dealer Manager and Loop Capital Markets LLC is acting as co-Dealer Manager (collectively, the “Dealer Managers”) in connection with the Tender Offer described in “PLAN OF FINANCING – Tender for Purchase.” The Target Bonds, if purchased, will be tendered under the terms of the Invitation with the assistance of the Dealer Managers, in their capacity as the Dealer Managers for the Tender Offer and not as Underwriters of the Bonds. The Dealer Managers will be paid a customary fee by the Institution and will be reimbursed by the Institution for any expenses they incur as the Dealer Managers of the Tender Offer.

BofA Securities, Inc., as one of the Underwriters of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue prices less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley & Co. LLC (“Morgan Stanley”) has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

TD Securities (USA) LLC, one of the Underwriters of the Bonds, has entered into a negotiated dealer agreement (the “TD Dealer Agreement”) with InvestorLink Capital Markets, LLC (“ICM”) for the retail distribution of certain securities offerings, including the offered Bonds at the original issue prices. Pursuant to the TD Dealer Agreement, ICM may purchase Bonds from TD Securities (USA) LLC at the original issue prices less a negotiated portion of the selling concession applicable to any of the Bonds ICM sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings,

including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer or the Institution, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer or the Institution.

CONTINUING DISCLOSURE

The Issuer

No financial or operating data concerning the Issuer is material to any decision to purchase, hold or sell the Bonds and the Issuer will not provide any such information. The Institution has undertaken all responsibilities for any continuing disclosure to the holders and beneficial owners of the Bonds as described below, and the Issuer shall have no liability to the holders and beneficial owners of the Bonds or any other person with respect to such disclosures.

The Institution

The Institution has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Institution (the "Annual Report") by not later than March 1 of each year and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and the notices of material events are to be filed by the Institution, or by the Trustee on behalf of the Institution, in electronic form with the Electronic Municipal Market Access system ("EMMA") maintained by the Municipal Securities Rulemaking Board (the "MSRB"). These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). On the date of delivery of the Bonds, the Institution and the Trustee will enter into the Continuing Disclosure Agreement substantially in the form attached hereto as Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." The Institution has entered into previous continuing disclosure undertakings in connection with certain bonds issued by the Issuer or its predecessor issued for the benefit of the Institution. The Institution complied in all material respects with its obligations under such undertakings during the previous five years, except for the following: (i) with respect to the Issuer's Revenue Bonds, Harvard University Issue, Series 2010B only, the annual report for fiscal year ended June 30, 2019 was filed subsequent to the applicable deadline; and (ii) notice of the incurrence of a financial obligation in connection with the Institution's Taxable Bonds, Series 2022A was filed subsequent to the applicable deadline.

TAX EXEMPTION

In the opinion of Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although Bond Counsel observes that under Section 56A of the Code such interest will be included in the computation of “adjusted financial statement income” of applicable corporations (as defined in Section 59(k) of the Code) and accordingly will be taken into account in the computation of the alternative minimum tax applicable to such corporations with respect to their tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The Issuer and the Institution have covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and that the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondowners should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel has not opined as to the taxability of the Bonds or the income therefrom under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, in general, the issue price of a particular maturity of the Bonds may be established by reference to the first price at which a substantial amount of such maturity of the Bonds is sold to the public. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondowners should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the issue price established therefor.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds (“Premium Bonds”), will be treated as having amortizable bond premium for federal income

tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondowner's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondowner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Prospective Bondowners should be aware that certain requirements and procedures contained or referred to in the Agreement and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Prospective Bondowners also should be aware that from time to time legislation is or may be proposed which, if enacted into law, could result in interest on the Bonds being subject directly or indirectly to federal income taxation, or otherwise prevent Bondowners from realizing the full benefit provided under current federal tax law of the exclusion of interest on the Bonds from gross income. To date, no such legislation has been enacted into law. However, it is not possible to predict whether any such legislation will be enacted into law. Further, no assurance can be given that any pending or future legislation, including amendments to the Code, if enacted into law, or any proposed legislation, including amendments to the Code, or any future judicial, regulatory or administrative interpretation or development with respect to existing law, will not adversely affect the market value and marketability of, or the tax status of interest on, the Bonds. Prospective Bondowners are urged to consult their own tax advisors with respect to any such legislation, interpretation or development.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondowner's federal or state tax liability. The nature and extent of these other collateral tax consequences will depend upon the particular tax status of the Bondowner or the Bondowner's other items of income, deduction or exclusion. Without limiting the foregoing, Bondowners who are also participating in the tender of Target Bonds should be aware that they may be subject to special federal tax law rules in respect of a tender of Target Bonds followed by a purchase of Bonds. Among other matters, these special federal tax law rules may affect the determination of such Bondowners' basis in the Bonds. Bond Counsel expresses no opinion regarding any such other collateral tax consequences, and Bondowners should consult with their own tax advisors with respect to such consequences.

LEGALITY OF BONDS FOR INVESTMENT AND DEPOSIT

The Act provides that the Bonds are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all Massachusetts insurance companies, trust companies, savings banks, co-operative banks, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Under the Act, the Bonds are securities which may properly and legally be deposited with and received by any Commonwealth or municipal officer of any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations of the Commonwealth is now or may hereafter be authorized by law.

LITIGATION

The Issuer

There is no litigation pending against the Issuer or, to the knowledge of the officers of the Issuer, threatened against the Issuer seeking to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting the existence or the powers of the Issuer relating to the issuance of the Bonds.

The Institution

See Appendix A with respect to the absence of material litigation affecting the Institution.

COMMONWEALTH NOT LIABLE ON BONDS

The Bonds are not a general obligation of the Issuer and shall not be deemed to constitute a debt or liability of the Commonwealth or any political subdivision thereof, or a pledge of the faith and credit of the Issuer or the Commonwealth or any such political subdivision, but shall be payable solely from and to the extent of the payments made by the Institution pursuant to the Agreement and any other funds held under the Agreement for such purpose. Neither the faith and credit of the Issuer or the Commonwealth nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Act does not in any way create a so-called moral obligation of The Commonwealth of Massachusetts or of any political subdivision thereof to pay debt service in the event of default by the Institution. The Issuer has no taxing power under the Act.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Bonds by the Issuer are subject to the approval of Hinckley, Allen & Snyder LLP, Boston, Massachusetts, Bond Counsel, whose opinion approving the validity and tax exempt status of the Bonds will be delivered with the Bonds. A copy of the proposed form of such opinion is attached hereto as Appendix D – “PROPOSED FORM OF BOND COUNSEL OPINION.” Certain legal matters will be passed on for the Institution by its counsel, Ropes & Gray LLP, Boston, Massachusetts, and for the Underwriters by its counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

INDEPENDENT ACCOUNTANTS

The consolidated balance sheet as of June 30, 2023, the related consolidated statements of changes in net assets with general operating account detail and of changes in net assets of the endowment for the year ended June 30, 2023 and of cash flows for the years ended June 30, 2023 and 2022, included in Appendix B of this Offering Memorandum, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing in Appendix B herein.

MISCELLANEOUS

The references to the Act and the Agreement are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to the Act and the Agreement for full and complete statements of such provisions. The agreements of the Issuer with the Bondowners are fully set forth in the Agreement, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement with the Bondowners. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of the Issuer and the Trustee.

Appendix A to this Official Statement sets forth certain operating and financial information of the Institution. Appendix B to this Official Statement sets forth the “Harvard University Financial Report Fiscal Year 2023,” which includes the audited financial statements of the Institution for the fiscal year ended June 30, 2023. While the information contained in such Report is believed to be reliable, neither the Issuer nor the Underwriters make any representations or warranties whatsoever with respect to such information.

Appendix C – “DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT” and Appendix D – “PROPOSED FORM OF BOND COUNSEL OPINION,” attached hereto, have been prepared by Hinckley, Allen & Snyder LLP, Bond Counsel to the Issuer.

All appendices hereto are incorporated herein as an integral part of this Official Statement.

The Institution has reviewed the portions of this Official Statement describing the Institution, “PLAN OF FINANCING,” “ESTIMATED SOURCES AND USES OF FUNDS” and “CONTINUING DISCLOSURE – The Institution,” has furnished Appendix A and Appendix B to this Official Statement, and has approved all such information for use with this Official Statement. At the closing, the Institution will certify that such portions of this Official Statement do not contain an untrue statement of a material fact or omit a statement of material fact necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

The Issuer has consented to the use of this Official Statement. The Issuer is responsible only for the statements contained under the caption “THE ISSUER” and the information pertaining to the Issuer under the caption “LITIGATION – The Issuer,” and the Issuer makes no representation as to the accuracy, completeness or sufficiency of any other information contained herein. Except as otherwise stated herein, neither the Issuer nor the Underwriters make any representations or warranties whatsoever with respect to the information contained herein.

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE INSTITUTION

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HARVARD UNIVERSITY

MASSACHUSETTS HALL
CAMBRIDGE, MASSACHUSETTS 02138

The following is information with respect to President and Fellows of Harvard College (“Harvard” or the “University”).

The University

Harvard is one of the nation’s oldest and most prestigious institutions of higher education, dedicated to teaching and research to advance the boundaries of human knowledge. Harvard is an educational corporation incorporated in 1650 by act of the Colony of Massachusetts Bay confirmed, as amended, in the Constitution of 1780 of The Commonwealth of Massachusetts. It is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The University consists of Harvard College, eleven graduate schools and several research institutes and museums. The University’s campus consists of approximately 25.8 million gross square feet spanning 631 acres across its principal sites in Cambridge, Massachusetts and the Allston and Longwood areas of Boston, Massachusetts.

By charter, Harvard has two governing boards – President and Fellows (also known as the “Corporation”) and the Board of Overseers. The Corporation consists of the President and Treasurer, along with eleven Fellows. Members of the Corporation (including the President and Treasurer) are elected by the Corporation, subject to the counsel and consent of the Board of Overseers. The Corporation oversees the management of the financial affairs of the University without need of consent by the Board of Overseers to specific transactions. The members of the Corporation are:

| Name | Title |
|-------------------------------|---|
| Alan M. Garber ¹ | Interim President, Harvard University |
| Timothy R. Barakett | Treasurer, Harvard University Chairman, TRB Advisors |
| Penny Pritzker | Senior Fellow, Harvard University Founder and Chairman, PSP Partners |
| Kenneth I. Chenault | Chairman and Managing Director, General Catalyst |
| Mariano-Florentino Cuéllar | President, Carnegie Endowment for International Peace |
| Paul J. Finnegan ² | Co-CEO, Madison Dearborn Partners |
| Kenneth C. Frazier | Chair of Health Assurance Initiatives, General Catalyst Former Executive Chairman and CEO, Merck & Co |
| Biddy Martin | Past President, Amherst College; Professor of German and Sexuality, Women’s and Gender Studies, Amherst College |
| Karen Gordon Mills | Senior Fellow, Harvard Business School President, MMP Group |
| Diana Nelson | Co-Chair, Carlson Holdings, Inc. |
| Tracy Pun Palandjian | Co-founder and CEO, Social Finance |
| Shirley M. Tilghman | President Emerita, Princeton University Professor of Molecular Biology and Public Affairs Emerita, Princeton University |
| Theodore V. Wells, Jr. | Partner, Paul, Weiss, Rifkind, Wharton & Garrison LLP |

¹ Alan Garber assumed the role of Interim President, succeeding President Claudine Gay, effective January 2, 2024.

² Paul J. Finnegan will conclude his service on the Corporation on June 30, 2024. Joseph Y. Bae, Co-CEO of global investment firm KKR, will join the Corporation on July 1, 2024.

The Board of Overseers consists of the President and the Treasurer *ex-officiis* and 30 persons elected by the alumni of the University for six-year staggered terms. A member of the Board of Overseers may serve more than one term. The consent of the Board of Overseers is required for certain acts of the Corporation, including the election of successors to Fellows, certain academic and administrative appointments (including the President and the Treasurer) and the awarding of degrees. The Board of Overseers also reviews the academic performance of the University through more than 50 visiting committees composed of both members of the Board of Overseers and others.

Administration

The academic affairs of the University are managed by the President, the Provost and the deans of the University’s faculties. The non-academic affairs of the University are managed by the President, the Treasurer, the Executive Vice President, and the Vice Presidents. Alan M. Garber, the University’s Provost at the time, was named Interim President on January 2, 2024. The Corporation anticipates commencing the search for Harvard’s next President in due course.

The principal administrative officers of the University are as follows:

| Name | Title |
|------------------------------|--|
| Alan M. Garber ³ | Interim President |
| John F. Manning ⁴ | Interim Provost |
| Timothy R. Barakett | Treasurer |
| Meredith Weenick | Executive Vice President |
| Paul Andrew | Vice President for Public Affairs and Communications |
| Manuel Cuevas-Trisán | Vice President for Human Resources |
| Eileen Finan ⁵ | Interim General Counsel |
| Marc Goodheart | Vice President and Secretary of the University |
| Ritu Kalra | Vice President for Finance and Chief Financial Officer |
| Klara Jelinkova | Vice President and Chief Information Officer |
| Brian K. Lee | Vice President for Alumni Affairs and Development |
| Martha Whitehead | Vice President for the Harvard Library |
| Sean Caron | Vice President for Campus Services |

Harvard Management Company

Harvard Management Company, Inc. (“HMC”), a wholly owned subsidiary of Harvard University founded in 1974, has delegated authority to manage the General Investment Account (which includes the University’s endowment) and the majority of the financial assets of the University pursuant to an Investment Advisory Agreement. Led by its Chief Executive Officer, N. P. “Narv” Narvekar, HMC’s mission is to help ensure that Harvard University has financial resources to maintain and expand its teaching, learning, and research activities.

HMC is governed by a Board of Directors, which includes the President, the Treasurer, and the Vice President for Finance and Chief Financial Officer of the University, as well as the Chief Executive Officer of HMC. Information on other members of HMC’s management and governance is available on HMC’s website.

³ Alan Garber assumed the role of Interim President, succeeding President Claudine Gay, effective January 2, 2024.

⁴ John Manning is serving as Harvard’s Interim Provost as of March 14, 2024, succeeding Alan Garber.

⁵ Eileen Finan is serving as Interim General Counsel as of March 1, 2024, succeeding Diane Lopez who retired February 29, 2024.

HMC's investment approach utilizes an internal generalist investment team that evaluates opportunities across asset classes, combined with external management teams that focus on specific investment areas.

For the fiscal year ended June 30, 2023 the return on the Harvard endowment was 2.9%. The value of the endowment on June 30, 2023 was \$50.7 billion.

Student Applications and Enrollment

The University receives applications substantially in excess of the number of students it can accept into its undergraduate and graduate programs. The following table shows applications received and the number of first-year students admitted to and enrolled in Harvard College (the University's principal undergraduate unit) for the fall terms of the academic years indicated.

| Recent Application Statistics | | | | | |
|-------------------------------|--|------------------------------|------------------------------|-----------------|-----------|
| Academic Year | First-Year Student Applications Received | First-Year Students Admitted | First-Year Students Enrolled | Selectivity (%) | Yield (%) |
| 2019-20 | 43,330 | 2,009 | 1,649 | 4.6% | 82.1% |
| 2020-21 | 40,428 | 2,015 | 1,407 | 5.0% | 69.8% |
| 2021-22 | 57,786 | 2,318 | 1,951 | 4.0% | 84.2% |
| 2022-23 | 61,221 | 1,984 | 1,646 | 3.2% | 83.0% |
| 2023-24 | 56,937 | 1,965 | 1,645 | 3.5% | 83.7% |

Source: University Records

The following table shows the total number of full-time equivalent undergraduate students and graduate-degree students enrolled for the fall term of the academic years indicated. (Figures do not include the Harvard Division of Continuing Education.)

| Student Enrollment | | | |
|--------------------|---------------|----------|--------|
| Academic Year | Undergraduate | Graduate | Total |
| 2019-20 | 6,739 | 13,523 | 20,262 |
| 2020-21 | 5,198 | 12,763 | 17,961 |
| 2021-22 | 7,095 | 13,565 | 20,660 |
| 2022-23 | 7,178 | 13,728 | 20,906 |
| 2023-24 | 7,063 | 13,450 | 20,513 |

Source: University Records

Tuition, Fees and Room & Board

The following table shows undergraduate charges for the academic years indicated.

| Tuition, Fees and Room & Board | | | |
|--------------------------------|------------------|------------------------|----------|
| Academic Year | Tuition and Fees | Average Room and Board | Total |
| 2019-20 | \$51,925 | \$17,682 | \$69,607 |
| 2020-21 | \$53,968 | \$18,389 | \$72,357 |
| 2021-22 | \$55,587 | \$18,941 | \$74,528 |
| 2022-23 | \$57,261 | \$19,502 | \$76,763 |
| 2023-24 | \$59,076 | \$20,374 | \$79,450 |

Source: University Records

Student Financial Aid

The University undergraduate admissions policy provides that admissions to Harvard College are need-blind, which allows the University to bring the best students to Harvard College, regardless of their ability to pay. Undergraduate aid packages typically consist of grants and employment, with a small percentage of students electing loans. In the 2022-2023 academic year, approximately 55% of Harvard College students received need-based scholarships, and 22% of Harvard College students paid nothing to attend. In that year, the average family contribution toward the cost of attendance (including tuition, fees, room & board, and travel) was \$16,100 for the students who received need-based aid. In April 2023 Harvard College announced an expansion of its financial aid program for the 2023-2024 academic year so students from families with incomes below \$85,000 could attend for free.

Faculty and Staff

Harvard employs approximately 2,500 faculty. Faculty tenure decisions are subject to the approval of the President, while certain other appointments (such as the Provost, Faculty Deans, Vice Presidents, University Professors, and selected others) are subject to the approval of the Joint Committee on Appointments, a joint committee of the University's two governing boards (the Corporation and the Board of Overseers). The University had approximately 19,777 full time equivalent (FTE) employees as of fall 2023 (including faculty and staff, but not including graduate student appointments and similar positions and temporary or less than half-time workers). Each school at the University has significant autonomy in establishing its own staffing policies, which include hiring and wage and salary administration.

Labor Relations

Approximately 6,400 of the University's employees are covered under seven collective bargaining agreements, represented by ten labor unions. Bargaining units consist of clerical and technical workers; dining service workers; custodians; arborists and gardeners; maintenance tradespersons; police officers; and museum, parking and security guards. The agreement with Service Employee International Union, Local 32BJ (Arboretum Employees) expired on November 16, 2023, and the parties are currently finalizing terms to extend the agreement to 2027. The other collective bargaining agreements have varying expiration dates through 2026.

The University also has a collective bargaining agreement with the union representing approximately 5,000 graduate student workers. This agreement expires in 2025. Additionally, approximately 400 undergraduate student workers have organized as Harvard Undergraduate Workers Union. Collective bargaining has commenced. A group of the University's non-tenure-

track academic workers has recently organized, but collective bargaining has not commenced. The University is also aware of an organizing effort involving residential advisors such as tutors, proctors, and house aides.

Campus Development

Harvard's primary campus is located in Cambridge and includes many historic buildings. Development efforts in Cambridge are primarily focused on renewal of existing structures for continued academic, research, housing, and support functions. A new building for the Economics Department behind the Littauer Center at the intersection of Cambridge Street and Massachusetts Avenue is currently in planning stages.

Like the main Cambridge campus, the University's medical campus in Longwood is not anticipated to change materially in the near term, with current development efforts focused on renewal and improvement of existing structures.

Harvard also has significant real estate holdings in Allston, across the river from its main Cambridge campus. Development in Allston is ongoing, consisting of both institutional development and commercial development efforts. Institutional development in Allston is governed by the University's ten-year Institutional Master Plan ("IMP"). Under an approved amendment to the existing IMP, two new institutional projects are under construction at 175 North Harvard Street: a research and performance center for the American Repertory Theater, and a housing complex for people affiliated with Harvard. Similarly, an institutional conference center approved under the existing IMP is under construction on Western Avenue. Harvard is currently in the process of filing a new IMP that will propose six major institutional projects totaling 138,000 square feet of renovation and 720,000 square feet of new construction. Regarding commercial development in Allston, the University has engaged several third-party real estate partners for a variety of mixed-use projects consisting of residential, office, lab, hotel and retail space to be built on land ground-leased from the University.

In 2018, expanding on earlier initiatives, Harvard announced climate goals for the University, including to be fossil-fuel neutral on its campus by 2026, and to eliminate completely the use of fossil fuels to heat, cool and power buildings and vehicles on its campus by 2050. In 2023, both the City of Cambridge and the City of Boston announced requirements for certain buildings to achieve net zero emissions by 2035 through 2050. These goals and requirements are incorporated in the University's campus development planning efforts across its Cambridge, Allston and Longwood campuses.

Litigation, Investigations, and Other Proceedings

The University is subject to various suits, audits, investigations and other legal proceedings in the course of its operations. Currently these include certain governmental investigations into allegations of bias on campus, among other topics, which have attracted considerable public attention. While the outcome and consequences, if any, are not determinable at present, no such proceedings are pending or threatened that, in management's opinion, would be likely to have a material adverse effect on the University's ability to meet its commitments related to the Bonds (as defined in the Official Statement to this transaction).

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APPENDIX B

HARVARD UNIVERSITY FINANCIAL REPORT FISCAL YEAR 2023

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HARVARD
UNIVERSITY



Financial Report

FISCAL YEAR 2023

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Message from the President

I am pleased to present Harvard University's Annual Financial Report for fiscal year 2023.

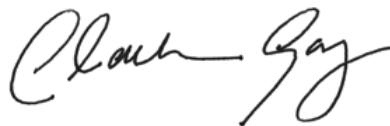
This document is far more than an accounting of our finances; it is a reflection of our commitment to expanding access to education and knowledge, to driving discovery and innovation, and to fulfilling our responsibility to a society that looks to Harvard for approaches and answers—for hope that tomorrow will be better than today.

Expanded financial aid—totaling \$851 million—continues to remove barriers to academic and research pursuits for all of our students. This year, we have adjusted an important threshold for our Harvard Financial Aid Initiative (HFAI). Undergraduates from families with annual incomes below \$85,000 are fully funded by the University—they pay nothing—and expected contributions for families with annual incomes between \$85,000 and \$150,000 max out at ten percent of annual income. More than half of the individuals studying at Harvard College today benefit from our ongoing commitment to affordability, which helps to provide our institution with the excellence it deserves and our society with the leaders it needs and expects.

Creating opportunity is not limited to supporting our own community. Axim Collaborative, a non-profit created by Harvard and MIT, announced in June a partnership with the United Negro College Fund to develop a custom platform that will expand digital learning capabilities across Historically Black Colleges and Universities (HBCUs), and Harvard Library is partnering with the HBCU Library Alliance to preserve and digitize African American history collections across the country. At the same time, we continue to share our tremendous collections with the public, opening the doors of the Harvard Art Museums to our neighbors throughout Greater Boston and visitors from around the world with free admission for all.

We do these things with an eye on the horizon and with the philanthropic support of alumni and friends, seeking out new ways our mission can meet the needs of our moment. The Kempner Institute is welcoming its first wave of faculty and fellows as artificial intelligence becomes a more central aspect of our work and lives, and the Salata Institute has just announced its first cohort of grant recipients. Fourteen climate change projects are being funded, and their diversity—from measuring the rising sea to mapping tolls on mental health to outfitting buildings with better materials—demonstrates not only the complexity of the work before us but also the possibility of making a difference across many dimensions of our research and teaching.

I arrived at Mass Hall on July 1 thinking that my experience as dean of the Faculty of Arts and Sciences had afforded me a wide perspective on the University, but every day has given me an opportunity to learn more about the ambition and courage of our community. As this handful of examples and the following pages demonstrate, there is no end to what we aspire to achieve together—no end to what we can achieve together.



Claudine Gay
PRESIDENT

September 2023

Financial Overview

From the Vice President for Finance and the Treasurer

This was a fiscal year marked by significant changes, both within the University and across the broader higher education landscape. Leadership transitions marked major turning points within Harvard, with the departures last year of President Larry Bacow, Executive Vice President Katie Lapp and Vice President for Finance and Chief Financial Officer Thomas Hollister. Their farsighted leadership helped make Harvard stronger, by every financial metric, than at any point in its history. We are grateful to each of them for their indelible and enduring contributions.

Outside of Harvard, fiscal year 2023 was characterized by changes no less profound. Volatility in the capital markets and rapidly rising interest rates—intended to curb even more rampantly rising inflation—led to three bank failures, among the largest in the country’s history; climate change catalyzed record heat and accelerating wildfires across the globe; the Supreme Court challenged the way in which we conduct admissions in our efforts to ensure a diverse class; and the potential of generative artificial intelligence, both propitious and perilous, erupted into the collective consciousness. The impacts from each promise to be profound.

Amidst this swirl of change, Harvard’s commitment to excellence, opportunity, and impact remained steadfast. The University generated an operating surplus of \$186 million or 3% of revenue, lower than last year’s surplus of \$406 million. This was driven by purposeful investments in the mission and the resurgence of expenses related to full campus operations, as well as inflationary pressures. This more modest operating margin is characteristic of the University’s results prior to the pandemic.

Careful stewarding of resources over the past several years made it possible to advance our pursuit of academic excellence, expand our commitment to opportunity and access, and initiate new programs to

address society’s most vexing challenges. This year, the University welcomed its inaugural cohort of PhDs in quantum science, pioneers at the academic frontier. Harvard College raised the income threshold for cost-free attendance to \$85,000, allowing an estimated 25% of undergraduate students to attend for free. And ongoing investments in initiatives, including Harvard and the Legacy of Slavery and the launch of the Axim Collaborative, call on Harvard to reckon with the past while reimagining learning for the future.

These commitments to academic excellence and opportunity would not be possible without our donors, past and present. Distributions from the endowment totaled \$2.2 billion or 37% of total revenue for the year. An additional 8% of revenue came in the form of current gifts. Donors’ generosity allows Harvard to advance mission-critical priorities. We are enormously grateful for their steadfast support.

While we rightly celebrate these achievements, we must acknowledge the financial challenges that lie in wait. On the heels of the most substantial interest rate tightening cycles since the 1970s, the cost of capital is anticipated to remain elevated, which may impact future investment returns. The end of the era of economic expansion, which we have written about in previous letters, may be upon us.

Indeed, while we are deeply appreciative of the capable navigation of complicated markets by CEO Narv Narvekar and his colleagues at Harvard Management Company, the 2.9% return on the endowment this year is below our long-term target return of 8%. Narv expressed caution about forward-looking returns in private portfolios last year, noting that “private managers have not yet marked their portfolios to reflect general market conditions.” Accordingly, this year, the disparity between the public and private markets continued, this time as private markets lagged on the upside.

We must be judicious in the way we access the endowment to support our operations, as it is not a checking account, but rather must be managed to support both current and future generations of students and scholars. Nevertheless, the endowment distribution increased by 4.5% in fiscal year 2023 and is budgeted for the same level of growth for fiscal year 2024. As stewards of the endowment, our focus is on both supporting the University today, as well as ensuring a consistent level of support in the future, a task that will be complicated by a potential low growth economic environment.

This backdrop is exacerbated by the reality that the costs of running a world-class university—of ensuring the resilience and accessibility of our buildings, of eliminating greenhouse gas emissions from our campus footprint as we collectively address climate change, of expanding access and affordability—continue to increase. Overall expenses rose 9% this fiscal year, double the increase in revenue.

This is not sustainable. Our pace of spending cannot continue unabated without a commensurate increase in revenue. Yet as we have discussed in prior years' letters, traditional sources of higher education revenue face significant constraints. Looking forward, we must respond prudently, by prioritizing activities which most consequentially contribute to our mission, and by identifying and operationalizing ways to use our financial, physical, and technological resources more effectively.

Even with these challenges on the horizon, Harvard's finances remain strong. The University's net assets, a fundamental measure of our resources, increased year-over-year. Schools and units continued to build reserves to help mitigate the impact of future constraint and support new investments. Harvard added only modest new debt in fiscal year 2023 and invested over \$500 million in renewing and improving our physical plant.

In closing, we want to thank each and every donor to the University—past and present—for making Harvard's excellence in teaching and research possible through your philanthropy. We want to thank Harvard's faculty, students and staff for revitalizing the campus following the pandemic, and for your vital contributions, on a daily basis, in making Harvard one of the world's preeminent institutions. We also want to extend a warm welcome to Harvard's 30th President, Claudine Gay, along with the University's new deans. Together, we are committed to advancing academic excellence and sustaining the farsighted stewardship that has been the gift of generations before us.



Ritu Kalra
VICE PRESIDENT FOR FINANCE



Timothy R. Barakett
TREASURER

September 2023

Harvard University's stewardship of its financial resources is aimed at advancing teaching, learning, and research priorities to make a positive impact in the world. This includes expanding access to education across the globe, supporting students with our strong financial aid program, fulfilling our ongoing dedication to public service, and transforming how problems are understood and addressed through research. The key financial highlights for fiscal year 2023 included in this report demonstrate the University's continued commitment to advancing these priorities.

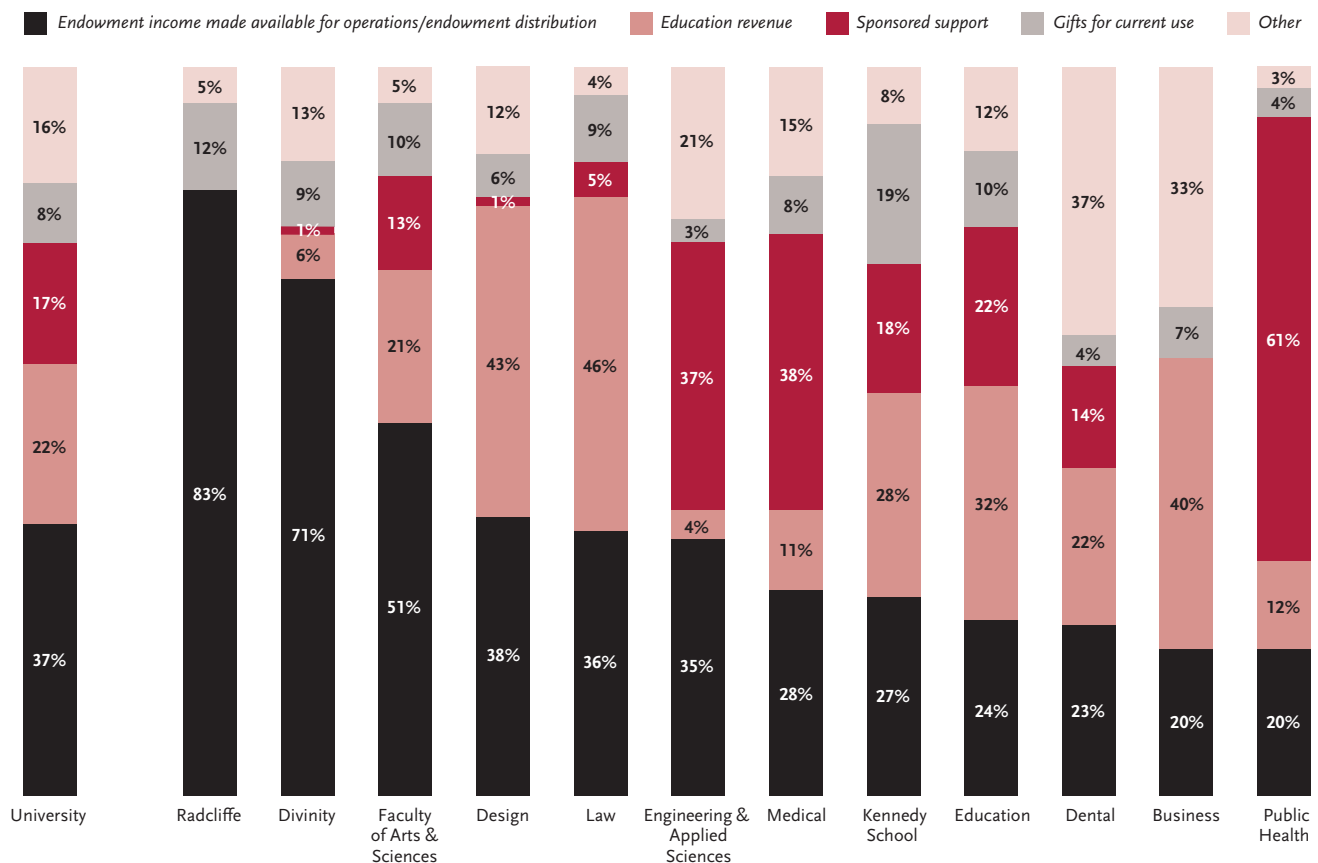
FINANCIAL OVERVIEW

The University ended fiscal year 2023 with an operating surplus of \$186 million compared to \$406 million in fiscal year 2022, on an operating revenue base that increased 5% or \$262 million, to \$6.1 billion. The reduced surplus was not unexpected and was driven primarily by expenses associated with renewed return to campus activity and strategic investments in our workforce, with increased compensation for faculty and staff, a decrease in vacancy rates, and overall growth in new workers across campus.

OPERATING REVENUES

The revenue profiles of Harvard's many schools and units vary widely, as each draws a different proportion of its budget from these primary sources as depicted in the following table:

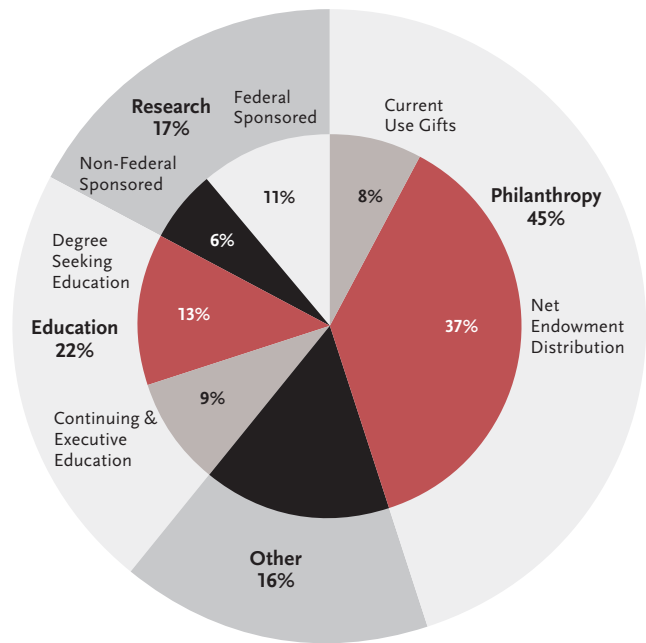
FISCAL YEAR 2023 SOURCES OF OPERATING REVENUE



Harvard's diversified activities rely on three main sources of revenue: education or tuition, sponsored research, and philanthropy, both past and present.

Total **education** revenue comprised 22% of revenue. This includes tuition and board and lodging income, net of financial aid, from both traditional degree seeking students (undergraduate, graduate, and professional), as well as executive and continuing education learners. In support of **research**, our faculty are awarded external grants by governmental and private partners to advance new academic knowledge; this sponsored funding made up 17% of revenue. Revenue generated each year from our education program and research endeavors is not sufficient to fund operations and as such, the University relies on **philanthropy** to fill in the gap. In fiscal year 2023, support from past and present donors provided 45% of revenue through current use gifts and endowment income, reflecting their generosity and belief in the broad impact of education and research at Harvard.

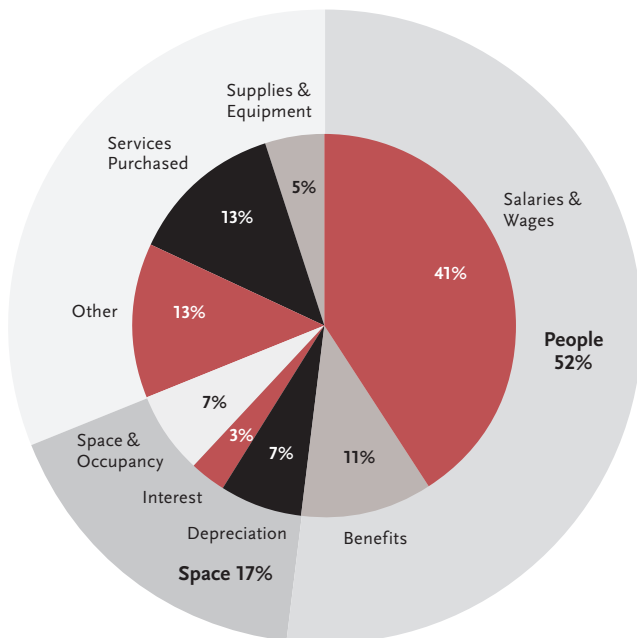
FISCAL YEAR 2023 OPERATING REVENUES



OPERATING EXPENSES

The spending associated with Harvard's diversified activities also encompass three primary categories, related to the faculty, staff and other **people** who make Harvard's work come alive; the classrooms, labs and other **spaces** in which their work is done; and the **supplies and services** they use to advance the work.

FISCAL YEAR 2023 OPERATING EXPENSES



The University's operating expenses increased by \$482 million or 9% to \$5.9 billion for fiscal year 2023. Spending rebounded in many areas across the University, reflecting both increased campus activity following the pandemic as well as the impact of inflation, with increases in compensation and higher discretionary spending (travel, food, supplies and equipment) leading the growth. Compensation, or **people**, expenses (i.e., salaries, wages and benefits) represented more than half of the University's total operating expenses in fiscal year 2023. Salaries and wages increased by 10% or \$215 million, to \$2.4 billion. This growth stemmed from wage increases, as well as an investment in new faculty and staff across campus. These new positions were the result of both filling open positions as well as targeted growth in key initiatives. Employee benefit expense grew 8% or \$44 million, in line with salaries and wages.

As pandemic restrictions continued to ease, expenditures related to **space** as well as discretionary costs both rebounded in fiscal year 2023. University-wide space costs grew by 11% or \$40 million, with the resumption of campus-based activity and an uptick in deferred maintenance projects. Other discretionary spending returned to pre-pandemic levels, largely driven by services purchased (+8% or \$59 million) and travel (+114% or \$50 million).

BALANCE SHEET

Investments and endowment

The return on the endowment in fiscal year 2023 was 2.9%. Its value (after the impact of distributions from the endowment for operations, and the addition of new gifts to the endowment during the year) stood at \$50.7 billion, down from \$50.9 billion at the end of fiscal year 2022. Additional information is available in the *Message from the CEO of Harvard Management Company*, found later in this report.

The University has a policy of maintaining liquidity outside of the endowment for operating purposes. These liquid, short-term investments totaled \$1.4 billion at June 30, 2023 compared to \$2.2 billion at June 30, 2022 (see *Note 2*), well above our minimum policy requirement.

Debt

Bonds and notes payable increased modestly from \$6.1 billion in fiscal year 2022 to \$6.2 billion in fiscal year 2023, driven by the issuance of \$177 million in commercial paper. Issuances included \$25 million tax-exempt commercial paper for capital spending and \$152 million taxable commercial paper to supplement the University's working capital. The University maintained its AAA rating by S&P Global Ratings and Aaa by Moody's Investor Services.

Fixed assets

The University invested \$512 million in capital for fiscal year 2023 compared to \$356 million in fiscal year 2022. Despite the increase in capital expenditures, the construction market continued to experience challenges in fiscal year 2023 including supply chain disruptions, equipment and construction labor availability, and permitting delays, resulting in subdued spending relative to the projects in the pipeline.

EDUCATION

In fiscal year 2023, across its 12 schools, Harvard enrolled 25,266 students from around the globe, including 7,178 undergraduates at Harvard College.

Total education revenue

Student income increased 9% or \$108 million to \$1.3 billion in fiscal year 2023. Revenue from traditional student programs (undergraduate and graduate) grew by 5% or \$54 million. Board and lodging revenue of \$221 million grew 11% as graduate students continued to return to on-campus housing. Executive and continuing education revenue totaled \$544 million, growing 12% or \$57 million. Financial aid applied to student income increased 5% or \$25 million to \$531 million in fiscal year 2023.

Undergraduate and graduate programs and financial aid

Harvard is committed to cultivating a diverse community of bright and talented students regardless of their ability to pay. Thanks to our robust financial aid program, approximately 55% of Harvard College students receive need-based scholarships and pay an average of \$16,100 for tuition, food and lodging. Since launching the Harvard Financial Aid Initiative in

2004, the College has awarded nearly \$3.1 billion in grant aid, and the undergraduate financial aid budget has nearly tripled from \$80 million in 2005 to \$247 million in 2023. The average net cost of attendance for all Harvard College students is \$42,695.

Approximately 94% of dollars supporting student financial aid at Harvard come from University sources, including gifts, the endowment and unrestricted funds. The other 6% comes from the federal government aid initiatives and other outside sponsors.

Harvard College has continued its ongoing efforts to expand financial aid by raising the family income threshold in 2023-2024 to \$85,000 — a \$10,000 increase from last year's threshold. This change means that an estimated 25% of families do not have to contribute anything to tuition, food or housing. In addition, to ensure that students can participate fully in the Harvard experience, Harvard augments this aid by providing low-income students with funding for health insurance, emergency expenses, event fees, and other activities. First-year students from families making under \$85,000 also receive a \$2,000 start-up grant.

INCREASING ACCESS TO HARVARD

Harvard University's commitment to expanding access to opportunities includes not only access to world-class learning and research resources, but also ensuring that we are a community where everyone has the support to grow and succeed. Over the last year, we've advanced this commitment in many ways, including opening the doors wider to our museum collections through free admission for everyone at the Harvard

Art Museums and expanding high-quality learning opportunities that go beyond the traditional classroom walls. The increased access is further supported with resources to strengthen intellectual, emotional and physical wellbeing by, for example, expanding our digital accessibility policy and adding new student mental health services and resources.



Harvard College is committed to ensuring that all admitted students have the opportunity to attend Harvard, regardless of the economic obstacles they have encountered. Harvard launched the **Harvard Financial Aid Initiative** in 2004 to enhance this effort and to raise awareness of college affordability for students interested in all kinds of colleges and universities. The income threshold for cost-free attendance rose to \$85,000, an increase of \$10,000 from the prior year.



As part of its ongoing efforts to ensure the accessibility of its digital systems and communications, Harvard revised its **Digital Accessibility Policy** so that all new digital content designed and developed by Harvard schools, units, and departments after June 1, 2023, should aim to be accessible to people with disabilities. The University's initial Digital Accessibility Policy, which was put into place in 2019, focused on expanding access to Harvard's knowledge, information, and learning opportunities for audiences outside the University. Improving the accessibility of internally facing content and applications is an important next step toward making Harvard a more welcoming and inclusive place for everyone.



For students on tight budgets, a job interview can bring the thrill of starting a new chapter and the dread of locating work-appropriate apparel. To meet this need, Travis Johnson '24 and LyLena Estabine '24, launched the **Crimson Career Closet (CCC)**, a brightly colored space on the 10th floor of the Smith Campus Center where students preparing for job interviews can borrow suits, dresses, and accessories for free. Currently, the CCC has five racks of clothes, mostly donated from faculty, and hopes to expand the donor base to alumni and classmates with support from the Office of Career Services.



Axim Collaborative, previously known as the Center for Reimagining Learning, is a nonprofit started by Harvard and MIT that aims to make learning effective, accessible, and relevant to a diverse audience of learners and institutions. In June, Axim Collaborative launched its partnership with the United Negro College Fund and Harvard to support the development of HBCUv, a platform that will provide digital learning capabilities tailored to the specific needs of HBCUs and the communities they serve. HBCUv is intentionally designed to replicate the learning culture and community for which HBCUs are well known and aspires to be a shared resource open to all HBCUs and enable institutions to share knowledge, resources, and best practices.



In June, the **Harvard Art Museums announced a new free admission policy for all visitors**. This represents a significant expansion of free access to the museums' collections, exhibitions, and research for public audiences, and ensures that every campus visitor will have the opportunity to view and engage with the important collections in the Harvard Art Museums' care.



Nearly 40 Allston-Brighton students in grades 2-8 immersed in hands-on activities this summer through the Harvard Ed Portal's **Summer Explorations program**. Now in its seventh year, the program offers Allston-Brighton students free, weeklong courses designed to keep them engaged in learning during the school break. Among this year's highlights: students got a chemistry lesson by rolling out, frying, and fermenting Ukrainian flatbread ingredients in "Science of Cooking." Some learned about bones via "Ins and Outs of Skeletons," held at the Harvard Museum of Natural History. Others took to the stage in "Creative Drama: Ocean Explorations," led by staff of the American Repertory Theater.

RESEARCH

Harvard scholars conduct research in almost every field, seeking to expand human knowledge through analysis, innovation, and insight. In 2023, research was supported by \$1 billion of sponsored funds. In addition, the University funded \$416 million of research through University funds, as submitted in the 2022 National Science Foundation Higher Education and Research Development (HERD) Survey. Research is carried out both in the departments of the schools and at more than 100 research centers, on campus and around the world. Researchers include faculty members, visiting scholars, post-doctoral fellows, and graduate and undergraduate students, and they collaborate with colleagues across the University, at affiliated institutions, and at other research institutions.

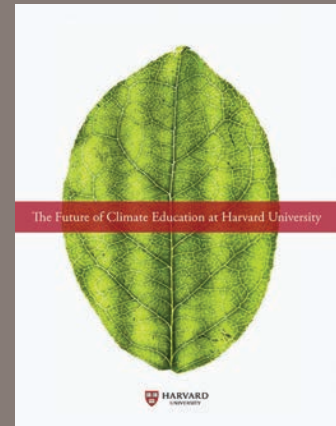
During fiscal year 2023, the University saw continued growth in research funding. In aggregate, revenue from federal and non-federal sponsored sources increased by 5% or \$50 million. Federal funding, which accounted for approximately 66% of total sponsored revenue in fiscal year 2023, increased 5% or \$34 million to \$676 million. This includes a one-time grant from the Department of Homeland Security, provided through the Massachusetts Emergency Management Agency, for \$25 million to reimburse the University for Covid-19 related expenses incurred in prior fiscal years.

The University's relationships with corporations, foundations and other non-federal sponsors expanded in fiscal year 2023, resulting in a 5% or \$16 million increase in non-federal sponsored revenues, which totaled \$350 million. Non-federal funding continues to be an area of growth, as researchers diversify their research funding support. In addition, Harvard devotes significant institutional resources to leverage these federal and non-federal investments. This funding provides crucial incubation to early-stage research ideas before they are ready to be presented to sponsors for additional funding, seeds new initiatives, subsidizes projects with insufficient external funding, and supports faculty to venture into new areas of scientific inquiry.

REDESIGNING HOW TO TEACH CLIMATE CHANGE

In September 2022, the Committee on Climate Education released "[The Future of Climate Education at Harvard University](#)," their analysis on how Harvard as an academic institution could meet the challenges of climate

change. The report urges an all hands on deck approach for how Harvard teaches climate change, not only through more but also deeper instruction in disciplines that span the University at a moment of heightened concern about a changing world. The report outlines a series of concrete steps, including hiring additional faculty and establishing a climate education accelerator to foster needed changes, and envisions new courses in every discipline, increased internship and fellowship opportunities, and assistance for faculty in fields not traditionally linked to climate who want to incorporate it in classes.



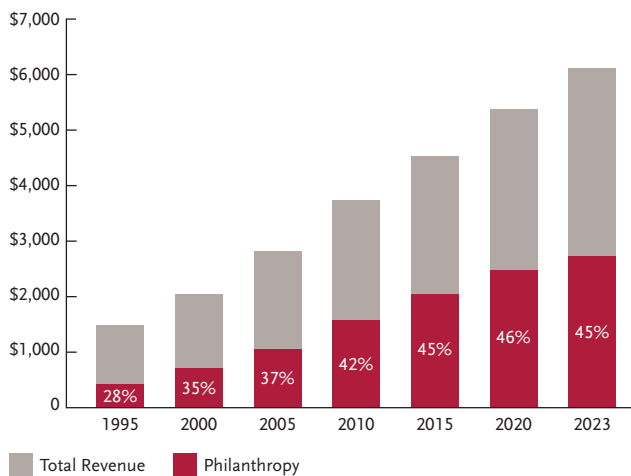
REMOVING CARBON USING NEW ENGLAND'S FORESTS

New England's Climate Imperative, a major report led by a Harvard ecologist, suggests that with a handful of strategies, New England's 32 million acres of forests, which cover about three quarters of the region, could eventually come close to absorbing 100 percent of all the carbon produced by the six states. The report lays out five steps policymakers and conservation non-governmental organizations can pursue that can lead to forests absorbing almost 360 million additional tons of carbon dioxide over 30 years. That means New England's forests will be able to absorb virtually all the carbon produced in the region, provided the six states hit their existing emission reduction goals.

PHILANTHROPY

Combining gifts for current use and Harvard's endowment distribution, philanthropy accounted for 45% of fiscal year 2023 revenue. To support the rising cost of sustaining excellence in teaching and research, philanthropic support is increasingly important to colleges and universities—and to keeping college affordable. Excellence and affordability in higher education today rely on philanthropy to support nearly every aspect of university operations. Every gift helps Harvard continue to be a leader for progress in the world, enabling excellence in our teaching and research mission, recruiting and retaining our world class faculty, helping students thrive, and providing greater access through financial aid.

PHILANTHROPY AS A PERCENTAGE OF TOTAL REVENUE OVER TIME



Gifts for current use

In fiscal year 2023, Harvard received current use gifts from alumni, foundations, and others totaling \$486 million, representing approximately 8% of operating revenues. Support for the University comes from donations of all sizes; more than 75% of the number of gifts in fiscal year 2023 averaged \$157 per donor.

The Harvard endowment

Harvard's endowment has existed for nearly four centuries and belongs to current and future generations of Harvard students, faculty, and researchers. The aggregate endowment is made up of more than 14,000 individual endowments that support nearly every aspect of the University's work, from student financial aid to neighborhood programs, from museum and library preservation to

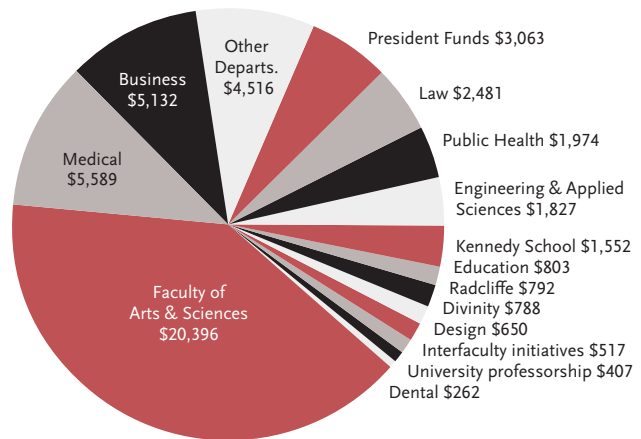
campus activities, from faculty and fellow positions to scientific advancement.

Donor contributions to the endowment have enabled leading financial aid programs, groundbreaking discoveries in scientific research, and hundreds of professorships across a wide range of academic fields. Each year, a portion of the endowment is paid out as an annual distribution to support the University's annual operations. In any given year, the University aims to maximize what it can responsibly draw, while balancing both current and future needs. Guided by this principle of intergenerational equity, Harvard's endowment is carefully managed in order to ensure that future generations will enjoy its benefits just as much as the current one.

Cash gifts to the endowment were \$561 million in fiscal year 2023 compared to \$584 million in fiscal year 2022.

MARKET VALUE OF THE ENDOWMENT AS OF JUNE 30, 2023

In millions of dollars



TOTAL MARKET VALUE \$50,749

Endowment returns made available for operations

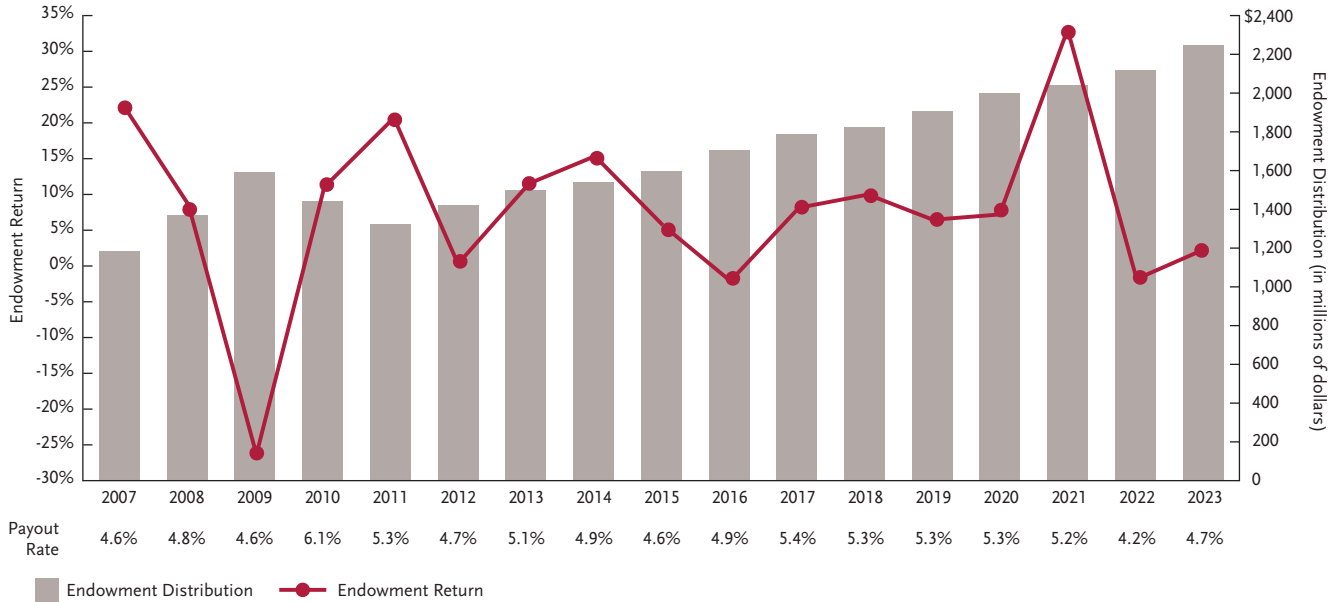
The University's endowment spending practice has to balance two competing goals: the need to fund the operating budget with a stable and sufficient distribution, and the obligation both legally and to our donors to maintain the long-term value of the endowment. There is a common misconception that endowments, including Harvard's, can be accessed like bank accounts, used for anything at any time as long as funds are available. In reality, Harvard's flexibility in spending from the endowment is limited

by the conditions established by donors and by the fact that it is designed to last forever, which is crucial for an institution intended to serve generations of students and pursue new knowledge.

Harvard is obligated to preserve the purchasing power of the endowment by spending only a sustainable portion of its value each year. Spending significantly more than that over time, for whatever reason, would privilege the present over the future in a manner

inconsistent with an endowment’s fundamental purpose of maintaining intergenerational equity. As a general rule, Harvard targets an annual endowment payout rate of 5.0 to 5.5% of market value. The actual payout rate varies each year based on endowment returns. This critical source of funding distributed \$2.2 billion in the fiscal year ending June 30, 2023—representing 37% of Harvard’s total operating revenue—and is the single largest source of revenue supporting the University.

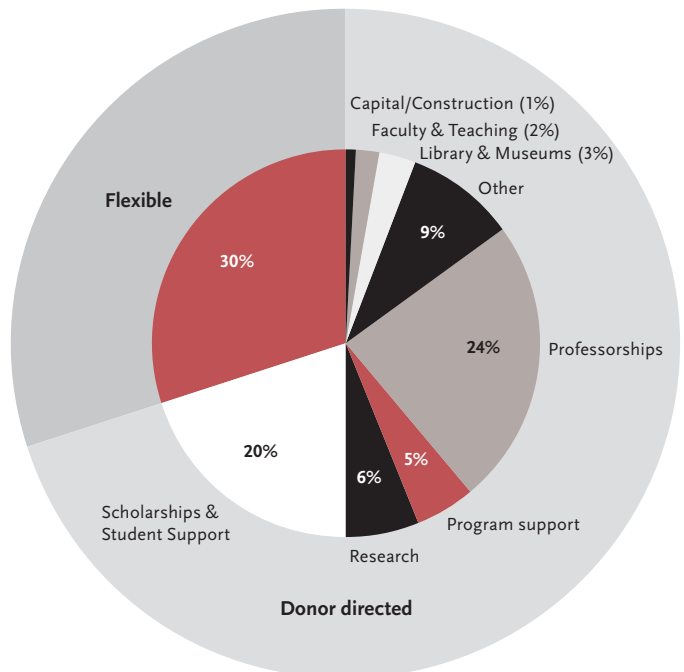
ENDOWMENT RETURNS MADE AVAILABLE FOR OPERATIONS BY YEAR



Endowment payout

While the endowment is a critical source of funding, 70% of the annual distribution from the endowment is directed to specific programs, departments, or purposes and must be spent in accordance with the terms set forth by the donor. Funds without donor restriction are more flexible in nature, although are often restricted at a high level such as to one school, and are critical in supporting structural operating expenses and transformative, strategic initiatives. In this way, the endowment bridges the gap between revenue that is brought in from tuition and research grants, and the critical costs associated with the University’s teaching and research activities.

ENDOWMENT SPENDING FLEXIBILITY



Harvard Management Company

Message from the Chief Executive Officer

For the most recent fiscal year, which ended on June 30, 2023, the return on the Harvard endowment was 2.9% and the value stood at \$50.7 billion. The endowment also made available more than \$2.2 billion for the University's operating budget, supporting financial aid, faculty, research initiatives, and more.

PERFORMANCE

Fiscal year 2023 (FY23) was a year of generally muted returns for asset classes outside of public equities. While public markets were flat or negative during the first half of FY23, the dramatic equity rally during the second half of FY23 (i.e., the first six months of calendar year 2023) changed the picture meaningfully.

| Index | FY22 Total Return | 2022 July to December Return | 2023 January to June Return | FY23 Total Return |
|---------|-------------------------|---------------------------------------|--------------------------------------|-------------------------|
| ACWI | -15.8% | 2.3% | 13.9% | 16.5% |
| S&P 500 | -10.6% | 2.3% | 16.9% | 19.6% |
| NASDAQ | -23.4% | -4.7% | 32.3% | 26.1% |

As noted in the asset allocation chart below, Harvard Management Company (HMC) has limited long-only public equity exposure (11%) and, accordingly, the endowment's FY23 return does not reflect a significant impact from public equity movements. However, this portfolio construction also helps brace against significant swings in either direction, as it did last year when the FY22 return (-1.8%) was not meaningfully impacted by an overall double-digit public equity decline.

| Asset Class | Allocation |
|-------------------|-------------|
| Public Equity | 11% |
| Private Equity | 39% |
| Hedge Funds | 31% |
| Real Estate | 5% |
| Natural Resources | 1% |
| Bonds/TIPS | 6% |
| Other Real Assets | 2% |
| Cash and Other | 5% |
| ENDOWMENT | 100% |

Strong public equity returns are often outpaced by private equity and venture capital. However, the returns for these asset classes proved to be only slightly positive in private equity and mildly negative in venture capital/growth. While this outcome may seem counterintuitive, we anticipated a correction in those funds' performance in last year's annual letter, noting that their dramatic outperformance over public markets was likely due to a natural lag in how their assets are valued.

Put another way, in FY22 private managers did not reduce the value of their investments in a manner consistent with declining public equity markets. Accordingly, those private asset managers did not subsequently increase the value of their investments in the context of rising public equity markets in FY23. Given the continued slowdown in exits and financing rounds over the last year, it will likely take more time for private valuations to fully reflect current market conditions.

REFLECTIONS ON SIX FISCAL YEARS AT HMC

In FY21, HMC reported on the completion of our five-year restructuring of both the organization and the endowment portfolio one year ahead of schedule. We noted at the time that the swift, broad restructuring of HMC's operations and investment model allowed us to focus substantially all our time on the portfolio turnaround, which is now largely complete. We are fortunate to have maintained a 9.2% annualized return during that span.

There are three main components to endowment performance: risk level, asset allocation, and manager selection. We are particularly gratified by the second and third components outlined immediately below.

HMC's manager selection alpha is one of our proudest achievements. Over the course of the last six fiscal years, the alpha generated by HMC's manager selection has been very strong, greater than we would have anticipated. Although we are confident that HMC will continue to do very well, it is hard to imagine that the next six years of alpha production can be as strong as the previous six years.

Our approach to overall asset allocation is based on portfolio risk level. Accordingly, and as discussed in greater detail below, Harvard engaged in a deliberate process to analyze its risk tolerance. However, even before changing risk levels, HMC worked to optimize its asset allocation within the University's existing risk constraints. We moved swiftly in a risk-neutral manner to pivot from private real estate and agriculture/timber to private equities early during this period. We also built a portfolio of liquid uncorrelated funds within our overall hedge fund allocation. These decisions proved to be successful. Within the asset classes, we also diversified into biotech (both public and private markets) and significantly added to tech venture.

Looking back over many years, a main constraint on Harvard's endowment returns has been that the portfolio was structured to take less risk than what was likely prudent. The question of the amount of risk to take is not a simple one, as it must weigh, for example, budget stability against long-term growth in the endowment. HMC built an analytical risk framework and partnered closely with the University to help determine the University's risk tolerance. After several years of rigorous conversation and analysis, the University agreed to a measured increase in the portfolio's risk level, which HMC began implementing over the last two years.

While we are very pleased to have catalyzed this critical discussion and process, we note that we continue to operate, even after the risk increase, at a somewhat lower risk level than many peer endowments. Going forward, HMC will continue to work with the University to periodically review the appropriate long-term risk level and tolerance (similar to how many endowments periodically review their

asset allocations with their investment committees and university constituents).

Ultimately, we believe that the measured increase in risk—carefully calibrated to ensure long-term endowment stability—and the improved asset allocation (versus when we started, six years ago) will continue to generate strong returns even if the manager selection alpha attenuates.

I would also like to highlight that HMC has started investing in innovation related to mitigating greenhouse gas emissions. While we have been early in investing in this area over the last few years, we believe that a decade from now it will be accretive to endowment performance. Innovation to reduce carbon emissions will be rewarded, as it is one of the most obvious needs in society today.

In addition to organizational structure and portfolio shifts, there were two other specific initiatives that we are proud to have incorporated into our operations: addressing gender and racial diversity in the financial industry and expanding our sustainable investing practices to meet the University's pledge to have the endowment net zero of greenhouse gas emissions by 2050.

HMC's focus on diversity looks at our own team, the leadership of our asset managers, and the companies in which those managers choose to invest. We aim to seek talent from the broadest possible pool of candidates and managers. In addition to actively seeking out more diverse managers for investment consideration, we collect data, where available, on the diversity of the managers' leadership, staff, and portfolio investments. The financial industry has a long way to go on this front, but we hope these steps can play a small role in addressing this challenge.

Nearly a decade ago, Harvard became the first U.S. higher education endowment to sign onto the U.N.-supported Principles for Responsible Investment. Along with that commitment, HMC formalized its [Sustainable Investing Policy](#) to ensure that we considered all environmental, social, and governance factors that could impact the value of our

investments. More recently, Harvard became the first U.S. university to commit to making its endowment portfolio net zero of greenhouse gases by 2050—in line with the timeline of the Paris Agreement. In addition to the groundbreaking work that entails, our own operations were net zero of carbon emissions for the second consecutive year. Doing so has not only allowed us to hold ourselves to the same standards we are asking of others, but also is in line with Harvard University’s climate commitments. Our annual Climate Report will go into greater detail on the variety of efforts associated with our sustainable investing initiatives and progress toward the net zero pledge.

I am proud of our team’s ability to adapt to this new structure and to proactively engage with new challenges. And we have done so while always keeping Harvard’s mission front of mind, ensuring that the University has the financial resources to achieve academic excellence, expand opportunities for students and faculty, and foster diverse educational experiences. I am excited to see what we will accomplish together in the years ahead.

Best Regards,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a long horizontal stroke.

N.P. “Narv” Narvekar
CHIEF EXECUTIVE OFFICER

September 2023



Report of Independent Auditors

To the Joint Committee on Inspection of the Governing Boards of Harvard University

Opinion

We have audited the accompanying consolidated financial statements of Harvard University and its subsidiaries (the "University"), which comprise the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of changes in net assets with general operating account detail and of changes in net assets of the endowment for the year ended June 30, 2023 and of cash flows for the years ended June 30, 2023 and 2022, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, the changes in its net assets for the year ended June 30, 2023 and its cash flows for the years ended June 30, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

We previously audited the consolidated balance sheet as of June 30, 2022, and the related consolidated statements of changes in net assets with general operating account detail, of changes in net assets of the endowment and of cash flows for the year then ended (the balance sheet and the statements of changes in net assets with general operating account detail and of changes in net assets of the endowment are not presented herein), and in our report dated October 18, 2023, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information as of June 30, 2022 and for the year then ended is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

PricewaterhouseCoopers LLP, 101 Seaport Boulevard, Boston, Massachusetts 02210
T: (617) 530 5000, www.pwc.com/us



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the University audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Harvard University Financial Report Fiscal Year 2023, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Boston, Massachusetts
October 18, 2023

CONSOLIDATED BALANCE SHEETS

with summarized financial information as of June 30, 2022

| In thousands of dollars | June 30 | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 245,589 | \$ 283,227 |
| Receivables, net (Note 4) | 349,271 | 339,792 |
| Prepayments and deferred charges | 362,676 | 317,448 |
| Operating leases—right of use assets (Note 18) | 715,444 | 677,147 |
| Notes receivable, net (Note 5) | 400,401 | 380,812 |
| Pledges receivable, net (Note 6) | 2,699,634 | 2,592,434 |
| Fixed assets, net (Note 7) | 8,595,983 | 8,442,840 |
| Interests in trusts held by others (Note 3) | 438,892 | 432,896 |
| Securities pledged to counterparties, at fair value (Note 3) | 122,758 | 179,514 |
| Investment portfolio, at fair value (Note 3) | 59,078,919 | 59,135,219 |
| TOTAL ASSETS | \$ 73,009,567 | \$ 72,781,329 |
| LIABILITIES: | | |
| Accounts payable | \$ 416,881 | \$ 486,707 |
| Deferred revenue and other liabilities | 1,747,823 | 1,708,821 |
| Operating lease liabilities (Note 18) | 754,195 | 689,342 |
| Other liabilities associated with the investment portfolio (Notes 3 and 10) | 629,995 | 718,031 |
| Liabilities due under split interest agreements (Note 9) | 886,222 | 886,017 |
| Bonds and notes payable (Note 10) | 6,214,734 | 6,117,203 |
| Accrued retirement obligations (Note 11) | 840,198 | 928,514 |
| TOTAL LIABILITIES | 11,490,048 | 11,534,635 |
| NET ASSETS | 61,519,519 | 61,246,694 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 73,009,567 | \$ 72,781,329 |

| | Without donor restrictions | With donor restrictions | June 30 | |
|--|----------------------------|-------------------------|----------------------|----------------------|
| | | | 2023 | 2022 |
| NET ASSETS: | | | | |
| General Operating Account (GOA) (Note 8) | \$ 6,640,552 | \$ 3,496,156 | \$ 10,136,708 | \$ 9,668,474 |
| Endowment (Note 8) | 9,229,293 | 41,519,301 | 50,748,594 | 50,877,680 |
| Split interest agreements (Note 9) | | 634,217 | 634,217 | 700,540 |
| TOTAL NET ASSETS | \$ 15,869,845 | \$ 45,649,674 | \$ 61,519,519 | \$ 61,246,694 |

The accompanying notes are an integral part of the consolidated financial statements.

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

with summarized financial information for the year ended June 30, 2022

| <i>In thousands of dollars</i> | Without Donor Restrictions | With Donor Restrictions | For the year ended June 30 | |
|---|-------------------------------|----------------------------|-------------------------------|----------------------|
| | | | 2023 | 2022 |
| OPERATING REVENUE: | | | | |
| Net student income (Notes 2 and 12) | \$ 1,331,557 | | \$ 1,331,557 | \$ 1,223,363 |
| Sponsored support (Note 13) | | | | |
| Federal government – direct costs | 491,878 | | 491,878 | 460,707 |
| Federal government – indirect costs | 184,257 | | 184,257 | 181,439 |
| Non-federal sponsors – direct costs | 93,069 | \$ 204,777 | 297,846 | 288,302 |
| Non-federal sponsors – indirect costs | 27,014 | 24,667 | 51,681 | 45,309 |
| Total sponsored support | 796,218 | 229,444 | 1,025,662 | 975,757 |
| Gifts for current use (Note 14) | 149,759 | 336,123 | 485,882 | 504,736 |
| Investment income: | | | | |
| Endowment returns made available for operations (Note 8) | 420,219 | 1,824,480 | 2,244,699 | 2,118,855 |
| GOA returns made available for operations | 173,279 | | 173,279 | 153,110 |
| Other investment income | 38,734 | 4,571 | 43,305 | 21,647 |
| Total investment income | 632,232 | 1,829,051 | 2,461,283 | 2,293,612 |
| Other revenue (Note 15) | 792,916 | | 792,916 | 838,323 |
| Net assets released from restriction | 2,305,695 | (2,305,695) | 0 | 0 |
| TOTAL OPERATING REVENUE | 6,008,377 | 88,923 | 6,097,300 | 5,835,791 |
| OPERATING EXPENSES: | | | | |
| Salaries and wages | 2,421,076 | | 2,421,076 | 2,206,342 |
| Employee benefits (Note 11) | 628,304 | | 628,304 | 583,931 |
| Services purchased | 791,941 | | 791,941 | 732,709 |
| Depreciation (Note 7) | 424,809 | | 424,809 | 428,860 |
| Space and occupancy | 394,079 | | 394,079 | 353,786 |
| Supplies and equipment | 283,323 | | 283,323 | 271,084 |
| Interest (Note 10) | 208,590 | | 208,590 | 187,534 |
| Scholarships and other student awards (Note 12) | 181,295 | | 181,295 | 171,312 |
| Other expenses (Note 16) | 578,380 | | 578,380 | 494,575 |
| TOTAL OPERATING EXPENSES | 5,911,797 | 0 | 5,911,797 | 5,430,133 |
| NET OPERATING SURPLUS | 96,580 | 88,923 | 185,503 | 405,658 |
| NON-OPERATING ACTIVITIES: | | | | |
| Income from GOA Investments | 24,769 | | 24,769 | 15,206 |
| GOA realized and change in unrealized appreciation/(depreciation), net (Note 3) | 146,519 | | 146,519 | (259,353) |
| GOA returns made available for operations | (173,279) | | (173,279) | (153,110) |
| Change in pledge balances (Note 6) | | 286,022 | 286,022 | 88,930 |
| Change in interests in trusts held by others | | (2,125) | (2,125) | (5,803) |
| Gifts for facilities and loan funds (Note 14) | | 96,175 | 96,175 | 87,874 |
| Change in retirement obligations (Note 11) | 70,158 | | 70,158 | 142,745 |
| Other changes | 7,743 | | 7,743 | (11,067) |
| Transfers between GOA and endowment (Note 8) | (194,430) | (7,219) | (201,649) | (103,810) |
| Transfers between GOA and split interest agreements (Note 9) | | 28,398 | 28,398 | 25,213 |
| Non-operating net assets released from restrictions | 142,634 | (142,634) | 0 | 0 |
| TOTAL NON-OPERATING ACTIVITIES | 24,114 | 258,617 | 282,731 | (173,175) |
| GENERAL OPERATING ACCOUNT NET CHANGE DURING THE YEAR | 120,694 | 347,540 | 468,234 | 232,483 |
| Endowment net change during the year | 171,324 | (300,410) | (129,086) | (2,288,073) |
| Split interest agreements net change during the year (Note 9) | | (66,323) | (66,323) | (72,790) |
| NET CHANGE DURING THE YEAR | 292,018 | (19,193) | 272,825 | (2,128,380) |
| Net assets, beginning of year | 15,577,827 | 45,668,867 | 61,246,694 | 63,375,074 |
| NET ASSETS, END OF YEAR | \$ 15,869,845 | \$ 45,649,674 | \$ 61,519,519 | \$ 61,246,694 |

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS OF THE ENDOWMENT

with summarized financial information for the year ended June 30, 2022

| <i>In thousands of dollars</i> | Without Donor Restrictions | With Donor Restrictions | For the year ended June 30 | |
|--|-------------------------------|----------------------------|-------------------------------|----------------------|
| | | | 2023 | 2022 |
| Investment return (Note 3): | | | | |
| Income from general investments | \$ 34,240 | \$ 149,482 | \$ 183,722 | \$ 132,924 |
| Realized and change in unrealized appreciation/(depreciation), net | 214,972 | 938,954 | 1,153,926 | (1,074,881) |
| Total investment return | 249,212 | 1,088,436 | 1,337,648 | (941,957) |
| Endowment returns made available for operations | (420,219) | (1,824,480) | (2,244,699) | (2,118,855) |
| Net investment return | (171,007) | (736,044) | (907,051) | (3,060,812) |
| Gifts for endowment (Note 14) | 102,839 | 457,768 | 560,607 | 583,650 |
| Transfers between endowment and the GOA (Note 8) | 194,430 | 7,219 | 201,649 | 103,810 |
| Capitalization of split interest agreements (Note 9) | | 50,747 | 50,747 | 18,603 |
| Change in pledge balances (Note 6) | | (179,700) | (179,700) | 168,095 |
| Change in interests in trusts held by others (Note 8) | | 8,121 | 8,121 | (77,058) |
| Other changes | (5,173) | 141,714 | 136,541 | (24,361) |
| Net assets released from restrictions | 50,235 | (50,235) | 0 | 0 |
| NET CHANGE DURING THE YEAR | 171,324 | (300,410) | (129,086) | (2,288,073) |
| Net assets of the endowment, beginning of year | 9,057,969 | 41,819,711 | 50,877,680 | 53,165,753 |
| NET ASSETS OF THE ENDOWMENT, END OF YEAR | \$ 9,229,293 | \$ 41,519,301 | \$ 50,748,594 | \$ 50,877,680 |

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| <i>In thousands of dollars</i> | For the year ended June 30 | |
|---|-------------------------------|---------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 272,825 | \$ (2,128,380) |
| Adjustments to reconcile change in net assets to net cash (used in) operating activities: | | |
| Depreciation | 424,809 | 428,860 |
| Amortization of premium and discount related to bonds and notes payable | (37,179) | (35,865) |
| Realized and change in unrealized (appreciation)/depreciation, net | (1,336,740) | 1,511,867 |
| Change in fair value of interest rate exchange agreements | (4,985) | (22,704) |
| Change in interests in trusts held by others | (5,996) | 82,861 |
| Change in liabilities due under split interest agreements | 42,175 | (101,062) |
| Gifts of donated securities | (64,469) | (81,017) |
| Proceeds from the sales of gifts of unrestricted securities | 16,437 | 15,069 |
| Gifts for restricted purposes | (504,714) | (556,994) |
| Cost of issuance of debt | 409 | 343 |
| Loss on disposal of assets | 8,923 | 23,439 |
| Change in accrued retirement obligations | (88,316) | (150,133) |
| Non-cash operating lease costs | (38,297) | 12,815 |
| Changes in operating assets and liabilities: | | |
| Receivables, net | (9,479) | (17,310) |
| Prepayments and deferred charges | (45,228) | (2,276) |
| Pledges receivable, net | (107,200) | (256,476) |
| Accounts payable | (82,631) | (6,807) |
| Deferred revenue and other liabilities | 43,770 | (36,662) |
| Operating lease liability | 64,853 | (13,530) |
| NET CASH (USED IN) OPERATING ACTIVITIES | (1,451,033) | (1,333,962) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Loans made to students, faculty, and staff | (62,985) | (64,584) |
| Payments received on student, faculty, and staff loans | 42,902 | 48,654 |
| Change in other notes receivable | 494 | 12,714 |
| Proceeds from the sales and maturities of investments | 8,689,761 | 15,503,537 |
| Purchase of investments | (7,988,945) | (14,028,307) |
| Change associated with repurchase agreements | 599,085 | (699,810) |
| Additions to fixed assets | (578,365) | (426,773) |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 701,947 | 345,431 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Change in overdrafts included in accounts payable | 4,295 | (740) |
| Change in split interest agreements from new contributions, income and payments to annuitants | (41,970) | (32,278) |
| Proceeds from issuance of debt | 177,296 | 746,530 |
| Debt repayments | (42,995) | (97,004) |
| Proceeds from the sales of gifts of restricted securities | 48,032 | 65,948 |
| Gifts for restricted purposes | 504,714 | 556,994 |
| Change in government loan advances | (4,768) | (6,350) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 644,604 | 1,233,100 |
| NET CHANGE IN CASH | (104,482) | 244,569 |
| Cash, beginning of year | 1,808,872 | 1,564,303 |
| CASH, END OF YEAR | \$ 1,704,390 | \$ 1,808,872 |
| Cash and cash equivalents (per <i>Consolidated Balance Sheets</i>) | \$ 245,589 | \$ 283,227 |
| Cash and cash equivalents held in investments (<i>Note 3</i>) | 1,458,801 | 1,525,645 |
| TOTAL CASH AND CASH EQUIVALENTS | \$ 1,704,390 | \$ 1,808,872 |
| Supplemental disclosure of cash flow information: | | |
| Accounts payable related to fixed asset additions | \$ 54,092 | \$ 45,583 |
| Cash paid for interest | \$ 235,881 | \$ 222,932 |
| New operating leases – right of use assets | \$ 150,680 | \$ 66,537 |

The accompanying notes are an integral part of the consolidated financial statements.

1. UNIVERSITY ORGANIZATION

Harvard University (the “University”) is a private, not-for-profit institution of higher education with approximately 7,200 undergraduate and 14,200 graduate students in fiscal year 2023, as compared to 7,100 undergraduate and 14,100 graduate students in fiscal year 2022. Established in 1636, the University 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, a variety of research museums and institutes, and an extensive library system to support the teaching and research activities of the Harvard community.

The President and Fellows of Harvard College (the “Corporation”), a governing board of the University, has oversight responsibility for all of the University’s financial affairs. The Corporation delegates substantial authority to the Schools and departments for the management of their resources and operations.

The University includes Harvard Management Company (HMC), a wholly owned subsidiary founded in 1974 to manage the University’s investment assets. HMC is governed by a Board of Directors that is appointed by the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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). Accordingly, such information should be read in conjunction with the University’s financial statements for the year ended June 30, 2022, 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 82% of the

University’s net assets without donor-imposed restrictions as of June 30, 2023. 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*.

Liquidity and availability

As part of the University’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. A significant portion of the University’s annual

expenditures are funded by operating revenues in the current year including student income, sponsored support, endowment returns made available for operations, gifts for current use and other revenues.

The University’s financial assets available within one year of the balance sheet date for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, are as follows (in thousands):

| | June 30, | |
|---|---------------------|----------------------|
| | 2023 | 2022 |
| FINANCIAL ASSETS | | |
| Cash and cash equivalents | \$ 245,589 | \$ 283,227 |
| Receivables, net | 349,271 | 339,792 |
| Pledge receivables due in one year | 459,286 | 376,097 |
| Cash and short-term investments held separately by General Operating Account (GOA) ¹ | 1,418,472 | 2,236,157 |
| Endowment returns made available for operations in the following year | 2,649,533 | 2,460,142 |
| TOTAL FINANCIAL ASSETS AVAILABLE WITHIN ONE YEAR | \$ 5,122,151 | \$ 5,695,415 |
| LIQUIDITY RESOURCES | | |
| Credit facility, undrawn balance | 1,500,000 | 1,500,000 |
| Tax-exempt commercial paper, undrawn balance | 975,000 | 1,000,000 |
| Taxable commercial paper, undrawn balance | 1,847,704 | 2,000,000 |
| TOTAL FINANCIAL ASSETS AND LIQUIDITY RESOURCES AVAILABLE WITHIN ONE YEAR | \$ 9,444,855 | \$ 10,195,415 |

¹ The University has a policy of maintaining liquidity outside of the General Investment Accounting (GIA) through a combination of cash equivalents and short-term investments, as referenced on page 7 in the Financial Overview.

Endowment and GOA returns liquidated from investments and made available for operations over the course of the fiscal year are distributed to University department and program budgets to spend, subject to donor restrictions where applicable.

While the University has no intention of doing so, there are additional investments held by the University and the endowment that could be liquidated in the event of an unexpected disruption. While a portion of the endowment is subject to donor restrictions, there was \$9.2 billion and \$9.1 billion in endowment funds without donor restrictions at June 30, 2023 and 2022, respectively, and \$5.6 billion and \$4.7 billion of General Operating Account investments (GOA) at June 30, 2023 and 2022, respectively, that could be accessed with the approval of the Corporation and subject to the redemption provisions described in *Note 3*.

Revenue recognition

Revenue is recognized when control of promised goods or services is transferred to customers, in an amount that reflects the consideration the University expects to be entitled to in exchange for those goods or services.

Student income is derived from degree programs as well as executive and continuing education programs and includes tuition, fees, and board and lodging. Student income is recognized ratably over the academic period of the course or program offered based on time elapsed, and scholarships awarded to students reduce the amount of revenue recognized. The University’s individual schools have various billing and academic cycles and the majority of our programs are completed within the fiscal year. Student income received in advance of services to be rendered is recorded as deferred revenue which totaled \$208.3 million and \$209.1 million at June 30, 2023 and 2022, respectively, which are primarily recognized in the subsequent fiscal year.

Total student income of \$1.3 billion and \$1.2 billion was recorded during the years ended June 30, 2023 and 2022, respectively. Student tuition, fees, board and lodging at published rates is summarized as follows for the years ended June 30, 2023 and 2022 (in thousands of dollars):

| | 2023 | 2022 |
|---|-------------------|------------|
| Undergraduate program | \$ 409,890 | \$ 390,809 |
| Graduate and professional degree programs | 687,136 | 652,005 |
| Continuing education and executive programs | 544,039 | 486,682 |
| Board and lodging | 221,235 | 199,771 |

Scholarships applied to student charges were \$530,743 and \$505,904 for the years ended June 30, 2023 and 2022, respectively.

Unconditional contributions including pledges are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions for which cash is received are accounted for as a liability within deferred revenue.

Sponsored support of \$1.0 billion includes support from governmental and private sources. Certain sponsored arrangements are considered exchange arrangements, and revenue under these agreements is recognized based on the University's fulfillment of the contract, which is typically based on costs incurred or the achievement of milestones. Other sponsored support is considered contribution revenue, which is recognized when any donor-imposed conditions have been met, if applicable. Sponsored conditional contributions received, where the barrier to entitlement is not yet overcome, are recorded as deferred revenues of \$84.7 million and \$64.3 million as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the University also had \$1.6 billion awarded but not yet expended contributions related to sponsored programs where the condition had not yet been met. This is subject to federal appropriations. Funding received in advance of recognition is recorded as deferred revenue.

Other revenue of \$792.9 million in fiscal 2023 and \$838.3 million in fiscal 2022 includes several revenue streams considered exchange contracts with customers totaling \$651.5 million for fiscal year 2023 and \$726.9 million in fiscal year 2022. These revenues are recognized at the point in time goods or services are provided. Deferred revenues related to other revenue of \$96.5 million and \$104.7 million were recorded as of June 30, 2023 and 2022, which are primarily recognized in the subsequent fiscal year.

Measure of operations

Revenues earned, expenses incurred, and returns made available for operations for the purpose of teaching, conducting research, and the other programs and services of the University are the components of "Net operating surplus" in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail*. The University's non-operating activity within the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail* includes contributions to the University's building construction and renovation funds, investment returns (net of amounts made available for operations), change in pledge balances, long-term benefit plan obligation funding changes, and other infrequent transactions.

Collections

The University's vast array of museums and libraries contains priceless works of art, historical treasures, literary works, and artifacts. These collections are protected and preserved for public exhibition, education, research, and the furtherance of public service. They are neither disposed of for financial gain nor encumbered in any manner. Accordingly, such collections are not recorded for financial statement purposes. Proceeds on deaccessioned collections are used to fund new collections or the direct care of existing collections. Direct care is defined as general care for the preservation of a collection.

Insurance programs

The University, together with the Harvard-affiliated teaching hospitals, has formed a captive insurance company, Controlled Risk Insurance Company (CRICO), to provide limited professional liability, general liability, and medical malpractice insurance for its shareholders. The University self-insures a portion of its professional liability and general liability programs and maintains a reserve for incurred claims, including those related to Harvard Medical School activities not occurring in the affiliated teaching hospitals. CRICO provides malpractice coverage with no deductible for medical professionals practicing within Harvard's University Health Services department, the School of Dental Medicine, and the T.H. Chan School of Public Health. The University also maintains reserves for the self-insured portion of claims related to automobile liability, property damage, and workers' compensation; these programs are supplemented with commercial excess insurance above the University's self-insured retention. In addition, the University maintains an insured dental plan, and is self-insured for unemployment, the primary retiree health plan, and all health and dental plans for active employees. The University's claims liabilities are recognized as incurred, including claims that have been incurred but not reported, and are included in operating expenses.

Tax

The University is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted. The Act impacts the University in several ways, including the addition of excise taxes on executive compensation and net investment income, as well as new rules for calculating unrelated business taxable income. The University records an estimate for related tax expense based on currently available regulatory guidance of the Act and continues to evaluate the impact of the Act on current and future tax positions.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

New accounting pronouncements

Effective July 1, 2022, the University adopted ASU 2021-05, *Leases (Topic 842): Lessors — Certain Leases with Variable Lease Payments*, which amends the lease classification requirements for lessors with certain leases containing variable payments. A lessor is to classify and account for a lease with variable lease payments that do not depend on an index or a rate as an operating lease if the lease would have been classified as a sales-type lease or a direct financing lease and the lessor would have otherwise recognized a day-one loss. The University adopted ASU 2021-05 prospectively. This guidance did not have a significant impact on the University's consolidated financial statements.

Effective July 1, 2021, the University adopted ASU 2018-15, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*. This guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software or software licenses. The University adopted ASU 2018-15 prospectively. This guidance did not have a significant impact on the University's consolidated financial statements.

Effective July 1, 2021, the University adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This guidance is intended to increase transparency on how contributed nonfinancial assets are to be used and valued. The University adopted ASU 2020-07 prospectively. This guidance did not have a significant impact on the University's consolidated financial statements.

Effective July 1, 2021, the University adopted ASU 2018-14, *Disclosure Framework — Changes to the Disclosure Requirements for Defined Benefit Plans*, which amends ASC 715, Compensation — Retirement Benefits. This accounting pronouncement modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The University adopted ASU 2018-14 on a retrospective basis. The effects of adopting this amendment are addressed in *Note 11*.

In September 2022, the FASB issued ASU 2022-04, *Disclosure of Supplier Finance Program Obligations*. Under ASU 2022-04, the buyer in a supplier finance program is required to disclose information about the key terms of the program, outstanding confirmed amounts as of the end of the period, a rollforward of such amounts during each annual period, and a description of where in the financial statements outstanding amounts are presented. With the exception of the disclosure of rollforward information, the ASU is effective for fiscal year 2024 for the University. The rollforward requirement is effective for fiscal year 2025 for the University. The University is currently evaluating the impact of the new guidance on the consolidated financial statements, but does not believe the adoption will impact the consolidated financial statements going forward.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, and in January 2021 issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*. These ASUs provide temporary optional expedients and exceptions to existing guidance on contract modifications and hedge accounting to facilitate the market transition from existing reference rates, such as London Interbank Offered Rate ("LIBOR") which has been phased out, to alternate reference rates, such as Secured Overnight Financing Rate ("SOFR"). These standards are effective upon issuance through December 31, 2022. The adoption of this standard has not had a material impact on the University's consolidated financial statements and disclosures. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which defers the sunset date of reference rate reform relief to December 31, 2024.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost must be presented at the net amount expected to be collected by using an allowance for credit losses. This guidance is effective for fiscal year 2024 for the University. The University is currently evaluating the impact of the new guidance on the consolidated financial statements.

3. 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, 2023 and 2022 are summarized in the following table (in thousands of dollars):

| | 2023 | 2022 |
|---|----------------------|----------------------|
| Investment portfolio assets | | |
| Pooled general investment account assets | \$ 56,633,201 | \$ 55,938,831 |
| Other investments | 2,445,718 | 3,196,388 |
| Investment portfolio, at fair value | 59,078,919 | 59,135,219 |
| Securities pledged to counterparties, at fair value | 122,758 | 179,514 |
| TOTAL INVESTMENT ASSETS | 59,201,677 | 59,314,733 |
| Pooled general investment account liabilities | 626,371 | 709,422 |
| Interest rate exchange agreement | 3,624 | 8,609 |
| TOTAL OTHER LIABILITIES ASSOCIATED WITH THE INVESTMENT PORTFOLIO | 629,995 | 718,031 |
| TOTAL INVESTMENTS, NET | \$ 58,571,682 | \$ 58,596,702 |

As of June 30, 2023 and 2022, University net investments were comprised of the following components (in thousands of dollars):

| | 2023 | 2022 |
|---|----------------------|----------------------|
| POOLED GENERAL INVESTMENT ACCOUNT | | |
| Endowment ¹ | \$ 48,679,919 | \$ 48,798,038 |
| General operating account | 5,577,019 | 4,658,269 |
| Split interest agreements | 863,185 | 934,971 |
| Other internally designated funds | 1,009,465 | 1,017,645 |
| TOTAL POOLED GENERAL INVESTMENT ACCOUNT NET ASSETS | \$ 56,129,588 | \$ 55,408,923 |
| OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT | | |
| General operating and other investments ² | 1,784,840 | 2,536,192 |
| Split interest agreements | 657,254 | 651,587 |
| TOTAL OTHER INVESTMENTS OUTSIDE THE GENERAL INVESTMENT ACCOUNT | \$ 2,442,094 | \$ 3,187,779 |
| TOTAL INVESTMENTS, NET | \$ 58,571,682 | \$ 58,596,702 |

¹ As of June 30, 2023, the total net assets of the endowment of \$50,748,594 is comprised of investments in the GIA of \$48,679,919, pledges of \$1,253,486, interests in trusts held by others of \$411,747, and \$403,442 of other non-GIA investments and GIA interest and dividends net of all internal and external management fees and expenses. See Note 8 for further composition of the net assets of the endowment.

² Consists primarily of repurchase agreements, US government securities, money markets, and fixed income funds totaling \$1,427,153 and \$2,238,277 as of June 30, 2023 and 2022, respectively.

Investment return

A summary of the University's total return on investments for fiscal years 2023 and 2022 is presented below (in thousands of dollars):

| | 2023 | 2022 |
|---|---------------------|-----------------------|
| Return on pooled general investment account: | | |
| Realized and change in unrealized appreciation/(depreciation), net | \$ 1,320,925 | \$ (1,223,200) |
| Interest, dividend, fees, and expenses, net | 211,887 | 150,734 |
| Total return on pooled general investment account ¹ | 1,532,812 | (1,072,466) |
| Return on other investments: | | |
| Realized and change in unrealized appreciation/(depreciation), net | 15,815 | (288,667) |
| Interest, dividend, fees, and expenses, net | 59,722 | 36,225 |
| Total return on other investments | \$ 75,537 | \$ (252,442) |
| Realized and change in unrealized appreciation on interest rate exchange agreement, net | 3,929 | 19,169 |
| TOTAL RETURN ON INVESTMENTS² | \$ 1,612,278 | \$ (1,305,739) |

¹ Net of all internal and external management fees and expenses.

² Total return on investments is comprised of returns on the endowment, GOA, Split Interest Agreements and other.

Fair value hierarchy

The University's investments have been categorized based upon the fair value hierarchy in accordance with ASC 820, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets and liabilities into three levels:

LEVEL 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

LEVEL 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

LEVEL 3 Prices or valuations that require inputs that are significant to the fair value measurement, unobservable and/or require the University to develop its own assumptions.

Investments in externally managed funds where the University utilizes net asset values (as reported by external managers) as a practical expedient for fair value measurements are excluded from the fair value hierarchy.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The University endeavors to utilize all relevant and available information in measuring fair value.

The following is a summary of the levels within the fair value hierarchy for those investment assets and liabilities subject to fair value measurement as of June 30, 2023 and summarized as of June 30, 2022 (in thousands of dollars):

| | 2023 | | | | 2022 | |
|--|--------------|------------|----------------------|----------------------------|----------------------|----------------------|
| | Level 1 | Level 2 | Level 3 ⁶ | NAV as Practical Expedient | Total | Total |
| ASSETS: | | | | | | |
| Cash and cash equivalents ¹ | \$ 1,458,801 | | | | \$ 1,458,801 | \$ 1,525,645 |
| Repurchase agreements | | \$ 150,789 | | | 150,789 | 749,873 |
| Domestic equity | 1,532,888 | | | \$ 1,856,474 | 3,389,362 | 3,085,276 |
| Foreign equity | 290,381 | | | 786,461 | 1,076,842 | 2,071,270 |
| Global equity | | | | 1,211,417 | 1,211,417 | 1,262,693 |
| Domestic fixed income | 1,984,636 | 10,065 | | 1,057,153 | 3,051,854 | 2,787,349 |
| Foreign fixed income | 15,839 | | | | 15,839 | 17,479 |
| Emerging market equity and debt | 29,932 | | | 3,093,108 | 3,123,040 | 3,352,726 |
| High yield | 13,863 | | \$ 290,011 | | 303,874 | 301,106 |
| Hedge funds | | | | 17,267,674 | 17,267,674 | 16,774,488 |
| Private equity | | | 1,157,032 | 21,966,842 | 23,123,874 | 21,940,923 |
| Natural resources | 979 | | | 428,260 | 429,239 | 431,129 |
| Real estate | | | 7,170 | 2,996,167 | 3,003,337 | 3,277,320 |
| Inflation-indexed bonds | 1,077,269 | | | | 1,077,269 | 1,097,023 |
| Due from brokers | | 89,209 | 4,645 | | 93,854 | 22,186 |
| Other investments | | 82,826 | | | 82,826 | 65,208 |
| INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING | | | | | | |
| | \$ 6,404,588 | \$ 332,889 | \$ 1,458,858 | \$ 50,663,556 | \$ 58,859,891 | \$ 58,761,694 |
| Other investment assets not subject to fair value ² | | | | | 341,786 | 553,039 |
| TOTAL INVESTMENT ASSETS³ | | | | | \$ 59,201,677 | \$ 59,314,733 |
| Interests in trusts held by others ⁴ | | | 438,892 | | 438,892 | 432,896 |
| NON-INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING | | | | | | |
| | | | \$ 438,892 | | \$ 438,892 | \$ 432,896 |
| TOTAL ASSETS | | | | | \$ 59,640,569 | \$ 59,747,629 |
| LIABILITIES: | | | | | | |
| Due to brokers ⁵ | \$ 4,142 | \$ 14,073 | | | \$ 18,215 | \$ 77,081 |
| Other liabilities subject to fair value | | | \$ 138,733 | | 138,733 | 154,949 |
| INVESTMENT LIABILITIES SUBJECT TO FAIR VALUE LEVELING | | | | | | |
| | \$ 4,142 | \$ 14,073 | \$ 138,733 | | \$ 156,948 | \$ 232,030 |
| Other investment liabilities not subject to fair value | | | | | 473,047 | 486,001 |
| TOTAL INVESTMENT LIABILITIES³ | | | | | \$ 629,995 | \$ 718,031 |
| Liabilities due under split interest agreements ⁴ | | \$ 886,222 | | | 886,222 | 886,017 |
| NON-INVESTMENT LIABILITIES SUBJECT TO FAIR VALUE LEVELING | | | | | | |
| | | \$ 886,222 | | | \$ 886,222 | \$ 886,017 |
| TOTAL LIABILITIES | | | | | \$ 1,516,217 | \$ 1,604,048 |

¹ This excludes money markets held in "Cash and cash equivalents" on the Consolidated Balance Sheets of \$55.0 million and \$65.0 million as of June 30, 2023 and 2022, respectively, which are Level 1 investments.

² As of June 30, 2023 and 2022 other assets not subject to fair value consists primarily of receivables for transactions that settled subsequent to the balance sheet date of \$239,815 and \$480,949, respectively.

³ As of June 30, 2023 and 2022, total investment assets, net equal \$58,571,682 and \$58,596,702, respectively.

⁴ Amounts excluded from investments and included separately on the University's Consolidated Balance Sheets.

⁵ Includes fair value of an interest rate exchange agreement on the University's debt portfolio of \$3,624 and \$8,609 as of June 30, 2023 and 2022, respectively.

⁶ As of June 30, 2023 \$549,555 of Level 3 assets were valued using significant unobservable inputs.

The following is a rollforward of Level 3 investments for the year ended June 30, 2023 and the condensed June 30, 2022 rollforward of Level 3 investments (in thousands of dollars).

| | Beginning balance as of July 1, 2022 | Net realized gains/ (losses) | Net change in unrealized (depreciation)/ appreciation ¹ | Purchases/ contributions | Sales/ distributions | Transfers out of Level 3 ² | Ending balance as of June 30, 2023 |
|---|--------------------------------------|------------------------------|--|--------------------------|----------------------|---------------------------------------|------------------------------------|
| INVESTMENT ASSETS: | | | | | | | |
| High yield | \$ 298,319 | \$ 1,428 | \$ (9,346) | \$ 423,970 | \$ (424,360) | | \$ 290,011 |
| Private equity | 1,174,625 | 51,473 | (58,833) | 94,293 | (104,426) | \$ (100) | 1,157,032 |
| Real estate | 25,074 | (28,822) | 11,622 | | (704) | | 7,170 |
| Due from brokers | 4,640 | | 5 | | | | 4,645 |
| INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 1,502,658 | \$ 24,079 | \$ (56,552) | \$ 518,263 | \$ (529,490) | \$ (100) | \$ 1,458,858 |
| Interests in trusts held by others | \$ 432,896 | | 8,008 | | (2,012) | | \$ 438,892 |
| NON-INVESTMENT ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 432,896 | | \$ 8,008 | | \$ (2,012) | | \$ 438,892 |
| TOTAL ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 1,935,554 | \$ 24,079 | \$ (48,544) | \$ 518,263 | \$ (531,502) | \$ (100) | \$ 1,897,750 |
| INVESTMENT LIABILITIES: | | | | | | | |
| Other liabilities subject to fair value | \$ 154,949 | | \$ 364 | \$ (98,916) | \$ 82,336 | | \$ 138,733 |
| TOTAL LIABILITIES SUBJECT TO FAIR VALUE LEVELING | \$ 154,949 | \$ 0 | \$ 364 | \$ (98,916) | \$ 82,336 | | \$ 138,733 |
| NET ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 1,780,605 | \$ 24,079 | \$ (48,908) | \$ 617,179 | \$ (613,838) | \$ (100) | \$ 1,759,017 |

¹ Total change in unrealized (depreciation)/appreciation relating to Level 3 investment assets and investment liabilities still held by the University at June 30, 2023 is \$35,939 and is reflected in "Realized and change in unrealized (depreciation)/appreciation, net" in the Consolidated Statements of Changes in Net Assets.

² The transfers out of Level 3 represent interests in private companies that underwent an initial public offering during the fiscal year.

| | Beginning balance as of July 1, 2021 | Net realized gains/ (losses) | Net change in unrealized (depreciation)/ appreciation ¹ | Purchases/ contributions | Sales/ distributions | Transfers out of Level 3 ² | Ending balance as of June 30, 2022 |
|---|--------------------------------------|------------------------------|--|--------------------------|-----------------------|---------------------------------------|------------------------------------|
| PRIOR YEAR NET ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 2,560,200 | \$ 18,622 | \$ (1,086) | \$ 631,136 | \$ (1,284,805) | \$ (143,462) | \$ 1,780,605 |

¹ Total change in unrealized (depreciation)/appreciation relating to Level 3 investment assets and investment liabilities still held by the University at June 30, 2022 is \$95,568 and is reflected in "Realized and change in unrealized (depreciation)/appreciation, net" in the Consolidated Statements of Changes in Net Assets.

² The transfers out of Level 3 represent interests in private companies that underwent an initial public offering during the fiscal year.

Investment strategy and risk

The University utilizes a number of wholly owned subsidiary entities to support its investment activities. The consolidated financial statements include all assets, liabilities, income, and expenses associated with these entities and intercompany accounts and transactions have been eliminated during consolidation.

The University's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the movements of the global public and private equity, fixed income, real estate, and commodities markets. Exposure to these markets is achieved through direct investments in individual securities, investments in special purpose vehicles and/or through investments in vehicles advised by external managers.

Investments in global markets involve a multitude of risks such as price, interest rate, market, sovereign, currency, liquidity and credit risks, amongst many others. The University manages exposure to these risks through established policies and procedures related to its ongoing investment diligence and operational due diligence programs. The University also considers manager concentration risk. As of June 30, 2023, 15% of the GIA NAV was invested across 5 diversified fund managers. The University anticipates that the value and composition of its investments may, from time to time, fluctuate substantially in response to any or all of the risks described herein.

Cash and cash equivalents

Cash and cash equivalents are recorded at cost, which approximates fair value, and includes cash in bank accounts, institutional money market funds and other temporary investments held for working capital purposes with

original maturities of three months or less. Cash and cash equivalents do not include cash balances held as collateral by the University. Cash and cash equivalents designated for investment purposes are included in the “Investment portfolio, at fair value” in the *Consolidated Balance Sheets*.

Repurchase agreements

The University *Consolidated Balance Sheets* display the assets generated by repurchase transactions. The University enters into these transactions under agreements containing master netting arrangements. The University requires the fair value of the collateral exchanged under these agreements to be equal to or in excess of the total amount of the agreement, including interest where applicable. At June 30, 2023 and 2022 the University had gross asset repurchase agreements of \$0.2 billion and \$0.8 billion which were fully collateralized. The University does not offset repurchase agreements that are subject to master netting arrangements or similar arrangements on the University’s *Consolidated Balance Sheets*.

Dividend and interest income

Dividend income is recognized net of applicable withholding taxes on the ex-dividend date. Non-cash dividends are recorded at the fair value of the securities received. Interest income and expense is recorded net of applicable withholding taxes, on an accrual basis. The University amortizes bond premiums and accretes bond discounts using the effective yield method and when cash collection is expected.

Traded securities

Instruments listed or traded on a securities exchange are valued at the last quoted price on the primary exchange where the security is traded. Where there is no readily available closing price on the valuation date, long positions are valued at the bid price and short positions are valued at the ask price. Restrictions that are attached to a security are factored into the valuation of that security, reflective of the estimated impact of those restrictions. Investments in non-exchange traded debt and equity instruments are primarily valued using inputs provided by independent pricing services or by broker/dealers who actively make markets in these securities.

Derivatives

The University uses a variety of financial instruments with off-balance sheet risk involving contractual or optional commitments for future settlement, which are exchange traded or executed over the counter (OTC). These instruments are used to (1) manage exposure to certain asset classes and/or various market risks, (2) arbitrage mispricings of related securities and (3) to manage the interest, cost and risk associated with its outstanding and/or future debt. These instruments are classified as due to/from brokers and may include option, swap, credit default, interest rate, and forward contracts. These types of instruments are primarily valued using industry standard models with independent market inputs, or by broker quotes. Inputs such as prices, spreads, curves, and/or broker quotes are evaluated for source reliability and consistency with industry standards. Counterparty marks obtained and utilized to determine daily collateral requirements are also used to corroborate input reasonability. The University considers current market conditions including interest rate and credit risks in its evaluation of inputs, pricing methodologies, and models utilized to determine fair values.

In connection with its investments in derivatives, the University maintains master netting agreements and collateral agreements with its counterparties. These agreements provide the University the right, in the event of default by the counterparty (such as bankruptcy or a failure to pay or perform), to net a counterparty’s rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty. Collateral, generally in the form of debt obligations issued by the US Treasury, is exchanged on a daily basis as required by fluctuations in the market.

Specific credit limits are established for counterparties based on their individual credit ratings. Credit limits are monitored daily by the University and are adjusted according to policy, as necessary. Some of the financial instruments entered into by the University contain credit-risk-related contingency features that allow the parties to the agreement to demand immediate payment for outstanding contracts and/or collateral.

The following table presents information about the University's derivatives by primary risk exposure for the years ended June 30, 2023 and 2022 (in thousands of dollars):

| | As of June 30, 2023 | | | For the year ended June 30, 2023 | As of June 30, 2022 | | | For the year ended June 30, 2022 |
|--|----------------------------------|-------------------------------|------------------------------------|--|----------------------------------|-------------------------------|------------------------------------|--|
| | Average Quarterly Notional | Gross derivative assets | Gross derivative liabilities | Net profit/ (loss) ⁴ | Average Quarterly Notional | Gross derivative assets | Gross derivative liabilities | Net profit/ (loss) ⁴ |
| Primary risk exposure | | | | | | | | |
| Equity instruments | \$ 2,328,894 | \$ 115,648 | \$ 41,180 | \$ 131,794 | \$ 5,009,087 | \$ 79,784 | \$ 130,849 | \$ 484,118 |
| Fixed income instruments ¹ | 117,000 | | 3,624 | 3,929 | 117,000 | | 8,609 | 19,169 |
| Currency instruments | 18,875 | 1,121 | 1,123 | (1,792) | 6,867 | 1,628 | 1,626 | 2,290 |
| Credit instruments | 4,800 | 4,797 | | 132 | 4,752 | 4,777 | | (24) |
| SUBTOTAL | | \$ 121,566 | \$ 45,927 | \$ 134,063 | | \$ 86,189 | \$ 141,084 | \$ 505,553 |
| TOTAL COUNTERPARTY NETTING² | | (27,712) | (27,712) | | | (68,643) | (68,643) | |
| NET AMOUNTS INCLUDED IN THE CONSOLIDATED BALANCE SHEETS³ | | 93,854 | 18,215 | | | 17,546 | 72,441 | |
| Collateral | | | | | | | | |
| Cash collateral received/posted | | 120 | | | | 115 | | |
| Securities collateral received/ posted ⁵ | | 89,351 | 98,305 | | | 9,606 | 156,121 | |
| TOTAL SECURITIES COLLATERAL RECEIVED/POSTED | | 89,471 | 98,305 | | | 9,721 | 156,121 | |
| NET AMOUNT | | 4,383 | (80,090) | | | 7,825 | (83,680) | |
| NET AMOUNT IN ACCORDANCE WITH ASC 210⁶ | | \$ 4,383 | \$ 0 | | | \$ 7,825 | \$ 0 | |

¹ For the year ended June 30, 2023 and 2022 the balance represents an interest rate exchange swap on the University's debt portfolio.

² GAAP permits the netting of derivative assets and liabilities and the related cash collateral received and paid when a legally enforceable master netting agreement exists between the University and a derivative counterparty.

³ Included within the "Investment portfolio, at fair value" and "Other liabilities associated with the investment portfolio" line items of the Consolidated Balance Sheets.

⁴ Included within "Realized and change in unrealized (depreciation)/appreciation, net" within the Consolidated Statements of Changes in Net Assets.

⁵ Includes securities posted to meet initial margin requirements on exchange traded futures.

⁶ Excludes any over-collateralized amounts in accordance with ASC 210.

External advisors

Investments managed by external advisors include investments in private equity, real estate, natural resources, hedge funds, and other externally managed funds. The University generally utilizes the capital account balance provided by the external advisor as a practical expedient to fair value. To evaluate the adequacy of these fair value measurements, the University has assessed factors including, but not limited to, the external advisor's adherence to fair value principles in calculating the capital account balance, the existence of transactions at NAV at the measurement date and the existence or absence of

certain restrictions at the measurement date. In addition, the University evaluates these external advisors through ongoing due diligence and operational oversight, which includes an analysis of an advisor's use of and adherence to fair value principles.

The University, as an investor, has commitments to make periodic contributions in future periods to the investments managed by external advisors. The amounts of these expected disbursements as of June 30, 2023 and 2022 are disclosed below (in thousands of dollars):

| | As of June 30, 2023 | | | As of June 30, 2022 | | |
|---|-------------------------|--------------------------------------|--|-------------------------|--------------------------------------|--|
| | Fair value ¹ | Remaining unfunded commitments | Estimated remaining life ² | Fair value ¹ | Remaining unfunded commitments | Estimated remaining life ² |
| Private equity funds | \$ 18,505,877 | \$ 8,958,071 | 4 – 10 | \$ 17,394,411 | \$ 8,858,770 | 4 – 10 |
| Real estate funds | 2,790,305 | 2,048,930 | 4 – 10 | 3,052,042 | 2,068,329 | 4 – 10 |
| Other externally managed funds ³ | 3,517,860 | 2,317,366 | 2 – 8 | 3,259,851 | 2,902,708 | 2 – 8 |
| TOTAL | \$ 24,814,042 | \$ 13,324,367 | | \$ 23,706,304 | \$ 13,829,807 | |

¹ Represents the fair value of the funded portion of investments with remaining unfunded commitments.

² The estimated remaining lives of these funds, expressed in years, are forward-looking projections based on the University's estimates and could vary significantly depending on the investment decisions of external managers, changes in the University's investment portfolio, and other circumstances.

³ Investments in externally managed funds primarily include exposures to hedge funds and natural resources.

Investments in externally managed funds generally have limited redemption options for investors and, subsequent to final closing, may or may not permit subscriptions by new or existing investors. These entities may also have the ability to impose gates, lockups and other restrictions on an investor's ability to readily redeem out of their investment interest in the fund.

Direct investments

Direct investments are primarily valued using a combination of independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach, or cost approach). The income approach is primarily based on the investment's anticipated future income using one of two principal methods: the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized with these techniques may be subjective, unobservable, and require

judgment regarding significant matters such as estimating the amount and timing of future cash flows, forward pricing assumptions and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost of the investment is determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. When applicable, the University examines market data and collaborates closely with independent appraisers to arrive at the best estimation of fair value for each respective asset. The HMC Board of Directors discusses the valuation process and results with HMC management, and makes determinations on significant matters impacting valuation that may arise from time to time.

4. RECEIVABLES

The major components of receivables, net of reserves for doubtful accounts of \$16.4 million and \$16.5 million as of June 30, 2023 and 2022, respectively, were as follows (in thousands of dollars):

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Federal Sponsored Support | \$ 74,844 | \$ 67,130 |
| Publications | 69,487 | 61,545 |
| Continuing Education and Executive Programs | 57,330 | 63,629 |
| Leases | 32,820 | 32,525 |
| Tuition and Fees | 22,579 | 19,584 |
| Non-federal Sponsored Support | 17,791 | 13,159 |
| Gift Receipts | 7,067 | 17,344 |
| Other | 67,353 | 64,876 |
| TOTAL RECEIVABLES, NET | \$ 349,271 | \$ 339,792 |

5. NOTES RECEIVABLE

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):

| | 2023 | | | 2022 | | |
|-------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Receivable | Allowance | Net | Receivable | Allowance | Net |
| Student loans: | | | | | | |
| Government revolving | \$ 22,240 | \$ 519 | \$ 21,721 | \$ 26,754 | \$ 643 | \$ 26,111 |
| Institutional | 73,473 | 1,631 | 71,842 | 72,489 | 1,644 | 70,845 |
| Total student loans | 95,713 | 2,150 | 93,563 | 99,243 | 2,287 | 96,956 |
| Faculty and staff loans | 300,710 | 179 | 300,531 | 277,234 | 179 | 277,055 |
| Other loans | 42,527 | 36,220 | 6,307 | 49,448 | 42,647 | 6,801 |
| TOTAL | \$ 438,950 | \$ 38,549 | \$ 400,401 | \$ 425,925 | \$ 45,113 | \$ 380,812 |

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. These advances totaled \$24.7 million and \$29.5 million as of June 30, 2023 and 2022, respectively, and are included in "Deferred revenue and other liabilities" in the *Consolidated Balance Sheets*. During fiscal year 2018, the

Perkins Loan Program ended and as a result the University began making required repayments to the government. In fiscal year 2023, the University made the requested \$4.6 million repayment. 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.

The University assesses the adequacy of the allowance for doubtful accounts by evaluating the loan portfolio, including such factors as the differing economic risks

associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, the level of delinquent loans, the value of any collateral, and, where applicable, the existence of any guarantees or indemnifications. In addition to these factors, the University reviews the aging of the loans receivable and the default rate in comparison to prior years. The allowance is adjusted based on these reviews. The University considers the allowance at June 30, 2023 and 2022 to be reasonable and adequate to absorb potential credit losses inherent in the loan portfolio.

6. PLEDGES RECEIVABLE

Unconditional promises to donate to the University in the future are initially recorded at fair value (pledge net of discount) and subsequently amortized over the expected payment period, net of an allowance for uncollectible pledges. The University's indicative 1- to 15-year taxable unsecured borrowing rate is used to discount pledges receivable at the end of the fiscal year they are received. Discounts of \$351.2 million and \$246.6 million for the years ended June 30, 2023 and 2022, respectively, were calculated using rates ranging from 0.7% to 5.0%.

Pledges receivable included in the financial statements as of June 30, 2023 and 2022 are expected to be realized as follows (in thousands of dollars):

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Within one year | \$ 866,208 | \$ 816,775 |
| Between one and five years | 1,711,457 | 1,637,886 |
| More than five years | 603,713 | 541,641 |
| Less: discount and allowance for uncollectible pledges | (481,744) | (403,868) |
| TOTAL PLEDGES RECEIVABLE, NET | \$ 2,699,634 | \$ 2,592,434 |

Pledges receivable as of June 30, 2023 and 2022 have been designated for the following purposes (in thousands of dollars):

| | 2023 | 2022 |
|--|---------------------|---------------------|
| General Operating Account balances: | | |
| Gifts for current use | \$ 952,604 | \$ 665,632 |
| Non-federal sponsored awards | 199,014 | 186,725 |
| Construction and life income | 294,530 | 306,891 |
| Total General Operating Account balances | 1,446,148 | 1,159,248 |
| Endowment | 1,253,486 | 1,433,186 |
| TOTAL PLEDGES RECEIVABLE, NET | \$ 2,699,634 | \$ 2,592,434 |

Because of uncertainties with regard to realizability and valuation, bequest intentions and other conditional promises are only recognized as assets if and when the specified conditions are met. Non-bequest conditional pledges totaled \$122.4 million and \$110.0 million as of June 30, 2023 and 2022, respectively.

7. 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, 2023 and 2022 are summarized as follows (in thousands of dollars):

| | 2023 | 2022 | Estimated useful life (in years) |
|---------------------------------|---------------------|---------------------|-------------------------------------|
| Research facilities | \$ 3,446,121 | \$ 3,418,161 | * |
| Classroom and office facilities | 2,596,184 | 2,543,625 | 35 |
| Housing facilities | 2,638,555 | 2,525,545 | 35 |
| Other facilities | 435,738 | 425,737 | 35 |
| Service facilities | 1,148,704 | 1,114,162 | 35 |
| Libraries | 549,503 | 541,080 | 35 |
| Museums and assembly facilities | 1,001,370 | 990,568 | 35 |
| Athletic facilities | 280,432 | 263,825 | 35 |
| Land | 1,024,986 | 1,024,986 | N/A |
| Construction in progress | 554,978 | 357,434 | N/A |
| Equipment | 1,488,311 | 1,468,066 | ** |
| SUBTOTAL AT COST | 15,164,882 | 14,673,189 | |
| Less: accumulated depreciation | (6,568,899) | (6,230,349) | |
| FIXED ASSETS, NET | \$ 8,595,983 | \$ 8,442,840 | |

* Estimated useful lives of components range from 10 to 45 years.

** Estimated useful lives of equipment range from 4 to 10 years.

Certain University facilities are subject to restrictions as to use, structural modifications, and ownership transfer. Included in the fixed asset balances are restricted facilities with a net book value of \$276.6 million and \$267.4 million as of June 30, 2023 and 2022, respectively.

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 related to future estimated environmental remediation costs of \$186.2 million and \$189.2 million, which are included in “Deferred revenue and other liabilities” in the *Consolidated Balance Sheets* as of June 30, 2023 and 2022, respectively.

Right-of-use assets from finance leases of \$45.5 million and \$52.3 million are included in “Fixed assets, net” in the *Consolidated Balance Sheets* as of June 30, 2023 and 2022, respectively. Lease liabilities from finance leases of \$79.2 million and \$88.2 million are included in “Deferred revenue and other liabilities” in the *Consolidated Balance Sheets* as of June 30, 2023 and 2022, respectively.

8. ENDOWMENT AND GENERAL OPERATING ACCOUNT NET ASSETS

The University's net assets consisted of the following as of June 30, 2023 and 2022 (in thousands of dollars):

| | 2023 | | | 2022 | | |
|--|----------------------------|-------------------------|----------------------|----------------------------|-------------------------|----------------------|
| | Without donor restrictions | With donor restrictions | Total | Without donor restrictions | With donor restrictions | Total |
| NATURE OF SPECIFIC NET ASSETS | | | | | | |
| Perpetual endowment funds | | \$ 9,652,906 | \$ 9,652,906 | \$ 9,057,578 | \$ 9,057,578 | \$ 9,057,578 |
| Endowment funds and appreciation subject to distribution policy and appropriation | | 30,201,162 | 30,201,162 | 30,925,321 | 30,925,321 | 30,925,321 |
| Endowment funds without restriction, board designated and subject to distribution policy | \$ 9,229,293 | | 9,229,293 | \$ 9,057,969 | | 9,057,969 |
| Pledge balances | | 1,253,486 | 1,253,486 | 1,433,186 | 1,433,186 | 1,433,186 |
| Interests in trusts held by others | | 411,747 | 411,747 | 403,626 | 403,626 | 403,626 |
| TOTAL ENDOWMENT | 9,229,293 | 41,519,301 | 50,748,594 | 9,057,969 | 41,819,711 | 50,877,680 |
| Operating | 6,640,552 | | 6,640,552 | 6,519,858 | | 6,519,858 |
| Unexpended contributions and endowment distributions | | 3,395,978 | 3,395,978 | 3,048,468 | 3,048,468 | 3,048,468 |
| Student loan funds | | 100,178 | 100,178 | 100,148 | 100,148 | 100,148 |
| TOTAL GENERAL OPERATING ACCOUNT | 6,640,552 | 3,496,156 | 10,136,708 | 6,519,858 | 3,148,616 | 9,668,474 |
| Split interest agreements (Note 9) | | 634,217 | 634,217 | 700,540 | 700,540 | 700,540 |
| TOTAL NET ASSETS | \$ 15,869,845 | \$ 45,649,674 | \$ 61,519,519 | \$ 15,577,827 | \$ 45,668,867 | \$ 61,246,694 |

Endowment

The University's endowment consists of approximately 14,500 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, however decisions to spend their principal require the approval of the Corporation and therefore are classified as Board-designated endowment funds. The majority of the endowment is invested in the GIA (see Note 3).

The University is also the beneficiary of certain irrevocable trusts held and administered by others. The estimated fair values of trust assets, which include the present values of expected future cash flows from outside trusts and the fair value of the underlying assets of perpetual trusts, are recognized as assets and increases in net assets when the required trust documentation is provided to the University.

The fair values of these trusts are provided by the external trustees and are adjusted annually by the University. These are included as Level 3 investments in the fair value hierarchy table in Note 3.

The University's endowment distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and generate a predictable stream of available income. Each fall, the Corporation approves

the endowment distribution for the following fiscal year. Distribution from an underwater endowment fund (a fund below its historic dollar value) could continue in limited and defined circumstances under the University's endowment distribution policy. To the extent that the fair value of a donor restricted endowment fund falls below its historic dollar value it would be reported as a reduction of net assets with donor restrictions.

At June 30, 2023 and 2022, funds in a deficit position were reported in net assets with donor restrictions and are comprised as follows (in thousands):

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Fair value of underwater endowment funds | \$ 241,967 | \$ 369,782 |
| Historic dollar value | 246,804 | 378,931 |
| TOTAL DEFICIT OF UNDERWATER ENDOWMENT FUNDS | \$ (4,837) | \$ (9,149) |

The endowment distribution is based in part on presumptive guidance from a formula that is intended to provide budgetary stability by smoothing the impact of annual investment gains and losses. The formula's inputs reflect expectations about long-term returns and inflation rates. For fiscal year 2023, the endowment distribution approved by the Corporation (prior to decapitalizations) was equal to 4.7% of the fair value of the endowment invested in the GIA as of the beginning of the fiscal year. The total endowment distribution made available for operations was \$2.2 billion and \$2.1 billion in fiscal year 2023 and 2022, respectively.

Each year the Corporation also approves certain decapitalizations from the endowment to support strategic, mission-critical activities or objectives that are typically one-time or time-limited and therefore, are excluded from net operating surplus. These decapitalizations totaled \$43.4 million and \$36.7 million in fiscal year 2023 and 2022, respectively. These additional decapitalizations, in combination with the endowment distribution, resulted in an aggregate payout rate of 4.7% and 4.2% in fiscal year 2023 and 2022, respectively.

General operating account

The GOA consists of the general or current funds of the University as well as the assets and liabilities related to student and faculty loans and facilities. The GOA accepts, manages, and pays interest on deposits made by University departments; invests surplus working capital; makes loans; and arranges external financing for major capital projects. It is used to manage, control, and execute all University financial transactions, except for those related to investment activities conducted by HMC.

9. SPLIT INTEREST AGREEMENTS

Under split interest agreements, donors enter into trust or other arrangements with the University in which the University receives benefits that are shared with other beneficiaries and institutions. Split interest agreement (SIA) investment assets are invested primarily in the GIA and publicly-traded securities, a small segment is managed by an external advisor, and all are recorded in the "Investment portfolio, at fair value" in the University's *Consolidated Balance Sheets*. Additional disclosures are included in *Note 3*. Associated liabilities are recorded at the present value of estimated future payments due to beneficiaries and

other institutions. These liabilities are calculated using the University's current taxable unsecured borrowing rate of 4.9% and 3.5% as of June 30, 2023 and 2022, respectively. All split interest agreement net assets and the respective activity are reported within net assets with donor restrictions. Upon termination of a split interest agreement, the net assets are transferred to the GOA or endowment accordingly.

The changes in split interest agreement net assets for fiscal years 2023 and 2022 were as follows (in thousands of dollars):

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Investment return: | | |
| Investment income | \$ 19,760 | \$ 17,152 |
| Realized and change in unrealized appreciation/(depreciation), net | 39,925 | (158,186) |
| Total investment return | 59,685 | (141,034) |
| Gifts (<i>Note 14</i>) ¹ | 6,279 | 12,290 |
| Payments to annuitants | (74,072) | (76,057) |
| Transfers to endowment | (50,747) | (18,603) |
| Transfers between SIA and the GOA | (28,398) | (25,213) |
| Change in liabilities and other adjustments | 20,930 | 175,827 |
| NET CHANGE DURING THE YEAR | (66,323) | (72,790) |
| Total split interest agreement net assets, beginning of year | 700,540 | 773,330 |
| TOTAL SPLIT INTEREST AGREEMENT NET ASSETS, END OF YEAR | \$ 634,217 | \$ 700,540 |

¹ Shown at net present value. The undiscounted value of these gifts was \$12,342 and \$26,626 for the years ended June 30, 2023 and 2022, respectively

Split interest agreement net assets as of June 30, 2023 and 2022 consisted of the following (in thousands of dollars):

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Split interest agreement investments (<i>Note 3</i>) | | |
| Charitable remainder trusts | \$ 1,006,615 | \$ 1,039,122 |
| Charitable lead trusts | 99,011 | 101,899 |
| Charitable gift annuities | 265,662 | 305,536 |
| Pooled income funds | 149,151 | 140,000 |
| Total split interest agreement investments ¹ | 1,520,439 | 1,586,557 |
| Liabilities due under split interest agreements: | | |
| Amounts due to beneficiaries | (815,056) | (819,802) |
| Amounts due to other institutions | (71,166) | (66,215) |
| Total liabilities due under split interest agreements | (886,222) | (886,017) |
| TOTAL SPLIT INTEREST AGREEMENT NET ASSETS, END OF YEAR | \$ 634,217 | \$ 700,540 |

¹ For the year ended June 30, 2023, \$863,185 of SIA investments are held in the pooled general investment account and \$657,254 of SIA investments are held in the other investments outside the general investment account. For the year ended June 30, 2022, \$934,970 of SIA investments are held in the pooled general investment account and \$651,587 of SIA investments are held in the other investments outside the general investment account. Refer to *Note 3*.

10. BONDS AND NOTES PAYABLE

Bonds and notes payable as of June 30, 2023 and 2022 were as follows (in thousands of dollars):

| | Fiscal year of issue | Fiscal year of final maturity ¹ | Effective rate ² | Outstanding principal | |
|---|-------------------------|---|--------------------------------|-----------------------|---------------------|
| | | | | 2023 ³ | 2022 ³ |
| TAX-EXEMPT BONDS AND COMMERCIAL PAPER: | | | | | |
| Variable-rate demand bonds and commercial paper: | | | | | |
| Series R – daily | 2000-2006 | 2032 | 1.7% | \$ 98,300 | \$ 114,750 |
| Series Y – weekly | 2000 | 2036 | 2.4% | 117,905 | 117,905 |
| Commercial paper | 2023 | 2024 | 3.0% | 25,000 | |
| Total variable-rate bonds and commercial paper | | | 2.2% | 241,205 | 232,655 |
| Fixed-rate bonds: | | | | | |
| Series 2016A | 2017 | 2041 | 4.1% | 1,434,825 | 1,461,370 |
| Series 2020A | 2020 | 2031 | 4.3% | 346,680 | 346,680 |
| Series 2022B | 2022 | 2033 | 4.3% | 207,830 | 207,830 |
| Total fixed-rate bonds | | | 4.1% | 1,989,335 | 2,015,880 |
| TOTAL TAX-EXEMPT BONDS AND COMMERCIAL PAPER | | | 3.9% | 2,230,540 | 2,248,535 |
| TAXABLE BONDS AND COMMERCIAL PAPER: | | | | | |
| Variable-rate bonds and commercial paper: | | | | | |
| Commercial paper | 2023 | 2024 | 5.2% | 152,296 | |
| Total variable-rate bonds and commercial paper | | | 5.2% | 152,296 | 0 |
| Fixed-rate bonds: | | | | | |
| Series 2008A | 2008 | 2039 | 5.6% | 243,000 | 243,000 |
| Series 2008D | 2009 | 2039 | 6.5% | 500,000 | 500,000 |
| Series 2010C | 2011 | 2041 | 4.9% | 300,000 | 300,000 |
| Series 2013A | 2013 | 2038 | 3.4% | 402,000 | 402,000 |
| Series 2016B | 2017 | 2057 | 3.3% | 1,000,000 | 1,000,000 |
| Series 2020B | 2020 | 2051 | 2.5% | 500,000 | 500,000 |
| Series 2022A | 2022 | 2053 | 3.8% | 500,000 | 500,000 |
| Total fixed-rate bonds | | | 4.1% | 3,445,000 | 3,445,000 |
| TOTAL TAXABLE BONDS AND COMMERCIAL PAPER | | | 4.1% | 3,597,296 | 3,445,000 |
| Notes payable | Various | Various | Various | 84,730 | 83,796 |
| Unamortized original issuance premium/discount, net | | | | 321,570 | 360,763 |
| Unamortized bond issuance costs | | | | (19,402) | (20,891) |
| TOTAL BONDS AND NOTES PAYABLE | | | 4.0% | \$ 6,214,734 | \$ 6,117,203 |

¹ The weighted average maturity of the portfolio on June 30, 2023 was 17.1 years.

² For fixed-rate bonds the effective rate is calculated as: coupon rate x (par value / book value*). For variable rate bonds the effective rate is the one-year average rate. Effective rates are exclusive of the Series Y interest rate exchange agreement, which would increase the overall portfolio rate by 0.01% (4.03% vs 4.04%).

*Book value = par value + unamortized original issuance premium - unamortized original issuance discount, underwriter's discount, and cost of issuance.

³ Par only—balances exclude original issuance premiums/discounts.

Interest expense related to bonds and notes payable, net of amortization and accretion, was \$207.4 million and \$183.0 million for fiscal 2023 and 2022, respectively. The interest expense in the *Consolidated Statement of Changes in Net Assets with General Operating Account Detail* includes additional components related to finance leases. Excluding maturity of commercial paper, unamortized discounts and premiums, unamortized underwriter's discount and unamortized cost of issuance, scheduled principal payments are (in thousands of dollars):

| Fiscal year | Principal payments |
|---------------------------------|---------------------|
| 2024 | \$ 92,253 |
| 2025 | 41,441 |
| 2026 | 100,967 |
| 2027 | 102,795 |
| 2028 | 104,656 |
| Thereafter | 5,293,158 |
| TOTAL PRINCIPAL PAYMENTS | \$ 5,735,270 |

Bonds and notes payable increased from \$6.1 billion to \$6.2 billion in fiscal year 2023, primarily due to issuance of \$25.0 million in tax-exempt commercial paper and \$152.3 million in taxable commercial paper. The proceeds of the tax-exempt commercial paper were used to fund capital spending and the proceeds of the taxable commercial paper were used to fund institutional liquidity. Offsetting the commercial paper issuances were \$43.0 million of principal maturities, along with \$36.8 million of amortizing bond premium (net of amortizing fees and issuance discounts).

The University is rated Aaa by Moody's Investors Service and AAA by Standard & Poor's Global Ratings. The Moody's rating was re-affirmed in February 2023 and the Standard & Poor's was re-affirmed in March 2023.

The University has one unsecured, revolving credit facility with a syndicate of banks totaling \$1.5 billion, which expires in December 2025. The facility was renewed in December 2022. There was no outstanding drawn balance on the credit facility at June 30, 2023.

The University has taxable commercial paper available totaling \$2 billion. There was a \$152.3 million drawn balance on the taxable commercial paper line at June 30, 2023.

The University has tax-exempt commercial paper available totaling \$1 billion. There was a \$25.0 million drawn balance on the tax-exempt commercial paper line at June 30, 2023.

At June 30, 2023, the University had \$216.2 million of variable rate demand bonds outstanding (excluding commercial paper) with either a daily or weekly interest rate reset. In the event that the University receives notice of any optional tender on its variable rate demand bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will have a general obligation to purchase the bonds tendered with cash on hand.

Interest rate exchange agreements

In fiscal 2023, the University had in place one interest rate exchange agreement, used to manage the interest cost and risk associated with a portion of its outstanding variable rate debt.

The fair value of the interest rate exchange agreement was (\$3.6) million and (\$8.6) million as of June 30, 2023 and 2022, respectively, and is recorded in "Other liabilities associated with the investment portfolio" on the University's *Consolidated Balance Sheets*.

11. EMPLOYEE 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 a variety of 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.

The University uses a measurement date of June 30 for its pension and postretirement health plans.

457(b) deferred compensation plan

The University offers a non-qualified deferred compensation plan under Internal Revenue Code 457(b) 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 \$220.1 million as of June 30, 2023 and \$191.5 million as of June 30, 2022; 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.

In accordance with the Employee Retirement Income Security Act (ERISA) requirements, 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 \$793.1 million and \$851.2 million as of June 30, 2023 and 2022, respectively. During fiscal years 2023 and 2022, the University made cash contributions to the defined benefit pension plan of \$12.7 million and \$20.0 million, respectively. The University recorded expenses for its defined contribution plans of \$175.7 million for fiscal year 2023 and \$155.1 million for fiscal year 2022.

Postretirement health benefits

The University provides postretirement health coverage and life insurance to substantially all of its employees. As of June 30, 2023, the University had internally designated and invested \$996.9 million in the GIA to fund the postretirement health benefit accrued liability of \$799.0 million. As of June 30, 2022, the University had internally designated and

invested \$1.0 billion to fund the postretirement health benefit accrued liability of \$835.2 million.

The following table sets forth the pension and postretirement plans' funded status that is reported in the *Consolidated Balance Sheets* as of June 30, 2023 and 2022 (in thousands of dollars):

| | Pension benefits | | Postretirement health benefits | |
|--|--------------------|--------------------|--------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Change in benefit obligation: | | | | |
| Benefit obligation, beginning of year | \$ 944,511 | \$ 1,139,945 | \$ 835,208 | \$ 1,000,395 |
| Service cost | 6,629 | 11,208 | 22,052 | 32,542 |
| Interest cost | 46,401 | 34,980 | 41,361 | 32,643 |
| Plan participants' contributions | | | 10,377 | 9,527 |
| Gross benefits paid | (87,732) | (52,631) | (44,496) | (40,664) |
| Actuarial gain | (75,442) | (188,991) | (65,592) | (199,211) |
| Plan amendments | | | 54 | (24) |
| BENEFIT OBLIGATION, END OF YEAR¹ | 834,367 | 944,511 | 798,964 | 835,208 |
| Change in plan assets: | | | | |
| Fair value of plan assets, beginning of year | 851,205 | 1,061,693 | | |
| Actual return on plan assets | 16,939 | (177,857) | | |
| Employer contributions | 12,721 | 20,000 | 34,119 | 31,137 |
| Plan participants' contributions | | | 10,377 | 9,527 |
| Gross benefits paid | (87,732) | (52,631) | (44,496) | (40,664) |
| FAIR VALUE OF PLAN ASSETS, END OF YEAR | 793,133 | 851,205 | 0 | 0 |
| UNFUNDED STATUS² | \$ (41,234) | \$ (93,306) | \$ (798,964) | \$ (835,208) |

¹ Measurement of the University's pension obligation including assumed salary increases (required by GAAP).

² These amounts totaling \$840,198 as of June 30, 2023 and \$928,514 as of June 30, 2022 are included in the "Accrued Retirement Obligations" line in the Consolidated Balance Sheets.

The accumulated pension benefit obligation (ABO) is a measurement of the University's pension benefit obligation, based on past and present compensation levels and does not include assumed salary increases. The ABO was \$760.6 million at June 30, 2023 and \$846.8 million at

June 30, 2022. The funded status disclosed above has been prepared in accordance with pension accounting rules. When measured on an IRS funding basis, which informs the University's required cash contribution amount, the plan was overfunded at January 1, 2023.

Net periodic benefit cost

Components of net periodic benefit cost and other amounts recognized in the *Consolidated Statements of Changes in Net Assets with General Operating Account Detail* are summarized as follows for the years ended June 30, 2023 and 2022 (in thousands of dollars):

| | Pension benefits | | Postretirement health benefits | |
|---|--------------------|------------------|--------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Components of net periodic benefit cost: | | | | |
| Operating | | | | |
| Service cost | \$ 6,629 | \$ 11,208 | \$ 22,052 | \$ 32,542 |
| Total operating activity | 6,629 | 11,208 | 22,052 | 32,542 |
| Non-operating | | | | |
| Interest cost | 46,401 | 34,980 | 41,361 | 32,643 |
| Expected return on plan assets | (42,209) | (40,026) | | |
| Amortization of: | | | | |
| Actuarial loss/(gain) | | 7,242 | (19,055) | (4,650) |
| Prior service cost/(credit) | 287 | 287 | (7,931) | (7,929) |
| Total non-operating activity ¹ | 4,479 | 2,483 | 14,375 | 20,064 |
| Total net periodic benefit cost | 11,108 | 13,691 | 36,427 | 52,606 |
| Other amounts recognized in non-operating activity in unrestricted net assets: | | | | |
| Current year net actuarial (gain)/loss | (50,173) | 28,893 | (65,592) | (199,211) |
| Plan amendments | | | 54 | (24) |
| Amortization of: | | | | |
| Prior service (cost)/credit | (287) | (287) | 7,931 | 7,929 |
| Actuarial (loss)/gain | | (7,242) | 19,055 | 4,650 |
| Total other amounts recognized in non-operating activity ¹ | (50,460) | 21,364 | (38,552) | (186,656) |
| TOTAL RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS WITH GENERAL OPERATING ACCOUNT DETAIL | \$ (39,352) | \$ 35,055 | \$ (2,125) | \$ (134,050) |

¹ These amounts totaling (\$70,158) in fiscal year 2023 and (\$142,745) in fiscal year 2022 include gains and losses and other changes in the actuarially determined benefit obligations arising in the current period but that have not yet been reflected within net periodic benefit cost/(income) and are included in the "Change in Retirement Obligations" line in the Consolidated Statements of Changes in Net Assets with General Operating Account Detail.

Cumulative amounts recognized as non-operating changes in net assets without donor restrictions are summarized as follows for the years ended June 30, 2023 and 2022 (in thousands of dollars):

| | Pension benefits | | Postretirement health benefits | |
|---|------------------|------------------|--------------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net actuarial loss/(gain) | \$ 12,075 | \$ 62,248 | \$ (409,029) | \$ (362,492) |
| Prior service cost/(credit) | 33 | 320 | (25,779) | (33,765) |
| CUMULATIVE AMOUNTS RECOGNIZED IN UNRESTRICTED NET ASSETS | \$ 12,108 | \$ 62,568 | \$ (434,808) | \$ (396,257) |

Other assumptions and health care cost trend rates used in determining the year end obligation as well as the net periodic benefit cost of the pension and postretirement health plans are summarized as follows for fiscal years 2023 and 2022:

| | Pension benefits | | Postretirement health benefits | |
|--|------------------|-------|--------------------------------|-------|
| | 2023 | 2022 | 2023 | 2022 |
| Weighted-average assumptions used to determine benefit obligation as of June 30: | | | | |
| Discount rate | 5.70% | 5.05% | 5.60% | 4.90% |
| Compensation increase trend: | | | | |
| Initial rate | 5.00% | 5.00% | 5.00% | 5.00% |
| Ultimate rate | 3.50% | 3.50% | 3.50% | 3.50% |
| Year of ultimate | 2025 | 2025 | 2025 | 2025 |
| Cash balance (or similar formula) interest crediting rate | 5.25% | 5.25% | N/A | N/A |
| Pension increases for in-payment benefits increase trend: | | | | |
| Initial rate | 1.00% | 1.50% | N/A | N/A |
| Ultimate rate | 0.13% | 0.25% | N/A | N/A |
| Year of ultimate | 2024 | 2025 | N/A | N/A |
| Current health care cost trend rate: | | | | |
| Pre-65 | N/A | N/A | 7.25% | 7.00% |
| Post-65 | N/A | N/A | 6.75% | 7.00% |
| EGWP | N/A | N/A | 16.00% | 7.00% |
| Ultimate health care cost trend rate: | | | | |
| Pre-65 and Post-65 | N/A | N/A | 5.00% | 5.00% |
| EGWP | N/A | N/A | 4.00% | 5.00% |
| Year of ultimate | N/A | N/A | 2029 | 2029 |
| Weighted-average assumptions used to determine net periodic benefit (income)/cost: | | | | |
| Discount rate | 5.05% | 3.15% | 4.90% | 3.20% |
| Expected long-term rate of return on plan assets | 4.75% | 4.50% | N/A | N/A |
| Compensation increase trend: | | | | |
| Average rate | N/A | 3.50% | N/A | 3.50% |
| Initial rate | 5.00% | 0.00% | 5.00% | N/A |
| Ultimate rate | 3.50% | N/A | 3.50% | N/A |
| Year of ultimate | 2025 | N/A | 2025 | N/A |
| Pension increases for in-payment benefits increase trend: | | | | |
| Average rate | N/A | 0.25% | N/A | N/A |
| Initial rate | 1.50% | N/A | N/A | N/A |
| Ultimate rate | 0.25% | N/A | N/A | N/A |
| Year of ultimate | 2025 | N/A | N/A | N/A |
| Health care cost trend rate: | | | | |
| Initial rate | N/A | N/A | 7.00% | 6.50% |
| Ultimate rate | N/A | N/A | 5.00% | 4.75% |
| Year of ultimate | N/A | N/A | 2029 | 2025 |

The expected return on pension plan assets is determined by utilizing an independent advisor's capital markets model, which takes into account the expected real return, before inflation, for each of the pension portfolio's asset classes, as well as the correlation of any one asset class to every other asset class. This model calculates the real returns and correlations and derives an expected real return for the entire portfolio, given the percentage weighting allocated to each asset class. After calculating the expected real return, an assessment is made to accommodate the expected

inflation rate for the forthcoming period. The final expected return on assets is the aggregate of the expected real return plus the expected inflation rate.

Plan assets

The actual asset allocation of the investment portfolio for the pension plan at June 30, 2023 and 2022, along with target allocations for June 30, 2024, is as follows:

| | 2024 Target | June 30, 2023 | June 30, 2022 |
|--|-------------|---------------|---------------|
| Asset allocation by category for pension plan: | | | |
| Fixed income securities | 75-85% | 80.4% | 79.7% |
| Equity securities | 15-25 | 19.5 | 19.6 |
| Cash | 1-5 | 0.1 | 0.7 |
| TOTAL OF ASSET ALLOCATION CATEGORIES | | 100.0% | 100.0% |

The University's investment strategy for the pension portfolio is to manage the assets across a broad and diversified range of investment categories, both domestic and international. The objective is to achieve a risk-adjusted return that is in line with the long-term obligations that the University has to the pension plan beneficiaries. During fiscal year 2023, the University increased its allocation to fixed income securities to manage the interest rate volatility associated with its pension obligations. The University

expects to keep this strategy in future years. The investment program is also managed to comply with all ERISA regulations.

The following is a summary of the levels within the fair value hierarchy for the pension plan assets subject to fair value measurement as of June 30, 2023 and 2022 (in thousands of dollars):

| | 2023 | | | | 2022 | |
|---|-------------------|-------------|-------------|----------------------------|-------------------|-------------------|
| | Level 1 | Level 2 | Level 3 | NAV as practical expedient | Total | Total |
| PLAN ASSETS: | | | | | | |
| Cash and short-term investments | \$ 13,408 | | | | \$ 13,408 | \$ 17,942 |
| Domestic equity | 64,305 | | | | 64,305 | 87,025 |
| Foreign equity | 30,339 | | | \$ 41,876 | 72,215 | 62,956 |
| Domestic fixed income | | | | 589,061 | 589,061 | 633,453 |
| Emerging market equity and debt | 14,776 | | | | 14,776 | 12,880 |
| Hedge funds | | | | 137 | 137 | 265 |
| Private equity | | | | 1,250 | 1,250 | 1,368 |
| High yield | | | | 37,974 | 37,974 | 35,313 |
| PLAN ASSETS SUBJECT TO FAIR VALUE LEVELING | \$ 122,828 | \$ 0 | \$ 0 | \$ 670,298 | \$ 793,126 | \$ 851,202 |
| Other assets not subject to fair value | | | | | 7 | 3 |
| TOTAL PLAN ASSETS | | | | | \$ 793,133 | \$ 851,205 |

Expected future benefit payments

Employer contributions of \$13.3 million are expected for fiscal year 2024 to fund the pension benefit plan.

The following table summarizes expected benefit payments and subsidies for pension and other postretirement health benefits for the University (in thousands of dollars):

| Fiscal year | Expected benefit payments | |
|-------------|---------------------------|-----------------------|
| | Pension | Postretirement health |
| 2024 | \$ 66,508 | \$ 28,005 |
| 2025 | 66,150 | 29,851 |
| 2026 | 67,254 | 32,217 |
| 2027 | 68,262 | 34,674 |
| 2028 | 69,101 | 37,187 |
| Thereafter | 349,471 | 227,876 |

12. STUDENT FINANCIAL AID

Financial aid granted to students in fiscal 2023 and 2022 is summarized as follows (in thousands of dollars):

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Scholarships and other student awards: | | |
| Scholarships applied to student income ¹ | \$ 530,743 | \$ 505,904 |
| Scholarships and other student awards paid directly to students | 181,295 | 171,312 |
| Total scholarships and other student awards | 712,038 | 677,216 |
| Student employment | 101,699 | 93,581 |
| Student loans | 13,722 | 14,124 |
| Agency financial aid ² | 23,889 | 21,505 |
| TOTAL STUDENT FINANCIAL AID | \$ 851,348 | \$ 806,426 |

¹ Includes \$235,832 and \$224,863 in fiscal 2023 and 2022, respectively, of undergraduate scholarships applied to student income.

² Represents aid from sponsors for which the University acts as an agent for the recipient.

13. SPONSORED SUPPORT

Total expenditures funded by US government sponsors or by institutions that subcontract federally sponsored projects to the University were \$676.1 million and \$642.1 million in fiscal year 2023 and 2022, respectively. The University's principal source of federally sponsored funds is the Department of Health and Human Services. The University also has many non-federal sources of sponsored awards and grants, including corporations, foundations, state and local governments, foreign governments, and research institutes.

Sponsored grants and contracts normally provide for the recovery of direct and indirect costs. Recovery of related indirect costs is generally recorded at fixed or predetermined rates negotiated with the federal government and other sponsors. Predetermined federal indirect cost rates have been established for the University Area, the Medical School (including the School of Dental Medicine), and the T.H. Chan School of Public Health through fiscal year 2024. Funds received for federally sponsored activity are subject to audit.

14. GIFTS

Gifts are classified as net assets with or without restrictions in accordance with donor specifications.

Additionally, gifts are categorized by purpose as "Current use", "Non-federal sponsored grants", "Endowment funds", "Split interest agreements", or "Loan funds and facilities".

Gifts received for the year ended June 30, 2023 are summarized as follows (in thousands of dollars):

| | 2023 | | Total |
|--|---------------------|--|---------------------|
| | Gifts received | Donor redesignations/ other changes | |
| Current use | \$ 482,107 | \$ 3,775 | \$ 485,882 |
| Non-federal sponsored grants | 232,226 | (2,782) | 229,444 |
| Endowment funds | 566,660 | (6,053) | 560,607 |
| Split interest agreements ¹ | 6,279 | | 6,279 |
| Loan funds and facilities | 96,210 | (35) | 96,175 |
| TOTAL GIFTS | \$ 1,383,482 | \$ (5,095) | \$ 1,378,387 |

¹ Shown at net present value. The undiscounted value of these gifts was \$12,342 for the year ended June 30, 2023.

Gifts received for the year ended June 30, 2022 are summarized as follows (in thousands of dollars):

| | 2022 | | Total |
|--|---------------------|--|---------------------|
| | Gifts received | Donor redesignations/ other changes | |
| 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 ¹ | 12,290 | | 12,290 |
| Loan funds and facilities | 81,943 | 5,931 | 87,874 |
| TOTAL GIFTS | \$ 1,424,062 | \$ (3,392) | \$ 1,420,670 |

¹ Shown at net present value. The undiscounted value of these gifts was \$26,626 for the year ended June 30, 2022.

15. OTHER REVENUE

The major components of other revenue for the years ended June 30, 2023 and 2022 were as follows (in thousands of dollars):

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Publications and royalties from copyrights | \$ 281,024 | \$ 277,104 |
| Rental and parking ¹ | 141,449 | 116,070 |
| Services income | 136,811 | 135,240 |
| Health and clinic fees | 72,580 | 70,214 |
| Royalties from the commercialization of intellectual property ² | 58,989 | 152,078 |
| Sales income | 32,376 | 31,423 |
| Interest income | 15,317 | 8,373 |
| Other student income | 5,025 | 4,326 |
| Other | 49,345 | 43,495 |
| TOTAL OTHER REVENUE | \$ 792,916 | \$ 838,323 |

¹ The University is the lessor of space and facilities under operating leases, the income from which is included in rental and parking.

² Excludes distribution to external parties.

16. OTHER EXPENSES

The major components of other expenses for the years ended June 30, 2023 and 2022 were as follows (in thousands of dollars):

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Subcontract expenses under sponsored projects | \$ 179,941 | \$ 179,212 |
| Travel | 93,449 | 43,737 |
| Advertising | 65,353 | 53,007 |
| Publishing | 50,202 | 45,097 |
| Taxes and Fees | 42,196 | 38,706 |
| Insurance | 23,207 | 25,669 |
| Postage | 14,911 | 14,907 |
| Telephone | 10,971 | 11,153 |
| Fixed asset impairments | 7,394 | 21,385 |
| Other | 90,756 | 61,702 |
| TOTAL OTHER EXPENSES | \$ 578,380 | \$ 494,575 |

17. FUNCTIONAL AND NATURAL CLASSIFICATION OF OPERATING EXPENSES

Operating expenses are allocated functionally on a direct basis. Operations and maintenance expenses are allocated based on square footage.

Operating expenses by functional classification for the year ended June 30, 2023 were as follows (in thousands of dollars):

| | 2023 | | | | Total |
|--|----------------------------------|-----------------------|------------------------------|-------------------------------------|---------------------|
| | Instruction and academic support | Research ¹ | Student services and support | Institutional support and auxiliary | |
| Salaries and wages | \$ 1,261,358 | \$ 330,493 | \$ 164,182 | \$ 665,043 | \$ 2,421,076 |
| Employee benefits | 307,980 | 77,943 | 54,257 | 188,124 | 628,304 |
| Services purchased | 407,481 | 126,438 | 69,973 | 188,049 | 791,941 |
| Depreciation | 47,043 | 155,078 | 16,595 | 206,093 | 424,809 |
| Space and occupancy | 128,490 | 68,282 | 33,859 | 163,448 | 394,079 |
| Supplies and equipment | 85,546 | 60,946 | 44,306 | 92,525 | 283,323 |
| Interest | 21,307 | 48,498 | 14,397 | 124,388 | 208,590 |
| Scholarships and other student awards | | | 181,295 | | 181,295 |
| Other expense and overhead allocations | 37,026 | 442,002 | 35,189 | 64,163 | 578,380 |
| TOTAL EXPENSES | \$ 2,296,231 | \$ 1,309,680 | \$ 614,053 | \$ 1,691,833 | \$ 5,911,797 |

¹ The methodology used to allocate expenses for financial statement purposes is different than methodologies used for other purposes, such as governmental surveys.

Operating expenses by functional classification for the year ended June 30, 2022 were as follows (in thousands of dollars):

| | 2022 | | | | Total |
|--|----------------------------------|-----------------------|------------------------------|-------------------------------------|---------------------|
| | Instruction and academic support | Research ¹ | Student services and support | Institutional support and auxiliary | |
| Salaries and wages | \$ 1,149,598 | \$ 310,492 | \$ 144,458 | \$ 601,794 | \$ 2,206,342 |
| Employee benefits | 286,322 | 74,786 | 49,844 | 172,979 | 583,931 |
| Services purchased | 374,555 | 95,246 | 60,739 | 202,169 | 732,709 |
| Depreciation | 47,664 | 155,568 | 16,520 | 209,108 | 428,860 |
| Space and occupancy | 106,798 | 62,355 | 31,766 | 152,867 | 353,786 |
| Supplies and equipment | 90,926 | 55,364 | 41,906 | 82,888 | 271,084 |
| Interest | 18,549 | 43,775 | 13,071 | 112,139 | 187,534 |
| Scholarships and other student awards | | | 171,312 | | 171,312 |
| Other expense and overhead allocations | 1,866 | 424,292 | 28,407 | 40,010 | 494,575 |
| TOTAL EXPENSES | \$ 2,076,278 | \$ 1,221,878 | \$ 558,023 | \$ 1,573,954 | \$ 5,430,133 |

¹ The methodology used to allocate expenses for financial statement purposes is different than methodologies used for other purposes, such as governmental surveys.

18. COMMITMENTS AND CONTINGENCIES

Lease commitments

The University is the lessee of equipment and space under operating (rental) and finance leases. The University determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The University categorizes leases with contractual terms longer than twelve months as either operating or finance. The University's leases generally have terms that range from one to five years for equipment and one to twenty years for property, with certain leases inclusive of renewal options if they are considered to be reasonably assured at lease commencement. Right of use assets and lease liabilities for operating leases are included in "Operating leases—right of use assets" and "Operating lease liabilities", respectively, in the *Consolidated Balance Sheets*. Finance lease right of use assets and lease liabilities are included in "Fixed assets, net" and "Deferred revenue and other liabilities", respectively, in the *Consolidated Balance Sheets*. Lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease.

Operating and finance lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments. Rent expense related to operating leases, including short-term leases and variable lease payments, was \$114.0 million and \$101.2 million in fiscal year 2023 and 2022, respectively.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating and finance lease liabilities (in thousands of dollars):

| | Operating | Finance |
|---|-------------------|------------------|
| 2024 | \$ 77,369 | \$ 11,524 |
| 2025 | 80,070 | 11,913 |
| 2026 | 75,344 | 21,995 |
| 2027 | 70,808 | 11,957 |
| 2028 | 69,720 | 13,018 |
| Thereafter | 573,984 | 98,505 |
| TOTAL LEASE PAYMENTS | 947,295 | 168,912 |
| Less: Imputed Interest | (193,100) | (89,689) |
| PRESENT VALUE OF LEASE LIABILITIES | \$ 754,195 | \$ 79,223 |

Weighted-average remaining lease term and discount rate for operating and finance leases were as follows:

| | June 30, 2023 |
|---------------------------------------|---------------|
| Weighted average remaining lease term | |
| Operating leases | 15.1 YEARS |
| Finance leases | 14.3 YEARS |
| Weighted average discount rate | |
| Operating leases | 2.9% |
| Finance leases | 2.4% |

The University leases properties to customers under agreements that are classified as operating or sales-type leases. Property leased to others in operating lease arrangements are included in "Fixed assets, net" in the *Consolidated Balance Sheets*. Revenue is recognized to the extent that amounts are determined to be collectible.

Fixed asset-related commitments

The University has various commitments for capital projects involving construction and renovation of certain facilities, real estate acquisitions, and equipment purchases, for which the outstanding commitments as of June 30, 2023 totaled approximately \$478.6 million.

Environmental remediation

The University is subject to laws and regulations concerning environmental remediation and has established reserves for potential obligations that management considers to be probable and for which reasonable estimates can be made. These estimates may change substantially depending on new information regarding the nature and extent of contamination, appropriate remediation technologies, and regulatory approvals. Costs of future environmental remediation have been discounted to their net present value. Management is not aware of any existing conditions that it believes are likely to have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

General

The University is a defendant in various legal actions arising from the normal course of its operations. While it is not possible to predict accurately or determine the eventual outcome of such actions, management believes that the outcome of these proceedings will not have a material adverse effect on the University's financial position, changes in net assets, or cash flows.

The University has evaluated subsequent events through October 18, 2023, the date the financial statements were issued. The University has concluded that no material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.

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Treasurer

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Chief Financial Officer*

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Vice President and General Counsel

KLARA JELINKOVA
*Vice President and Chief
Information Officer*

SEAN CARON
Vice President for Campus Services

MARTHA WHITEHEAD
Vice President for the Harvard Library

+ NEW MEMBER FOR 23 24

* JCI MEMBER

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APPENDIX C

**DEFINITION OF CERTAIN TERMS AND SUMMARY OF
CERTAIN PROVISIONS OF THE AGREEMENT**

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DEFINITIONS OF CERTAIN TERMS

In addition to terms defined elsewhere in the Official Statement, the following terms have the following meanings in the Loan and Trust Agreement dated as of April 1, 2024 (the “Agreement”) among the Issuer, the Institution and the Trustee, unless the context otherwise requires:

“Authorized Denominations” means \$5,000 and any integral multiple thereof.

“Bond Counsel” means any attorney at law or firm of attorneys selected by the Institution and satisfactory to the Issuer, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

“Bond Year” means each one year period (or shorter period from the date of issue of the Bonds) ending on June 30.

“Bondowners” or “Owners” means the registered owners of the Bonds from time to time as shown in the books kept by the Trustee as bond registrar and transfer agent.

“Bonds” means the Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2024B, dated the date of original delivery and any Bond or Bonds duly issued in exchange or replacement therefor.

“Business Day” means a day on which banks in the city in which the principal corporate trust office of the Trustee at which the Agreement is principally administered is located (which on the date of the Agreement is Pittsburgh, Pennsylvania) is not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of the date of issuance of the Bonds between the Institution and the Trustee, as dissemination agent, as originally executed and as it may be amended from time to time in accordance with its terms.

“Government or Equivalent Obligations” means (i) obligations issued or guaranteed by the United States; (ii) obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Home Loan Bank System, the Farm Credit System, or any other agency or instrumentality of the United States of America; (iii) certificates evidencing ownership of the right to the payment of the principal of and interest on obligations described in clause (i), provided that such obligations are held in the custody of a bank or trust company satisfactory to the Trustee or the Issuer, as the case may be, in a special account separate from the general assets of such custodian; (iv) shares of any open-end or closed-end management type investment company or trust registered under 15 U.S.C. §80(a)-1 et seq., provided that the portfolio of such investment company or trust is limited to obligations described in clause (i) and repurchase agreements fully collateralized by such obligations, and provided further that such investment company or trust shall take custody of such collateral either directly or through a custodian satisfactory to the Trustee or the Issuer; and (v) tax-exempt obligations of any state or instrumentality, agency or political subdivision thereof, which are fully secured by, or payments of principal and interest on which shall be made from, obligations described in clause (i) above.

“IRC” means the Internal Revenue Code of 1986, as it may be amended and applied to the Bonds from time to time.

“Moody’s” means Moody’s Investors Service, Inc., or any successor rating agency.

“Opinion of Bond Counsel” means an opinion of Bond Counsel to the effect that the matter or action in question will not have an adverse impact on the tax-exempt status of the Bonds for federal income tax purposes.

“Outstanding,” when used to modify Bonds, refers to Bonds issued under the Agreement, excluding: (i) Bonds that have been exchanged or replaced, or delivered to the Trustee for credit against a principal payment or a sinking fund installment; (ii) Bonds that have been paid; (iii) Bonds that have become due and for the payment of

which moneys have been duly provided; and (iv) Bonds for which there have been irrevocably set aside sufficient funds, or Government or Equivalent Obligations described in clause (i), (ii) or (iv) of the definition thereof bearing interest at such rates, and with such maturities as will provide sufficient funds, to pay or redeem them, provided, however, that if any such Bonds are to be redeemed prior to maturity, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee.

“Project” means the following:

(a) Existing Part of the Project: the projects financed and refinanced with the proceeds of the Series 2016A Bonds.

(b) New Part of the Project: the financing and refinancing of certain capital projects for educational purposes, all of which are and will be owned by the Institution and located or to be located at the following locations in Massachusetts: (i) the Institution’s main campus in Cambridge, generally bounded by Beacon Street on the East, Memorial Drive on the South and West, and Wendell Street on the North, or adjacent or proximate sites (the “Main Campus”); (ii) the Institution’s facilities in Allston, generally bounded by Soldiers Field Road on the West, North, and East, Cambridge Street on the South, and North Harvard Street on the South-West, or adjacent or proximate sites (the “Allston Campus”); and (iii) the Institution’s facilities in the Longwood area of Boston, generally bounded by Huntington Avenue on the South-East, Francis Street on the South-West, Blackfan Circle on the North and North-West, and Fenway on the North-East, or adjacent or proximate sites (the “Longwood Campus”), including, but not limited to, the following:

(i) Renovation of Adams House undergraduate housing complex located on the Main Campus at 53 Bow Street, 13-21 Bow Street and 26 Plympton Street, Cambridge;

(ii) Renovation of Gordon Hall, a Harvard Medical School administrative building, located on the Longwood Campus at 25 Shattuck Street, Boston; and

(iii) Construction of new student and Harvard affiliate housing on the Allston Campus at the property currently known as 100 South Campus Drive, Allston.

“Project Costs” means the costs of issuing the Bonds and carrying out the Project, including repayment of external loans and internal advances for the same to the extent permitted by the Agreement and the Tax Certificate, working capital expenditures directly related to the Project to the extent permitted by the IRC, and interest prior to, during and for up to one year after construction is substantially complete, but excluding general administrative expenses, overhead of the Institution and interest on internal advances.

“Revenues” means all rates, payments, fees, charges, and other income and receipts, including proceeds of insurance, eminent domain and sale, and including proceeds derived from any security provided under the Agreement, payable to the Issuer or the Trustee under the Agreement, excluding administrative fees of the Issuer, fees of the Trustee, reimbursements to the Issuer or the Trustee for expenses incurred by the Issuer or the Trustee, and indemnification of the Issuer and the Trustee.

“S&P” means S&P Global Ratings, a division of S&P Global Inc., or any successor rating agency.

“Series 2016A Bonds” means the Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2016A.

“Tax Certificate” means the Tax Certificate and Agreement between the Issuer and the Institution dated the date of original issuance of the Bonds, as amended or supplemented from time to time.

“UCC” means the Massachusetts Uniform Commercial Code, as it may be amended from time to time.

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

SUMMARY OF CERTAIN PROVISIONS OF THE AGREEMENT

The following is a summary, prepared by Hinckley, Allen & Snyder LLP, Bond Counsel, of certain provisions of the Agreement. This summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such and all provisions.

Establishment of Funds

The following funds have been established and shall be maintained with the Trustee for the account of the Institution, to be held in trust by the Trustee and applied subject to the provisions of the Agreement:

Debt Service Fund;
Redemption Fund; and
Expense Fund

(Sections 303, 304 and 306)

Debt Service Fund

A Debt Service Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Debt Service Fund and any investments held as part of such fund shall be held in trust and, except as otherwise provided, shall be applied solely to the payment of the principal (including sinking fund installments, if any), redemption premium, if any, Make-Whole Redemption Price, if any, and interest on the Bonds. Promptly after July 15 of each Bond Year, if the amount deposited by the Institution in the Debt Service Fund during the preceding Bond Year pursuant to the Agreement was in excess of the amount required to be so deposited, the Trustee shall transfer such excess to the Institution unless there is then an Event of Default known to the Trustee with respect to payments to the Debt Service Fund or to the Trustee or the Issuer, in which case the excess shall be applied to such payments. (Section 303)

Redemption Fund

A Redemption Fund is established with the Trustee and moneys shall be deposited therein as provided in the Agreement. The moneys in the Redemption Fund and any investments held as a part of such fund shall be held in trust and, except as otherwise provided, shall be applied by the Trustee on behalf of the Issuer solely to the redemption of the Bonds. The Trustee may, and upon written direction of the Institution for specific purchases shall, apply moneys in the Redemption Fund to the purchase of Bonds for cancellation at prices not exceeding the price at which they are then redeemable (or next redeemable if they are not then redeemable), but not within the forty-five (45) days preceding a redemption date.

If on any date the amount in the Debt Service Fund is less than the amount then required to be applied by the Trustee to pay the principal (including sinking fund installments, if any) and interest then due on the Bonds, the Trustee shall apply the amount in the Redemption Fund (other than any sum irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) to the Debt Service Fund to the extent necessary to meet the deficiency. The Institution shall remain liable for any sums which it has not paid into the Debt Service Fund and any subsequent payment thereof shall be used to restore the funds so applied.

If any moneys in the Redemption Fund are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay the redemption price of Bonds called for redemption in accordance with the Agreement, then the Institution shall immediately supply the deficiency. (Section 304)

Expense Fund

An Expense Fund is established to be held by the Trustee and proceeds of the Bonds shall be deposited therein as provided in the Agreement. The moneys in the Expense Fund and any investments held as part of such fund shall be held in trust and, except as otherwise provided in the Agreement, shall be applied by the Trustee at the written direction of the Institution solely to the payment or reimbursement of the costs of issuing the Bonds. The Trustee shall pay from the Expense Fund at the direction of the Institution the costs of issuing the Bonds, the reasonable fees and expenses of financial consultants and bond counsel, the reasonable fees and expenses of the Trustee incurred prior to the completion of the Project in accordance with the Agreement, any recording or similar fees and any expenses of the Institution in connection with the issuance of the Bonds as directed by the Institution.

Earnings on the Expense Fund shall not be applied to pay costs of issuance of the Bonds, but shall be transferred to the Debt Service Fund. To the extent the Expense Fund is insufficient to pay any of the above costs, the Institution shall be liable for the deficiency. (Section 306)

Rebate

No later than sixty (60) days after the close of the fifth Bond Year following the date of issue of the Bonds (or any earlier date that may be required to comply with IRC §148(f) and the regulations thereunder (the “Rebate Provision”)) and the close of each fifth Bond Year thereafter, the Institution shall pay to the United States on behalf of the Issuer the full amount of rebate then required to be paid under the Rebate Provision. Within sixty (60) days after the Bonds have been paid in full, the Institution shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Provision. Each such payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 or any successor location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other similar information reporting form) prepared by the Institution.

No later than fifteen (15) days prior to each date on which a payment could become due under the foregoing paragraph (a “Rebate Payment Date”), the Institution shall deliver to the Issuer and the Trustee a certificate either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid pursuant to the foregoing paragraph. If the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by (i) a rebate report in form acceptable to the Issuer prepared by a rebate consultant acceptable to the Issuer, (ii) a completed Form 8038-T, in a form acceptable to the Issuer, which is to be signed by an officer of the Issuer, and (iii) a certification of the Institution stating that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date the Institution shall furnish to the Issuer and the Trustee a certificate stating that such amount has been timely paid. (Section 305)

Application of Moneys

If available moneys in the Debt Service Fund after any required transfers from the Redemption Fund are not sufficient on any day to pay all principal (including sinking fund installments, if any), redemption price and interest on the Outstanding Bonds then due or overdue, such moneys (other than any sum in the Redemption Fund irrevocably set aside for the redemption of particular Bonds or required to purchase Bonds under outstanding purchase contracts) shall, after payment of all charges and disbursements of the Trustee in accordance with the Agreement, be applied (in the order such funds are named in this paragraph) first to the payment of interest, including interest on overdue principal, in the order in which the same became due (pro rata with respect to interest which became due at the same time) and second to the payment of principal (including sinking fund installments, if any) and redemption premiums, if any, or Make-Whole Redemption Price (as applicable) without regard to the order in which the same became due (in proportion to the amounts due). For this purpose interest on overdue principal shall be treated as coming due on the first day of each month. Whenever moneys are to be applied pursuant to the provisions described in this paragraph, such moneys shall be applied at such times, and from time to time, as the Trustee in its discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall exercise such discretion it shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date. When interest or a portion of the principal is to be paid on an overdue Bond, the Trustee may require presentation of the Bond for endorsement of the payment. (Section 307)

Payments by the Institution

Not later than the opening of business on the Business Day next preceding the date on which a payment of principal (including sinking fund installments, if any) or interest is due on the Bonds, the Institution shall pay to the Trustee for deposit in the Debt Service Fund an amount equal to such payment less the amount, if any, in the Debt Service Fund and available therefor.

At any time when any principal (including sinking fund installments, if any) of the Bonds is overdue, the Institution shall also have a continuing obligation to pay to the Trustee for deposit in the Debt Service Fund an amount equal to interest on the overdue principal. Redemption premiums, if any, shall not bear interest.

Payments by the Institution to the Trustee for deposit in the Debt Service Fund under the Agreement shall discharge the obligation of the Institution to the extent of such payments; provided, that if any moneys are invested in accordance with the Agreement and a loss results therefrom so that there are insufficient funds to pay principal (including sinking fund installments, if any) and interest on the Bonds when due, the Institution shall supply the deficiency. (Section 308)

Unconditional Obligation

To the extent permitted by law, the obligation of the Institution to make payments to the Issuer and the Trustee under the Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, shall not be subject to setoff, recoupment or counterclaim and shall be a general obligation of the Institution to which the full faith and credit of the Institution are pledged. (Section 309)

Investments

Pending their use under the Agreement, moneys in the funds and accounts established pursuant to the Agreement may be invested by the Trustee in Permitted Investments (as defined below) maturing or redeemable at the option of the holder at or before the time when such moneys are expected to be needed and shall be so invested pursuant to written direction of the Institution if there is not then an Event of Default known to the Trustee, provided that the Institution shall not request, authorize or permit any investment that would cause any Bonds to be classified as “arbitrage bonds” as defined in IRC Section 148. Any investments shall be held by the Trustee as a part of the applicable fund and shall be sold or redeemed to the extent necessary to make payments or transfers or anticipated payments or transfers from such fund, subject to the notice provisions of the UCC to the extent applicable. In the absence of such investment direction by the Institution, the Trustee shall not be under any obligation to invest (or otherwise pay interest on) any funds held under the Agreement. The Trustee shall not be responsible for any loss on any Permitted Investment, to the extent the Trustee has acted at the written direction of the Institution with respect to such investment.

Except as set forth below, any interest realized on investments in any fund and any profit realized upon the sale or other disposition thereof shall be credited to the fund with respect to which they were earned and any loss shall be charged thereto. Earnings (which for this purpose include net profit and are after deduction of net loss) on proceeds from the sale of Bonds deposited in the Expense Fund shall be transferred to the Debt Service Fund not less often than quarterly. Earnings on the Redemption Fund shall be transferred to the Debt Service Fund and credited against payments otherwise required to be made thereto not less often than quarterly.

The term “Permitted Investments” means (A) Government or Equivalent Obligations; (B) “tax exempt bonds” as defined in IRC Section 150(a)(6), other than “specified private activity bonds” as defined in IRC Section 57(a)(5)(C), rated at least “AA” or “Aa2” by S&P and Moody’s, respectively, or the equivalent by any other nationally recognized rating agency, at the time of acquisition thereof, or shares of a so-called money market or mutual fund that do not constitute “investment property” within the meaning of IRC Section 148(b)(2), provided either that the fund has all of its assets invested in such “tax exempt bonds” of such rating quality or, if such obligations are not so rated, that the fund has comparable creditworthiness through insurance or otherwise and which fund is rated “Aam” or “AAm-G” if rated by S&P, at the time of acquisition thereof; (C) Obligations of any state or political subdivision thereof rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof; (D) negotiable certificates of deposit maturing not more than two years after the date of purchase, and interest-bearing deposit accounts and other bank deposit products of a national association or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank, which (i) has assets of not less than \$1,000,000,000, provided that the senior debt obligations of the issuing institution are rated in the highest category by Moody’s or S&P at the time of acquisition thereof, or (ii) funds are guaranteed by the Federal Deposit Insurance Corporation, or (iii) funds are fully collateralized by Government or Equivalent Obligations; (E) bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances), provided that such bankers acceptances may not exceed 180 days maturity, and provided further that the accepting bank has the highest short-term letter and numerical rating as provided by Moody’s or S&P at the time of acquisition thereof; (F) Repurchase Agreements; (G) (i) the Massachusetts Development Finance Agency Short Term Asset Reserve (STAR) Fund or any other similar fund established by, or on behalf of, the Issuer, which is rated “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, and (ii) money market funds which have a rating of “AAAm-G,” “AAAm” or “AAm” by S&P at the time of acquisition thereof, provided that the fund is registered under the Federal Investment Company Act of 1940 and

whose shares are registered under the Federal Securities Act of 1933; (H) investment agreements with providers rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that if the provider is downgraded by one or more nationally recognized rating agency to below the second highest category, the agreement shall (i) be fully collateralized at 104% by Government or Equivalent Obligations or 105% by securities outlined in clause (J) of this definition of permitted investments, or (ii) terminate; (I) collateralized investment agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (J) forward purchase and sale agreements with providers rated not lower than the third highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency, provided that if the investment agreement is guaranteed by a third party, then such rating requirement shall apply to the guarantor only, and provided further that in all cases such rating requirements shall apply only at the time the investment agreement is executed; (K) senior debt obligations and participation certificates issued by an agency or instrumentality established by an act of Congress, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank System, Student Loan Marketing Association, World Bank or Federal Agricultural Mortgage Corporation (“Federal Agency Securities”), in each case rated not lower than the second highest category (without regard to gradations within such category), at the time of acquisition thereof, by at least one nationally recognized rating agency; (L) commercial paper that is rated at the time of purchase at least “A-1+” by S&P or “P-1” by Moody’s at the time of acquisition thereof and that matures not more than 270 days after the date of purchase; and (M) notes issued by corporate entities rated at least “AA-” and “Aa3” by S&P and Moody’s, respectively, at the time of acquisition thereof. The term “Repurchase Agreement” shall mean a written agreement under which a bank or trust company which has a capital and surplus of not less than \$50,000,000 or a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York sells to, and agrees to repurchase from the Trustee obligations issued or guaranteed by the United States; provided that the market value of such obligations is at the time of entering into the agreement at least one hundred and three percent (103%) of the repurchase price specified in the agreement and that such obligations are segregated from the unencumbered assets of such bank or trust company or government bond dealer; and provided further that unless the agreement is with a bank or trust company, such agreement shall require the repurchase to occur on demand or on a date certain which is not later than one (1) year after such agreement is entered into and shall expressly authorize the Trustee to liquidate the purchased obligations in the event of the insolvency of the party required to repurchase such obligations or the commencement against such party of a case under the federal Bankruptcy Code or the appointment of or taking possession by a trustee or custodian in a case against such party under the Bankruptcy Code. Any such investments may be purchased from or through the Trustee. Ratings of Permitted Investments referred to in the Agreement shall be determined at the time of purchase of such Permitted Investments. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments. (Section 311)

The Project

Use of Project.

Institution Project Fund and Carrying Out the Project.

Upon the issuance of the Bonds, the Institution expects to hold the Bond proceeds in an Institution-established fund (the “Institution Project Fund”), which will be applied by the Institution to the repayment of the Commercial Paper and to the payment of Project Costs. The Institution shall invest the Institution Project Fund in Permitted Investments. Contracts for carrying out the Project and acquisitions in connection therewith have been and shall be made by the Institution in its own name. No funds of the Issuer, other than the proceeds of the Bonds, shall be available to pay Project Costs. The Institution Project Fund shall be subject to the Rebate Provision.

Disbursements from the Institution Project Fund shall be made by the Institution to pay directly or to reimburse the Institution for Project Costs. By making a disbursement from the Institution Project Fund, the Institution confirms: (i) that it is for Project Costs that have not been the basis of a prior or contemporaneous disbursement or of a prior payment of an external loan or of a prior reimbursement of internal advances and that have not been paid from gifts or grants received by the Institution for the Project; that it is for work actually

performed or material, equipment or other property actually supplied for the Project in accordance with the applicable plans and specifications; that it contains no amount entitled to be retained by the Institution for purposes other than Project Costs; and that to the extent it is for the reimbursement of Project Costs paid by the Institution before the date of issuance of the Bonds, such reimbursement is consistent with the representations and warranties made by the Institution in the Tax Certificate; and (ii) that the work and material, equipment or other property covered by the requisition have been performed or delivered to the Institution and are in material accordance with all applicable building, zoning, land use, environmental protection, historical preservation, sanitary, safety and educational laws, rules and regulations, all applicable grant, reimbursement and insurance requirements and the provisions of this Agreement; and that all permits, licenses and approvals required for the items covered by the requisition have been obtained.

Compliance with Law. In the acquisition, construction, maintenance, improvement and operation of the Project, the Institution covenants that it has complied and will comply in all material respects with all applicable building, zoning, land use, environmental protection, historical preservation, sanitary, safety and educational laws, rules and regulations, and all applicable grant, reimbursement and insurance requirements, and will not permit a nuisance thereon; but it shall not be a breach of this subsection if the Institution fails to comply with such laws, rules, regulations and requirements (other than Chapter 21E of the Massachusetts General Laws, as amended) during any period in which the Institution is diligently and in good faith contesting the validity thereof.

Payment of Lawful Charges. The Institution shall make timely payment of all taxes and assessments and other municipal or governmental charges and all claims and demands for work, labor, services, materials or other objects which, if unpaid, might by law become a lien on the Project or any part thereof; but it shall not be a breach of this subsection if the Institution fails to pay any such item during any period in which the Institution is diligently and in good faith contesting the validity thereof, provided that the laws applicable to contesting its validity do not require payment thereof and proceedings for a refund.

Permitted Purposes. The Institution agrees that the Project shall be used only for the purposes described in the Act. The Institution acknowledges that it is fully familiar with the physical condition of the Project and that it is not relying on any representation of any kind by the Issuer or the Trustee concerning the nature or condition thereof. Neither the Issuer nor the Trustee shall be liable to the Institution or any other person for any latent or patent defect in the Project. The Institution further agrees that no part of the Project shall be used for any purpose which would cause the Issuer's financing and refinancing of the Project to constitute a violation of the First Amendment of the United States Constitution. In particular, the Institution agrees that no part of the Project, so long as it is owned or controlled by the Institution, shall be used for any sectarian instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; and any proceeds of any sale, lease, taking by eminent domain of the Project or other disposition thereof shall not be used for, or to provide a place for, such instruction, worship or program. (Section 401)

Repair and Current Expenses

The Institution agrees that it will maintain and repair the Project and keep the same in good and serviceable condition and in at least as good condition and repair (reasonable wear and tear and casualty loss excepted) as it was on the date the same was placed in service. The Institution shall pay all costs of maintaining and operating the Project. (Section 402)

Insurance

The Institution shall maintain insurance with insurance companies authorized to transact business in The Commonwealth of Massachusetts on such of its properties, in such amounts and against such risks as is customarily maintained by similar institutions of higher education operating in the area and promptly file with the Trustee upon request from time to time certificates of all such insurance. (Section 403)

Default and Remedies

Default by the Institution.

Events of Default; Default. “Event of Default” in the Agreement means any one of the events set forth below and “default” means any Event of Default without regard to any lapse of time or notice.

Debt Service. Any principal or Make-Whole Redemption Price of, interest or redemption premium on the Bonds shall not be paid when due (whether at maturity, by acceleration, upon redemption or otherwise) or the Institution shall fail to make payment of principal or interest or payment of interest on overdue principal required of it under the Agreement when the same becomes due and payable.

Other Obligations. The Institution shall fail to make any other required payment to the Trustee, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee or the Issuer to the Institution, or the Institution shall fail to perform its obligations under the Agreement to maintain insurance, and such failure is not remedied within seven (7) days after written notice thereof is given by the Trustee or the Issuer to the Institution; or the Institution shall fail to observe or perform any of its other agreements, covenants or obligations under the Agreement and such failure is not remedied within sixty (60) days after written notice thereof is given by the Trustee or the Issuer to the Institution.

Warranties. There shall be a material breach of warranty made in the Agreement by the Institution as of the date it was intended to be effective and the breach is not cured within sixty (60) days after written notice thereof is given by the Trustee or the Issuer to the Institution.

Voluntary Bankruptcy. The Institution shall commence a voluntary case under the federal bankruptcy laws, or shall become insolvent or unable to pay its debts as they become due, or shall make an assignment for the benefit of creditors, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee, receiver, custodian or similar official or agent for itself or any substantial part of its property.

Appointment of Receiver. A trustee, receiver, custodian or similar official or agent shall be appointed for the Institution or for any substantial part of its property and such trustee or receiver shall not be discharged within sixty (60) days.

Involuntary Bankruptcy. The Institution shall have an order or decree for relief in an involuntary case under the federal bankruptcy laws entered against it, or a petition seeking reorganization, readjustment, arrangement, composition, or other similar relief as to it under the federal bankruptcy laws or any similar law for the relief of debtors shall be brought against it and shall be consented to by it or shall remain undismissed for sixty (60) days.

Breach of Other Agreements. A breach shall occur (and continue beyond any applicable grace period) with respect to the payment of other indebtedness of the Institution for borrowed money with respect to loans exceeding \$50,000,000, or with respect to the performance of any agreement securing such other indebtedness or pursuant to which the same was issued or incurred, or an event shall occur with respect to provisions of any such agreement relating to matters of the character referred to in this paragraph, so that a holder or holders of such indebtedness or a trustee or trustees under any such agreement accelerates any such indebtedness; but an Event of Default shall not be deemed to be in existence or to be continuing under this clause (vii) if (A) the Institution is in good faith contesting the existence of such breach or event and if such acceleration is being stayed by judicial proceedings or (B) such breach or event is remedied and the acceleration is wholly annulled. The Institution shall notify the Issuer and the Trustee of any such breach or event immediately upon the Institution’s becoming aware of its occurrence and shall from time to time furnish such information as the Issuer or the Trustee may reasonably request for the purpose of determining whether a breach or event described in this clause (vii) has occurred and whether acceleration continues to be in effect.

Waiver. If the Trustee determines that a default has been cured before the entry of any final judgment or decree with respect to it, the Trustee may waive the default and its consequences, including any acceleration, by

written notice to the Institution and shall do so, with the written consent of the Issuer, upon written instruction of the Owners of at least twenty-five percent (25%) in principal amount of the Outstanding Bonds. (Section 501)

Remedies for Events of Default. If an Event of Default occurs and is continuing:

Acceleration. The Trustee may by written notice to the Institution and the Issuer declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Institution therefor, and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

If, at any time after such declaration and before the entry of a judgment or decree for payment of the money due, all amounts payable under the Agreement except principal and interest on the Bonds that are due solely by reason of such declaration and acceleration shall have been paid or provided for by deposit with the Trustee and all existing Events of Default shall have been cured, then, unless otherwise directed in writing by the registered owners of Bonds representing a majority of the principal amount of the Outstanding Bonds, the Trustee shall rescind and annul such declaration and acceleration, but no such rescission shall affect any subsequent Event of Default or the consequences thereof.

Rights as a Secured Party. The Trustee may exercise all of the rights and remedies of a secured party under the UCC with respect to the securities in the funds held by it under the Agreement, including the right to sell or redeem such securities and the right to retain the securities in satisfaction of the obligations of the Institution under the Agreement. Notice sent by registered or certified mail, postage prepaid, or delivered during business hours, to the Institution at least seven (7) days before an event under the UCC, or any successor provision of law shall constitute reasonable notification of such event. (Section 502)

Court Proceedings

The Trustee may enforce the obligations under the Agreement by legal proceedings for the specific performance of any covenant, obligation or agreement contained in the Agreement, whether or not an Event of Default exists, or for the enforcement of any other appropriate legal or equitable remedy, and may recover damages caused by any breach of the provisions of the Agreement, including (to the extent the Agreement may lawfully provide) court costs, reasonable attorneys' fees and other costs and expenses incurred in enforcing the obligations under the Agreement. (Section 503)

Revenues after Default

The proceeds from the exercise of the rights and remedies under the Agreement shall be remitted to the Trustee upon receipt and in the form received. After payment or reimbursement of the reasonable expenses of the Trustee and the Issuer in connection therewith, the same shall be allocated to the Bonds. The portion allocable to the Bonds shall be applied, first to the remaining obligations of the Institution under the Agreement (other than obligations to make payments to the Issuer for its own use) in such order as may be determined by the Trustee, and second, to any unpaid sums due the Issuer for its own use. Any surplus thereof shall be paid to the Institution. (Section 504)

Remedies Cumulative

The rights and remedies under the Agreement shall be cumulative and shall not exclude any other rights and remedies allowed by law, provided there is no duplication of recovery. The failure to insist upon a strict performance of any of the obligations of the Institution or to exercise any remedy for any violation thereof shall not be taken as a waiver for the future of the right to insist upon strict performance by the Institution or of the right to exercise any remedy for the violation. (Section 505)

Resignation or Removal of the Trustee

The Trustee may resign on not less than thirty (30) days' notice given in writing to the Issuer, the Bondowners and the Institution, but such resignation shall not take effect until a successor has been appointed. The Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. The Trustee may be

removed upon thirty (30) days written notice (i) by written notice from the Owners of a majority in principal amount of the Outstanding Bonds to the Trustee, the Issuer and the Institution; (ii) with or without cause by the Institution with the approval of the Issuer if the Institution is not in default or (iii) with cause by the Issuer. (Section 604)

The Bondowners

Action by Bondowners. Any request, authorization, direction, notice, consent, waiver or other action provided by the Agreement to be given or taken by Bondowners may be contained in and evidenced by one or more writings of substantially the same tenor signed by the requisite number of Bondowners or their attorneys duly appointed in writing.

Any request, consent or vote of the Owner of any Bond shall bind all future Owners of such Bond. Bonds owned or held by or for the account of the Issuer or the Institution shall not be deemed Outstanding Bonds for the purpose of any consent or other action by Bondowners. (Section 801)

Proceedings by Bondowners. No Bondowner shall have any right to institute any legal proceedings for the enforcement of the Agreement or any applicable remedy under the Agreement, unless the Bondowners have directed the Trustee to act and furnished the Trustee indemnity as provided in the Agreement and have afforded the Trustee reasonable opportunity to proceed, and the Trustee shall thereafter fail or refuse to take such action.

Subject to the foregoing, any Bondowner may by any available legal proceedings enforce and protect its rights under the Agreement and under the laws of The Commonwealth of Massachusetts. (Section 802)

The Institution

Corporate Organization, Authorization and Powers. The Institution represents and warrants that it is a corporation duly organized on May 30, 1650 by act of the Colony of Massachusetts Bay confirmed, as amended, in the Constitution of 1780 of The Commonwealth of Massachusetts, with the power to enter into and perform the Agreement; that it is a nonprofit educational institution within the Commonwealth authorized by law to provide a program of education beyond the high school level and that by proper corporate action it has duly authorized the execution and delivery of the Agreement. The Institution further represents and warrants that the execution and delivery of the Agreement and the consummation of the transactions contemplated in the Agreement will not conflict with or constitute a breach of or default under any bond, indenture, note or other evidence of indebtedness of the Institution, the charter or by-laws of the Institution, any gifts, bequests or devises pledged to or received by the Institution, or any contract, lease or other instrument to which the Institution is a party or by which it is bound or cause the Institution to be in violation of any applicable statute or rule or regulation of any governmental authority. (Section 901)

Tax Matters. The Institution represents and warrants that (i) it is an organization described in Section 501(c)(3) of the IRC and it is not a “private foundation” as defined in Section 509 of the IRC; (ii) it has received letters from the Internal Revenue Service to that effect; (iii) such letters have not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in such letters; and (v) it is exempt from federal income taxes under Section 501(a) of the IRC. (b) The Institution shall not take or omit to take any action if such action or omission would (i) cause the Bonds to be “arbitrage bonds” under Section 148 of the IRC, including, without limitation, as a result of computing the yield on any investment acquired with Bond proceeds other than on the basis of the “fair market value” (within the meaning of Treas. Reg. §1.148-5(d)(6)) of such investment at the time of acquisition, (ii) cause the Bonds to not meet any of the requirements of Section 149 of the IRC, or (iii) cause the Bonds to cease to be “qualified 501(c)(3) bonds” under Section 145 of the IRC. Without limiting the foregoing, the Institution shall not permit the \$150,000,000 nonhospital bond limitation of IRC §145(b) to be exceeded. To the extent consistent with its status as a nonprofit educational institution, the Institution agrees that it will not take any action or omit to take any action if such action or omission would cause any revocation or adverse modification of such federal income tax status of the Institution. Partly in furtherance of the foregoing, the Issuer and the Institution are entering into the Tax Certificate with respect to matters of federal tax law pertaining to the Bonds issued under the Agreement. (Section 902)

Securities Law Status. The Institution represents and warrants that it is an organization organized and operated exclusively for charitable purposes and not for pecuniary profit; and that no part of its net earnings inures to the benefit of any person, private stockholder or individual, all within the meaning of the Securities Act of 1933,

as amended. The Institution shall not take any action or omit to take any action if such action or omission would change its status as set forth in this paragraph. (Section 903)

Annual Reports and Other Current Information. The Institution shall from time to time render such other reports concerning the condition of the Project or compliance with the Agreement as the Issuer or the Trustee may reasonably request. Not later than March 1 of each year, the Institution shall furnish to the Trustee and the Issuer, and to Bondowners requesting the same, copies of its audited financial statements unless such audited financial statements are available for public access on the Electronic Municipal Market Access (“EMMA”) website or the Institution’s website. If such statements are not so available, then copies of the reports and statements required to be filed with the Trustee pursuant to this paragraph shall be filed with the Trustee in sufficient quantity to permit the Trustee to retain at least one copy for inspection by Bondowners and to permit the Trustee to mail a copy to each Bondowner who requests it. The Trustee shall maintain a list of Bondowners who have made such a request. The Institution shall furnish to the agencies rating the Bonds such information as they may reasonably require for current reports to their subscribers. The Trustee shall have no obligation or duty to review any financial statements (audited or otherwise) filed with it and shall not be deemed to have notice of the content of such statements or a default based on such content and shall have no obligation or duty to verify the accuracy of such statements. (Section 904)

Maintenance of Corporate Existence. The Institution shall maintain its existence as a nonprofit corporation qualified to do business in Massachusetts and shall not dissolve, dispose of or spin off all or substantially all of its assets, or consolidate with or merge into another entity or entities, or permit one or more other entities to consolidate with or merge into it, except that it may consolidate with or merge into one or more other entities or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to one or more other entities (and thereafter dissolve or not dissolve as it may elect), if (a) the surviving, resulting or transferee entity or entities each is a corporation having the status and powers set forth in the Agreement, (b) the transaction does not result in a conflict, breach or default referred to in the Agreement, (c) the surviving, resulting or transferee entity or entities each (i) assumes by written agreement with the Issuer and the Trustee all the obligations of the Institution under the Agreement, (ii) notifies the Issuer and the Trustee of any change in the name of the Institution, and (iii) executes, delivers, registers, records and files such other instruments as the Issuer or the Trustee may reasonably require to confirm, perfect or maintain any security granted under the Agreement. (Section 905)

Amendment

The Agreement may be amended by the parties without Bondowner consent for any of the following purposes: (a) to subject additional property to the lien of the Agreement, (b) to provide for the establishment or amendment of a book entry system of registration for the Bonds through a securities depository (which may or may not be DTC), (c) to add to the covenants and agreements of the Institution or to surrender or limit any right or power of the Institution, or (d) to cure any ambiguity or defect, or to add provisions which are not inconsistent with the Agreement and which do not impair the security for the Bonds.

Except as provided in the foregoing paragraph, the Agreement may be amended only with the written consent of the Owners of at least a majority in principal amount of the Outstanding Bonds; provided, however, that no amendment of the Agreement may be made without the unanimous written consent of the affected Bondowners for any of the following purposes: (i) to extend the maturity of any Bond, (ii) to reduce the principal amount or interest rate of any Bond, (iii) to make any Bond redeemable other than in accordance with its terms, (iv) to create a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (v) to reduce the percentage of the Bonds required to be represented by the Bondowners giving their consent to any amendment.

Any amendment of the Agreement shall be accompanied by an opinion of Bond Counsel (which shall include the Trustee as an addressee or shall expressly permit reliance by the Trustee) to the effect that the amendment (i) is permitted by the Agreement and (ii) will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

When the Trustee determines that the requisite number of consents have been obtained for an amendment that requires Bondowner consent, it shall, within ninety (90) days, file a certificate to that effect in its records and mail notice to the Bondowners. No action or proceeding to invalidate the amendment shall be instituted or maintained unless it is commenced within sixty (60) days after such mailing. The Trustee will promptly certify to the Issuer that it has mailed such notice to all Bondowners and such certificate will be conclusive evidence that such notice was given in the manner required by the Agreement. A consent to an amendment may be revoked by a notice

given by the Bondowner and received by the Trustee prior to the Trustee's certification that the requisite consents have been obtained. (Section 1001)

Defeasance

When there are in the Debt Service Fund and the Redemption Fund sufficient funds, or Government or Equivalent Obligations described in clause (i), (ii), (iii) or (v) of the definition thereof in such principal amounts, bearing interest at such rates and with such maturities as will provide sufficient funds to pay or redeem the Bonds in full, and when all the rights under the Agreement of the Issuer and the Trustee have been provided for, upon written notice from the Institution to the Issuer and the Trustee, the Bondowners shall cease to be entitled to any benefit or security under the Agreement except the right to receive payment of the funds deposited and held for payment and other rights which by their nature cannot be satisfied prior to or simultaneously with termination of the lien of the Agreement, the security interests created by the Agreement (except in such funds and investments) shall terminate, and the Issuer and the Trustee shall execute and deliver such instruments as may be necessary to discharge the lien and security interests created under the Agreement; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Trustee and the Institution, as applicable, shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly mailed in accordance with the Agreement or irrevocable instructions so to mail shall have been given to the Trustee. Upon such defeasance, the funds and investments required to pay or redeem the Bonds in full shall be irrevocably set aside for that purpose, subject, however, to the provisions of the Agreement regarding unclaimed moneys, and moneys held for defeasance shall be invested only as provided above in this section. To the extent allowed by applicable law, any funds or property held by the Trustee and not required for payment or redemption of the Bonds in full shall, after satisfaction of all the rights of the Issuer and the Trustee and after allowance for payment to the United States under IRC Section 148(b), be distributed to the Institution upon such indemnification, if any, as the Issuer or the Trustee may reasonably require. In connection with any advance refunding, the Issuer, the Institution and the Trustee may request a verification report or other evidence of sufficiency. (Section 202)

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APPENDIX D

[PROPOSED FORM OF BOND COUNSEL OPINION]

[Delivery Date of Bonds]

Massachusetts Development Finance Agency
99 High Street, 11th Floor
Boston, MA 02110

\$734,995,000
Massachusetts Development Finance Agency
Revenue Bonds
Harvard University Issue, Series 2024B
Dated their Date of Delivery

We have acted as bond counsel to the Massachusetts Development Finance Agency (the “Agency”) in connection with the issuance by the Agency of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including the Loan and Trust Agreement dated as of April 1, 2024 (the “Agreement”) among the Agency, President and Fellows of Harvard College (the “Institution”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”).

As to questions of fact material to our opinion we have relied upon representations and covenants of the Agency and the Institution contained in the Agreement and in the certified proceedings relating to the Bonds and other certifications of public officials furnished to us, and certifications of officials of the Institution and others, without undertaking to verify the same by independent investigation.

The Bonds are issued pursuant to the Agreement. The Bonds are payable solely from funds to be provided therefor by the Institution pursuant to the Agreement. Under the Agreement, the Institution has agreed to make payments sufficient to pay when due the principal (including sinking fund installments) and purchase or redemption price of and interest on the Bonds. Such payments and other moneys payable to the Agency or the Trustee under the Agreement, including proceeds derived from any security provided thereunder (collectively the “Revenues”), and the rights of the Agency under the Agreement to receive the same (excluding, however, certain administrative fees, indemnification and reimbursements), are pledged and assigned by the Agency as security for the Bonds. The Bonds are payable solely from the Revenues.

We express no opinion with respect to compliance by the Institution with applicable legal requirements with respect to the Agreement or in connection with the operation of the Project (as defined in the Agreement) being financed and refinanced by the Bonds.

Reference is made to an opinion of even date of Ropes & Gray LLP, counsel to the Institution, with respect to, among other matters, the corporate existence of the Institution, the power of the Institution to carry out the Project, the power of the Institution to enter into and perform its obligations under the Agreement and the authorization, execution and delivery of the Agreement by the Institution. We have relied on such opinion with regard to such matters and to the other matters addressed therein, including, without limitation, the current qualification of the Institution as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). We note that such opinion is subject to the limitations and conditions described therein. Failure of the Institution to maintain its status as an organization described in Section 501(c)(3) of the Code or to use the Project in activities of the Institution that do not constitute unrelated trades or businesses of the Institution within the meaning of Section 513 of the Code may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Agency is a duly created and validly existing body corporate and politic and a public instrumentality of The Commonwealth of Massachusetts with the power to enter into and perform the Agreement and to issue the Bonds.

2. The Agreement has been duly authorized, executed and delivered by the Agency and is a valid and binding obligation of the Agency enforceable against the Agency. As provided in Chapter 23G of the General Laws of The Commonwealth of Massachusetts, the Agreement creates a valid lien on the Revenues and on the rights of the Agency or the Trustee on behalf of the Agency to receive Revenues under the Agreement (except certain rights to indemnification, reimbursements and fees).

3. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the Revenues.

4. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although we observe that such interest will be taken into account in computing "adjusted financial statement income" of corporate holders of the Bonds for purposes of computing the alternative minimum tax imposed on certain corporations with respect to their tax years beginning after December 31, 2022. In rendering the opinions set forth in this paragraph, we have assumed compliance by the Agency and the Institution with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Institution and, to the extent necessary, the Agency have covenanted in the Agreement to comply with all such requirements. Failure by the Agency or the Institution to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes

retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds and any profit on the sale of the Bonds are exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HINCKLEY, ALLEN & SNYDER LLP

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by President and Fellows of Harvard College (the “Institution”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) in connection with the issuance of \$734,995,000 Massachusetts Development Finance Agency Revenue Bonds, Harvard University Issue, Series 2024B (the “Bonds”). The Bonds are being issued pursuant to a Loan and Trust Agreement dated as of April 1, 2024 among the Massachusetts Development Finance Agency (the “Issuer”), the Trustee and the Institution (the “Agreement”), and the proceeds of the Bonds are being loaned by the Issuer to the Institution pursuant to the Agreement. The Institution and the Trustee covenant and agree as follows.

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Institution and the Trustee for the benefit of the Bondowners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Institution and the Trustee acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures. The Trustee, except as provided in Section 3(c), has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any Bondowner, with respect to any such reports, notices or disclosures except for its negligent failure to comply with its obligations under Section 3(c).

SECTION 2. Definitions. In addition to the definitions set forth in the Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Institution pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondowner” shall mean the registered owner of a Bond and any beneficial owner thereof, as established to the reasonable satisfaction of the Trustee or Institution.

“Dissemination Agent” shall mean any Dissemination Agent or successor Dissemination Agent designated in writing by the Institution and which has filed with the Institution, the Trustee and the Issuer a written acceptance of such designation. The same entity may serve as both Trustee and Dissemination Agent. The initial Dissemination Agent shall be the Trustee. In the absence of a third-party Dissemination Agent, the Institution shall serve as the Dissemination Agent.

“Financial Obligation” shall mean, for purposes of the Listed Events numbers 15 and 16 set out in Section 5(a) of this Disclosure Agreement, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Agreement. Filing information relating to the MSRB is set forth in Exhibit B hereto.

“Official Statement” shall mean the final official statement dated April 9, 2024 relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Dissemination Agent, not later than March 1 of each year, commencing in 2023 (the “Filing Deadline”), shall provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than five (5) Business Days prior to said date, the Institution (if it is not the Dissemination Agent) shall provide the Annual Report to the Dissemination Agent. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Institution may be submitted separately from, and at a later date than, the balance of the Annual Report if such audited financial statements are not available as of the date set forth above. If the Dissemination Agent submits the audited financial statements of the Institution at a later date, it shall provide unaudited financial statements by the above-specified deadline and shall provide the audited financial statements as soon as practicable after the audited financial statements become available. The Institution shall submit the audited financial statements to the Dissemination Agent and the Trustee as soon as practicable after they become available and the Dissemination Agent shall submit the audited financial statements to the MSRB as soon as practicable thereafter. The Institution shall provide a copy of the Annual Report to the Issuer and the Trustee.

(b) The Dissemination Agent shall file a report with the Institution, the Issuer and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided (the “Compliance Certificate”); such report shall include a certification from the Institution that the Annual Report complies with the requirements of this Disclosure Agreement.

(c) If the Trustee has not received a Compliance Certificate by the Filing Deadline, the Trustee shall send, and the Institution hereby authorizes and directs the Trustee to submit on its behalf, a notice to the MSRB in substantially the form attached as Exhibit A.

(d) If the Dissemination Agent has not provided the Annual Report to the MSRB by the Filing Deadline, the Institution shall send, or cause the Dissemination Agent to send, a notice substantially in the form of Exhibit A irrespective of whether the Trustee submits such notice.

SECTION 4. Content of Annual Reports. The Institution’s Annual Report shall contain or incorporate by reference the following:

(a) Quantitative information for the preceding fiscal year of the type presented under the heading captioned “Student Applications and Enrollment” in Appendix A to the Official Statement.

(b) General information with respect to endowment assets, and income and expenses as found in Appendix B to the Official Statement.

In the event the Borrower's audited financial statements provided pursuant to Section 3 of this Disclosure Agreement contain any of the information described in clauses (a) and (b) above, the requirement of this Section 4 shall be deemed to be satisfied with respect to including such information in the Borrower's Annual Report.

The financial statements provided pursuant to Sections 3 and 4 of this Disclosure Agreement shall be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Institution is an "obligated person" (as defined by the Rule), which (i) are available to the public on the MSRB Internet Web site, or (ii) have been filed with the Securities and Exchange Commission. The Institution shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondowners, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Institution; *

13. The consummation of a merger, consolidation, or acquisition involving the Institution or the sale of all or substantially all of the assets of the Institution, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of the Trustee, if material;

15. Incurrence of a Financial Obligation of the Institution, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Institution, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Institution, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Institution shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file or cause to be filed a notice of such occurrence with the MSRB. The Institution shall provide a copy of each such notice to the Issuer and the Trustee. The Dissemination Agent, if other than the Institution, shall have no duty to file a notice of an event described hereunder unless it is directed in writing to do so by the Institution, and shall have no responsibility for verifying any of the information in any such notice or determining the materiality of the event described in such notice.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Institution's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Institution to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. If the Institution's obligations under the Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Institution and the original Institution shall have no further responsibility hereunder.

SECTION 8. Dissemination Agent. The Institution may, from time to time with written notice to the Trustee and the Issuer appoint or engage a third-party Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may, with written notice to the Trustee and the

* For the purposes of this Listed Event, the Listed Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Institution in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Institution, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Institution.

Issuer, discharge any such third-party Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent (if other than the Institution) may resign upon 30 days' written notice to the Institution, the Trustee and the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Institution and the Trustee may amend this Disclosure Agreement (and, subject to the last sentence of this Section 9, the Trustee shall agree to any amendment so requested by the Institution) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Institution to the effect that such amendment or waiver would not, in and of itself, violate the Rule. Without limiting the foregoing, the Institution and the Trustee may amend this Disclosure Agreement if (a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Institution or of the type of business conducted by the Institution, (b) this Disclosure Agreement, as so amended, would have complied with the requirements of the Rule at the time the Bonds were issued, taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) (i) the Trustee receives an opinion of counsel expert in federal securities laws to the effect that, the amendment does not materially impair the interests of the Bondowners or (ii) the amendment is consented to by the Bondowners as though it were an amendment to the Agreement pursuant to Section 1001 of the Agreement. The annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. Neither the Trustee nor the Dissemination Agent shall be required to accept or acknowledge any amendment of this Disclosure Agreement if the amendment adversely affects its respective rights or immunities or increases its respective duties hereunder.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Institution from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Institution chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Institution shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Institution or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of Bondowners representing at least 25% in aggregate principal amount of Outstanding Bonds, shall), take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, any Bondowner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Institution or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Institution or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. As to the Trustee, Article VI of the Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Agreement. In the event that the

Trustee serves as Dissemination Agent, the same privileges and protections afforded to the Trustee under Article VI of the Agreement shall be equally applicable to the Trustee in the performance of its duties as Dissemination Agent hereunder. The Dissemination Agent (if other than the Institution) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Institution agrees to indemnify and save the Dissemination Agent (if other than the Institution), its officers, director, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Institution under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Institution covenants that whenever it is serving as Dissemination Agent, it shall take any action required of the Dissemination Agent under this Disclosure Agreement. Neither the Trustee nor the Dissemination Agent (if other than the Institution) shall have a duty to review the Annual Report, nor shall they be deemed to have notice of the contents of such Annual Report or a default based on such content, nor shall they have a duty to verify the accuracy of such Annual Report.

The Trustee shall have no obligation under this Disclosure Agreement to report any information to the MSRB or any Bondowner. If an officer of the Trustee obtains actual knowledge of the occurrence of an event described in Section 5 hereunder, whether or not such event is material, the Trustee shall timely notify the Institution of such occurrence, provided, however, that any failure by the Trustee to give such notice to the Institution shall not affect the Institution's obligations under this Disclosure Agreement or give rise to any liability by the Trustee for such failure.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Institution, the Trustee, the Dissemination Agent, the Participating Underwriters and the Bondowners, and shall create no rights in any other person or entity.

SECTION 14. Disclaimer. No Annual Report or notice of a Listed Event filed by or on behalf of the Institution under this Disclosure Agreement shall obligate the Institution to file any information regarding matters other than those specifically described in Section 4 and Section 5 hereof, nor shall any such filing constitute a representation by the Institution or raise any inference that no other material events have occurred with respect to the Institution or the Bonds or that all material information regarding the Institution or the Bonds has been disclosed. The Institution shall have no obligation under this Disclosure Agreement to update information provided pursuant to this Disclosure Agreement except as specifically stated herein.

SECTION 15. Notices. Unless otherwise expressly provided, all notices to the Issuer, the Institution, the Trustee and the Dissemination Agent shall be in writing and shall be deemed sufficiently given if sent by registered or certified mail, postage prepaid, or delivered or sent by facsimile during business hours to such parties at the address specified in Section 1003 of the Agreement or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the party giving notice.

SECTION 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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SECTION 17. Governing Law. This instrument shall be governed by the laws of the Commonwealth of Massachusetts

Date: April 24, 2024

PRESIDENT AND FELLOWS OF HARVARD COLLEGE

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A., as Trustee

By: _____
Name:
Title:

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Massachusetts Development Finance Agency

Name of Bond Issue: Revenue Bonds, Harvard University Issue, Series 2024

Name of Obligated Person: President and Fellows of Harvard College

Date of Issuance: April 24, 2024

NOTICE IS HEREBY GIVEN that President and Fellows of Harvard College (the “Institution”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated April 24, 2024 between the Institution and The Bank of New York Mellon Trust Company, N.A.

Dated: _____

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A. on behalf of
PRESIDENT AND FELLOWS OF HARVARD
COLLEGE

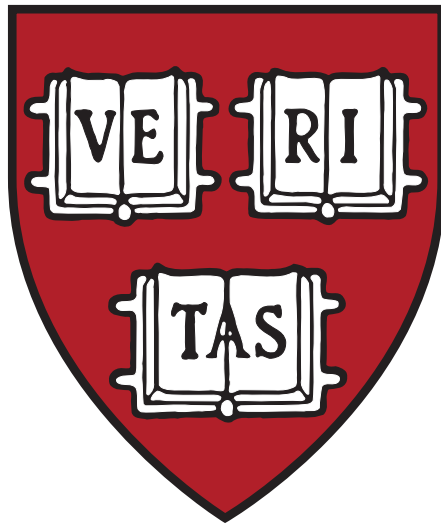
cc: Institution

EXHIBIT B

Filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board
<http://emma.msrb.org>

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