

Message from the President

I write to report on Harvard University's financial results for fiscal 2015.

The past year provides many reasons for optimism about Harvard's future. Despite continued pressure on sources of revenue, including further declines in federally sponsored research dollars and volatility in the financial markets, we once again achieved a balanced budget. We also maintained, as we did during and after the global financial crisis, our commitment to affordability, awarding \$520 million in financial aid to students across the University.

While Harvard and all of higher education will continue to confront financial challenges for the foreseeable future, prudent stewardship is enabling us to advance our academic aspirations, many of which will be funded through The Harvard Campaign. Launched publicly only two years ago, the campaign already has made significant progress toward its ambitious goals.

Every gift is important, and I regret that I cannot appropriately recognize here all the extraordinary support we have received from members of the Harvard community around the globe. But a small number of examples may help to illustrate the breadth and depth of the Campaign's impact—and the potential of philanthropy to catalyze progress, today and for generations to come. From engineering to arts, from public health to public service, The Harvard Campaign is making a difference.

The Morningside Foundation's donation of \$350 million in memory of T.H. Chan to name the School of Public Health will support faculty and student efforts to develop substantive solutions to health challenges from genes to the globe. These new funds will enable students and faculty to address the increasingly interconnected health issues facing populations worldwide.

The unprecedented gift of \$400 million by John A. Paulson to name the School of Engineering and Applied Sciences has—combined with the generous contributions of Steve Ballmer and others—transformed previously unfunded aspirations into unparalleled opportunity. Since the School was established in 2007, researchers and students have achieved critical breakthroughs in areas ranging from climate change science to delivery devices for cancer-fighting drugs and robotics technology that may one day help people with motor impairments. This type of deeply meaningful research will benefit the world in innumerable ways. The Harvard Paulson School's potential for leadership in research and teaching is boundless.

Maryellie Kulukundis Johnson and Rupert H. Johnson Jr. provided a wonderful gift of \$12.5 million to bolster the future of the arts at Harvard by creating more chances for students and faculty to explore their creative interests and by funding the transformation of the Radcliffe Institute's gallery in Byerly Hall into an arts laboratory. With this support, and that of so many of our alumni and friends, the arts will continue to increase in vitality and to become more central to what it means to be part of the Harvard community.

Since its founding, Harvard has existed to serve society. A \$15 million gift from Eric and Stacey Mindich will fuel that mission by enabling more undergraduates—up to 75 each year—to explore public service opportunities. It will also further infuse public service into the curriculum by supporting the creation of 14 courses that include a public service component, building on those that already exist throughout the College.

These gifts represent only a small percentage of the many that are helping to generate learning, discovery, and transformation. Overall, the Harvard Campaign is enabling the University to attract and support the most talented faculty and students, as well as the most innovative research and teaching. For instance, thanks to alumni and friends who recognize the importance of our mission, the Campaign has raised \$686 million for financial aid across all the Schools, while garnering funding to support 75 faculty chairs.

Although we focus intently during a capital campaign on endowment gifts, current-use gifts are also vital to our mission. Last year, we received a total of \$436 million in current-use gifts to support priorities including financial aid, faculty support, and capital planning. Gifts of \$10,000 and below totaled nearly \$50 million, roughly the equivalent of the distribution of a \$1 billion endowment fund. While current-use giving helps us to meet our immediate needs, the thousands of individual gifts that make up the endowment will support Harvard in perpetuity.

In 1638, John Harvard gifted to a small college in Cambridge his library of 400 books and half his estate. As it has been carefully stewarded and added to by successive generations, John Harvard's legacy has improved the world in countless ways. We have a responsibility to both the past and future to guarantee that it continues to grow, not only to maintain its real value over time, but to match our ever expanding ambitions as a community of scholars.

As we have for nearly four centuries, we will achieve this through astute and prudent financial management, using the proceeds of our investments to support our faculty and students while reinvesting in the endowment to ensure that it is there forever to underpin Harvard's pedagogical and research priorities.

It is with thanks to our community of alumni donors, our faculty and students, and the administrators who support their efforts, that I present the financial report for fiscal year 2015.

Sincerely,



Drew Gilpin Faust
PRESIDENT

October 29, 2015