



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

1301 Young Street
Room 732
Dallas, TX 75202
PHONE: (214) 767-3261
FAX: (214) 767-3264

July 27, 2021

Sarah T. Axelrod
Assistant Vice President, Office for Sponsored Programs
Harvard University | Office for Sponsored Programs
1033 Massachusetts Avenue, 5th Floor
Cambridge, MA 02138

Dear Ms. Axelrod:

This is in response to the transmission of revision No. {rev. #2} of the Cost Accounting Standards Board (CASB) Disclosure Statement (DS-2) for the Harvard University. As the Administrative Contracting Officer (ACO), I am required to determine the adequacy and compliance of the DS-2. Based on the review performed by our Northeastern Field Office, I have determined that your DS-2 adequately discloses the cost accounting practices required to be disclosed by CASB's rules, regulations, and standards, and that those practices are compliant with applicable Federal cost accounting principles. However, the CASB DS-2 Section 2.5.2 requires disclosure of the Salary and Wage Cost Accumulation System. In accordance with 45 CFR 75.430, Federal approval of the salary and wage cost accumulation system is not required. Therefore, we express no opinion on the Institution of Higher Education's salary and wage cost accumulation system.

Approval of your DS-2 is subject to the following condition: The information provided by the Institution of Higher Education is not later found to be materially incomplete or inaccurate by the Federal Government.

Should you have any questions, please contact Brian Caudill of my staff at (301) 492-4857.

Sincerely,

Arif Karim
Director
Cost Allocation Services

Harvard University
Office for Sponsored Programs
1033 Massachusetts Avenue
Cambridge, MA 02138



October 11, 2019

Mr. Steven Zuraf
Branch Chief, Colleges and Universities, Hospitals and Nonprofit Organizations
Program Support Center
U.S. Department of Health and Human Services
26 Federal Plaza, Room 3412
New York, NY 10278

Dear Mr. Zuraf,

We submit a revised Disclosure Statement for Educational Institutions (Form CASB DS-2) for Harvard's University Rate Area. We have indicated an effective date of July 1, 2017 since this document reflects accounting practices included in the base year 2018 proposal that we submitted in March of 2019. Notable changes include the treatment of library costs and applicable credits. As described in 3.4.0 (f.), Harvard accumulates **library** costs from across the University (from all rate areas) into a single cost pool. As described in 5.2.0, Harvard credits indirect costs pools for the federal share of **applicable credits** rather than submitting refund payments to the federal government.

This DS-2 also reflects a transition to a **\$2 million threshold** for specialized service facilities, as described in 3.2.0. The March 2019 proposal for the FY2018 base year uses the previous \$1 million threshold.

We look forward to your review and determination that this document is adequate and compliant.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Judith A. Ryan'. The signature is fluid and cursive, with a prominent initial 'J'.

Judith A. Ryan
Director of Cost Analysis
Judith_ryan@harvard.edu

Harvard University Area and Central Administration

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT FOR EDUCATIONAL INSTITUTIONS**

(FORM CASB DS-2)

REQUIRED BY PUBLIC LAW 100-679

**Issued:
January 9, 2002**

**Revisions Approved:
November 6, 2002**

**Revisions Submitted:
June 15, 2008**

**Revisions Approved:
July 8, 2008**

**Revisions Submitted:
October 11, 2019**

	<u>Page</u>
COVER SHEET AND CERTIFICATION	C-1
PART I - General Information.....	I-1
PART II - Direct Costs.....	II-1
PART III - Indirect Costs.....	III-1
PART IV - Depreciation and Use Allowances	IV-1
PART V - Other Costs and Credits	V-1
PART VI - Deferred Compensation and Insurance Costs.....	VI-1
PART VII - Central system or Group Expenses.....	VII-1

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**COVER SHEET AND CERTIFICATION
HARVARD UNIVERSITY
Effective date July 1, 2017**

0.1

Educational Institution

- (a) **Name: UNIVERSITY AREA SEGMENT & CENTRAL ADMINISTRATION**
(excludes Medical Area and Harvard School of Public Health as indicated in Part VII, 7.1.0 A)
- (b) **Street Address: 1350 Massachusetts Avenue,**
- (c) **City, State and ZIP Code: Cambridge, MA 02138**
- (d) **Division or Campus of: Harvard University**
(if applicable)

0.2

Reporting Unit is: (Mark one.)

- A. **Independently Administered Public Institution**
- B. **Independently Administered Nonprofit Institution**
- C. **Administered as Part of a Public System**
- D. **Administered as Part of a Nonprofit System**
- E. **Other (Specify) _____**

0.3

Official to Contact Concerning this Statement:

- (a) **Name and Title: Judith A. Ryan, Director for Cost Analysis**
Office for Sponsored Programs
- (b) **Phone Number (include area code and extension): (617) 495-9047**

0.4

Statement Type and Effective Date:

- A. **(Mark type of submission. If a revision, enter number)**
 - (a) **Original Statement**
 - (b) **Amended Statement; Revision No. 4**
- B. **Effective Date of this Statement: (Specify) July 1, 2017**

0.5

Statement Submitted To (Provide office name, location and telephone number, include area code and extension):

A. Cognizant Federal Agency:
Mr. Michael Leonard
College and University National Specialist,
Grants Finance and Administration Services
Program Support Center
U.S. Department of Health and Human Services
26 Federal Plaza, Room 3412
New York, NY 10278
(212) 264-4301

B. Cognizant Federal Auditor:
Regional Inspector General for Audit Services
Department of Health and Human Services
Room 2425 Office of Inspector General
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2689

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.

Date of Certification: October 8, 2019


(Signature)

Sarah T. Axelrod
(Print or Type Name)

Assistant Vice President, Office for Sponsored Programs
(Title)

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE
IS PRESCRIBED IN 18 U.S.C. § 1001

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART I - GENERAL INFORMATION

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
	<p align="center">Part I</p> <p>1.1.0 <u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Accrual</p> <p>B. <input checked="" type="checkbox"/> Modified Accrual Basis <u>1/</u></p> <p>C. <input checked="" type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other <u>1/</u></p> <p>1.2.0 <u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>C. <input checked="" type="checkbox"/> Combination of A and B</p> <p>1.3.0 <u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. <u>1/</u></p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or work papers. <u>1/</u></p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. <u>1/</u></p> <p>D. <input checked="" type="checkbox"/> Combination of A, B or C <u>1/</u></p> <p><u>1/ Describe on a Continuation Sheet.</u></p>

Part I

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART I - GENERAL INFORMATION

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
1.3.0	E. _____ Determinable by other means. <u>1/</u>
1.3.1	Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)
1.4.0	<u>Cost Accounting Period: July 1 - June 30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)
1.5.0	<u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs. The University has no knowledge of State laws or regulations that materially affect its cost accounting practices.
	<u>1/</u> Describe on a Continuation Sheet

Part I

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART I - GENERAL INFORMATION**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description														
1.1.0	<p>Description of Cost Accounting System</p> <p>The University's accounting system is based on the principles of Fund Accounting. Direct costs are charged to sponsored agreements on the cash basis, except for charges for fringe benefits based on the University's fringe benefit rate and certain accounts payable accruals recorded at year-end. Indirect cost and fringe benefit rates are allocated to eligible direct costs. Direct and indirect costs are reconciled to the University's annual financial statements, including normal accruals for accounts payable, pensions, and post-retirement health benefits.</p> <p>Harvard's Chart of Accounts consists of seven segments comprising 33 digits, each with a numerical value.</p> <table border="1" data-bbox="402 890 1349 1087"> <tr> <td style="text-align: center;">Tub</td> <td style="text-align: center;">Org</td> <td style="text-align: center;">Object</td> <td style="text-align: center;">Fund</td> <td style="text-align: center;">Activity</td> <td style="text-align: center;">Sub-activity</td> <td style="text-align: center;">Root</td> </tr> <tr> <td style="text-align: center;">610</td> <td style="text-align: center;">56254</td> <td style="text-align: center;">6640</td> <td style="text-align: center;">000001</td> <td style="text-align: center;">780008</td> <td style="text-align: center;">0000</td> <td style="text-align: center;">00000</td> </tr> </table> <p style="text-align: center;">(sample 33-digit chart of accounts coding)</p> <p><u>Tub</u> Represents the highest financial reporting level at Harvard and is usually a school or high-level unit</p> <p><u>Org</u> Identifies a group within a tub, usually a department within a school or unit</p> <p><u>Object</u> Indicates the nature of a transaction</p> <p><u>Fund</u> Identifies the source of the money</p> <p><u>Activity</u> Identifies the project or effort for which the money is being used and is assigned an A-21 functional attribute</p> <p><u>Sub-activity</u> Tracks the discrete components of an Activity</p> <p><u>Root</u> Tracks the University building or faculty member associated with the transaction (where applicable)</p>	Tub	Org	Object	Fund	Activity	Sub-activity	Root	610	56254	6640	000001	780008	0000	00000
Tub	Org	Object	Fund	Activity	Sub-activity	Root									
610	56254	6640	000001	780008	0000	00000									

Part I Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART I - GENERAL INFORMATION
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting</u> Direct costs charged to sponsored agreements are fully integrated with the University's financial accounting system using a unique identifier. This segment, "Activity", carries an attribute reflecting its function, such as organized research, other sponsored activity, or instruction.</p> <p>The amounts included in the University's indirect cost pools are based on costs generated by the financial accounting system and are reconciled with the University's published financial statements. Expenses are assigned to direct bases and indirect cost pools based on the functional attribute (e.g. instruction, G&A, and interest) of the Activity. Adjustments and reclassifications are then made as needed to support the accumulation of costs as required by Uniform Guidance 2 CFR 200. Also, as discussed in 3.1.0 below, the interest indirect cost pools, and some of the costs in the departmental administration pool, are not accumulated by the formal accounting system and must, therefore, be accumulated through cost finding techniques or other calculations. Costs recognized as direct cost sharing are accumulated by the formal accounting system. Finally, the development and allocation of indirect costs and fringe benefits comply with Uniform Guidance 2 CFR 200.</p> <p>Included in the University Rate Area are the costs of Central Administration for the 3 rate areas. Certain costs, therefore, are allocated to Harvard Medical School, and the T.H. Chan School Public Health, as well as to the University rate area. These Central Allocations are for General Administration, Sponsored Program Administration, Operations and Maintenance, and Library.</p>	
1.3.0	<p><u>Unallowable Costs.</u> Unallowable costs are charged to specific expense object codes. Additionally, costs incurred by organizational units whose overall functions are unallowable (e.g., University Development, Alumni Relations) are identified by the Chart of Accounts segment org.</p>	

Part I Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART I - GENERAL INFORMATION**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
1.3.1	<p><u>Treatment of Unallowable Costs.</u></p> <p>Unallowable costs and activities are excluded from indirect cost pools and are reclassified to the Other Institutional Activity base as required. Indirect costs are allocated to these activities as part of the indirect cost proposal preparation process. Unallowable costs, including unallowable directly associated costs as defined in CAS 505, are excluded from charges to Federally sponsored agreements. Whenever unallowable costs would normally be part of a regular indirect cost allocation base, they will remain in that base. Where an unallowable cost of research is identified, it will remain in the organized research base if the cost is of the type that would normally be included in the MTDC base of organized research.</p> <p style="text-align: center;">End of Part I</p>

Part I Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II – DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
	Instructions for Part II	
	<p style="text-align: center;">Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.</p>	
2.1.0 R	<p><u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For all major categories of cost under each major function or activity such, as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)</p>	
2.2.0	<p><u>Description of Direct Materials.</u> All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)</p>	
2.3.0	<p><u>Method of Charging Direct Materials and Supplies.</u> (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p>	
2.3.1	<p>Direct Purchases for Projects are Charged to Projects at:</p> <p>A. <input type="checkbox"/> Actual Invoiced Costs B. <input checked="" type="checkbox"/> Actual Invoiced Costs Net of Discounts Taken Y. <input type="checkbox"/> Other(s) <u>1/</u> Z. <input type="checkbox"/> Not Applicable</p>	
2.3.2	<p>Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):</p> <p>A. <input type="checkbox"/> First In, First Out B. <input type="checkbox"/> Last In, First Out C. <input type="checkbox"/> Average Costs <u>1/</u> D. <input type="checkbox"/> Predetermined Costs <u>1/</u> Y. <input type="checkbox"/> Other(s) <u>1/</u> Z. <input checked="" type="checkbox"/> Not Applicable</p>	
	PART II	

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART II - DIRECT COSTS

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description																																			
2.4.0	<p>Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)</p>																																			
2.5.0 R	<p>Method of Charging Direct Salaries and Wages. (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th colspan="4" style="text-align: center; border-bottom: 1px solid black;">Direct Personal Services Category</th> </tr> <tr> <th></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Faculty</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Staff</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Students</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Other</u> ^{1/}</th> </tr> <tr> <th></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> </tr> </thead> <tbody> <tr> <td style="padding-top: 10px;">A. Payroll Distribution Method (Individual time card/actual hours and rates)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="padding-top: 10px;">B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="padding-top: 10px;">C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_X_</td> <td style="text-align: center;">_____</td> </tr> <tr> <td style="padding-top: 10px;">D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>^{1/} Describe on a Continuation Sheet.</p>		Direct Personal Services Category					<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other</u> ^{1/}		(1)	(2)	(3)	(4)	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_____	_____	_____	B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_X_	_____	_____	_____	C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_X_	_X_	_____	D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____
	Direct Personal Services Category																																			
	<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other</u> ^{1/}																																
	(1)	(2)	(3)	(4)																																
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B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_X_	_____	_____	_____																																
C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_____	_X_	_X_	_____																																
D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____																																

Part II

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
2.5.1	<u>Salary and Wage Cost Distribution Systems.</u> Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.) <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> X </div> <div style="text-align: center;"> Yes </div> </div> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;"> <input type="checkbox"/> </div> <div style="text-align: center;"> No </div> </div>	
2.5.2	<u>Salary and Wage Cost Accumulation System.</u> (Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)	
2.6.0 R	<u>Description of Direct Fringe Benefits Costs.</u> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet <u>all</u> of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, etc.)	
2.6.1	<u>Method of Charging Direct Fringe Benefits.</u> (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0. is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)	
2.7.0	<u>Description of Other Direct Costs.</u> All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.	

Part II

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART II – DIRECT COSTS

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description																								
2.8.0	<p><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><u> X </u> Yes <u> </u> No</p>																								
2.9.0	<p><u>Interorganizational Transfers.</u> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u> (1)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u> (2)</th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> <td style="text-align: center;"><u> X </u></td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s) <u>1/</u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p><u>1/</u> Describe on a Continuation Sheet</p>		<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<u> X </u>	<u> X </u>	<u> X </u>	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____	Y. Other(s) <u>1/</u>	_____	_____	_____	Z. Interorganizational transfers are not applicable	_____	_____	_____
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Part II

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART II - DIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
2.1.0 R	<p><u>Criteria for Determining How Costs Are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u></p> <p>The University follows the federal guidelines in determining the treatment of costs as direct or indirect. Accordingly, costs that can be identified specifically with a organized research activity, other sponsored activity, instructional activity, or other institutional activity that can be directly assigned to such activities relatively easily with a high degree of accuracy are treated as direct costs. Conversely, costs incurred for common or joint objectives that cannot be identified readily and specifically with a particular activity are treated as indirect costs. The University's indirect costs are consistent with the definitions of specific indirect cost categories in Uniform Guidance 2 CFR 200.413 and .414.</p> <p>The University also follows the guidelines related to administrative costs which specify the normal treatment of certain costs commonly incurred by academic departments and organized research units. Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or indirect costs. The University provides supplemental interpretation for the charging of administrative salaries as described below.</p> <p>Within academic departments and organized research units, major cost categories are treated as follows:</p> <p>The portions of salaries and fringe benefits of faculty, research associates, technicians, lab assistants, graduate students and employee-research fellows associated with effort on sponsored projects, instructional activities and other direct cost objectives, are treated as direct costs if they meet the requirements of 2 CFR 200.413. The portions of salaries and fringe benefits of faculty and professional staff associated with administrative activities are treated as indirect costs.</p> <p>Salaries and fringe benefits of administrative and clerical staff are normally treated as indirect costs, as required by section 2 CFR 200.413(c). However, these costs are treated as direct costs when the administrative or clerical support is integral to the activity, when the individual can be specifically identified with the activity, when such costs are explicitly included in the budget or have prior written approval of the awarding agency, and when the costs are not also recovered as indirect costs.</p>

Part II Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART II - DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
2.1.0	<p>The costs of laboratory supplies (e.g., chemicals, glassware), instructional supplies, animals, animal care and other specialized services, travel, consulting services, and the other items enumerated in 2.2.0 and 2.7.0 identifiable to sponsored activities, instruction, or other direct cost objectives in accordance with 2 CFR 200.413 are treated as direct costs.</p> <p>Rent and other facility costs of off-campus facilities used to conduct sponsored activities or other direct cost objectives are normally treated as direct costs when they meet the requirements of 2 CFR 200.413.</p> <p>The costs of office supplies, books, journals, periodicals, subscriptions, copies, copier charges and postage are normally treated as indirect costs. Under certain exceptional circumstances, considered "unlike circumstances" under CAS 502, these costs may be directly charged if they meet the direct cost criteria described above and the requirements of 2 CFR 200.413(c).</p>	

Part II Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART II - DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
2.1.0	<p>The following two mechanisms are used to ensure consistent treatment of costs between sponsored agreements and non-sponsored activities within academic departments:</p> <p>Labor costs are distributed to sponsored agreements, instruction, other non-sponsored direct cost objectives and the Departmental Administration indirect cost pool based on the University's salary distribution system described in 2.5.0 and 2.5.2.</p> <p>For non-labor costs, "Direct Charge Equivalents" (DCEs) are used to assign an appropriate amount of expenses directly to instruction and other non-sponsored direct cost objectives, and an appropriate amount to the Departmental Administration Indirect Cost Pool. DCEs are mathematical formulas which estimate the portion of University fund expenses that should be assigned directly to non-sponsored activities and the portion that should be included in the Departmental Administration indirect cost pool. (See description of the accumulation of Departmental Administration expenses in 3.1.0.). The use of DCEs is a long-established accounting convention at academic institutions that is designed to help achieve consistent treatment of costs as required by 2 CFR 200 Appendix III and CAS 502, and at the same time recognize the generally accepted accounting practices of the institutions.</p> <p>Salaries and other direct costs contributed to sponsored agreements as committed cost sharing are identified at the proposal and award stage. The funding sources for these costs used for committed cost sharing are included in each activity's direct cost base per CAS 502.</p>	

Part II Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART II - DIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
2.2.0	<p><u>Description of Direct Materials.</u> The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include chemicals, glassware, drugs, minor equipment items (those below the University's capitalization threshold of <u>\$5,000 per unit</u>), uniforms, computer software and supplies, photographic supplies, and tools.</p>
2.4.0	<p><u>Description of Direct Personal Services.</u> The principal classes of direct personal service costs are faculty, research associates, technicians, lab assistants, research assistants and employee-research fellows. The direct charges include salaries, fringe benefits, and graduate student tuition remission, if applicable. Salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described in 2.1.0.</p>

Part II Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART II - DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
2.5.2	<p><u>Salary and Wage Cost Accumulation System</u></p> <p><i>New Hire Procedures</i></p> <p>Requests for new staff positions are initiated at the department level via a form which includes information related to budget amounts, funding sources, job description, and ending dates, if applicable. All positions are approved by the school financial offices and posted centrally. Some schools have independent appointment management systems. Once the position is filled, the department closes the posting and prepares all data necessary to place individuals on payroll, including demographics, pay rate, effective and end dates, pay group, and salary and wage distribution. The information is then entered into PeopleSoft.</p> <p>Faculty and other academic appointments are initiated by the offices of the academic deans in conjunction with other academic administration offices. Tubs have various processes to make and approve appointments. After final approval, the new hire data, as described above, is prepared by the academic dean's office and sent to the school financial office for final approval and submission into PeopleSoft.</p> <p><i>Job Data Changes</i></p> <p>Changes to faculty and staff payroll information (pay rate, position, etc) are initiated by the department and the department initiates the change in PeopleSoft. This change request is approved by human resources and then forwarded to the financial office for additional review and approval. Once approved, the change is submitted in the PeopleSoft system by the school financial office. Some schools have independent appointment management systems.</p> <p>The university manages five different payroll cycles: one weekly payroll, one bi-weekly payroll and three monthly payrolls. These payrolls cover five payroll groups: faculty, stipends, teaching fellows/research assistants, exempt, non-exempt and hourly employees. The system maintains salary and wage detail by person including tub, org, object, fund, activity, sub-activity, root, pay period and calendar year. The payroll system allocates to cost objectives as each payroll occurs. The payroll system posts to the General Ledger system and differences are identified and resolved by Central Payroll and local departments.</p>	

Part II Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART II - DIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
2.6.0 R	<p><u>Description of Direct Fringe Benefits Costs.</u></p> <p>The following fringe benefits attributable to sponsored research, instruction and other direct cost objectives are treated as direct costs:</p> <ul style="list-style-type: none"> Health insurance Dental insurance University Health Services supplement eliminating in 2021 Life insurance Disability insurance Massachusetts Paid Family and Medical Leave Program Retirement plans Post-retirement health benefits FICA Tuition Assistance Program (TAP) Unemployment insurance Workers' compensation Business travel insurance Employee Assistance Program - provides counseling services Childcare scholarships Athletic subsidy (for employee use of athletic facilities) Professional Development and Learning – Center for Workplace Development Leave costs (e.g., holiday and sick leave) are included in the normal charges for salaries and wages and are not a part of direct fringe benefits costs. Transportation* Health & Wellness Programs** Fringe benefits administration*** Vacation leave accrual****

Part II Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART II - DIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
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2.6.0 R	<p>*Transportation includes a 50% subsidy on public transportation (subway, bus, commuter rail) passes provided by the Massachusetts Bay Transportation Authority; Faculty and Staff usage share of the Medical Area Shuttle, a Harvard transportation system that travels between the Cambridge campus and the medical campus in Boston; and a subsidy for parking.</p> <p>** Health and Wellness administers programs designed to promote the health of Harvard's employees and their dependents.</p> <p>***Fringe benefits administration is the actual expense of administering the above programs, including actuarial, legal, administrative and auditing expenses.</p> <p>****Vacation leave is accrued for exempt and unionized non-exempt employees. Those rates are included in the fringe benefit rate.</p>	
2.6.1 R	<p><u>Method of Charging Direct Fringe Benefits.</u> The University negotiates seven annual fringe benefit rates: faculty, exempt, union (non-exempt), union (exempt), temporary employees, post-doctoral fellows, and teaching assistants. There are additional categories of fringe benefit rates for extra compensation including pensionable and non-pensionable. The pensionable rate is made up of the Social Security tax rate and the pension rate. The non-pensionable rate consists of only the Social Security tax.</p> <p>The fringe benefit rates are calculated by dividing each group's benefit costs by that group's salary and wage base. Fringe benefit rates are then applied to the group's payroll. Benefits are assigned and allocated by payroll group to all major functions, individual projects, indirect cost pools and other direct costs that have eligible salaries charged to them.</p> <p>Federal fringe benefit rates are negotiated annually with the cognizant federal agency. Fringe benefit costs are projected annually based on actual prior year costs, computed as described above, adjusted as necessary to reflect anticipated costs. Carry-forward adjustments are made in the rate computation to compensate for prior year over- or under-recoveries.</p>	

Part II Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART II - DIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
2.7.0	<p><u>Description of Other Direct Costs.</u> Principal categories of other direct costs include: travel; consulting services; animals; animal care; scientific supplies and equipment; other specialized and technical services; publication costs; subawards; and, rent and other costs of off-campus facilities.</p> <p style="text-align: center;">End of Part II</p>

Part II Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART III - INDIRECT COSTS

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
	<p style="text-align: center;">Instructions for Part III</p> <p>Institutions should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</p> <p>The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> A. Direct Charge or Allocation B. Total Expenditures C. Modified Total Cost Basis D. Modified Total Direct Cost Basis E. Salaries and Wages F. Salaries, Wages and Fringe Benefits G. Number of Employees (head count) H. Number of Employees (full-time equivalent basis) I. Number of Students (head count) J. Number of Students (full-time equivalent basis) K. Student Hours -- classroom and work performed L. Square Footage M. Usage N. Unit of Product O. Total Production P. More than one base (Separate Cost Groupings) <u>1/</u> Y. Other(s) <u>1/</u> Z. Category or Pool not applicable <p><u>1/</u> List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.</p>

Part III

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART III - INDIRECT COSTS

NAME OF REPORTING UNIT
HARVARD UNIVERSITY

Item No.	Item description																																																				
3.1.0 R	<p><u>Indirect Cost Categories - Accumulation and Allocation.</u> This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")</p> <table border="0"> <thead> <tr> <th align="left"><u>Indirect Cost Category</u></th> <th align="center"><u>Accumulation Method</u></th> <th align="center"><u>Allocation Base Code</u></th> <th align="center"><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Use Allowances/Interest</td> <td></td> <td></td> <td align="center">_1_</td> </tr> <tr> <td> Building</td> <td align="center">_Yes_</td> <td align="center">_L_</td> <td></td> </tr> <tr> <td> Equipment</td> <td align="center">_Yes_</td> <td align="center">_P_</td> <td></td> </tr> <tr> <td> Capital Improvements to Land 1/</td> <td align="center">_Yes_</td> <td align="center">_L_</td> <td></td> </tr> <tr> <td> Interest 1/</td> <td align="center">_No_</td> <td align="center">_L_</td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td align="center">_No_</td> <td align="center">_P_</td> <td align="center">_2_</td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td align="center">_No_</td> <td align="center">_C_</td> <td align="center">_CA_</td> </tr> <tr> <td>(d) Departmental Administration</td> <td align="center">_No_</td> <td align="center">_D_</td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td align="center">_Yes_</td> <td align="center">_P_</td> <td></td> </tr> <tr> <td>(f) Library</td> <td align="center">_Yes_</td> <td align="center">_P_</td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td align="center">_NA_</td> <td align="center">_A_</td> <td></td> </tr> <tr> <td>(h) Other 1/</td> <td align="center">_NA_</td> <td align="center">_NA_</td> <td></td> </tr> </tbody> </table> <p>1/ Describe on a Continuation Sheet.</p>	<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>	(a) Depreciation/Use Allowances/Interest			_1_	Building	_Yes_	_L_		Equipment	_Yes_	_P_		Capital Improvements to Land 1/	_Yes_	_L_		Interest 1/	_No_	_L_		(b) Operation and Maintenance	_No_	_P_	_2_	(c) General Administration and General Expense	_No_	_C_	_CA_	(d) Departmental Administration	_No_	_D_		(e) Sponsored Projects Administration	_Yes_	_P_		(f) Library	_Yes_	_P_		(g) Student Administration and Services	_NA_	_A_		(h) Other 1/	_NA_	_NA_	
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Part III

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III – INDIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
3.2.0 R	<p><u>Service Centers.</u> Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include “recharge centers” and the “specialized service facilities” defined in 2 CFR 200.468. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter “Z” in Column 1, if not applicable.)</p> <p>(a) Scientific Computer Operations SEE CONTINUATION SHEET</p> <p>(b) Business Data Processing NA</p> <p>(c) Animal Care Facilities SEE CONTINUATION SHEET</p> <p>(d) Other Service Centers with Annual Operating Budgets exceeding \$2,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)</p> <p>(1) <u>Category Code:</u> Use code “A” if the service center costs are billed only as direct costs of final cost objectives; code “B” if billed only to indirect cost categories or indirect cost pools; code “C” if billed to both direct and indirect cost objectives.</p> <p>(2) <u>Burden Code:</u> Code “A” – center receives an allocation of all applicable indirect costs; Code “B” – partial allocation of indirect costs; Code “C” – no allocation of indirect costs.</p> <p>(3) <u>Billing Rate Code:</u> Code “A” – billing rates are based on historical costs; Code “B” – rates are based on projected costs; Code “C” – rates are based on a combination of historical and projected costs; Code “D” – billings are based on the actual costs of the billing period; Code “Y” – other (explain on a Continuation Sheet).</p> <p>(4) <u>User Charges Code:</u> Code “A” – all users are charged at the same billing rates; Code “B” – some users are charged at different rates than other users (explain on a Continuation Sheet).</p> <p>(5) <u>Actual Costs vs. Revenues Code:</u> Code “A” – billings (revenues) are compared to actual costs (expenditures) at least annually; Code “B” – billings are compared to actual costs less frequently than annually.</p> <p>(6) <u>Variance Code:</u> Code “A” – Annual variances between billed and actual costs are prorated to users (as credits or charges); Code “B”—variances are carried forward as adjustments to billing rate of future periods; Code “C”—annual variances are charged or credited to indirect costs; Code “Y”—other (explain on a Continuation Sheet).</p>	

Part III

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART III - INDIRECT COSTS

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

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3.3.0 R	<p><u>Indirect Cost Pools and Allocation Bases</u></p> <p>(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)</p> <table border="0"> <thead> <tr> <th align="center"><u>Indirect Cost Pools</u></th> <th align="center"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="2">A. Instruction</td> </tr> <tr> <td>___ On-Campus</td> <td align="center"><u> A </u></td> </tr> <tr> <td>___ Off-Campus</td> <td align="center">_____</td> </tr> <tr> <td>___ Other <u>1/</u></td> <td align="center">_____</td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td><u> X </u> On-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> X </u> Off-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td>___ Other <u>1/</u></td> <td align="center">_____</td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities</td> </tr> <tr> <td><u> X </u> On-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> X </u> Off-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td>___ Other <u>1/</u></td> <td align="center">_____</td> </tr> <tr> <td>D. Other Institutional Activities <u> 1/ </u></td> <td align="center"><u> A </u></td> </tr> </tbody> </table>	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		___ On-Campus	<u> A </u>	___ Off-Campus	_____	___ Other <u>1/</u>	_____	B. Organized Research		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	___ Other <u>1/</u>	_____	C. Other Sponsored Activities		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	___ Other <u>1/</u>	_____	D. Other Institutional Activities <u> 1/ </u>	<u> A </u>
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<u> X </u> Off-Campus	<u> D </u>																												
___ Other <u>1/</u>	_____																												
D. Other Institutional Activities <u> 1/ </u>	<u> A </u>																												
3.4.0 R	<p><u>Composition of Indirect Cost Pools.</u> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.)</p> <p><u>1/</u> Describe on a Continuation Sheet.</p>																												

Part III

<p>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>	<p>PART III - INDIRECT COSTS</p>
	<p>NAME OF REPORTING UNIT HARVARD UNIVERSITY</p>

Item No.	Item description
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3.5.0
R

Composition of Allocation Bases. (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.

3.6.0

Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs. Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?

- A. Yes
- B. No ^{1/}

^{1/} Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET PART III - INDIRECT COSTS
	NAME OF REPORTING UNIT HARVARD UNIVERSITY

Item No.	Item description
3.1.0 R	<p><u>Indirect Cost Categories - Accumulation Method</u> (a) Depreciation/Interest</p> <ul style="list-style-type: none"> • Building Depreciation is accumulated in General Ledger and is allocated using space. The depreciation methods and useful lives for indirect cost purposes are the same used for calculating depreciation in the financial statements. • Equipment Depreciation is recorded in university accounting system and allocated over space. The depreciation methods and useful lives of equipment for indirect cost purposes are the same used for calculating equipment depreciation in the financial statements. There are two exceptions. <ul style="list-style-type: none"> ○ Depreciation of research computing (RC) assets is allocated based on CPU usage and then functionalized based on space. ○ The amortization of administrative or information technology software assets are assigned to the benefiting central operating functional area, such as CS-O&M, CS-SSA, CS-GA, CS-Library, CS-SPA, and CS-OIA. • Interest - The University issues various series of external debt to build pools of funding to finance capital projects. The interest expense in the indirect cost pool represents external interest on debt associated with buildings, equipment, and capital improvements as defined in Uniform Guidance 2 CFR 200.449. For each construction project for which it is allowable according to Uniform Guidance, external interest expense is capitalized during the construction period. The capitalized interest amount becomes a component of the construction project's subsequent depreciation.

Part III Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART III – INDIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>3.1.0 R</p>	<p>(b) Operation and Maintenance – Operation and Maintenance expenses accumulate in the General Ledger and generally allocate over space, except the following:</p> <ul style="list-style-type: none"> • The expenses of Central Services O&M are accumulated separately in a second O&M pool called “Central Services O&M” and are allocated over space. These services include university facilities planning, utilities, and other infrastructure facility costs. • Research Computing (RC) costs are allocated based on CPU usage and then functionalized based on space. • O&M OIA cost pool accumulates expenses related to space and operations of UN OIA activities. <p>(c) General Administration and General Expense- Expenses are included in the University’s records or are allocations of costs based on function or department. These costs accumulate in the University’s formal accounting system.</p> <p>Additionally, included in this cost category, as noted in 1.2.0, there is an allocation from the Central University offices, such as the Offices of the Controller, Information Technology, Procurement, and Internal Audit. These general administration expenses are allocated to each rate area based on Total Costs Basis as described in 3.5.0.</p> <p>(d) Departmental Administration – Departmental Administration expenses are only partially identified by the accounting system. This cost pool consists of the administrative costs of deans’ offices, costs associated with the administrative work of department heads, faculty and other professional research and academic staff, and other departmental support services. Harvard University uses the Comprehensive Rate Information System (CRIS) software by MAXIMUS to develop the F&A rates, which includes the calculation of Departmental Administrative expense.</p> <p>The costs associated with administrative activities of department heads, faculty and other professional academic staff are covered by a standard allowance of 3.6% of modified total direct costs. The remaining DA expenses are identified at two levels: Dean’s costs and academic department costs. Dean’s costs are accumulated by activity within Dean’s level administrative orgs.</p> <p>The academic department support costs are accumulated through Direct Cost Equivalent (DCE) formulas. The DCE method assumes the proportionality of general to professional salaries in non-sponsored accounts is the same as in</p>

sponsored accounts. Any residual costs in non-sponsored accounts are included in DA costs. A pro rating method is also used to allocate costs of supplies and other items to DA costs in academic departments. It applies the ratio of DA salaries to total salaries in non-sponsored accounts to supplies and other expenses in non-sponsored accounts. Applicable allocations of other indirect cost pools are added to comprise the total DA costs to be allocated.

(e) .

The expenses of centralized services related to Sponsored Administrative costs are accumulated in 2 SPA cost pools. One cost pool includes the portion of costs within the central OSP office for portfolio-based staff. These individual staff provide pre-award services for the University Area and award set-up services for the University Area and the Longwood Medical Area. This cost pool is allocated to each rate area's SPA Cost Groups based on OSP FTEs providing service to each group. The second cost pool includes costs for the non-portfolio based OSP staff as well as the costs of other groups within CADM that support sponsored programs, including dedicated IT staff and the Office of the Vice Provost for research. This Cost Pool is allocated to each rate area based on sponsored expenditures.

(f) University wide library costs are accumulated centrally and then allocated to rate areas based on FTEs in each user category (professional staff in academic schools, students and other users). Costs allocated to students go to Instruction, and cost assigned to outside users go to Other Institutional Activities. Cost allocated to Professional Staff are allocated based on the functionalization of the related salaries and wages.

Part III Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART III - INDIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

**Item
No.**

Item description

3.2.0

Service Centers

R

(a) Scientific Computer Operations

Since 2009, the University has responded to the needs of our researchers by investing significant resources into a new FAS department which provides research computing infrastructure that is distinct from administrative, academic, or general computing. This proposal includes depreciation on research computing assets and includes as O&M the costs related to the access, use, and operations of high-performance computing. It does not include costs for two discrete service lines within research computing, storage and virtual machines, which the University may develop into future service centers.

(b) Business Data Processing

NA

**(c) & (d) Animal Care Facilities and others with significant charges to Federal awards
(over \$100k to charged Federal Award)**

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>
Office of Animal Resources (SSF)	A	A	C	B	A	Y
CNS: Center for Nanoscale (SSF)	A	A	C	B	A	Y
Sequencing (Illumina + NextGen)	A	C	C	B	A	Y
CBS: Neuroimaging Service Center	A	C	C	B	A	Y
SEAS: Scientific Instrument Shop	A	B	C	B	A	Y
Liquid Helium Facility	A	C	C	B	A	Y
Harvard Center for Biological Imaging (HCBI)	A	C	C	B	A	Y
Flow Cytometry	A	C	C	B	A	Y
Small Molecule Spectrometry (SMMS)	A	C	C	B	A	Y
Nuclear Magnetic Resonance Center (NMR)	A	C	C	B	A	Y
X-Ray Crystallography Center	A	C	C	B	A	Y

Part III Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART III - INDIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
3.2.0 R	<p>Note on column 2 - "A" means space, equipment/building depreciation, interest, O&M; "B" means equipment depreciation only</p> <p>Note on column 4 - "B" means the base rate charged to all internal users (charging against a Harvard 33-digit code). External users are charged a higher rate.</p> <p>Note on column 6 - "Y" means surpluses beyond the 15% range must be eliminated through rate adjustments. Deficits beyond the 15% range must be funded by an unrestricted fund; the amount is transferred into the service center account as a subvention.</p>	

Part III Continuation

COST ACCOUNTING STANDARDS BOARD	CONTINUATION SHEET
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DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
3.4.0 R	<p><u>Composition of Indirect Cost Pools</u></p> <p>(a) <u>Depreciation/Use Allowances/Interest</u></p> <p>Included in this pool are the depreciation expenses of the institution's buildings, capital improvements to land and buildings, and equipment as defined in 2 CFR 200.436 and Appendix III, Section B2.</p> <p>Included in this pool are the external interest expenses associated with certain buildings, equipment and capital improvements as defined in 2 CFR 200.449 and Appendix III, Section B3.</p> <p>(b) <u>Operation and Maintenance.</u></p> <p>Included in this pool are the expenses incurred for the administration, supervision, operation (including utility costs), maintenance, preservation, and protection of the institution's physical plant as defined in 2 CFR 200 Appendix III, Section B4.</p> <p>Central Services (Facilities) O&M- The expenses of a small number of centralized services related to O&M are accumulated separately in a second O&M pool called "Central Services O&M", including all applicable allocations from other indirect cost pools. These services include University Facilities Planning, University Police and some O&M support costs of other central functions.</p>	

Part III Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART III - INDIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>3.4.0 R</p>	<p>(c) <u>General Administration and General Expense</u> Included in these pools are the expenses incurred for the general administrative functions of the institution and college and other expense of a general character which do not relate solely to any major function of the institution and college, as defined in 2 CFR 200 Appendix III, Section B5., with all applicable cross allocations from other indirect cost pools.</p> <p>Central Services GA- The expenses of centralized services related to GA are accumulated separately in a second GA pool called "Central Services GA", including all applicable allocations from other indirect cost pools. These administrative services known at Harvard as Central Administration (CADM) support all rate areas. Services include Information Technology, General Accounting, Payroll, Budgeting, Procurement, and Internal Audit. Costs for the Office of Technology Development, Office of General Counsel, the Development Office, and the Office of the President are excluded.</p> <p>(d) <u>Departmental Administration</u> Included in this pool are the expenses incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research institutes, study centers and research centers, as defined in 2 CFR 200 Appendix III, Section B6, with all applicable cross allocations from other indirect cost pools. Also included in this pool is the standard allowance of 3.6% of modified total direct costs as specified in paragraph Section B6a(2)(a) of 2 CFR 200 Appendix III to cover the costs associated with administrative activities of department heads, faculty and other professional academic staff.</p> <p>(e) <u>Sponsored Project Administration</u> Included in this pool are the expenses incurred primarily to administer sponsored projects and perform the cost analysis functions, as defined in 2 CFR 200 Appendix III, Section B7, with all applicable allocations from other indirect cost pools.</p> <p>The expenses of the centralized Office for Sponsored Programs as well as applicable expenses of the Office for the Vice Provost for Research and the dedicated IT functions are accumulated separately in 2 SPA cost pools. One cost pool includes the portion of costs within the central OSP office for portfolio-based staff. The portfolio-based staff within provide pre-award services for the University Area and award set-up services for the University Area and the 2 Longwood Medical rate areas. Another cost pool includes costs for the non-portfolio based OSP staff, the costs of other groups within CADM that support sponsored programs.</p>

(f) Library

Included in this pool are the expenses incurred for the operation of all libraries across the university including the University Central Library System as well as all school libraries and research libraries, as defined in 2 CFR 200 Appendix III, Section B8, with all applicable allocations from other indirect cost pools.

(g) Student Administration and Services

This group of expenses, as defined in 2 CFR 200 Appendix III, Section B9, is treated as a base, not as a pool, in indirect cost calculations. As a result, these expenses are not recovered in the University's indirect cost rate.

Part III Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART III - INDIRECT COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
3.5.0 R	<p><u>Composition of Allocation Bases</u></p> <p>The allocation bases identified in Section 3.1.0 are square footage, Total Cost, and Modified Total Direct Cost.</p> <p><u>Square Footage-</u> In preparation for the indirect cost proposal, a comprehensive space inventory updated occupancy information by identifying new space and modifying existing space. For FAS and SEAS, the space data are based on a building-by-building and room-by-room basis. For others, we assigned the space to the tub level org and allocated by Salary and Wages.</p> <p><u>Total Cost Basis</u> - Total costs per the financial statements less agency funds, auxiliaries, service centers, and scholarship and student aid funds.</p> <p><u>Modified Total Direct Cost Basis-</u>Consists of salaries and wages, fringe benefits, materials and supplies, services and travel. The following items are excluded from the Modified Total Direct Cost base in the University Area: capital expenditures (buildings, individual items of equipment; alterations and renovations), that portion of each subaward in excess of \$25,000; hospitalization and other fees associated with patient care whether the services are obtained from an owned, related, or third party hospital or other medical facility; rental/maintenance of off-site activities; student tuition remission and student support costs (e.g., student aid, stipends, dependency allowances, scholarships, fellowships).</p> <p align="center">End of Part III</p>

Part III Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**PART IV - DEPRECIATION AND USE
ALLOWANCES**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

**Item
No.**

Item description

**4.1.0
R**

Part IV

Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)

	<u>Depreciation Method</u> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
<u>Asset Category</u>				
(a) Land Improvements	_A_	_C_	_A_	_B_
(b) Buildings	_A_	_C_	_A_	_B_
(c) Building Improvements	_A_	_C_	_A_	_B_
(d) Leasehold Improvements	_A_	_B_	_A_	_B_
(e) Equipment	_A_	_C_	_A_	_B_
(f) Furniture and Fixtures	_A_	_C_	_B_	_B_
(g) Automobiles and Trucks	_A_	_C_	_A_	_B_
(h) Tools	_A_	_C_	_A_	_B_
(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)	_Y_	_C_	_ _	_B_

Column (1)--Depreciation Method Code

- A. Straight Line
- B. Expensed at Acquisition
- C. Use Allowance
- Y. Other or more than one method 1/ by Uniform Guidance 2 CFR 200

1/ Describe on a Continuation Sheet

Column (2)--Useful Life Code

- A. Replacement Experience
- B. Term of Lease
- C. Estimated service life
- D. As prescribed for use allowance
- Y. Other or more than one method

Part IV

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART IV - DEPRECIATION AND USE ALLOWANCES				
NAME OF REPORTING UNIT HARVARD UNIVERSITY					
Item No.	Item description				
4.1.0	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <u>Column (3)</u>--Property Unit Code </td> <td style="width: 50%; border: none;"> <u>Column (4)</u>--Residual Value Code </td> </tr> <tr> <td style="border: none;"> A. Individual units are accounted for separately B. Applied to groups of assets with similar service lives C. Applied to groups of assets with varying service lives Y. Other or more than one method <u>1/</u> </td> <td style="border: none;"> A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method <u>1/</u> </td> </tr> </table>	<u>Column (3)</u> --Property Unit Code	<u>Column (4)</u> --Residual Value Code	A. Individual units are accounted for separately B. Applied to groups of assets with similar service lives C. Applied to groups of assets with varying service lives Y. Other or more than one method <u>1/</u>	A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method <u>1/</u>
<u>Column (3)</u> --Property Unit Code	<u>Column (4)</u> --Residual Value Code				
A. Individual units are accounted for separately B. Applied to groups of assets with similar service lives C. Applied to groups of assets with varying service lives Y. Other or more than one method <u>1/</u>	A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method <u>1/</u>				
4.1.1	<p><u>Asset Valuations and Useful Lives.</u> Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)</p> <p>A. <u> X </u> <u>Yes</u> B. <u> </u> <u>No</u> <u>1/</u></p>				
4.2.0	<p><u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. <u> </u> Yes B. <u> X </u> No</p>				
4.3.0 R	<p><u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <u> </u> Excluded from determination of sponsored agreement costs B. <u> X </u> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <u> X </u> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <u> </u> Not accounted for separately, but reflected in the depreciation reserve account Y. <u> </u> Other(s) <u>1/</u> Z. <u> </u> Not applicable</p>				

Part IV

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART IV - DEPRECIATION AND USE ALLOWANCES
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
4.4.0 R	<p><u>Criteria for Capitalization.</u> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount: \$5,000 for equipment, software and donated assets; \$100,000 for buildings, improvements, and construction in progress; \$500,000 for internally developed software.</p> <p>B. Minimum Life Years: <u>More than one year.</u></p>	
4.5.0 R	<p><u>Group or Mass Purchase.</u> Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <u> X </u> Yes ^{1/} B. <u> </u> No</p> <p>^{1/} Describe on a Continuation Sheet.</p>	

Part IV

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART IV - DEPRECIATION AND USE
ALLOWANCES**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description																				
4.1.0 R	<p><u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives</u> (i) Other Asset Categories. University capitalizes software with a minimum value of \$500,000 and depreciates using the straight-line method with a useful life of four years. University capitalizes donated assets with a minimum market value, at time of donation, of \$5,000, and depreciates using the straight-line method with a useful life relevant to the type of asset that is being donated.</p>																				
4.1.1	<p><u>Asset Valuations and Useful Lives.</u> The computation of depreciation for research facilities is substantially more complex than for non-research buildings. The period of useful service or useful life established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment, technological developments in the particular area, and the renewal and replacement policies followed for the individual items or classes of assets involved. Research buildings are depreciated according to the useful lives of their major components, e.g. shell, finishes, services, fixed equipment and roof, ranging from 10 to 45 years. Non-research buildings are not componentized but are depreciated as single assets over one useful life of 35 years. The University uses the same methods for asset depreciation for financial statement reporting purposes as it does for F&A calculation purposes.</p>																				
4.4.0 R	<p><u>Criteria for Capitalization.</u> Equipment, as an asset category, has three subcategories with different useful lives, i.e. general equipment, seven years; computer equipment, four years; and scientific equipment, eight years. Each sub-category of equipment is depreciated with the straight line method and defined by the same threshold for capitalization, \$5,000.</p> <p>Other capitalized items, also having \$5,000 threshold values, are depreciated using the following criteria:</p> <table border="0"> <tr> <td colspan="4">Furnishings & Fixtures</td> </tr> <tr> <td>Residential</td> <td>Straight Line</td> <td>3 yr.</td> <td></td> </tr> <tr> <td>Office</td> <td>Straight Line</td> <td>7 yr.</td> <td></td> </tr> <tr> <td>Vehicles</td> <td>Straight Line</td> <td>4 or 10 yr.</td> <td></td> </tr> <tr> <td>Software</td> <td>Straight Line</td> <td>4 yr.</td> <td></td> </tr> </table>	Furnishings & Fixtures				Residential	Straight Line	3 yr.		Office	Straight Line	7 yr.		Vehicles	Straight Line	4 or 10 yr.		Software	Straight Line	4 yr.	
Furnishings & Fixtures																					
Residential	Straight Line	3 yr.																			
Office	Straight Line	7 yr.																			
Vehicles	Straight Line	4 or 10 yr.																			
Software	Straight Line	4 yr.																			

Part IV Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART IV - DEPRECIATION AND USE
ALLOWANCES**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>4.5.0 R</p>	<p><u>Group or Mass Purchase.</u> As part of a building acquisition or construction project, costs may be incurred to fit out space with new furnishings and equipment. When such purchases are made as part of an acquisition/construction project, if the aggregate cost of these expenditures exceeds \$5,000 and the items have a useful life of one year or more, the costs may be capitalized even though some of the individual items cost less than \$5,000.</p> <p style="text-align: center;">End of Part IV</p>

Part IV Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART V - OTHER COSTS AND CREDITS

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>5.1.0</p> <p>5.2.0</p>	<p style="text-align: center;">Part V</p> <p>Method of Charging Leave Costs. Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <u> X </u> Cash</p> <p>B. <u> X </u> Accrual <u> 1/ </u></p> <p>Applicable Credits. This item is directed at the treatment of "applicable credits" as defined in Uniform Guidance 200.406 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <u> </u> The credits/receipts are offset against the specific direct or indirect costs to which they relate.</p> <p>B. <u> </u> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <u> </u> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <u> X </u> Combination of methods <u> 1/ </u></p> <p>Y. <u> </u> Other <u> 1/ </u></p> <p><u> 1/ </u> Describe on a Continuation Sheet.</p>

Part V

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART V - OTHER COSTS AND CREDITS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>5.1.0 R</p>	<p><u>Method of Charging Leave Costs</u> All leave is charged on a cash basis except vacation leave. Effective July 1, 2007, accrued vacation leave for biweekly paid exempt and union/non-exempt staff are included in the University fringe benefit rates.</p>
<p>5.2.0 R</p>	<p><u>Applicable Credits.</u> Applicable credits, such as purchase discounts and insurance refunds, are offset against the specific direct or indirect costs to which they relate. The annual credit card rebates are based on the year's spending. The associated spending is analyzed, based on object codes, to determine the classification of the expenditures. The amounts are categorized as OM or GA based on the object codes and/or department, then credited to the applicable indirect cost pools. Library fees and fines are coded as either income or expense credits, but are treated equally as expense credits to offset library costs for indirect cost purposes. Miscellaneous receipts that are treated as income are not offset against costs.</p> <p align="center">End of Part V</p>

Part V Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS
	NAME OF REPORTING UNIT HARVARD UNIVERSITY

Item No.	Item description												
	Instructions for Part VI												
	<p>This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.</p> <p>Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page (i), General Instructions)</p>												
6.1.0	<u>Pension Plans.</u>												
6.1.1	Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)												
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 10%;"></th> <th style="text-align: center;"><u>Type of Plan</u></th> <th style="text-align: center;"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A. _____</td> <td>Institution employees participate in State/Local Government Retirement Plan(s)</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. _____</td> <td>Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. <u> X </u></td> <td>Institution has its own Defined-Contribution Plan(s) <u> 1 </u></td> <td style="text-align: center;"><u> 2 </u></td> </tr> </tbody> </table>		<u>Type of Plan</u>	<u>Number of Plans</u>	A. _____	Institution employees participate in State/Local Government Retirement Plan(s)	_____	B. _____	Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	_____	C. <u> X </u>	Institution has its own Defined-Contribution Plan(s) <u> 1 </u>	<u> 2 </u>
	<u>Type of Plan</u>	<u>Number of Plans</u>											
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	<u>1/</u> Describe on a Continuation Sheet.												

Part VI

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
6.1.2 R	Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)	
6.2.0 R	<u>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</u> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.) Z. <input type="checkbox"/> Not Applicable	
6.2.1 R	<u>Determination of Annual PRB Costs.</u> (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)	
6.3.0	<u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. _____ When accrued (book accrual only) B. _____ When contributions are made to a nonforfeitable fund C. _____ When contributions are made to a forfeitable fund D. _____ When the benefits are paid to an employee E. _____ When amounts are paid to an employee welfare plan Y. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u> Z. _____ Not Applicable	
6.4.0	<u>Self-Insurance Programs (Worker’s Compensation, Liability and Casualty Insurance.)</u> <u>1/ Describe on a Continuation Sheet.</u>	

Part VI

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**PART VI – DEFERRED COMPENSATION
AND INSURANCE COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
<p>6.4.1 R</p>	<p><u>Worker's Compensation and Liability.</u> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability</p> <p>C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability</p> <p>D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund</p> <p>Y. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u></p> <p>Z. <input type="checkbox"/> Not Applicable</p>
<p>6.4.2 R</p>	<p>Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on replacement costs</p> <p>C. <input type="checkbox"/> When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles.</p> <p>D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)</p> <p>Y. <input checked="" type="checkbox"/> Other or more than one method <u>1/</u></p> <p>Z. <input type="checkbox"/> Not Applicable</p> <p><u>1/</u> Describe on a Continuation Sheet.</p>

Part VI

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
6.1.1	<p><u>Defined Contribution Plans.</u></p> <p>1. Harvard University Retirement Income Plan for Teaching Faculty, 1973 is a 403(b) defined-contribution plan toward which the University makes contributions on behalf of its faculty. Faculty are not required or permitted to make contributions.</p> <p>2. Harvard University Defined Contribution Retirement Plan is a 401(a) defined contribution plan for exempt and non-exempt and hourly employees. Under the plan, the University makes contributions to accounts based on age of employee and a fixed percentage of pay.</p>	
6.1.2 R	<p><u>Defined-Benefit Pension Plans.</u> The costs of the Harvard University Retirement Plans are calculated under actuarial methods and assumptions that are consistent with Financial Accounting Standards Board Accounting Standards Codification (ASC 715), as follows:</p> <p>1. Actuarial cost method The actuarial cost method is the projected unit credit method, as required by ASC 715. Under this method, benefits are projected to retirement (or earlier termination) based on assumptions as to future salary increases. Projected benefits are then allocated between past and future years.</p> <p>2. Asset valuation method The Market-Related Value of Assets has been determined using the 4 Year Average Market Value Method. Under this method capital appreciation or depreciation of any year is gradually recognized over the 4-year period. Each year the new average market value is determined by adjusting the prior year's value by receipts less disbursements for the year preceding the valuation date plus 25% of the total capital appreciation (depreciation), both realized and unrealized, which occurred during the 4 years preceding the valuation date. The Market-Related Value of Assets includes the assets in the Master Trust.</p> <p>3. Criteria for changing actuarial assumptions and computations The actuarial assumptions employed in the development of pension cost have been selected by the University, with the concurrence of its accountants and actuaries. ASC 715 requires that "each significant assumption used shall reflect the best estimate solely with respect to that individual assumption." An actuarial assumption is revised when there is a material difference between the assumption and anticipated future experience.</p>	

Part VI Continuation

<p align="center">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>		<p align="center">CONTINUATION SHEET PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS</p>
		<p align="center">NAME OF REPORTING UNIT HARVARD UNIVERSITY</p>
Item No.	Item description	
<p>6.1.2 R</p>	<p>4. Amortization periods for prior service costs The initial unfunded/overfunded liability is amortized on a straight – line basis over 15 years. Prior service costs due to plan amendments are amortized over the expected average future service of active participants expected to receive benefits under the plan. If all or almost all of a plan's participants are inactive, the average remaining life expectancy of the inactive participants shall be used instead of average remaining service.</p> <p>5. Amortization periods for actuarial gains and losses Cumulative net actuarial gains and losses in excess of a corridor amount of 10% of the lesser of the market-related value of assets or the projected benefit obligation are amortized over the expected average future service of active participants expected to receive benefits under the plan.</p> <p>6. Funding Policy The university contributes, as necessary, the ASC 715 Net Period Pension Cost, calculated under the policies and procedures above.</p>	
<p>6.2.0 R</p>	<p><u>Post Retirement Benefits Other Than Pensions</u> (including post retirement health care benefits - PRBs) Harvard University offers medical insurance and life insurance (to age 70) as a post-retirement benefit to its eligible retirees and their dependents. Contributions are made to post retirement medical and dental insurance for retirees. Contributions are also made for life insurance for the same level of free coverage that the employee had at the time of retirement. The retirees also contribute to the costs of these insurances. Approximately 3,800 faculty and staff are covered as retirees.</p>	
<p>6.2.1 R</p>	<p><u>Determination of Annual PRB Cost.</u> The Harvard University Postretirement Welfare Plan costs are calculated using actuarial methods and assumptions consistent with ASC 715, as follows:</p> <p>1. Actuarial cost method The actuarial cost method is the projected unit credit method, allocated from date of hire to full eligibility date, as required by ASC 715. Under this method, benefits are projected to retirement (or earlier termination) based on assumptions as to future salary increases. Projected benefits are then allocated between past and future years.</p>	

Part VI Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
6.2.1 R	<p>2. Asset valuation method Not applicable. The Harvard University Postretirement Welfare Plan is not a funded plan. See the funded policy in 6.2.1 number 6. below.</p> <p>3. Criteria for changing actuarial assumptions and computations The actuarial assumptions employed in the development of the postretirement benefit cost have been selected by the University, with the concurrence of its accountants and actuaries. ASC 715 requires that each significant assumption “individually represent the best estimate of a particular future event.” An actuarial assumption is revised when there is a material difference between the assumption and anticipated future experience.</p> <p>4. Amortization periods for prior service costs The initial transition obligation is amortized on a straight-line basis over 20 years. Prior service costs due to plan amendments are amortized over the expected average future service to full eligibility age of active participants. If all or almost all of a plan's participants are inactive, the average remaining life expectancy of the inactive participants shall be used instead of average remaining service.</p> <p>5. Amortization periods for actuarial gains and losses Cumulative net actuarial gains and losses in excess of a corridor amount are amortized over the expected average future service of active participants. If all or almost all of a plan's participants are inactive, the average remaining life expectancy of the inactive participants shall be used instead of average remaining service.</p> <p>6. Funding Policy The plan is currently funded on a pay-as-you-go (or cash) basis plus a 2% of pay contribution to invested reserves.</p>	

Part VI Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
6.3.0	<p><u>Self-Insurance Programs (Employee Group Insurance)</u></p> <p>The University has a Short-term Disability Plan that is self-insured. The assessment included in the current year fringe rate is based on projections for actual Short-term Disability costs during the fiscal year. During the year, actual costs are accumulated and, at year-end, these costs are fully funded from the fringe assessment reserves. Any over- or under- recovery for a given year would be included as part of the carry-forward adjustment for future fringe rates as described in item 2.6.1.</p>	
6.4.1 R	<p><u>Self-Insurance Programs (Worker's Compensation and Unemployment Liability)</u></p> <p>The assessment included in the current year fringe rate for Worker's and Unemployment Compensation is based on projections for actual Worker's and Unemployment Compensation costs during the fiscal year. During the year, actual costs are accumulated and, at year-end, these costs are fully funded from the fringe assessment reserves. Any over- or under- recovery for a given year would be included as part of the carry-forward adjustment for future fringe rates as described in item 2.6.1.</p> <p>The University also is self-insured on two other liability programs: Comprehensive General Liability and Automobile Liability. Comprehensive General Liability: this program provides coverage for the University, including its directors, officers, employees while acting within their duties as such, from claims alleging bodily injury or property damage and due to the their negligence. A comprehensive general liability reserve exists to fund any such losses. Each year departments are assessed a charge to maintain an actuarially determined reserve balance that contemplates costs associated with losses, administration and excess premiums. This assessment is allotted to each department based on the ratio of employee headcount assigned to that against that of the entire University.</p>	

Part VI Continuation

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

**CONTINUATION SHEET
PART VI - DEFERRED COMPENSATION
AND INSURANCE COSTS**

**NAME OF REPORTING UNIT
HARVARD UNIVERSITY**

Item No.	Item description
6.4.1 R	<p>Automobile Liability: The University self-insures the vehicles owned by the University against claims alleging bodily injury or property damage due to negligent operation. This self-insurance also extends to University employees while driving University-owned vehicles. Each year departments that operate University owned vehicles are assessed a charge to maintain an actuarially determined reserve balance that contemplates costs associated with losses, administration and excess premiums. This assessment is allotted to each department based an internally derived premium rate that varies by vehicle and use factors.</p>
6.4.2 R	<p>All the self-insurance reserves are actual reserves are eligible to accrue investment income. The income earned by the reserves is a credit against the costs of the self-insurance programs.</p> <p><u>Self-Insurance Programs (Casualty Insurance)</u></p> <p>The University self-insures academic and commercial buildings owned by the University. A property reserve is set up to fund any losses to University buildings and each year departments are charged a property premium, allocated by building value (not by square footage), to maintain this reserve, which pays for losses, administration, and excess premiums. The Self-Insured Property Program is based as closely as possible on commercial insurance guidelines with regards to coverage and exclusions. Buildings are insured for replacement cost, and the repairs or replacement must be of like kind and quality. Included in the Self-Insured Property Program is the cost of a Boiler and Machinery Policy that is a commercial insurance policy that insures the University's boilers, heating, ventilation and air conditioning (HVAC) equipment against loss due to accidental breakdown.</p> <p>All the self-insurance reserves are actual reserves and earn income. The income earned by the reserves is a credit against the costs of the self-insurance programs.</p> <p align="center">End of Part VI</p>

Part VI Continuation

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII - CENTRAL SYSTEM OR GROUP EXPENSES
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
	DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.	
	Instructions for Part VII	
	<p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p>	
7.1.0	<p><u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p>	
7.2.0	<p><u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <p>A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.</p> <p>B. How the costs of the services are identified and accumulated.</p> <p>C. The basis used to allocate the accumulated costs to the benefiting segments.</p> <p>D. Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.</p> <p>E. Any fixed management fees that are charged to a segment(s) in lieu of a pro rata or allocation basis and the basis of such charges. If none, so state.</p>	

Part VII

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET PART VII - CENTRAL SYSTEM OR GROUP EXPENSES
		NAME OF REPORTING UNIT HARVARD UNIVERSITY
Item No.	Item description	
7.1.0 R	<p><u>Organizational Structure</u></p> <p>Harvard University includes the following three segments, with each having their respective Disclosure Statements:</p> <ol style="list-style-type: none"> 1. Medical Area: includes the Harvard Medical School and the Harvard School of Dental Medicine 2. Harvard T. H. Chan School of Public Health 3. University Area: includes all remaining Harvard University tubs (using the term "tub" in its administrative and General Ledger meaning, as described under 1.1.0 A above). This Area includes the Harvard Faculty of Arts and Sciences, the Harvard John A. Paulson School of Engineering and Applied Sciences, the Harvard Kennedy School, the Harvard Graduate School of Education, the Harvard Graduate School of Design, the Harvard Law School, the Harvard Business School, the Harvard Divinity School, the Radcliffe Institute for Advanced Study, as well as other, smaller, tubs. 	
7.2.0 R	<p><u>Cost Accumulation and Allocation</u></p> <p>A. Central services include University-wide general administration and general expenses, fringe benefits, library services, facilities O&M, B. The costs of centrally provided services are identified and accumulated by their respective General Ledger tubs, orgs, and activities.</p> <p>C. The costs are allocated to the segments through the normal indirect cost allocation methodology, as described in 3.5.0 A above, except for service center costs, which are charged to users on the basis of service center rates and the users' volume of demand. Fringe benefits are charged through the fringe benefit rate structure and are included in all segments' payroll costs.</p> <p>D. There are no costs transferred from a segment to the central system and reallocated to another segment, except for library expenses which are centralized and allocated.</p> <p>E. There are no fixed management fees charged to a segment(s) in lieu of a pro rata or allocation basis.</p> <p style="text-align: center;">End of Part VII</p> <p style="text-align: center;">End of Disclosure Statement</p>	

Part VII Continuation