

2026



Report of the Treasurer

For the year ended
June 30, 2026

Report of the Treasurer

for the year ended June 30, 2026

The MIT Corporation

2025-2026

As of June 30, 2026

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Report of the Treasurer

To the Members of the Corporation

The Institute generated strong overall financial results in fiscal 2026. We achieved net results of \$494.4 million, and our net assets of \$39,685.6 million at fiscal year close were 5.3 percent higher than last year's. We are, however, beginning to experience new burdens from federal policy changes that will grow measurably in fiscal 2027 when a substantial increase in the so-called "endowment tax" takes effect. These changes constrain the Institute's positive impact on our nation and world and threaten our ability to sustain affordable access to an MIT education.

Longstanding strengths contributed to the Institute's solid financial performance in fiscal 2026. Total philanthropic contributions – including gifts for current use and in support of our endowment – were \$715.1 million in fiscal 2026, representing an increase of \$37.2 million over the fiscal 2025 level and \$110.8 million over the prior five-year average. Our pooled investments yielded a return of 10.3 percent as measured using valuations received within one month of fiscal year-end. Distributions of investment income and gains, principally from MIT's endowment, provided about 40 percent of total campus revenues in fiscal 2026 – contributing significant sums toward financial aid for students and research efforts complementing those supported by grants from federal and other sponsors.

The Institute continues to be creative and proactive in generating and deploying new resources to accelerate discovery and translation. Backed by significant philanthropy, the MIT Health and Life Sciences Collaborative (HEALS) has engaged 176 faculty investigators and advisors and more than 200 students and postdoctoral researchers in efforts to make progress on critical health challenges like diabetes and breast cancer. We have also begun construction of a new Quantum Systems Laboratory to foster collaboration among government, academic, and

industry researchers in quantum science and engineering, catalyzed by generous donor support and a \$25 million investment from the Commonwealth of Massachusetts matching a portion of the federal funding for quantum research already underway at MIT. And, enabled by a transformational philanthropic gift, the Institute is supporting the development of the Giant Magellan Telescope to protect U.S. leadership in ground-based astronomy.

Access to an MIT education continues to be merit-based and affordable. Because of the generosity of donors and friends – and an enduring commitment to grow and deploy our endowment for good – MIT is tuition-free for undergraduates from families with incomes under \$200,000 and typical assets. With our investments in financial aid, parents of MIT undergraduates receiving financial aid now pay on average 10 percent less on a real basis than at the end of the Great Recession. We likewise extensively fund tuition for graduate students in research programs, pay competitive stipends to meet their living needs, and provide them with significant amenities and support to make their educational and research experience at MIT deeply fulfilling.

Even with robust philanthropic support and fiscal rigor, federal policy changes threaten our ability to sustain the impact and affordability for which MIT is known. Our fiscal 2026 financial results reflect an emerging retrenchment of federal support for research at universities, notwithstanding the advances achieved over decades of partnership between the federal government and higher education to invest in discovery and innovation. Our campus direct research activity (excluding expenditures through subrecipient agreements, which support research activity at other institutions) funded by federal sponsors fell by 15.5 percent in fiscal 2026. Constraints on federal funding have begun to curtail some existing MIT research projects. They have also caused a material decrease in total new graduate student enrollment in degree

SUMMARY OF KEY FINANCIAL HIGHLIGHTS (10-YEAR TREND)

<i>(in millions of dollars)</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	3,566	3,641	3,932	3,931	3,945	4,265	4,655	5,071	5,373	5,519
Expenses*	3,430	3,536	3,711	3,744	3,729	3,993	4,338	4,586	4,947	5,024
Net Results	136	105	221	187	216	272	317	485	426	494
Net Assets	19,125	21,517	22,769	24,217	36,446	33,231	32,183	33,551	37,676	39,686
Endowment (excludes pledges)	14,832	16,400	17,444	18,382	27,394	24,601	23,453	24,573	27,366	29,200
Net Borrowings	3,288	3,259	3,168	4,194	3,929	4,657	4,484	4,430	5,160	5,143

*Expenses include all components of net periodic benefit costs.

programs outside the Sloan School of Management, shrinking the pipeline of basic discovery research and the supply of future scientists. Reduced research funding similarly weakens MIT's ability to maintain sophisticated infrastructure often required for cutting-edge research and support the core needs of an enterprise with our mission, scale, and complexity.

Although strong philanthropic and investment performance and immediate fiscal responses curbed the overall impact of these changes on our fiscal 2026 net results and net assets, the Institute cannot insulate itself from the growing burdens of federal policy changes. In fiscal 2027, it faces a nearly six-fold increase in the federal "endowment tax" rate charged to its investment returns. With this rate change, we potentially face future tax liabilities of over \$1 billion for yet-to-be-realized investment gains achieved to date and additional amounts each subsequent year we earn more to support our mission. Just as federal grant funding is being curtailed, this penalizes the Institute for prioritizing financial self-sufficiency.

We will continue to emphasize the value of federal research funding policies that invest amply in the best science. We will likewise continue to advocate for federal tax policies that encourage university efforts to generate philanthropy and investment earnings that fuel their important educational and research missions.

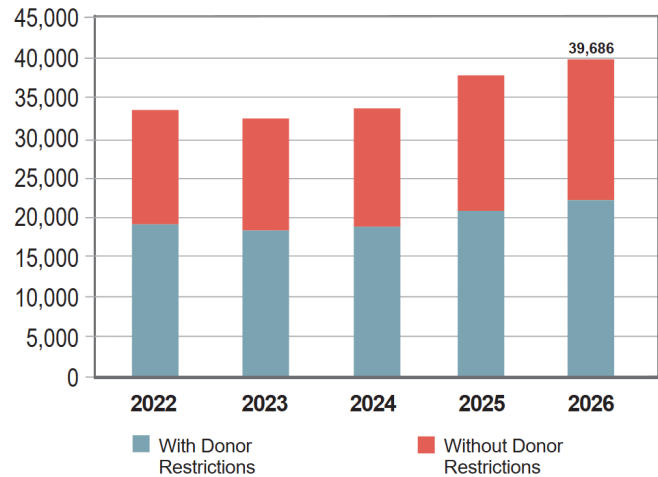
The following sections provide additional details regarding MIT's fiscal 2026 financial statements: Consolidated Statements of Financial Position, Consolidated Statement of Activities, and Consolidated Statements of Cash Flows. Net results, as presented in MIT's Consolidated Statement of Activities, is the measure by which the Institute manages its annual budget and is used in financial reports presented to MIT's leadership, including the Executive Committee and the Corporation. It is a comprehensive measure of MIT's annual financial performance, including operating activity and all components of our annual retirement benefit costs that serve as a basis for cost recovery.

Consolidated Statements of Financial Position

The discussion in this section highlights key elements of MIT's financial position: net assets; investments; land, buildings, and equipment; postretirement benefit assets and liabilities; and borrowings.

Net Assets

\$ millions



Total net assets increased to \$39,685.6 million, or 5.3 percent, from fiscal 2025. Net assets are presented in two distinct categories to recognize the significant ways universities differ from profit-making organizations. The two categories reflect the nature of the restrictions placed on gifts by donors.

In fiscal 2026, net assets with donor restrictions increased \$1,350.3 million, or 6.5 percent, to \$22,086.4 million. The increase was primarily due to a positive net return on donor-endowed pooled investments and new donor-endowed gifts and pledges. Net assets without donor restrictions increased \$659.5 million, or 3.9 percent, to \$17,599.1 million. The increase was primarily due to positive net returns on quasi-endowed and non-endowed investments, an improvement in the funded status of the postretirement benefit plans, and positive net results. These increases were partially offset by distributions of investment gains and income to support operations and, for net assets without donor restrictions, an increase in the deferred tax liability resulting from the increase in the excise tax rate on net investment income from 1.4 percent to 8.0 percent effective in fiscal 2027.

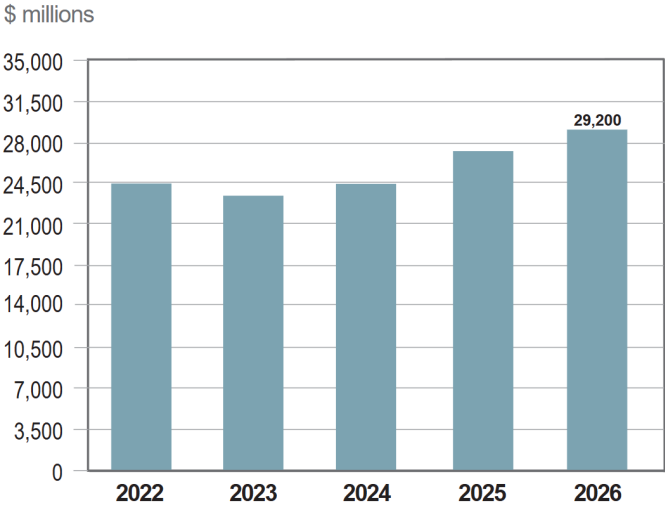
Investments

Investments at fair value were \$38,283.9 million as of fiscal year-end 2026, an increase of \$2,493.5 million, or 7.0 percent. The consolidated financial statements include both realized and unrealized gains and losses on investments, as well as dividends, interest, and other investment income, all net of investment expenses. The increase in the value of investments in fiscal 2026 was principally driven by net gains on pooled investments.

MIT’s investment policy is based on the primary goal of generating high real rates of return without exceptional volatility. To reduce volatility, the portfolio is broadly diversified. To generate high real rates of return, MIT’s investment policy favors equity investments over fixed-income instruments and is heavily weighted toward less efficient markets. MIT primarily invests through external fund managers, allowing the Institute to access the best investment talent globally. By identifying a wide variety of top-tier investment managers with specific competencies, MIT can construct a broadly diversified portfolio while accessing deep sector expertise. Decision authority for the selection of managers, direct investments, and asset allocation resides with the MIT Investment Management Company (MITIMCo). The Board of Directors of MITIMCo holds four regularly scheduled meetings during the fiscal year in which investment policy, performance, and asset allocation are reviewed.

MIT’s primary investment pool is known as Pool A. Pooled investment income and a portion of gains are distributed for spending to support operations in a manner that preserves the long-term purchasing power of the endowment and other pooled investments. Funds invested in Pool A receive distributions based on relative ownership, which is valued monthly. MIT also has separate non-pooled investments from which net investment income supports operations. In fiscal 2026, Pool A produced a return of 10.3 percent as measured using valuations received within one month of fiscal year-end.

Endowment (without pledges)



Endowment assets are the largest component of both total and pooled investments. The market value of investments in endowment funds, excluding pledges for endowed purposes, totaled \$29,200.0 million as of fiscal year-end 2026, an increase of 6.7 percent compared to a total of \$27,366.2 million last year. The increase was driven by a positive net return on pooled endowment investments and new donor-endowed gifts, partially offset by the distribution of pooled endowment gains and income to support current-year operations.

Land, Buildings, and Equipment

Land, buildings, and equipment had a net book value of \$5,622.3 million as of fiscal year-end 2026, a decrease of \$16.1 million, or 0.3 percent. In fiscal year 2026, the Institute advanced approximately 96 capital projects with a total fiscal-year spend of \$217.6 million.

In August 2025, the East Campus undergraduate residence reopened following a comprehensive renovation that renewed essential infrastructure and upgraded living spaces while preserving its historical architectural character. Known as “the Parallels,” the adjacent pair of five-story buildings now feature enlarged and renovated lounges and kitchens, updated music and fitness rooms, and a revitalized outdoor courtyard.

In May 2026, McCormick Hall, MIT’s only all-women residence on campus, closed for a two-year renewal project. The work will add 15 beds, upgrade infrastructure and building systems, and refresh finishes and furnishings in student rooms and common areas, ensuring that McCormick continues as a hub for undergraduate women at MIT for decades to come.

Following a major restoration and transformation, the Metropolitan Warehouse opened in August 2026 as the new home of MIT’s School of Architecture and Planning. The renovation of this local landmark transformed a century-old storage facility into a vibrant center for architecture, design, and planning. The reimagined space features design studios, research labs, classrooms, offices, galleries, and collaborative areas to foster interdisciplinary work.

Also underway is the renovation of Building 39, which will house a next-generation quantum research laboratory designed to advance quantum innovation in Massachusetts and serve as the headquarters of the new MIT Quantum Initiative (QMIT). The project will incorporate energy-saving features and technologies expected to significantly reduce energy use and carbon emissions. We aim to complete the project by December 2027.

The Institute continues to advance its plans for campus decarbonization by reducing energy use and incorporating efficiency upgrades into building renewal projects. Current efforts include optimizing heat-recovery systems; improving controls for ventilation, heating, and cooling; and using AI to manage temperatures based on weather, occupancy, and the projected carbon intensity of the regional power grid. Additionally, MIT is exploring the building of a large-scale electric heat pump plant that could reduce reliance on natural gas while recapturing waste heat from existing cooling systems, potentially meeting 30 to 40 percent of campus heating needs.

MIT continues to prioritize addressing deferred maintenance as an integral part of the overall capital program. We track the condition of our facilities through a measure called the Facilities Condition Index (FCI) – the ratio of our deferred maintenance to replacement values associated with MIT buildings in Cambridge. Our FCI decreased from 0.22 in fiscal 2015 to 0.15 in fiscal 2023, and we maintained an FCI of 0.15 through the end of fiscal 2026. This is in line with MIT’s goals for keeping buildings in good condition while maintaining operational continuity to support the Institute’s mission.

Postretirement Benefit Assets and Liabilities

The defined benefit pension plan provides a basic retirement income benefit to eligible MIT employees upon their retirement. This plan had assets of \$6,798.6 million as of fiscal year-end 2026, an increase of \$559.3 million from fiscal year-end 2025. The plan's projected liabilities were \$5,184.2 million as of fiscal year-end 2026, up \$68.3 million from a year earlier. This resulted in a \$491.0 million increase in net asset position, which totaled \$1,614.5 million as of fiscal year-end 2026.

MIT also maintains a retiree welfare benefit plan that covers certain MIT retiree expenses associated with medical care and life insurance. This plan had assets of \$1,220.2 million as of fiscal year-end 2026, an increase of \$114.8 million from fiscal year-end 2025. The plan's projected liabilities were \$589.5 million as of fiscal year-end 2026, down \$13.7 million from a year earlier. This resulted in a \$128.6 million increase in net asset position, which totaled \$630.7 million as of fiscal year-end 2026.

The increases in asset values of both plans in fiscal 2026 were primarily a function of positive investment returns, partially offset by payments made to beneficiaries. The increase in projected liabilities for the defined benefit pension plan was driven by ongoing benefit accruals and higher assumed interest rates credited to employees' and retirees' cash balance benefits partly offset by a 24-basis-point increase in the discount rate used to discount expected future cash payments to retirees. The decrease in projected liabilities for the retiree welfare plan was driven by higher projected prescription drug cost reimbursements from the federal government under the Employer Group Waiver Plan (EGWP) and a 33-basis-point increase in the discount rate used to measure future medical costs. The discount rates for each plan were derived by identifying a theoretical settlement portfolio of high-quality corporate bonds sufficient to provide for the plan's benefit obligations. The discount rates in both years reflected the prevailing interest rate environments at the dates of measurement (June 30, 2026, and June 30, 2025).

On a generally accepted accounting principles (GAAP) basis at fiscal year-end 2026, the defined benefit pension plan had a funding level of 131.1 percent, up from 122.0 percent one year earlier. The retiree welfare benefit plan had a funding level of 207.0 percent at fiscal year-end 2026, an increase from 183.2 percent one year earlier. There were no employer contributions to either plan during fiscal 2026. MITIMCo manages the investment of assets in both plans.

MIT also offers a 401(k) plan to its employees, which is not reflected in the Consolidated Statements of Financial Position. Assets in this plan are invested at the direction of participants in an array of investment funds. The plan's investment market value was \$9,631.8 million as of fiscal year-end 2026.

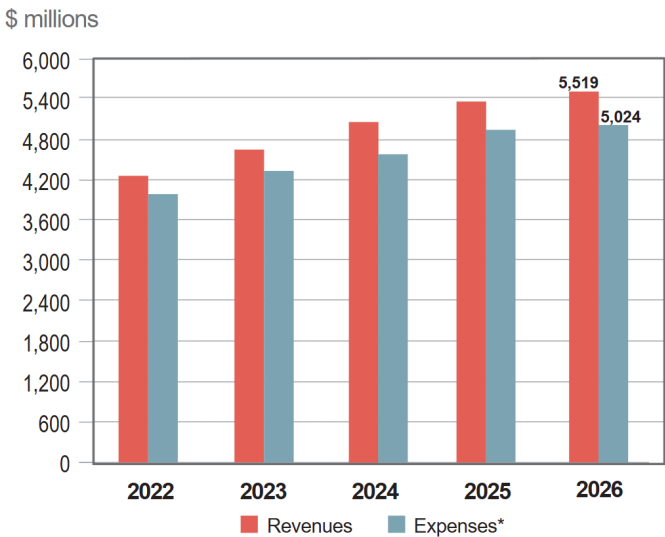
Borrowings

In fiscal 2026, borrowings decreased \$16.8 million, or 0.3 percent, to \$5,143.3 million. The decrease was primarily due to the partial repayment of Series M principal of \$13.0 million.

MIT's financial strength is reviewed periodically by both Moody's Ratings and S&P Global Ratings. As of the close of fiscal 2026, the Institute maintained "Aaa" and "AAA" ratings, respectively.

Consolidated Statement of Activities

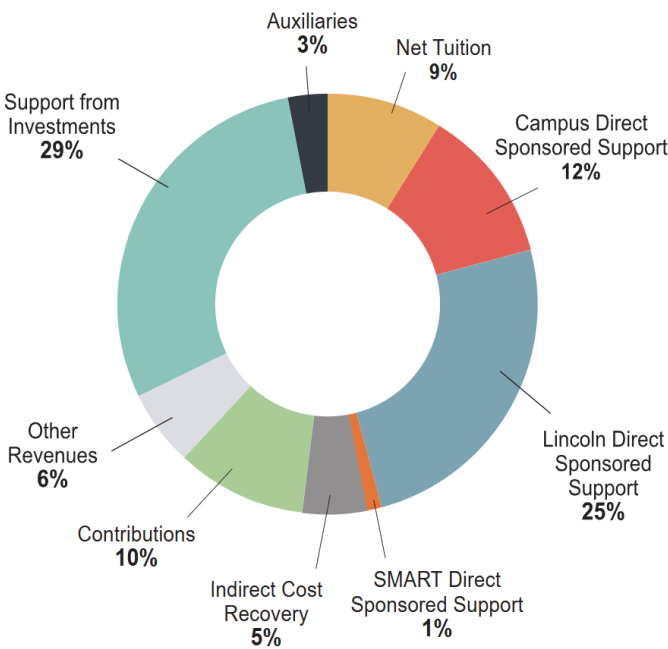
Revenues and Expenses



* Expenses include all components of net periodic benefit costs.

MIT ended fiscal 2026 with net results of \$494.4 million. This is \$68.5 million, or 16.1 percent, more than fiscal 2025. Operating revenues increased \$146.0 million, or 2.7 percent, to \$5,518.8 million, while operating expenses together with all other components of our net periodic retirement benefit costs increased \$77.5 million, or 1.6 percent, to \$5,024.5 million. Year-over-year comparisons of revenues and expenses are presented in the graph above.

Revenues



MIT's operating revenues include tuition, sponsored support, contributions (including expendable gifts and pledge payments), other revenue, support from investments, and auxiliary revenue.

Tuition revenue for graduate and undergraduate programs, net of financial aid, combined with tuition revenue for non-degree programs, increased \$37.4 million, or 8.6 percent, to \$473.5 million. Undergraduate net degree tuition decreased \$4.0 million, or 3.5 percent, while graduate net degree tuition increased \$12.8 million, or 6.2 percent. Key dynamics affecting net degree tuition included higher published tuition rates, increases in financial aid due to tuition rate increases and policy changes to enhance affordability for undergraduates and their families, increases in graduate student enrollment at the Sloan School of Management, and decreases in graduate student enrollment outside the Sloan School of Management. Non-degree program revenue increased \$28.6 million, or 25.4 percent, driven by increased course offerings and enrollment.

Sponsored support decreased \$57.3 million, or 2.4 percent, to \$2,363.8 million in fiscal 2026. Direct sponsored revenues decreased \$64.8 million, while indirect revenues increased \$7.5 million. Campus direct sponsored revenue decreased \$55.0 million, or 7.7 percent, driven by a reduction in compensation and non-personnel activity charged to federal sponsors. Lincoln Laboratory direct sponsored revenue decreased \$12.1 million, or 0.9 percent, primarily due to a reduction in full-time equivalent employees and lower expenditures for employee benefits and supplies and services. Direct revenue associated with the Singapore-MIT Alliance for Research and Technology (SMART) increased \$2.3 million, or 8.6 percent, primarily due to increases in compensation and expenditures through subrecipient agreements resulting from the addition of new Interdisciplinary Research Groups (IRGs) in late fiscal 2025.

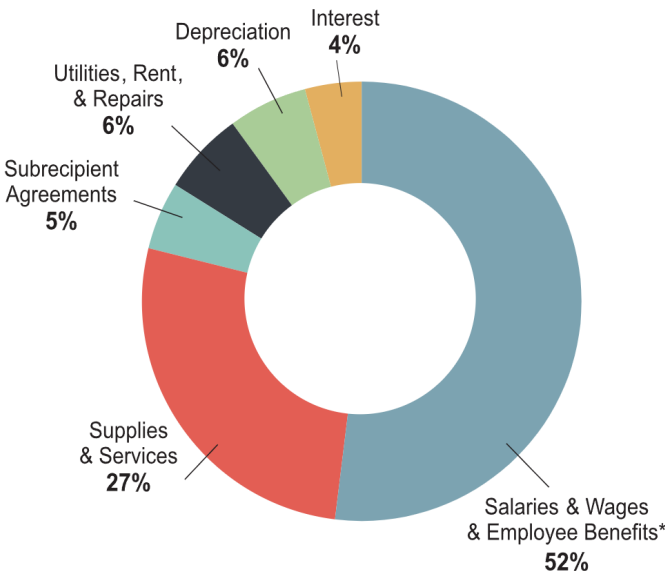
Indirect cost recovery increased primarily due to higher recoverable indirect costs allocated to Lincoln Laboratory and other off-campus activities and recognition of prior-year revenue (primarily associated with activity at Lincoln Laboratory). These increases were partially offset by a decrease in campus indirect cost recovery resulting from reduced federally sponsored research activity to which indirect costs are billed.

Federal sponsored activity comprised 58.3 percent of total campus sponsored volume in fiscal 2026, while non-federal sponsored activity accounted for 41.7 percent.

Support from investments increased \$67.4 million, or 4.3 percent, to \$1,632.8 million due to higher pooled investment balances, a voted increase in distributions from each unit of our pooled investments, and increased investment income on non-pooled investments from having larger balances. The effective spending rate on pooled investment funds was 4.7 percent to start fiscal 2026, and 5.1 percent on a three-year-average basis.

Operating contributions, which include gifts and bequests for current use and expendable pledge payments, increased \$60.1 million, or 12.7 percent, to \$533.1 million.

Expenses



* Employee Benefits expenses include all components of net periodic benefit costs.

MIT’s operating expenses, combined with the non-service cost components of net periodic benefit costs, increased \$77.5 million, or 1.6 percent. These expenses include salaries and wages; employee benefits; supplies and services; subrecipient agreements; utilities, rent, and repairs; depreciation; and interest.

Overall Institute salary and wage expenses increased \$19.7 million, or 0.9 percent, to \$2,110.6 million. Campus salary and wage expenses increased 0.7 percent, reflecting an increase in average annualized salaries and wages of 3.9 percent, partially offset by a 3.7 percent decrease in the number of full-time-equivalent employees. Lincoln Laboratory salary and wage expenses increased 1.3 percent, reflecting an increase in average annualized salaries and wages of 3.2 percent, partially offset by a 1.9 percent decrease in the number of full-time-equivalent employees. Employee benefit expenses, together with all components of net periodic benefit income for retirement plans included in our net results calculation, decreased \$25.8 million, or 4.8 percent, to \$509.8 million, driven by increases in total net periodic benefit income from both the defined benefit pension plan and the retiree welfare benefit plan, partially offset by increases in net medical and dental costs.

During fiscal 2026, expenses for supplies and services increased \$8.6 million, or 0.6 percent, to \$1,368.2 million. Subrecipient agreement costs decreased \$3.0 million, or 1.3 percent, to \$225.5 million, driven by a decrease in expenses incurred through subawards at Lincoln Laboratory.

Utilities, rent, and repairs expenses increased \$33.3 million, or 12.2 percent, to \$305.4 million, reflecting increases in natural gas commodity prices and delivery and supply rates paid by campus, as well as higher electricity and repair costs at Lincoln Laboratory. Depreciation expenses increased \$11.5 million, or 4.0 percent, to \$301.1 million, primarily reflecting the completion of several capital projects, such as the Metropolitan Warehouse transformation. Interest expense increased \$33.4 million, or 19.6 percent, to \$203.9 million, due to new interest expense associated with the taxable Series Q bond issuance in late fiscal 2025.

Other Revenues, Gains, and Losses Summary

Other revenues, gains, and losses drove a \$1,515.4 million increase in net assets in fiscal 2026. Other revenues, gains, and losses in fiscal 2026 included positive net returns on total investments, certain forms of contributions revenue, changes in retirement plan obligations, and other changes, offset by investment spending distribution to support operations. In fiscal 2026, net return on investments less spending distribution to support operations increased net assets by \$737.7 million. The return recognizes an \$858.3 million increase in the Institute’s deferred tax liability reflecting the increase in the net investment income excise tax rate from 1.4 percent to 8.0 percent effective in fiscal 2027. Contributions revenue in other revenues, gains, and losses, which includes net current-year pledge revenue and endowed gifts and bequests, increased net assets by \$182.0 million, while changes in the net asset positions of the retirement plans, outside of net periodic benefit income recognized in net results, increased net assets by \$548.5 million.

Contributions

Contributions to MIT provide support for scholarships, fellowships, professorships, research, educational programming, student life activities, the construction and renovation of buildings, and other expenses. Contributions (including both current-use and endowed gifts and pledges) for fiscal 2026 totaled \$715.1 million, an increase of \$37.2 million, or 5.5 percent. Of new gifts and pledges in fiscal 2026, contributions from individuals represented 50.8 percent, contributions from foundations and donor-advised funds represented 40.2 percent, and contributions from corporations and other sources represented 9.0 percent. New gifts and pledges for research and education were the largest categories of contributions for fiscal 2026.

Consolidated Statements of Cash Flows

The Consolidated Statements of Cash Flows divide cash inflows and outflows into three categories: operating, investing, and financing. Although this division is a requirement of GAAP, when reviewing the cash flow statement of a nonprofit organization such as MIT, it is important to recognize that investing activities as presented in the cash flows fund a large portion of operating activity through distributions from pooled investments. In fiscal 2026, support from investments comprised 39.9 percent of overall campus operating revenue.

Net operating activities – which result from a total increase in net assets adjusted for non-cash items in the Consolidated Statement of Activities (depreciation, net unrealized gain on investments, changes in the retirement plans' net assets, etc.), changes in certain non-cash assets and liabilities, and other reclassifications – consumed \$341.3 million of cash and restricted cash in fiscal 2026. Net investing activities provided \$661.2 million in cash and were driven by realized gains on investments. Financing activities provided \$206.8 million in cash, primarily driven by contributions to the endowment.

MIT's full consolidated financial statements and notes are on the pages that follow, including the Consolidated Statements of Financial Position, the Consolidated Statement of Activities, and the Consolidated Statements of Cash Flows.

Conclusion

I am grateful to MIT's alumni and friends for their enduring generosity, and to our entire community for its dedication and commitment to advancing the Institute's mission of research, education, and service. We remain as optimistic and ambitious as ever that MIT can point the way to innovations and advances that materially improve lives. We also remain hopeful for partnership and shared purpose to achieve this goal.

Respectfully submitted,



Glen Shor
Executive Vice President and Treasurer
October 2, 2026

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Report of Independent Auditors

To the Members of the Corporation of the Massachusetts Institute of Technology

Opinion

We have audited the accompanying consolidated financial statements of the Massachusetts Institute of Technology and its subsidiaries (the "Institute"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities for the year ended June 30, 2026, and of cash flows for the years ended 2026 and 2025, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Institute as of June 30, 2026 and 2025, and the changes in its net assets for the year ended June 30, 2026, and its cash flows for the years ended June 30, 2026 and 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

We previously audited the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and of cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated October 10, 2025, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying summarized financial information for the year ended June 30, 2025, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the contents of the Report of the Treasurer but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Princeton University

Boston, Massachusetts
October 2, 2026

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of June 30, 2026, and 2025

<i>(in thousands of dollars)</i>	2026	2025
Assets		
Cash	\$ 614,389	\$ 477,862
Accounts receivable, net	349,411	345,963
Pledges receivable, net, at fair value	654,773	631,729
Contracts in progress, principally US government	149,484	139,120
Deferred charges and other assets	340,612	276,938
Investments, at fair value	38,283,850	35,790,340
Operating leases - right-of-use assets	395,524	417,114
Net asset position - defined benefit pension plan	1,614,451	1,123,430
Net asset position - retiree welfare benefit plan	630,683	502,112
Land, buildings, and equipment (at cost of \$8,683,775 for June 2026; \$8,484,714 for June 2025), net of accumulated depreciation	5,622,264	5,638,334
Total assets	\$ 48,655,441	\$ 45,342,942
Liabilities and Net Assets		
Liabilities:		
Accounts payable, accruals, and other liabilities	\$ 736,711	\$ 698,604
Deferred revenue and other credits	250,046	256,314
Advance payments	667,969	556,984
Operating lease liabilities	416,769	430,462
Liabilities associated with investments	1,755,109	564,787
Borrowings, net of unamortized issuance costs	5,143,275	5,160,054
Total liabilities	\$ 8,969,879	\$ 7,667,205
Net Assets:		
Without donor restrictions	\$ 17,599,145	\$ 16,939,618
With donor restrictions	22,086,417	20,736,119
Total net assets	\$ 39,685,562	\$ 37,675,737
Total liabilities and net assets	\$ 48,655,441	\$ 45,342,942

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

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENT OF ACTIVITIES

for the year ended June 30, 2026

(with summarized financial information for the year ended June 30, 2025)

	2026		Total	
	Without Donor Restrictions	With Donor Restrictions	2026	2025
<i>(in thousands of dollars)</i>				
Operating Revenues				
Tuition and similar revenues, exclusive of financial aid of \$517,392 in 2026 and \$502,131 in 2025	\$ 473,526	\$ -	\$ 473,526	\$ 436,108
Sponsored support:				
Campus direct	658,609	-	658,609	713,631
Lincoln direct	1,395,712	-	1,395,712	1,407,807
SMART direct	28,958	-	28,958	26,669
Indirect cost recovery	280,554	-	280,554	273,044
Total sponsored support	2,363,833	-	2,363,833	2,421,151
Contributions	532,501	627	533,128	473,018
Other revenue	326,632	-	326,632	296,067
Support from investments:				
Endowment	1,268,104	-	1,268,104	1,230,255
Other investments	364,687	-	364,687	335,136
Total support from investments	1,632,791	-	1,632,791	1,565,391
Auxiliary enterprises	188,929	-	188,929	181,088
Total revenues	\$ 5,518,212	\$ 627	\$ 5,518,839	\$ 5,372,823
Operating Expenses				
Salaries and wages	\$ 2,110,576	\$ -	\$ 2,110,576	\$ 2,090,862
Employee benefits	728,514	-	728,514	705,960
Supplies and services	1,368,213	-	1,368,213	1,359,662
Subrecipient agreements	225,491	-	225,491	228,510
Utilities, rent, and repairs	305,392	-	305,392	272,126
Total expenses before depreciation and interest	4,738,186	-	4,738,186	4,657,120
Results of operations before depreciation and interest	780,026	627	780,653	715,703
Depreciation	301,081	-	301,081	289,575
Interest	203,861	-	203,861	170,489
Results of operations	275,084	627	275,711	255,639
Net periodic benefit income other than service cost	218,672	-	218,672	170,276
Net results	\$ 493,756	\$ 627	\$ 494,383	\$ 425,915
Other Revenues, Gains, and Losses				
Contributions	\$ -	\$ 182,014	\$ 182,014	\$ 204,922
Net return on investments	938,084	1,432,416	2,370,500	4,298,866
Distribution of investment income and gains	(756,311)	(876,480)	(1,632,791)	(1,565,391)
Other changes	43,651	3,616	47,267	23,066
Postretirement benefit plan changes other than net periodic benefit cost	548,452	-	548,452	737,482
Net asset reclassifications and transfers	(608,105)	608,105	-	-
Total other revenues, gains, and losses	165,771	1,349,671	1,515,442	3,698,945
Increase in net assets	659,527	1,350,298	2,009,825	4,124,860
Net assets at the beginning of the year	16,939,618	20,736,119	37,675,737	33,550,877
Net assets at the end of the year	\$ 17,599,145	\$ 22,086,417	\$ 39,685,562	\$ 37,675,737

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

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended June 30, 2026, and 2025

<i>(in thousands of dollars)</i>	2026	2025
CASH FLOW FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 2,009,825	\$ 4,124,860
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net (gain) loss on investments	(3,021,277)	(3,546,738)
Change in retirement plan assets, net of accrued benefit liability	(619,592)	(759,993)
Change in allowances for uncollectible receivables	28,730	(101,260)
Depreciation	301,081	289,575
Net (gain) loss on life income funds and donor advised funds	(51,522)	(24,885)
Change in deferred tax	858,267	38,982
Non-cash operating lease costs	21,590	(218,523)
Amortization of bond premiums and discounts and other adjustments	(2,124)	(8,353)
Change in operating assets and liabilities:		
Pledges receivable	(25,716)	75,655
Accounts receivable	(30,898)	(8,023)
Contracts in progress	(10,364)	(15,260)
Deferred charges and other assets	(48,072)	(15,911)
Accounts payable, accruals, and other liabilities, excluding building and equipment accruals	41,622	27,942
Liabilities associated with investments	363,061	170,396
Deferred revenue and other credits	(2,043)	52,101
Advance payments	110,985	28,758
Operating lease liability	(13,693)	221,733
Reclassification of donated securities	(19,042)	(2,864)
Reclassification of investment income for restricted purposes	(7,272)	(8,383)
Reclassification of contributions restricted for long-term investment	(224,891)	(252,856)
Net cash and restricted cash (used in) provided by operating activities	(341,345)	27,971
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of land, buildings, and equipment	(309,599)	(468,331)
Purchases of investments	(8,600,828)	(10,034,639)
Proceeds from sale of investments	9,570,201	9,538,601
Student notes issued	(2,914)	(3,611)
Collections from student notes	4,306	4,879
Net cash and restricted cash provided by (used in) investing activities	661,166	(963,101)
CASH FLOW FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	224,891	252,856
Payments to beneficiaries of life income funds	(31,006)	(26,605)
Proceeds from sale of donated securities restricted for endowment	19,042	2,864
Investment income for restricted purposes	7,272	8,383
Proceeds from borrowings	-	750,000
Repayment of borrowings	(13,220)	(12,995)
Repayments of government advance for student loans	(187)	(1,525)
Net cash and restricted cash provided by financing activities	206,792	972,978
Net increase in cash and restricted cash	526,613	37,848
Cash and restricted cash at the beginning of the period	748,179	710,331
Cash and restricted cash at the end of the period	1,274,791	748,179
Supplemental Information on cash and restricted cash:		
Cash on Statements of Financial Position	\$ 614,389	477,862
Cash and restricted cash included in Investments (see Note B)	660,105	270,021
Restricted cash included in Other Assets (see Note G)	297	295
Total cash and restricted cash on Cash Flow	\$ 1,274,791	748,179

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

Notes to Consolidated Financial Statements

A. Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. The consolidated financial statements (financial statements) include Massachusetts Institute of Technology (MIT or the Institute) and its wholly owned subsidiaries.

Net assets, revenues, expenses, and gains and losses are classified into two categories based on the existence or absence of donor-imposed restrictions: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions include gifts, pledges, trusts, and remainder interests, and income and gains that are either required by donors to be permanently retained or for which restrictions have not yet been met. Such restrictions include purpose restrictions (donors have specified the purpose for which the net assets are to be spent), time restrictions imposed by donors or implied by the nature of the gift (e.g., capital projects, pledges to be paid in the future, life income funds), or by interpretations of law (net gains on donor-endowed gifts, where the gains have not yet been appropriated for spending). Net assets without donor restrictions are all the remaining net assets of MIT.

Donor-restricted gifts and grants (including gifts of long-lived assets) and distributed restricted endowment income for which the restrictions are met within the same year as the gift, grant, or distribution are reported as revenue without donor restrictions. Amounts for which the restrictions are not met within the same year as the gift, grant, or distribution are reclassified to net assets with donor restrictions through the net asset reclassifications and transfers line in the Consolidated Statement of Activities. These amounts are released back to net assets without donor restrictions through the net asset reclassifications and transfers line during the years in which the restrictions are met. Gifts specified for the acquisition or construction of long-lived assets are reported as net assets with donor restrictions until the funds are expended and the long-lived assets (e.g., buildings) are placed in service, at which point they are reclassified to net assets without donor restrictions through the net asset reclassifications and transfers line. Net asset reclassifications and transfers also include \$566.1 million of net investment income excise tax reclassified from net assets with donor restrictions to net assets without donor restrictions. Although initially allocated to net assets with donor restrictions in accordance with GAAP, the tax will be paid from assets without donor restrictions.

MIT administers its various funds, including endowments, funds functioning as endowments, school or departmental funds, and related accumulated gains, in accordance with the principles of fund accounting. Endowed gifts are recorded in fund accounts, and investment income is distributed to funds annually. Income distributed to funds may be a combination of capital appreciation and yield pursuant to MIT's total return investment and spending policies. Each year, the Executive Committee of the Corporation approves the rates of distribution of investment return to funds from MIT's investment pools. See Note J for further information on income distributed to funds.

MIT's operating revenues include tuition, sponsored support, contributions (expendable gifts and pledge payments), other revenue, support from investments, and auxiliary revenue.

Net results, as presented in MIT's Consolidated Statement of Activities, is the measure to which the Institute manages its annual budget and is used in financial reports presented to MIT's leadership, including the Executive Committee and the Corporation. It is a comprehensive measure of MIT's annual financial performance, including operating activity and the non-service-cost components of net periodic benefit costs or income that serve as a basis for cost recovery.

The Consolidated Statement of Activities also shows results of operations, a measure of ongoing activities, which excludes the impacts of the components of net periodic retirement benefit costs or income other than service costs, and results of operations before depreciation and interest, which is a valuable measure for the Institute as it highlights the impacts of financing and capital development costs that are included in net results.

A. Accounting Policies (continued)

Tax Status

MIT is a nonprofit organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code, originally recognized in October 1926, with the most recent affirmation letter dated May 2025.

U.S. GAAP requires MIT to evaluate tax positions taken by the Institute to recognize a tax liability (or asset) if the Institute has taken an uncertain tax position that, more likely than not, would not be sustained upon examination by the IRS. MIT has analyzed the tax positions taken and has concluded that as of June 30, 2026, and 2025, there are no significant uncertain positions taken or expected to be taken.

In 2025, the One Big Beautiful Bill Act (the “Act”) was enacted. Under the Act, the Institute’s tax rate on net investment income will increase from 1.4 percent to 8.0 percent, effective for the Institute’s fiscal year 2027. The Institute’s deferred tax liability reflects the potential future tax payments on unrealized investment gains at fiscal 2026 year-end, which are recognized as investment returns for financial reporting but are not subject to excise tax until realized upon sale.

Based on reasonable estimates, as of June 30, 2026, the Institute has recorded a deferred tax liability of \$1,038.7 million within liabilities associated with investments in the Consolidated Statement of Financial Position. Deferred excise tax on net investment income is recorded as a reduction to net return on investments in the Consolidated Statement of Activities. For the year ended June 30, 2026, the change in the deferred tax liability was \$858.3 million.

Cash

Certain cash balances, totaling \$203.2 million and \$113.7 million as of June 30, 2026, and 2025, respectively, are restricted for use under certain sponsored research agreements and government regulations. These amounts are included within cash in the Consolidated Statements of Financial Position.

The Institute had approximately \$562.3 million and \$433.5 million as of June 30, 2026, and 2025, respectively, of its cash accounts with a single institution. The Institute has not experienced any losses associated with deposits at this institution.

Deferred Charges and Other Assets

Deferred charges and other assets include amounts paid for services attributable to future years. These amounts include \$34.5 million of implementation costs related to cloud computing arrangements as of June 30, 2026.

Land, Buildings, and Equipment

Land, buildings, and equipment are shown at cost when purchased, or at fair value as of the date of a gift when received as a gift, net of accumulated depreciation. When expended, costs associated with the construction of new facilities are shown as construction in progress until such projects are completed and put into use. Depreciation is computed on a straight-line basis over the estimated useful lives of 25 to 50 years for buildings, 3 to 25 years for equipment, and 6 years for software.

Fully depreciated assets were removed from the consolidated financial statements in the amount of \$71.0 million and \$105.7 million during 2026 and 2025, respectively. Land, buildings, and equipment as of June 30, 2026, and 2025, are shown in Table 1 below.

TABLE 1. LAND, BUILDINGS, AND EQUIPMENT

<i>(in thousands of dollars)</i>	2026	2025
Land	\$ 119,063	\$ 119,063
Land improvements	115,523	115,389
Educational buildings	7,602,375	7,086,258
Equipment	646,291	628,122
Software	12,888	14,156
Total	8,496,140	7,962,988
Less: accumulated depreciation	(3,061,511)	(2,846,380)
Construction in progress	187,635	503,987
Software projects in progress	0	17,739
Net land, buildings, and equipment	\$ 5,622,264	\$ 5,638,334

Depreciation expenses were \$301.1 million in fiscal 2026 and \$289.6 million in fiscal 2025. Interest of \$11.6 million and \$9.8 million was capitalized during fiscal 2026 and fiscal 2025, respectively, in connection with MIT’s construction projects.

A. Accounting Policies (continued)

Tuition and Student Support

Tuition and similar revenues, shown in Table 2 below, include tuition and fees for degree programs as well as tuition and fees for executive and continuing education programs. Tuition revenue is recognized over the period during which the courses are taken.

TABLE 2. TUITION AND SIMILAR REVENUES

<i>(in thousands of dollars)</i>	2026	2025
Undergraduate and graduate programs*	\$ 332,211	\$ 323,414
Executive and continuing education revenues	141,315	112,694
Total	\$ 473,526	\$ 436,108

* Undergraduate and graduate programs at published rates totaled \$849,603 and \$825,545 in 2026 and 2025, respectively, and financial aid applied to undergraduate and graduate programs was \$517,392 and \$502,131 in 2026 and 2025, respectively.

Tuition support shown in Table 3 below is awarded to undergraduate students by MIT based on need. Graduate students are provided with tuition support in connection with research assistance, teaching assistance, and fellowship appointments.

TABLE 3. STUDENT SUPPORT

<i>(in thousands of dollars)</i>	2026			2025		
	Institute Sources	External Sponsors	Total Student Support	Institute Sources	External Sponsors	Total Student Support
Undergraduate tuition support	\$ 177,336	\$ 16,785	\$ 194,121	\$ 162,805	\$ 20,791	\$ 183,596
Graduate tuition support	340,056	58,270	398,326	339,326	59,395	398,721
Fellowship stipends	71,356	18,854	90,210	70,800	18,767	89,567
Student employment	63,245	89,586	152,831	65,321	91,997	157,318
Total	\$ 651,993	\$ 183,495	\$ 835,488	\$ 638,252	\$ 190,950	\$ 829,202

A. Accounting Policies (continued)

Sponsored Support and Advance Payments

Almost all of Lincoln Laboratory and Singapore-MIT Alliance for Research and Technology (SMART) sponsored revenue, as well as a portion of campus sponsored revenue, come from exchange contracts. Sponsored revenue related to exchange contracts is recognized as MIT fulfills the terms of the agreements, which generally span fewer than five years. Almost all of campus sponsored revenue – and a portion of Lincoln Laboratory and SMART sponsored revenue – comes from non-exchange contracts. Sponsored revenue associated with non-exchange contracts is recognized as the qualified expenditures are incurred. Sponsored activities at Lincoln Laboratory (which are contractually authorized by the sponsor but for which costs have not yet been incurred) totaled \$1,078.1 million and \$843.5 million as of fiscal 2026 and fiscal 2025, respectively. Sponsored activities on campus (which are contractually authorized by the sponsor but for which costs have not yet been incurred) totaled \$1,126.9 million and \$1,015.5 million as of fiscal 2026 and fiscal 2025, respectively.

Advance payments are amounts received by MIT from sponsors under the terms of agreements that generally require the exchange of assets, rights, or privileges between MIT and the sponsor. Advance payments are made for activity that will occur in the near future, generally within the next fiscal year.

Indirect sponsored revenue includes the portion of facilities and administrative expenses that is attributed to sponsored activities. MIT has recorded reimbursement of indirect costs relating to sponsored research activities at negotiated fixed billing rates. For non-research activities (such as instruction and other sponsored activity) MIT records reimbursement of indirect costs on federal awards using the de minimis rate allowed by Uniform Guidance, and for non-federal awards using rates that are agreed to with the sponsor.

The revenue generated by the negotiated indirect research rates is adjusted each fiscal year to reflect any variance between the negotiated fixed rates and rates based on actual costs; any adjustment in the rate is charged or credited to net assets without donor restrictions. The actual cost rate is audited by the Defense Contract Audit Agency (DCAA), and a final fixed-rate agreement is signed by the U.S. government and MIT. The variance between the negotiated fixed rate and the final audited rate results in a carryforward (over- or under-recovery). The carryforward is included in the calculation of negotiated fixed billing rates in future years.

Gifts and Pledges (Contributions)

Gifts and pledges (contributions) are recognized when MIT has an unconditional right to receive payment. Gifts of securities are recorded at their fair value at the date of contribution. Donated securities received totaled \$142.8 million and \$83.0 million in fiscal 2026 and fiscal 2025, respectively. Gifts of equipment received from manufacturers and other donors are put into use and recorded by MIT at fair value. Gifts of equipment totaled \$0.4 million in fiscal 2026 and \$0.1 million in fiscal 2025. Pledges consist of unconditional promises to contribute to MIT in the future. Pledges are reported at their estimated fair values. Pledges receivable are classified as Level 3 under the valuation hierarchy described in Note B.

Pledges, trusts, and remainder interests are reported at their estimated fair values. MIT does not recognize donated works of art, historical treasures, and similar assets in the financial statements if they are part of a collection. Items that are part of a collection are received for educational purposes, and most are displayed throughout MIT. In general, collections are not disposed of for financial gain or otherwise encumbered in any manner.

Other Revenue and Auxiliary Enterprises

For the revenue streams included in other revenue and auxiliary enterprises, revenue is recognized at the point in time when goods or services are provided and is included in the without donor restrictions net asset category. Other revenue includes patent royalty revenue, membership agreement revenue, medical services revenue, and various other types. Auxiliary enterprises revenue includes room and board revenue, as well as revenue earned by MIT Press, Technology Review, and Endicott House.

A. Accounting Policies (continued)

Life Income Funds

MIT's life income fund agreements with donors consist primarily of irrevocable charitable gift annuities, pooled income funds, and charitable remainder trusts for which MIT serves as trustee. Assets are invested and payments are made to donors and other beneficiaries in accordance with the respective agreements. MIT records the assets that are associated with each life income fund at fair value and records as liabilities the present value of the estimated future payments at current interest rates to be made to the donors and beneficiaries under these agreements. Life income fund assets are included within investments and

life income fund liabilities are included within liabilities associated with investments in the Consolidated Statements of Financial Position. A rollforward of liabilities due under life income fund agreements is presented in Table 4 below.

TABLE 4. LIABILITIES DUE UNDER LIFE INCOME FUNDS

<i>(in thousands of dollars)</i>	2026	2025
Balance at the beginning of the year	\$ 303,495	\$ 279,503
Additions for new gifts	45,925	7,621
Termination and payments		
to beneficiaries	(29,936)	(24,422)
Net investment and actuarial gain	40,686	40,793
Balance at the end of the year	\$ 360,170	\$ 303,495

A. Accounting Policies (continued)

Non-Cash Items

Non-cash transactions excluded from the Consolidated Statements of Cash Flows include \$17.9 million and \$21.4 million of accrued liabilities related to plant and equipment purchases as of June 30, 2026, and 2025, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

MIT has evaluated subsequent events through October 2, 2026, the date on which the financial statements were issued. There were no subsequent events that occurred after the date of the statement of financial position that have a material impact on MIT's financial statements.

Summarized Information

The Consolidated Statement of Activities includes certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP in the United States of America. Accordingly, such information should be read in conjunction with MIT's financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Related Parties

There are three categories of related-party entities that are not fully consolidated in MIT's consolidated financial statements and may have transactions with MIT. The first category is certain non-investment entities with education- or research-based missions. These entities are all U.S. corporations. Income from shared research, royalties for intellectual property, and administration or other services provided to these entities is included as other revenue on the Consolidated Statement of Activities. Costs to pay for services from, provide services to, and support these organizations are included in operating expenses on the Consolidated Statement of Activities. Investments arising from investment participation agreements with these entities are included in investments and the related liability is included in liabilities associated with investments, both on the Consolidated Statements of Financial Position.

Second are trusts for the benefit of employees that are managed by or under the trusteeship of MIT management. The assets of these U.S. trusts offset the benefit obligations of the defined benefit pension and retiree welfare benefit plans to arrive at the net funded status of each plan, both of which are shown on separate line items on the Consolidated Statements of Financial Position. Please refer to Note I for further details.

Third are certain investment entities for which MIT invests in their equity securities. These entities are limited partnership or equivalent entities located both in the U.S. and internationally. The Institute recognizes these as investments at fair value on the Consolidated Statements of Financial Position and in net return on investments in the Consolidated Statement of Activities. Please refer to Note B for further details.

MIT related parties also include Executive Committee members and senior management, their family members, and in some cases entities with which they are associated that may do business with MIT. Transactions between MIT and members of the Executive Committee, senior management, or members of their families can include philanthropic gifts to MIT or similar transactions reported in contributions and other changes on the Consolidated Statement of Activities.

B. Investments

Investments are presented at fair value in accordance with GAAP.

Cash and short-term investments include cash, money market funds, repurchase agreements, and negotiable certificates of deposit, and are valued at cost, which approximates fair value. Instruments listed or traded on a securities exchange are valued at the last quoted price on the primary exchange where the securities are traded.

Over-the-counter positions, such as interest rate and total return swaps, credit default swaps, options, exchange agreements, and interest rate cap and floor agreements, are valued using broker quotes or models using market-observable inputs.

Investments in non-exchange-traded debt are primarily valued using independent pricing sources that use broker quotes or models using observable market inputs.

Investments managed by external managers include those in (i) absolute return; (ii) domestic, foreign, and private equity; (iii) real estate; and (iv) real asset commingled funds. The fair value of securities held in external investment funds that do not have readily determinable fair values are determined by the external managers based upon industry-standard valuation approaches that require varying degrees of judgment, taking into consideration, among other things: the cost of the securities, valuations, and transactions of comparable public companies; the securities' estimated future cash flow streams; and the prices of recent significant placements of securities of the same issuer. Using these valuations, most of these external managers calculate MIT's capital account or net asset value (NAV) in accordance with, or in a manner consistent with, GAAP's fair value principles.

As a practical expedient, MIT is permitted under GAAP to estimate the fair value of its investments with external managers using the external managers' reported NAV without further adjustment, unless MIT expects to sell the investment at a value other than NAV or the NAV is not calculated in accordance with GAAP.

MIT has elected to measure certain equity securities (those without a readily determinable fair value that do not qualify to use NAV as a practical expedient) at cost or fair value on the date of investment less impairment, adjusted for changes in observable prices of the same issuer (the "measurement alternative"). The election to apply the measurement alternative is applied on a security-by-security basis. MIT reassesses whether these investments qualify for the measurement alternative and performs an impairment analysis on an annual basis.

As of June 30, 2026, and 2025, MIT held \$266.0 million and \$319.7 million, respectively, of investments that are valued using the measurement alternative. These investments are included within Level 3 of the fair value hierarchy table.

There have been no impairment adjustments or observable price changes recognized.

Split-interest agreements are generally valued at the present value of the future distributions expected to be received over the term of the agreement.

MIT performs ongoing due diligence to determine that the fair value of investments is reasonable. In particular, to ensure that the valuation techniques for investments that are categorized within the fair value hierarchy are fair, consistent, and verifiable, MIT has established a Valuation Committee (the Committee) that oversees the valuation processes and procedures and ensures that the policies are fair and consistently applied. The Committee is responsible for conducting annual reviews of the valuation policies and evaluating the overall fairness and consistent application of the valuation policies. The Committee reviews external manager due diligence to substantiate the use of NAV as a practical expedient for estimates of fair value for externally managed funds. The Committee is composed of senior personnel with members who are independent of investment functions. The Committee meets annually or more frequently, and members of the Committee report to MIT's Risk and Audit Committee as needed.

The methods described in this note may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. While MIT believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

MIT leverages certain real estate investments to optimize the use of invested capital in support of the Institute's mission. The liabilities associated with these financings are presented, on a net basis, with the investment balances of the associated real estate assets found in Table 5. The liabilities associated with real estate investments were \$1,315.5 million as of June 30, 2026, and \$1,320.0 million as of June 30, 2025. MIT's real estate subsidiaries are separate legal entities whose assets and credit are not available to satisfy the liabilities of MIT as a stand-alone entity. Also, the liabilities of MIT's subsidiaries do not constitute obligations of MIT as a stand-alone entity.

B. Investments (continued)

MIT may enter into short sales whereby it sells securities that may or may not be owned by MIT in anticipation of a decline in the price of such securities or in order to hedge portfolio positions. Cash collateral and certain securities owned by MIT may be held at counterparty brokers to collateralize these positions and are included in investments in the Consolidated Statements of Financial Position and in cash and restricted cash included in investments on the Consolidated Statements of Cash Flows.

GAAP establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. MIT follows a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by MIT for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 – Valuations based upon observable inputs that reflect quoted prices in active markets for identical assets and liabilities.

Level 2 – Valuations based upon: (i) quoted market prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active; or (iii) other significant market-based inputs that are observable, either directly or indirectly.

Level 3 – Valuations based upon unobservable inputs that are significant to the overall fair value measurements. Level 3 investments are valued by MIT based upon valuation information received from the relevant entity, which may include last trade information, third-party appraisals of real estate, or valuations prepared in connection with the administration of an employee stock ownership plan. MIT may also utilize industry-standard valuation techniques, including discounted cash flow models. The significant unobservable inputs used in the fair value measurements of MIT's direct investments may include their cost of capital, equity, and industry risk premiums.

Investments managed by external managers in fund structures are not readily marketable and are reported at fair value utilizing the most current information provided by the external manager, subject to assessments that the information is representative of fair value and in consideration of any factors deemed pertinent to the fair value measurement. These investments are shown in the NAV column of Table 5.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to its fair value measurement. Market information is considered when determining the proper categorization of the investment's fair value measurement within the fair valuation hierarchy.

B. Investments (continued)

Table 5 presents MIT's investments at fair value as of June 30, 2026, and 2025, respectively, grouped by the valuation hierarchy described herein. All net realized and unrealized gains and losses related to financial instruments held by MIT included in Table 5 are reflected in the Consolidated Statement of Activities. Cumulative unrealized gains related to Level 3 investments totaled \$1,021.6 million and \$1,299.2 million as of June 30, 2026, and 2025, respectively.

TABLE 5. INVESTMENTS

(in thousands of dollars)

	Level 1	Level 2	Level 3	NAV	Total Fair Value
Fiscal Year 2026					
Cash and short-term investments	\$ 751,447	\$ 27,783	\$ -	\$ -	\$ 779,230
US Treasury	429,252	1,819,255	-	-	2,248,507
US government agency	-	394,616	-	-	394,616
Domestic bonds	6,698	1,210,494	178,872	-	1,396,064
Foreign bonds	326	254,354	-	-	254,680
Common & preferred equity	1,962,275	152,301	395,687	-	2,510,263
Equity:*					
Absolute return	-	-	-	7,580,397	7,580,397
Domestic	-	-	-	2,469,454	2,469,454
Foreign	-	-	-	1,872,313	1,872,313
Private	-	-	-	14,020,214	14,020,214
Real estate**	1,096	-	2,342,953	1,796,305	4,140,354
Real assets**	15,745	-	433	460,400	476,578
Split-interest agreements	-	-	92,226	-	92,226
Other	-	-	7,329	-	7,329
Derivatives, (liabilities)/assets	(18,100)	59,725	-	-	41,625
Investments, at fair value	\$ 3,148,739	\$ 3,918,528	\$ 3,017,500	\$ 28,199,083	\$ 38,283,850
Fiscal Year 2025					
Cash and short-term investments	\$ 275,499	\$ 17,800	\$ -	\$ -	\$ 293,299
US Treasury	482,811	1,958,521	-	-	2,441,332
US government agency	-	237,305	-	-	237,305
Domestic bonds	6,377	1,350,967	172,318	-	1,529,662
Foreign bonds	348	181,631	-	-	181,979
Common equity:					
Domestic	844,786	1	254,805	-	1,099,592
Foreign	1,504,203	180,224	20,024	-	1,704,451
Equity:*					
Absolute return	-	-	-	5,681,712	5,681,712
Domestic	-	-	-	2,281,241	2,281,241
Foreign	-	-	-	2,903,852	2,903,852
Private	-	-	54,534	12,610,634	12,665,168
Real estate**	9,026	-	2,672,158	1,730,387	4,411,571
Real assets**	28,889	-	433	238,199	267,521
Split-interest agreements	-	-	93,799	-	93,799
Other	-	-	8,641	-	8,641
Derivatives, (liabilities)	-	(10,785)	-	-	(10,785)
Investments, at fair value	\$ 3,151,939	\$ 3,915,664	\$ 3,276,712	\$ 25,446,025	\$ 35,790,340

* Includes commingled vehicles that invest in these types of investments.

** Includes direct investments and investments held through commingled vehicles.

B. Investments (continued)

Table 6 below is a rollforward of the investments classified by MIT within Level 3 of the fair value hierarchy defined earlier in this note as of June 30, 2026, and 2025.

TABLE 6. ROLLFORWARD OF LEVEL 3 INVESTMENTS

<i>(in thousands of dollars)</i>	Fair Value Beginning	Realized Gains (Losses)	Unrealized Gains (Losses)	Purchases	Sales	Other Changes and Transfers	Fair Value Ending
Fiscal Year 2026							
Domestic bonds	\$ 172,318	\$ 157	\$ (52)	\$ 19,333	\$ (12,884)	\$ -	\$ 178,872
Common & preferred equity	274,829	45	(12,757)	79,047	(68)	54,591	395,687
Equity - private	54,534	-	-	-	-	(54,534)	-
Real estate	2,672,158	(59)	(269,481)	205,949	(265,614)	-	2,342,953
Real assets	433	-	-	-	-	-	433
Split-interest agreements	93,799	4,355	4,161	165	(10,254)	-	92,226
Other	8,641	(89)	91	-	(1,257)	(57)	7,329
Investments, at fair value	\$ 3,276,712	\$ 4,409	\$ (278,038)	\$ 304,494	\$ (290,077)	\$ -	\$ 3,017,500
Fiscal Year 2025							
Domestic bonds	\$ 159,312	\$ 56	\$ (56)	\$ 24,695	\$ (11,689)	\$ -	\$ 172,318
Common equity:							
Domestic	246,840	2,178	544	-	(2,178)	7,421	254,805
Foreign	14,603	9	5,433	-	(21)	-	20,024
Equity - private	-	-	3,937	50,597	-	-	54,534
Real estate	3,306,974	83,168	(411,504)	273,739	(614,064)	33,845	2,672,158
Real assets	368	10	115	-	(60)	-	433
Split-interest agreements	86,932	987	4,662	4,363	(3,145)	-	93,799
Other	14,779	4	(66)	1,349	(4)	(7,421)	8,641
Investments, at fair value	\$ 3,829,808	\$ 86,412	\$ (396,935)	\$ 354,743	\$ (631,161)	\$ 33,845	\$ 3,276,712

Table 7 below sets forth a summary of valuation techniques and quantitative information utilized in determining the fair value of MIT's Level 3 investments as of June 30, 2026, and 2025.

TABLE 7. LEVEL 3 VALUATION TECHNIQUES

<i>(in thousands of dollars)</i>	Fair Value as of June 30, 2026	Fair Value as of June 30, 2025	Valuation Technique	Unobservable Input	2026 Rates	2026 Weighted Average	2025 Rates	2025 Weighted Average
Real Estate ^{1 3}	\$ 2,203,220	\$ 2,864,230	Income approach	Discount Rate	5.00 - 10.00%	7.28%	5.00 - 10.00%	7.49%
				Capitalization Rate	4.50 - 8.00%	6.49%	4.50 - 8.00%	6.30%
				Terminal Capitalization Rate	5.00 - 8.50%	6.50%	4.75 - 8.25%	6.65%
	567,604	680,776	Market approach	Comparable sale transactions	\$123-400/FAR ⁴	\$284/FAR	\$49-347/FAR	\$274/FAR
Split-interest agreements	92,226	93,799	Net present value	Discount Rate	5.25%	5.25%	5.25%	5.25%
Total assets ²	\$ 2,863,050	\$ 3,638,805						

¹ Certain Level 3 investments and debt totaling \$1,150,867 and (\$1,315,490) as of June 30, 2026, and \$638,213 and (\$1,320,036) as of June 30, 2025, have been valued at cost which approximates fair value or using unadjusted third party quotations and thus have been excluded from this table.

² Certain Level 3 investments totaling \$265,973 and \$319,730 as of June 30, 2026, and June 30, 2025, respectively, have been valued using the measurement alternative and thus have been excluded from this table.

³ Certain Level 3 investments totaling \$53.1 million as of June 30, 2026, have been valued using market transaction pricing.

⁴ FAR stands for Floor Area Ratio.

B. Investments (continued)

MIT has made commitments to make periodic contributions in future periods to investments managed by external managers, and certain of these investments may be subject to restrictions that: (i) limit MIT's ability to withdraw capital after such investment; and (ii) may limit the amount that may be withdrawn as of a given redemption date due to notice periods, lock-ups, and gates. Most absolute return, domestic equity, and foreign equity commingled funds limit withdrawals to monthly, quarterly, or other periods, and may require notice periods. In addition, some of these funds are able to designate a portion of the investments as illiquid in "side-pockets," and these funds may not be available for withdrawal until liquidated by the investing fund.

For the funds where MIT's ability to withdraw capital is limited, primarily with private equity, real estate, and real asset funds, distributions are made when sales of assets within these funds are made, and the investment cycle for these funds can be as long as 15 to 20 years. These restrictions may limit MIT's ability to respond quickly to changes in market conditions. However, MIT does have various sources of liquidity at its disposal. Refer to Note E for further details. Details on the remaining unfunded commitments and current redemption terms and restrictions by asset class and type of investment are provided below in Table 8 as of June 30, 2026, and 2025.

TABLE 8. UNFUNDED COMMITMENTS AND REDEMPTION TERMS AND RESTRICTIONS

(in thousands of dollars)	2026		2025		Redemption Terms ¹	Days Notice
	Unfunded Commitments	Fair Value	Unfunded Commitments	Fair Value		
Equity:						
Absolute return ²	\$ 133,803	\$ 7,580,397	\$ 102,421	\$ 5,681,712	Ranges from daily to 37 months ⁴	0 to 365 days
Domestic	16,721	2,469,454	1,721	2,281,241	Ranges from daily to 48 months ⁴	30 to 120 days
Foreign ³	16,728	1,872,313	18,728	2,903,852	Ranges from daily to 37 months ⁴	0 to 180 days
Private	2,277,301	14,020,214	2,368,530	12,610,634	Closed-ended funds not available for redemption	Not redeemable
Real estate	570,899	1,796,305	566,211	1,730,387	Closed-ended funds not available for redemption	Not redeemable
Real assets	58,050	460,400	22,707	238,199	13 months ⁴	90 days
Total	\$ 3,073,502	\$ 28,199,083	\$ 3,080,318	\$ 25,446,025		

¹The "Redemption Terms" column reflects the time required to redeem excluding any lock-up restrictions. Footnotes 2 and 3 below disclose the longest remaining lock-up period for each asset class as of June 30.

²Absolute return funds include funds that have remaining lock-up provisions up to 34 months.

³Foreign funds include funds that have remaining lock-up provisions up to 60 months.

⁴Includes funds that are not available for redemption.

C. Derivative Financial Instruments and Collateral

For its investment management, MIT uses a variety of financial instruments with off-balance-sheet risk involving contractual or optional commitments for future settlement. MIT uses these instruments primarily to manage or hedge its exposure to extreme market events and fluctuations in asset classes or currencies. Instruments utilized include fixed income, currency and equity futures, options, and swaps. The risks of these instruments, to varying degrees, include the possibility for imperfect correlation between the change in the market value of assets being hedged and the prices of the derivative or hedge instruments, and interest, credit, market, liquidity, and counterparty risk.

To manage the counterparty risk, MIT requires collateral to the maximum extent possible under normal trading practices. Collateral is moved on a daily basis as required by fluctuations in the market. The collateral is generally in the form of debt obligations issued by the U.S. Treasury or cash. In the event of counterparty default, MIT has the right to use the collateral to offset the loss associated with the replacement of the agreements. Maximum risk of loss from counterparty credit risk on over-the-counter derivatives is generally the aggregate unrealized appreciation in excess of any collateral pledged by the counterparty. ISDA (International Swaps and Derivatives Association) Master Agreements under which many derivatives are traded allow MIT or the counterparties to an over-the-counter derivative to terminate the contract prior to maturity in the event that either party fails to meet the terms in the ISDA Master Agreements. This would cause an accelerated payment of net liability, if owed to the counterparty.

MIT enters into arrangements only with counterparties believed to be creditworthy. As of June 30, 2026, and 2025, cash collateral and certain securities owned by MIT were held at counterparty brokers to collateralize these positions and are included in investments in the Consolidated Statements of Financial Position.

Derivatives held by limited partnerships and commingled investment vehicles pose no off-balance-sheet risk to MIT due to the limited liability structure of these investments.

The net fair value related to derivatives for the years ended June 30, 2026, and 2025, was \$41.6 million and short \$10.8 million, respectively. Net losses related to derivatives totaled \$376.5 million and \$203.8 million for the years ended June 30, 2026, and 2025, respectively. The average net notional related to derivatives for the years ended June 30, 2026, and 2025, were short \$2.7 billion and short \$2.5 billion, respectively.

Please refer to Note F for information regarding MIT's Series J interest rate swap.

D. Pledges Receivable

Table 9 below shows the time periods in which pledges receivable as of June 30, 2026, and 2025, are expected to be realized.

TABLE 9. PLEDGES RECEIVABLE		
<i>(in thousands of dollars)</i>	2026	2025
In one year or less	\$ 272,373	\$ 278,377
Between one year and five years	340,772	318,596
More than five years	114,141	104,597
Less: allowance for unfulfilled pledges	(72,513)	(69,841)
Pledges receivable, net	\$ 654,773	\$ 631,729

A review of pledges is conducted periodically regarding collectability. As a result, the allowance for unfulfilled pledges is adjusted, and some pledges have been cancelled and are no longer recorded in the financial statements.

Pledge discounts of \$100.8 million and \$91.9 million for the years ended June 30, 2026, and 2025, respectively, were calculated using rates ranging from 4.0 percent to 5.1 percent. MIT had gross conditional pledges, not recorded, for the promotion of education and research of \$116.9 million and \$65.9 million as of June 30, 2026, and 2025, respectively. Conditional pledges are classified into the following categories: foundation grants, fundraising challenges, other commitments, and building construction.

Table 10 below shows the breakout of conditional pledge amounts as of June 30, 2026, and 2025.

TABLE 10. CONDITIONAL PLEDGES		
<i>(in thousands of dollars)</i>	2026	2025
Foundation grants	\$ 18,147	\$ 29,339
Fundraising challenges	16,099	22,121
Other commitments	52,689	14,401
Building construction	30,000	-
Total conditional pledges	\$ 116,935	\$ 65,861

Table 11 below is a rollforward of pledges receivable as of June 30, 2026, and 2025.

TABLE 11. ROLLFORWARD OF PLEDGES RECEIVABLE		
<i>(in thousands of dollars)</i>	2026	2025
Balance at beginning of the year	\$ 631,729	\$ 626,904
New pledges	278,651	76,081
Pledge payments received	(243,980)	(204,993)
Change in pledge discount	(8,955)	53,257
Change in allowance for unfulfilled pledges	(2,672)	80,480
Balance at the end of the year	\$ 654,773	\$ 631,729

E. Liquidity

Table 12 below details the Institute's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the Consolidated Statements of Financial Position.

TABLE 12. LIQUIDITY AND AVAILABILITY OF RESOURCES

(in thousands of dollars)

	2026	2025
Financial assets:		
Cash and liquid operating investments	\$ 3,120,245	\$ 2,954,165
Accounts receivable	340,488	335,648
Pledges receivable	178,292	170,257
Investments appropriated for spending in the following year	1,516,680	1,444,368
Total financial assets available within one year	\$ 5,155,705	\$ 4,904,438

As part of MIT's liquidity management strategy, financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due. MIT invests its working capital, which comprises cash and capital project funds in excess of daily requirements, in various investment vehicles. To help manage any unanticipated liquidity needs, MIT maintains two bank lines of credit totaling \$1.0 billion, which were undrawn as of June 30, 2026, and 2025.

F. Net Borrowings

MIT's outstanding borrowings as of June 30, 2026, and 2025, are shown in Table 13 below.

TABLE 13. NET BORROWINGS

<i>(in thousands of dollars; principal amounts at par value as of 2026)</i>	Interest Rate at June 30, 2026	Fiscal Year of Maturity	Outstanding Principal*	
			2026	2025
Massachusetts Health and Educational Facilities Authority (MassDevelopment):				
Series I	5.200%	2028	\$ 30,000	\$ 30,000
Series J-1	Variable	2032	125,000	125,000
Series J-2	Variable	2032	125,000	125,000
Series K	5.500%	2033	121,500	121,500
Series L	5.250%	2034	64,215	64,215
Series M	5.250%	2026	-	13,030
Series M	5.250%	2029	13,715	13,715
Series M	5.250%	2030	14,435	14,435
Series M	5.250%	2031	15,195	15,195
Series P	5.000%	2051	136,055	136,055
Total MassDevelopment			\$ 645,115	\$ 658,145
Medium Term Notes and Taxable Bonds:				
Medium Term Notes Series A	7.125%	2027	17,415	17,415
Medium Term Notes Series A	7.250%	2097	45,604	45,604
Taxable Bonds, Series B	5.600%	2112	750,000	750,000
Taxable Bonds, Series C	4.678%	2115	550,000	550,000
Taxable Bonds, Series D-1	3.308%	2027	86,000	86,000
Taxable Bonds, Series D-2	3.959%	2039	370,000	370,000
Taxable Bonds, Series E	3.885%	2117	500,000	500,000
Taxable Bonds, Series F	2.989%	2051	300,000	300,000
Taxable Bonds, Series F+	2.989%	2051	225,000	225,000
Taxable Bonds, Series G	2.294%	2052	350,000	350,000
Taxable Bonds, Series H	3.067%	2052	500,000	500,000
Taxable Bonds, Series Q	5.618%	2055	750,000	750,000
Total Medium Term Notes and Taxable Bonds			\$ 4,444,019	\$ 4,444,019
			\$ 5,089,134	\$ 5,102,164
Consolidated Entity Debt			\$ 400	\$ 590
Total borrowings			\$ 5,089,534	\$ 5,102,754
Unamortized bond issuance costs			(29,618)	(30,485)
Unamortized premiums, discounts, net			83,359	87,785
Total borrowings net of unamortized debt issuance costs			\$ 5,143,275	\$ 5,160,054

* Outstanding principal values for borrowings are reported at par value and exclude any original issue premiums or discounts.

F. Net Borrowings (continued)

The aggregate amounts of debt payments and sinking fund requirements for each of the next five fiscal years are shown in Table 14 below.

TABLE 14. DEBT PRINCIPAL OBLIGATIONS (in thousands of dollars)		
2027	\$	103,415
2028		30,000
2029		13,715
2030		14,435
2031		15,195

As of June 30, 2026, MIT maintained two undrawn lines of credit with a major financial institution for an aggregate commitment of \$1.0 billion. The lines of credit expire in June of 2027 and June of 2028.

Cash paid for interest on long-term debt in fiscal 2026 and 2025 was \$223.3 million and \$179.6 million, respectively.

Variable interest rates as of June 30, 2026, are shown in Table 15 below.

TABLE 15. VARIABLE INTEREST RATES (in thousands of dollars)		
	Amount	Rate
MassDevelopment Series J-1	\$ 125,000	2.07%
MassDevelopment Series J-2	125,000	2.05%

In the event that MIT receives notice of any optional tender on its Series J-1 and Series J-2 variable-rate bonds, or if these bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, MIT will be obligated to purchase the bonds tendered at 100.0 percent of par on the tender date. In the event that MIT is obligated to purchase the bonds, cash on hand or liquidation of short-term investments from operating funds would be used as a source of funds.

MIT maintains an interest rate swap agreement to manage the interest cost and risk associated with a portion of the variable rate debt included in Table 15 above. Under the agreement, MIT pays a fixed rate of 4.91 percent and receives a payment indexed to the Securities Industry and Financial Market Association (SIFMA) index on a notional amount of \$125.0 million. The notional amount of this derivative is not recorded on MIT's Consolidated Statements of Financial Position. As of June 30, 2026, and 2025, the swap agreement had fair values of (\$12.3) million and (\$15.3) million, respectively, included in the accounts payable, accruals, and other liabilities line item on the Consolidated Statements of Financial Position. Fair value is measured using Level 2 inputs as defined in Note B. This swap had net gains of \$3.0 million and \$0.3 million in fiscal 2026 and 2025, respectively.

G. Commitments and Contingencies

Federal Government Funding

MIT receives funding or reimbursement from federal agencies for sponsored programs under government grants and contracts. These grants and contracts provide for reimbursement of indirect costs. MIT's indirect cost reimbursements for sponsored research activities are based on rates negotiated with the Office of Naval Research (ONR), MIT's cognizant federal agency. Indirect research rates are based on fixed rates with carryforward of under- or over-recoveries. MIT recorded a net under-recovery of \$76.9 million and \$51.0 million as of June 30, 2026, and 2025, respectively. The net under-recovery of \$76.9 million as of June 30, 2026, includes an under-recovery related to on-campus research of \$90.3 million offset by a net over-recovery of \$13.4 million for off-campus research. The net under-recovery of \$51.0 million as of June 30, 2025, includes an under-recovery related to on-campus research of \$64.6 million offset by a net over-recovery of \$13.6 million for off-campus research. The Institute had a reserve against on-campus under-recovery in the amount of \$90.3 million and \$64.6 million as of June 30, 2026, and 2025, respectively, to reflect that MIT may not, over time, fully recover the on-campus under-recovery.

The Defense Contract Audit Agency (DCAA) is responsible for auditing indirect charges to research grants and contracts in support of ONR's negotiating responsibility. The Institute's rates have been audited by DCAA through fiscal 2024, and the fiscal 2025 audit is in progress. ONR has completed negotiations of final rates through fiscal 2024 and forward pricing rates through fiscal 2026.

Leases

The Institute is the lessee of space under operating (rental) leases with contractual terms longer than 12 months. The Institute determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The Institute's leases generally have terms that range from 1 to 15 years for property, with certain leases inclusive of renewal options if they are considered to be reasonably assured at lease commencement. Lease assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities for operating leases are included in the operating leases right-of-use assets and operating lease liabilities line items, respectively, in the Consolidated Statements of Financial Position.

Operating lease right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the incremental borrowing rate at the

commencement date in determining the present value of future payments. Rent expense related to operating leases, including short-term leases, was \$73.7 million and \$69.3 million in fiscal 2026 and fiscal 2025, respectively.

Future minimum operating lease payments with a reconciliation to the operating lease liabilities number in the Consolidated Statements of Financial Position as of June 30, 2026, are shown below.

TABLE 16. FUTURE MINIMUM OPERATING LEASE PAYMENTS

(in thousands of dollars)

2027	\$	69,832
2028		71,566
2029		56,912
2030		52,669
2031		44,590
Thereafter		207,746
Total future lease payments		503,315
Less: imputed interest		(86,546)
Operating lease liabilities	\$	416,769

The lease cost and other required information for the year ended June 30, 2026, and 2025, are shown below.

TABLE 17. QUANTITATIVE DISCLOSURES

<i>(in thousands of dollars)</i>	2026	2025
Accretion and establishment of lease liabilities	\$ 61,541	\$ 139,054
Operating cash flows from operating leases*	\$ 68,747	\$ 66,531
Weighted-average remaining lease term in years	8.7	9.1
Weighted-average discount rate	4.1%	3.5%

** Lease costs are reported in utilities, rent, and repairs in the Consolidated Statement of Activities.*

Assets Pledged as Collateral

As of June 30, 2026, and 2025, \$0.3 million in each year were pledged as collateral to various suppliers and government agencies. This is classified as restricted cash in the Consolidated Statements of Cash Flows.

G. Commitments and Contingencies (continued)

Future Construction

As of June 30, 2026, MIT had contractual obligations of approximately \$151.0 million in connection with educational plant construction projects. It is expected that the resources to satisfy these commitments will be provided from unexpended plant funds, anticipated gifts, bond proceeds, and funds without donor restrictions.

MIT has also made commitments related to the development of its commercial real estate holdings in Kendall Square and to the enhancement of its East Campus gateway. As of June 30, 2026, the outstanding commitments included approximately \$5.2 million of contractual obligations related to the Kendall Square Initiative, \$86.8 million related to Kendall Common, and \$0.6 million related to other commercial real estate projects.

General

MIT has entered into agreements, including collaborations with third-party not-for-profit and for-profit entities, for education, research, and technology transfers. Some of these agreements involve funding from foreign governments. These agreements subject MIT to greater financial risk than do its normal operations. In the opinion of management, the likelihood of realization of increased financial risks by MIT under these agreements is remote.

MIT is subject to certain other legal proceedings and claims that arise in the normal course of operations. In the opinion of management, the ultimate outcome of these actions will not have a material effect on MIT's financial position.

H. Functional Expense Classification

MIT's expenditures on a functional basis for the years ended June 30, 2026, and 2025, are shown in Table 18 below.

TABLE 18. EXPENDITURES BY FUNCTIONAL CLASSIFICATION

<i>(in thousands of dollars)</i>	General and administrative	Instruction and unsponsored research	Sponsored research	Total
Fiscal Year 2026				
Compensation	\$ 606,061	\$ 830,204	\$ 1,184,153	\$ 2,620,418
Other operating	136,132	702,338	755,234	1,593,704
Space-related	276,844	281,379	252,111	810,334
2026 Total	\$ 1,019,037	\$ 1,813,921	\$ 2,191,498	\$ 5,024,456
Fiscal Year 2025				
Compensation	\$ 673,285	\$ 775,150	\$ 1,178,111	\$ 2,626,546
Other operating	153,525	633,336	801,311	1,588,172
Space-related	246,080	259,697	226,413	732,190
2025 Total	\$ 1,072,890	\$ 1,668,183	\$ 2,205,835	\$ 4,946,908

Expenses are presented by functional classification in alignment with the overall mission of the Institute. Each functional classification displays all expenses related to the underlying operation by natural classification. Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Depreciation and utilities, rent, and repair expenses are allocated directly and/or based on square footage. Interest expense on indebtedness is allocated to the functional categories that have benefited from the proceeds of the associated debt.

I. Retirement Benefits

MIT offers a defined benefit pension plan and a defined contribution plan to its employees. The plans cover substantially all MIT employees.

MIT also offers a retiree welfare benefit plan (certain healthcare and life insurance benefits) for retired employees. Substantially all MIT employees may become eligible for those benefits if they reach a qualifying retirement age while working for MIT. The healthcare component of the welfare plan is paid for in part by retirees, their covered dependents, and beneficiaries. Benefits are provided through various insurance companies whose charges are based either on the claims and administrative expenses paid during the year or annual insured premiums. The life insurance component of the welfare plan includes basic life insurance and supplemental life insurance. The basic life insurance plan is non-contributory and covers the retiree only. The supplemental life insurance plan is paid for by the retiree. MIT maintains a trust to pay for the retiree welfare benefit plan.

MIT contributes to the defined benefit pension plan amounts that are actuarially determined to provide the retirement plan with sufficient assets to meet future benefit requirements. There were no designated

contributions to the defined benefit pension plan and the retiree welfare benefit plan in fiscal 2026 or 2025. For the defined contribution plan, the amounts contributed and expenses recognized during fiscal 2026 and fiscal 2025 were \$90.9 million and \$89.5 million, respectively.

For purposes of calculating net periodic benefit cost, plan amendments for the defined benefit pension plan are amortized on a straight-line basis over the average future service of active participants at the date of the amendment. Plan amendments to the retiree welfare benefit plan are amortized on a straight-line basis over the average future service to full eligibility of active participants at the date of amendment.

Cumulative gains and losses (including changes in assumptions) more than 10.0 percent of the greater of the benefit obligation or the market-related value of assets for both the defined benefit pension plan and the retiree welfare benefit plan are amortized over the average future service of active participants. MIT accelerates recognition of cumulative gains or losses to the extent that the unrecognized balance partially or fully offsets the preliminary net periodic benefit cost or income calculated prior to this accelerated amount. In no event shall the annual amortization be less than the total amount of unrecognized gains and losses up to \$1.0 million.

I. Retirement Benefits (continued)

Components of Net Periodic Benefit Cost

Table 19 below summarizes the components of net periodic benefit cost recognized in net results and other amounts recognized in other revenues, gains, and losses without donor restrictions for the years ended June 30, 2026, and 2025.

TABLE 19. COMPONENTS OF NET PERIODIC BENEFIT COST AND OTHER AMOUNTS RECOGNIZED IN OTHER REVENUES, GAINS, AND LOSSES

	Defined Benefit Pension Plan		Retiree Welfare Benefit Plan	
	2026	2025	2026	2025
<i>(in thousands of dollars)</i>				
Components of net periodic benefit cost/(income) recognized in net results:				
Service cost	\$ 123,074	\$ 119,503	\$ 24,458	\$ 28,262
Interest cost	295,236	283,236	35,510	40,888
Expected return on plan assets	(437,972)	(411,426)	(72,225)	(68,032)
Amortization of net actuarial (gain)	(14,042)	(1,000)	(31,721)	(19,251)
Amortization of prior service cost	347	347	1,646	1,646
Special/contractual termination benefits	3,546	2,837	1,003	479
Net periodic benefit (income) recognized in net results	(29,811)	(6,503)	(41,329)	(16,008)
Other amounts recognized in other revenues, gains, and losses:				
Current year actuarial (gain)	(474,905)	(549,454)	(117,317)	(206,286)
Amortization of actuarial gain	14,042	1,000	31,721	19,251
Amortization of prior service (cost)	(347)	(347)	(1,646)	(1,646)
Total other amounts recognized in other revenues, gains, and losses	(461,210)	(548,801)	(87,242)	(188,681)
Total recognized	\$ (491,021)	\$ (555,304)	\$ (128,571)	\$ (204,689)

Cumulative amounts recognized in net assets without donor restrictions are summarized in Table 20 below for the years ended June 30, 2026, and 2025.

TABLE 20. CUMULATIVE AMOUNTS RECOGNIZED IN NET ASSETS WITHOUT DONOR RESTRICTIONS

	Defined Benefit Pension Plan		Retiree Welfare Benefit Plan	
	2026	2025	2026	2025
<i>(in thousands of dollars)</i>				
Amounts recognized in net assets without donor restrictions consist of:				
Net actuarial (gain)	\$ (1,317,558)	\$ (856,696)	\$ (529,874)	\$ (444,278)
Prior service cost	1,206	1,554	7,726	9,372
Total cumulative amounts recognized in net assets without donor restrictions	\$ (1,316,352)	\$ (855,142)	\$ (522,148)	\$ (434,906)

I. Retirement Benefits (continued)

Benefit Obligations and Fair Value of Assets

Table 21 below summarizes the benefit obligations, plan assets, and amounts recognized in the Consolidated Statements of Financial Position for MIT's retirement benefit plans. MIT uses a June 30 measurement date for its defined benefit pension plan and retiree welfare benefit plan.

The projected benefit obligation for the defined benefit pension plan, as shown in Table 21, was \$5,184.2 million and \$5,115.9 million as of June 30, 2026, and 2025, respectively. Another measure of the plan's liabilities is the accumulated benefit obligation. While the projected benefit obligation factors in future salary increases, the accumulated benefit obligation does not. The accumulated benefit obligation of MIT's defined benefit pension plan was \$5,091.2 million and \$4,985.3 million as of June 30, 2026, and 2025, respectively.

The actuarial gains reflected in 2026 are due to higher discount rates for both plans and updated healthcare cost and Employer Group Waiver Plan (EGWP) subsidy trend assumptions for the retiree welfare benefit plan.

MIT provides retiree drug coverage through an EGWP. Under an EGWP, the cost of drug coverage is offset through direct federal subsidies, brand-name drug discounts, and reinsurance reimbursements.

TABLE 21. BENEFIT OBLIGATIONS* AND FAIR VALUE OF ASSETS

	Defined Benefit Pension Plan		Retiree Welfare Benefit Plan	
	2026	2025	2026	2025
<i>(in thousands of dollars)</i>				
Change in benefit obligations*:				
Benefit obligations* at beginning of year	\$ 5,115,927	\$ 4,980,844	\$ 603,195	\$ 688,056
Service cost	123,074	119,503	24,458	28,262
Interest cost	295,236	283,236	35,510	40,888
Retiree contributions	-	-	15,679	13,786
Net benefit payments, transfers, and other expenses	(235,709)	(210,372)	(64,518)	(61,847)
Employer Group Waiver Plan (EGWP) reimbursement	-	-	22,834	16,145
Assumption changes and actuarial net (gain)	(117,883)	(60,121)	(48,688)	(122,574)
Special/contractual termination benefits	3,546	2,837	1,003	479
Benefit obligations* at end of the year	5,184,191	5,115,927	589,473	603,195
Change in plan assets:				
Fair value of plan assets at beginning of the year	6,239,357	5,548,970	1,105,307	985,479
Actual return on plan assets	794,994	900,759	140,854	151,744
Employer Group Waiver Plan (EGWP) reimbursement	-	-	22,834	16,145
Retiree contributions	-	-	15,679	13,786
Net benefit payments, transfers, and other expenses	(235,709)	(210,372)	(64,518)	(61,847)
Fair value of plan assets at end of the year	6,798,642	6,239,357	1,220,156	1,105,307
Funded status at end of the year	1,614,451	1,123,430	630,683	502,112
Amounts recognized in the Consolidated Statements of Financial Position consist of:				
Net asset position	\$ 1,614,451	\$ 1,123,430	\$ 630,683	\$ 502,112

*The benefit obligation for the defined benefit pension plan is the Projected Benefit Obligation (PBO); for the retiree welfare benefit plan it is the Accumulated Postretirement Benefit Obligation (APBO).

I. Retirement Benefits (continued)

Assumptions for Financial Parameters and Healthcare Trend Rates

Table 22 below summarizes assumptions and healthcare trend rates. The expected long-term rate-of-return assumption represents the expected average rate of earnings on the funds invested, or to be invested, to provide for the benefits included in the benefit obligation. The long-term rate-of-return assumption is determined based on several factors, including historical market index returns, the anticipated long-term asset allocation of the plans, historical plan return data, plan expenses, and the potential to outperform market index returns.

TABLE 22. ASSUMPTIONS	Defined Benefit Pension Plan		Retiree Welfare Benefit Plan	
	2026	2025	2026	2025
Assumptions used to determine benefit obligation				
as of June 30:				
Discount rate	6.01%	5.77%	6.14%	5.81%
Rate of compensation increase*	5.50%	5.50%		
Pension increases for in-payment benefits**	2.63%/1.88%	3.00%/1.88%		
Cash balance interest crediting rate	6.25%	6.00%		
Assumptions used to determine net periodic benefit cost				
for the year ended June 30:				
Discount rate	5.77%	5.68%	5.81%	5.84%
Expected long-term return on plan assets	7.25%	7.25%	6.75%	6.75%
Rate of compensation increase	5.50%	5.50%		
Cash balance interest crediting rate	6.00%	6.00%		
Healthcare cost trend assumptions used to determine				
the benefit obligation as of June 30:				
Healthcare cost trend rate assumed for next year (pre-65/post-65/EGWP)***			10.00%/6.75%/13.40%	7.50%/7.00%/18.00%
Ultimate health care cost trend rate (pre-65/post-65/EGWP)****			5.00%/5.00%/5.00%	5.00%/5.00%/5.00%
Year the rate reaches the ultimate trend rate			2033/2033/2028	2031/2031/2029
*As of June 30, 2026, salary increases are assumed to be 5.50% for fiscal years ending 2027 and beyond, the same as June 30, 2025.				
**As of June 30, 2026, the pension increase assumption for in-payment benefits is assumed to be 2.63%, grading down to 1.88% over 3 years, updated from June 30, 2025, assumption of 3.00% grading down to 1.88% over 4 years.				
***As of June 30, 2026, the healthcare cost trend for next year is assumed to be 10.00% for pre-65 costs, 6.75% for post-65 costs, and 13.40% for EGWP reimbursement.				
****As of June 30, 2026, the ultimate healthcare cost trend is assumed to be 5.00% for pre- and post-65 costs and for EGWP reimbursements.				

Plan Investments

The investment objectives for the assets of the plans are to minimize expected funding contributions and to meet or exceed the rates of return assumed for plan funding purposes over the long term. The nature and duration of benefit obligations, along with assumptions concerning asset class returns and return correlations, are considered when determining an appropriate asset allocation to achieve the investment objectives.

Investment policies and strategies governing the assets of the plans are designed to achieve investment objectives within prudent risk parameters. Risk management practices include the use of external investment managers, the maintenance of a portfolio diversified by asset class, investment approach, security holdings, and the maintenance of sufficient liquidity to meet benefit obligations as they come due.

I. Retirement Benefits (continued)

Tables 23A and 23B present the investments at fair value of MIT's defined benefit pension plan and retiree welfare benefit plan, which are included in fair value of plan assets as of June 30, 2026, and 2025, grouped by the valuation hierarchy detailed in Note B. The investment values in these tables exclude certain items included in the assets and liabilities shown in Table 21.

TABLE 23A. DEFINED BENEFIT PENSION PLAN INVESTMENTS

<i>(in thousands of dollars)</i>	Level 1	Level 2	Level 3	NAV	Total Fair Value
Fiscal Year 2026					
Cash and short-term investments	\$ 271,645	\$ 800	\$ -	\$ -	\$ 272,445
US Treasury	196,239	237,186	-	-	433,425
US government agency	-	50,393	-	-	50,393
Domestic bonds	2,768	1,130	-	-	3,898
Common & preferred equity	785,273	34,212	32,639	-	852,124
Equity:*					
Absolute return	-	-	-	1,177,333	1,177,333
Domestic	-	-	-	539,353	539,353
Foreign	-	-	-	545,436	545,436
Private	-	4	-	2,579,189	2,579,193
Real estate*	972	-	-	419,376	420,348
Real assets*	-	-	73	56,837	56,910
Other	5,675	-	-	-	5,675
Derivatives	675	58,526	-	-	59,201
Total plan investment assets	\$ 1,263,247	\$ 382,251	\$ 32,712	\$ 5,317,524	\$ 6,995,734
Liabilities associated with investments					
Investments sold, but not yet purchased	(4,662)	(5,505)	-	-	(10,167)
Other liabilities	(183,404)	(4)	-	-	(183,408)
Total plan investment liabilities	(188,066)	(5,509)	-	-	(193,575)
Total plan investments	\$ 1,075,181	\$ 376,742	\$ 32,712	\$ 5,317,524	\$ 6,802,159
Fiscal Year 2025					
Cash and short-term investments	\$ 278,950	\$ 1,300	\$ -	\$ -	\$ 280,250
US Treasury	299,962	119,386	-	-	419,348
US government agency	-	59,441	-	-	59,441
Domestic bonds	-	14	-	-	14
Common equity:					
Domestic	401,706	-	1,577	-	403,283
Foreign	444,410	41,093	3,975	-	489,478
Equity:*					
Absolute return	-	-	-	850,431	850,431
Domestic	-	-	-	534,283	534,283
Foreign	-	-	-	631,537	631,537
Private	-	-	12,143	2,267,823	2,279,966
Real estate*	1,804	-	-	386,262	388,066
Real assets*	-	-	73	56,524	56,597
Other	3,641	-	100	-	3,741
Derivatives	-	18,245	-	-	18,245
Total plan investment assets	\$ 1,430,473	\$ 239,479	\$ 17,868	\$ 4,726,860	\$ 6,414,680
Liabilities associated with investments					
Investments sold, but not yet purchased	(161,479)	-	-	-	(161,479)
Other liabilities	(4,430)	(6,960)	-	-	(11,390)
Total plan investment liabilities	(165,909)	(6,960)	-	-	(172,869)
Total plan investments	\$ 1,264,564	\$ 232,519	\$ 17,868	\$ 4,726,860	\$ 6,241,811

* Equity, real estate, and real assets categories include commingled vehicles that invest in these types of investments.

I. Retirement Benefits (continued)

TABLE 23B. RETIREE WELFARE BENEFIT PLAN INVESTMENTS

<i>(in thousands of dollars)</i>	Level 1	Level 2	Level 3	NAV	Total Fair Value
Fiscal Year 2026					
Cash and short-term investments	\$ 50,155	\$ 3,200	\$ -	\$ -	\$ 53,355
US Treasury	53,973	80,415	-	-	134,388
US government agency	-	13,436	-	-	13,436
Domestic bonds	554	1,473	-	-	2,027
Common & preferred equity	138,586	6,037	5,759	-	150,382
Equity:*					
Absolute return	-	-	-	202,555	202,555
Domestic	-	-	-	89,696	89,696
Foreign	-	-	-	101,371	101,371
Private	-	1	-	405,558	405,559
Real estate*	171	-	-	72,655	72,826
Real assets*	-	-	-	9,708	9,708
Other	1,013	-	-	-	1,013
Derivatives	119	10,411	-	-	10,530
Total plan investment assets	\$ 244,571	\$ 114,973	\$ 5,759	\$ 881,543	\$ 1,246,846
Liabilities associated with investments					
Investments sold, but not yet purchased	(830)	(969)	-	-	(1,799)
Other liabilities	(31,155)	(1)	-	-	(31,156)
Total plan investment liabilities	(31,985)	(970)	-	-	(32,955)
Total plan investments	\$ 212,586	\$ 114,003	\$ 5,759	\$ 881,543	\$ 1,213,891
Fiscal Year 2025					
Cash and short-term investments	\$ 46,698	\$ 1,000	\$ -	\$ -	\$ 47,698
US Treasury	84,453	37,165	-	-	121,618
US government agency	-	14,683	-	-	14,683
Domestic bonds	-	3	-	-	3
Common equity:					
Domestic	71,041	-	278	-	71,319
Foreign	78,312	7,252	702	-	86,266
Equity:*					
Absolute return	-	-	-	146,055	146,055
Domestic	-	-	-	87,075	87,075
Foreign	-	-	-	116,948	116,948
Private	-	-	2,142	352,342	354,484
Real estate*	318	-	-	65,669	65,987
Real assets*	-	-	-	9,297	9,297
Other	650	-	18	-	668
Derivatives	-	3,212	-	-	3,212
Total plan investment assets	\$ 281,472	\$ 63,315	\$ 3,140	\$ 777,386	\$ 1,125,313
Liabilities associated with investments					
Investments sold, but not yet purchased	(25,371)	-	-	-	(25,371)
Other liabilities	(779)	(1,230)	-	-	(2,009)
Total plan investment liabilities	(26,150)	(1,230)	-	-	(27,380)
Total plan investments	\$ 255,322	\$ 62,085	\$ 3,140	\$ 777,386	\$ 1,097,933

* Equity, real estate, and real assets categories include commingled vehicles that invest in these types of investments.

I. Retirement Benefits (continued)

The plans have made commitments to make periodic contributions in future periods to investments managed by external managers, and in other cases have entered into contractual arrangements that may limit their ability to initiate redemptions due to notice periods, lock-ups, and gates. Details on the remaining unfunded commitments and current redemption terms and restrictions by asset class and type of investment for both the defined benefit pension plan and retiree welfare benefit plan are provided in Table 24 below as of June 30, 2026, and 2025.

TABLE 24. UNFUNDED COMMITMENTS AND REDEMPTION TERMS AND RESTRICTIONS

(in thousands of dollars)	2026		2025		Redemption Terms as of	
	Unfunded Commitments	Fair Value	Unfunded Commitments	Fair Value	June 30, 2026 ¹	Required Notice
Defined Benefit Pension Plan						
Equity:						
Absolute return ²	\$ 28,815	\$ 1,177,333	\$ 24,659	\$ 850,431	Ranges from daily to 37 months ⁵	20 to 730 days
Domestic ³	387	539,353	387	534,283	Ranges from daily to 48 months ⁵	30 to 120 days
Foreign ⁴	-	545,436	-	631,537	Ranges from daily to 18 months ⁵	20 to 120 days
Private	379,010	2,579,189	409,728	2,267,823	Closed-ended funds are not available for redemption	Not redeemable
Real estate	171,940	419,376	181,336	386,262	Closed-ended funds are not available for redemption	Not redeemable
Real assets	5,915	56,837	4,868	56,524	13 months ⁵	90 days
Total	\$ 586,067	\$ 5,317,524	\$ 620,978	\$ 4,726,860		
Retiree Welfare Benefit Plan						
Equity:						
Absolute return ²	\$ 4,874	\$ 202,555	\$ 4,179	\$ 146,055	Ranges from daily to 37 months ⁵	20 to 730 days
Domestic ³	43	89,696	43	87,075	Ranges from daily to 48 months ⁵	30 to 120 days
Foreign ⁴	-	101,371	-	116,948	Ranges from daily to 18 months ⁵	20 to 120 days
Private	62,911	405,558	68,612	352,342	Closed-ended funds are not available for redemption	Not redeemable
Real estate	30,181	72,655	32,251	65,669	Closed-ended funds are not available for redemption	Not redeemable
Real assets	1,011	9,708	820	9,297	13 months ⁵	90 days
Total	\$ 99,020	\$ 881,543	\$ 105,905	\$ 777,386		

¹The "Redemption Terms as of June 30, 2026" column reflects the time required to redeem excluding any lock-up restrictions. Footnotes 2-4 below disclose the longest remaining lock-up period for each asset class as of June 30.

²Absolute return funds include funds that have remaining lock-up periods up to 12 months.

³Domestic funds include funds that have remaining lock-up periods up to 10 months.

⁴Foreign funds include funds that have remaining lock-up provisions up to 1 month.

⁵Includes funds that are not available for redemption.

I. Retirement Benefits (continued)

Target allocations and weighted-average asset allocations of the investment portfolios for MIT's defined benefit pension plan and retiree welfare benefit plan as of June 30, 2026, and 2025, are shown in Table 25 below.

TABLE 25. PLAN INVESTMENT ALLOCATION

	Defined Benefit Pension Plan			Retiree Welfare Benefit Plan		
	2026 Target Allocation	2026	2025	2026 Target Allocation	2026	2025
Cash and short-term investments	0-10%	4%	4%	0-10%	4%	4%
Fixed income	3-13%	7%	8%	10-20%	12%	13%
Equities	41.5-88.5%	64%	67%	36.5-84%	60%	63%
Marketable alternatives	12-22%	18%	14%	12.5-22.5%	17%	13%
Real assets	0-6%	1%	1%	0-5.5%	1%	1%
Real estate	0.5-10.5%	6%	6%	0-8%	6%	6%
Total		100%	100%		100%	100%

Expected Future Benefit Payments

In fiscal 2027, MIT does not expect to contribute to its defined benefit pension plan or to the retiree welfare benefit plan as determined by their valuations. These valuations assume a 7.25 percent and 6.75 percent expected return on assets for the defined benefit pension plan and retiree welfare benefit plan, respectively. MIT elected to adopt Pri-2012 mortality tables for employees and retirees issued by the Society of Actuaries (SOA) with an experience adjustment multiplier of 0.8 to reflect MIT experience. Mortality rates are projected generationally from the base year of 2012 using Scale MP-2021.

Table 26 below reflects the total expected benefit payments for the defined benefit pension plan and retiree welfare benefit plan over the next ten years. These payments have been estimated based on the same assumptions used to measure MIT's benefit obligations as of June 30, 2026.

TABLE 26. EXPECTED FUTURE BENEFIT PAYMENTS

<i>(in thousands of dollars)</i>	Pension Benefits		Retiree Welfare Benefits*	
2027	\$	250,125	\$	31,133
2028		272,564		34,072
2029		287,787		35,766
2030		301,592		37,656
2031		315,163		39,712
2032 - 2036		1,768,587		230,327

*Retiree Welfare Benefits reflect the total net benefits expected to be paid from the plans (e.g., gross benefit reimbursement offset by retiree contributions).

I. Retirement Benefits (continued)

Derivative Financial Instruments

For investment management, the defined benefit pension and the retiree welfare benefit plans use a variety of financial instruments with off-balance-sheet risk involving contractual or optional commitments for future settlement. They use these instruments primarily to manage or hedge exposure to extreme market events and fluctuations in asset classes or currencies. Instruments utilized include fixed-income, currency, and equity futures, options, and swaps. The risks of these instruments, to varying degrees, include the possibility for imperfect correlation between the change in the market value of the assets being hedged and the prices of the derivative or hedge instruments, as well as interest, credit, market, liquidity, and counterparty risk.

Derivatives held by limited partnerships and commingled investment vehicles pose no off-balance-sheet risk to the plans due to the limited liability structure of these investments. The net fair value related to derivatives for the defined benefit pension plan, reflecting the derivative assets reported in Table 23A less the related derivative liabilities included in the “Investments sold, but not yet purchased” and “Other liabilities” line items in Table 23A, were \$49.1 million and \$11.3 million as of June 30, 2026, and 2025, respectively. Net losses for the defined benefit

pension plan related to derivatives totaled \$6.9 million and \$9.8 million for the years ended June 30, 2026, and 2025, respectively. The average net notional values related to derivatives for the defined benefit pension plan for the years ended June 30, 2026, and 2025, were short \$45.8 million and short \$94.8 million, respectively.

The net fair values of derivatives held by the retiree welfare benefit plan, reflecting the derivative assets reported in Table 23B less the related derivative liabilities included in the “Investments sold, but not yet purchased” and “Other liabilities” line items in Table 23B, were \$8.7 million and \$2.0 million as of June 30, 2026, and 2025, respectively. Net losses for the retiree welfare benefit plan related to derivatives totaled \$15.1 million and \$1.7 million for the years ended June 30, 2026, and 2025, respectively. The average net notional for the retiree welfare benefit plan related to derivatives for the years ended June 30, 2026, and 2025, were short \$11.1 million and short \$16.8 million, respectively.

J. Components of Net Assets and Endowment

Tables 27A and 27B present the composition of net assets as of June 30, 2026, and 2025, respectively. The amounts listed in the without donor restrictions category under the endowment funds section are those gifts and other funds received over the years that MIT designated as funds functioning as endowments and invested with the endowment funds. A large component of net assets with donor restrictions in other funds is pledges, the majority of which will be reclassified to net assets without donor restrictions when cash is received.

TABLE 27A. 2026 TOTAL NET ASSET COMPOSITION

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds			
General purpose	\$ 2,435,994	\$ 2,890,213	\$ 5,326,207
Departments and research	1,436,279	4,297,249	5,733,528
Library	22,650	101,628	124,278
Salaries and wages	1,169,150	6,751,512	7,920,662
Graduate general	167,829	519,852	687,681
Graduate departments	525,332	1,744,048	2,269,380
Undergraduate	533,448	3,079,631	3,613,079
Prizes	17,693	109,115	126,808
Miscellaneous	2,364,374	1,034,029	3,398,403
Endowment funds before pledges	8,672,749	20,527,277	29,200,026
Pledges	-	175,558	175,558
Total endowment funds	8,672,749	20,702,835	29,375,584
Other Funds			
Student-related loan funds	16,671	23,716	40,387
Building funds	50,591	2,608	53,199
Designated purposes:			
Departments and research	655,625	-	655,625
Other purposes	571,047	21,534	592,581
Life income funds and donor-advised funds	207,503	332,973	540,476
Pledges	-	479,216	479,216
Other funds available for current expenses	3,998,369	523,535	4,521,904
Retirement benefits overfunded	2,245,134	-	2,245,134
Funds for educational plant	1,181,456	-	1,181,456
Total other funds	8,926,396	1,383,582	10,309,978
Total net assets	\$ 17,599,145	\$ 22,086,417	\$ 39,685,562

J. Components of Net Assets and Endowment (continued)

TABLE 27B. 2025 TOTAL NET ASSET COMPOSITION

<i>(in thousands of dollars)</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds			
General purpose	\$ 2,312,086	\$ 2,754,572	\$ 5,066,658
Departments and research	1,332,225	4,031,423	5,363,648
Library	21,505	95,623	117,128
Salaries and wages	1,081,995	6,403,379	7,485,374
Graduate general	159,345	493,499	652,844
Graduate departments	489,461	1,623,009	2,112,470
Undergraduate	499,478	2,902,566	3,402,044
Prizes	16,797	103,429	120,226
Miscellaneous	2,163,349	882,498	3,045,847
Endowment funds before pledges	8,076,241	19,289,998	27,366,239
Pledges	-	161,929	161,929
Total endowment funds	8,076,241	19,451,927	27,528,168
Other Funds			
Student-related loan funds	16,425	23,716	40,141
Building funds	57,945	17,281	75,226
Designated purposes:			
Departments and research	604,192	-	604,192
Other purposes	430,686	23,218	453,904
Life income funds and donor-advised funds	154,216	296,139	450,355
Pledges	-	469,799	469,799
Other funds available for current expenses	4,832,513	454,039	5,286,552
Retirement benefits overfunded	1,625,542	-	1,625,542
Funds for educational plant	1,141,858	-	1,141,858
Total other funds	8,863,377	1,284,192	10,147,569
Total net assets	\$ 16,939,618	\$ 20,736,119	\$ 37,675,737

MIT's endowment consists of approximately 4,800 individual funds established for a variety of purposes and includes both donor-restricted endowment funds and funds that function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Executive Committee has interpreted the Massachusetts-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing MIT to appropriate for expenditure or accumulate so much of an endowment fund as MIT determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established,

subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Executive Committee. In accordance with UPMIFA, the Executive Committee considers the following factors in deciding to appropriate or accumulate endowment funds:

- i. the duration and preservation of the fund;
- ii. the purposes of MIT and the endowment fund;
- iii. general economic conditions;
- iv. the possible effects of inflation and deflation;
- v. the expected total return from income and the appreciation of investments;
- vi. other resources of MIT; and
- vii. the investment policies of MIT.

J. Components of Net Assets and Endowment (continued)

Table 28 below reflects changes in endowment net assets without and with donor restrictions for fiscal 2026 and fiscal 2025. In accordance with GAAP, total endowment investment return is reduced by the current and deferred net investment income excise tax expense line which reports the current tax liability and the change in the deferred tax liability for the portion of the excise tax attributable to endowment returns. The net asset reclassifications and transfers line includes \$566.1 million of net investment income excise tax reclassified from net assets with donor restrictions to net assets without donor restrictions. The total amount of excise tax allocated to the endowment is then reversed through the net investment income excise tax to be paid from non-endowed assets line. The combination of these adjustments reflect the fact that MIT will pay the tax related to endowment assets using unrestricted funds held outside the endowment. The deferred tax liability at June 30, 2026 reflects the first year of valuing the deferred tax liability at the higher 8.0 percent tax rate rather than the 1.4 percent tax rate, which is required by GAAP because the Act that increased the tax was passed in fiscal year 2026.

TABLE 28. CHANGES IN ENDOWMENT NET ASSETS			
<i>(in thousands of dollars)</i>	Without Donor Restriction	With Donor Restriction	Total
Fiscal Year 2026			
Endowment net assets, July 1, 2025	\$ 8,076,241	\$ 19,451,927	\$ 27,528,168
Investment return:			
Net investment income	38,800	99,523	138,323
Realized and unrealized gains	876,742	1,857,294	2,734,036
Current and deferred net investment income excise tax expense	(246,656)	(566,099)	(812,755)
Total investment return	668,886	1,390,718	2,059,604
Contributions	-	159,033	159,033
Appropriation of endowment assets for expenditure	(382,986)	(885,118)	(1,268,104)
Net asset reclassifications and transfers	(502,147)	586,275	84,128
Net investment income excise tax to be paid from non-endowed assets	812,755	-	812,755
Endowment net assets, June 30, 2026	\$ 8,672,749	\$ 20,702,835	\$ 29,375,584
Fiscal Year 2025			
Endowment net assets, July 1, 2024	\$ 7,207,417	\$ 17,507,613	\$ 24,715,030
Investment return:			
Net investment income	173,762	412,130	585,892
Realized and unrealized gains	970,803	2,163,846	3,134,649
Total investment return	1,144,565	2,575,976	3,720,541
Contributions	-	200,126	200,126
Appropriation of endowment assets for expenditure	(369,958)	(860,297)	(1,230,255)
Net asset reclassifications and transfers	94,217	28,509	122,726
Endowment net assets, June 30, 2025	\$ 8,076,241	\$ 19,451,927	\$ 27,528,168

J. Components of Net Assets and Endowment (continued)

Endowment Investment and Spending Policies

MIT's investment policy is based on the primary goal of maximizing return relative to appropriate risk such that performance exceeds appropriate benchmark returns at the total pool, asset class, and individual manager levels. To achieve its long-term rate-of-return objectives, MIT relies on a total return strategy in which investment returns are realized through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). MIT targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Institute's primary investment pool, Pool A, is principally for endowment and funds functioning as endowment. The effective spending rates on pooled investment funds were 4.7 percent, or 5.1 percent on a three-year-average basis, and 5.0 percent, or 4.9 percent on a three-year-average basis, for fiscal 2026 and fiscal 2025, respectively.

Pool A operates as a mutual fund with units purchased and redeemed based on the current month's ending unit market value. Certain endowed assets are also maintained in separately invested funds.

MIT has adopted spending policies designed to provide a predictable stream of funding to programs supported by its investments while maintaining the purchasing power of assets. For pooled investments, the Executive Committee of the Corporation votes to distribute funds for operational support from general investments. In accordance with MIT's spending policy, these distributions are funded from both investment income and market appreciation. The distribution rates were \$132.19 and \$129.81 per Pool A unit as of fiscal 2026 and fiscal 2025, respectively. For separately invested endowment funds, only the annual investment income generated is distributed for spending. For any underwater endowment funds, the distribution of funds for operational support is at the discretion of the Executive Committee.

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Massachusetts Institute of Technology Five-Year Trend Analysis (Unaudited) – Financial Highlights

<i>(in thousands of dollars)</i>	2026	2025	2024	2023	2022
Financial Position					
Investments, at fair value	\$ 38,283,850	\$ 35,790,340	\$ 31,751,808	\$ 30,692,919	\$ 32,548,631
Land, buildings, and equipment, at cost less					
accumulated depreciation	5,622,264	5,638,334	5,425,451	5,016,660	4,686,460
Borrowings, net of unamortized issuance costs	5,143,275	5,160,054	4,430,396	4,484,462	4,657,050
Total assets	48,655,441	45,342,942	39,982,498	38,637,992	39,883,400
Total liabilities	8,969,879	7,667,205	6,431,621	6,455,021	6,652,869
Net assets without donor restriction	17,599,145	16,939,618	14,792,904	13,999,705	14,295,593
Net assets with donor restrictions	22,086,417	20,736,119	18,757,973	18,183,266	18,934,938
Total net assets	39,685,562	37,675,737	33,550,877	32,182,971	33,230,531
Total endowment funds before pledges	29,200,026	27,366,239	24,572,716	23,453,446	24,600,809
Principal Sources of Revenues					
Tuition and similar revenues, exclusive of					
financial aid	\$ 473,526	\$ 436,108	\$ 427,993	\$ 409,031	\$ 415,252
Sponsored support:					
Campus direct	658,609	713,631	706,963	657,193	608,753
Lincoln direct	1,395,712	1,407,807	1,305,146	1,166,956	1,072,814
SMART direct	28,958	26,669	23,588	23,857	21,639
Indirect cost recovery	280,554	273,044	289,172	215,004	284,643
Total sponsored support	2,363,833	2,421,151	2,324,869	2,063,010	1,987,849
Contributions	715,142	677,940	598,740	553,280	686,680
Net return on investments	2,370,500	4,298,866	2,155,735	(282,724)	(2,056,207)
Distribution of investment returns	1,632,791	1,565,391	1,481,173	1,360,833	1,022,202
Principal Purposes of Expenditures					
Expenses	\$ 5,024,456	\$ 4,946,908	\$ 4,586,189	\$ 4,338,274	\$ 3,993,328
Compensation*	2,620,418	2,626,546	2,433,492	2,274,055	2,111,924
Other operating	1,593,704	1,588,172	1,474,822	1,390,513	1,286,588
Space-related	810,334	732,190	677,875	673,706	594,816

* Compensation includes the non-service-cost components of net periodic benefit costs.

Massachusetts Institute of Technology Five-Year Trend Analysis (Unaudited) – Financial Highlights (continued)

<i>(in thousands of dollars)</i>	2026	2025	2024	2023	2022
Sponsored Support					
Campus					
Federal government sponsored:					
Health and Human Services	\$ 178,437	\$ 198,396	\$ 185,205	\$ 163,298	\$ 148,837
Department of Defense	125,658	143,828	137,975	134,214	140,341
Department of Energy	87,618	95,876	93,453	89,876	82,583
National Science Foundation	103,124	118,794	119,902	118,456	107,600
National Aeronautics and Space Administration	36,682	40,829	38,714	38,062	40,331
Other Federal	27,141	37,198	72,301	36,838	35,107
Total Federal	558,660	634,921	647,550	580,744	554,799
Non-Federally sponsored:					
State/local/foreign governments	46,156	32,967	27,554	26,729	29,341
Foundations	90,116	91,792	84,125	87,040	85,743
Other nonprofits	55,823	48,970	57,724	49,246	37,907
Industry	208,225	184,699	192,705	189,477	176,585
Total Non-Federal	400,320	358,428	362,108	352,492	329,576
Total Federal and Non-Federal	958,980	993,349	1,009,658	933,236	884,375
F&A and other adjustments*	(83,080)	(52,456)	(73,389)	(117,602)	(45,351)
Total Campus	875,900	940,893	936,269	815,634	839,024
Lincoln Laboratory					
Federal government sponsored	1,428,181	1,472,534	1,322,231	1,192,218	1,111,075
Non-Federally sponsored	38,886	23,562	28,571	28,753	24,258
F&A and other adjustments*	(8,939)	(43,044)	13,636	1,981	(8,577)
Total Lincoln Laboratory	1,458,128	1,453,052	1,364,438	1,222,952	1,126,756
SMART**					
Non-Federally sponsored	29,805	27,206	24,162	24,424	22,069
Total SMART	29,805	27,206	24,162	24,424	22,069
Total Sponsored Support	\$ 2,363,833	\$ 2,421,151	\$ 2,324,869	\$ 2,063,010	\$ 1,987,849

*Beginning in fiscal 2026, off-campus carryforward adjustments included within the "F&A and other adjustments" line are reported within Lincoln financial results rather than within campus financial results. Prior-year amounts for fiscal 2022 through fiscal 2025 have been retroactively reclassified to conform to the current presentation. This change represents a reclassification only and has no impact on total sponsored support.

**The amounts represent research that has predominantly taken place in Singapore.

Massachusetts Institute of Technology Five-Year Trend Analysis (Unaudited) – Financial Highlights (continued)

	2026	2025	2024	2023	2022
Students					
Undergraduate:					
Full-time	4,525	4,489	4,543	4,601	4,588
Part-time	36	46	33	56	50
Undergraduate applications:					
Applicants	29,281	28,232	26,914	33,767	33,240
Accepted	1,334	1,284	1,291	1,337	1,365
Acceptance rate	5%	5%	5%	4%	4%
Enrolled	1,152	1,098	1,091	1,136	1,177
Yield	86%	86%	85%	85%	86%
Freshmen ranking in the top 10% of their class	97%	96%	97%	97%	99%
Average SAT scores (math and verbal)	1,540	1,544	1,539	1,543	1,538
Graduate:					
Full-time	7,101	7,194	7,163	7,024	7,199
Part-time	154	157	181	177	97
Graduate applications:					
Applicants	39,980	37,409	34,655	33,991	37,798
Accepted	3,749	3,894	3,935	3,906	3,834
Acceptance rate	9%	10%	11%	11%	10%
Enrolled	2,270	2,439	2,305	2,380	2,339
Yield	61%	63%	59%	61%	61%
Tuition (in dollars)					
Tuition and fees	\$ 64,730	\$ 62,396	\$ 60,156	\$ 57,986	\$ 55,878
Average room and board	21,264	20,280	19,390	18,790	18,100
Student Support (in thousands of dollars)					
Undergraduate tuition support	\$ 194,121	\$ 183,596	\$ 175,930	\$ 173,868	\$ 163,555
Graduate tuition support	398,326	398,721	386,456	355,961	337,507
Fellowship stipends	90,210	89,567	80,936	68,840	55,243
Student employment	152,831	157,318	161,081	151,579	149,517
Total student support	\$ 835,488	\$ 829,202	\$ 804,403	\$ 750,248	\$ 705,822
Faculty and Staff*					
Faculty	1,087	1,090	1,089	1,080	1,069
Staff and fellows	15,946	16,400	16,091	15,247	14,653

*Headcount figures represent main campus- and Lincoln Laboratory-based personnel affiliated with MIT as of October 31. These include personnel, as well as individuals with unpaid appointments.

Report of the Treasurer

For the year ended
June 30, 2026

