Statement of Financial Position
Net assets (unrestricted, temporarily restricted and permanently restricted) of the University totaled $4.3 billion at December 31, 1999. Plant assets, net of depreciation, increased $77.8 million, primarily as a result of expenditures incurred for the Perelman Quad, MOD VII Chiller Plant, Sansom Common, Huntsman Hall, the Annenberg School and the Quadrangle renovations. The increase in accounts receivable is attributable to an increase in student receivables, which are historically higher at mid-year than at the end of the fiscal year. The significant increase in deferred income of $67.6 million is due to tuition and fees received in December for the spring semester. This will be recognized as revenue over the remainder of the fiscal year. The increase in deposits, advances and agency funds reflects increased advances from research sponsors.

Statement of Activities
Overall, net assets decreased $17.9 million since the beginning of Fiscal Year 2000. As a result of unfavorable market conditions over the first six months of FY 2000, the University recorded a net loss on investments (both realized and unrealized) of $81.4 million, representing an approximate 2.9% decline in the fair value of the University's investments. This compares to a net loss of $34 million over the same period in the previous fiscal year. Offsetting this amount through December 1999, the University received almost $63.3 million in non-operating contributions to endowment and other capital improvement accounts.

The University recorded a $500,000 decrease in net assets from operations during the first six months of FY 2000 as compared to a $3.4 million increase over the same period in FY 1999. Comparing FY 2000 to FY 1999, the University's tuition revenue increased 5.7% to a total of $254.5 million. This increase is the result of the planned rate increase in tuition and fees, as well as a slight increase in enrollment. Contribution revenue, both operating and non-operating combined, increased $7.2 million or 7%. The increase in sponsored program revenue of 13.3%, as well as the 9.7% increase in salaries and wages, is a reflection of the continued increase in sponsored research awards that we have seen for the last several years. Non-operating transfers from the Health Services Component were down $24 million from FY 1999. This was due to the completion of the Biomedical Research Building II/III in 1999. Additionally, the allocation of A.I.F. returns made available for operations increased 19.5% for FY 2000. This increase is primarily the result of the significant increase in the market value of the A.I.F. portfolio in recent years. The basis for the A.I.F. distribution is a percentage of the A.I.F. fair value over a three year moving average.

Statement of Cash Flows
Overall, cash and investments, held for operations, increased $3.1 million since the beginning of FY 2000. Net cash of $66.8 million was provided by operating activities, i.e., the day-to-day operations of the University. After adjusting for the change in the inter-entity receivable from the Health Services Component, the amount of cash provided by operating activities was $9 million less in FY 2000 as compared to FY 1999. Cash used by investing activities of $144.6 million reflects purchases of investments and purchases of plant, property and equipment. Net cash provided by financing activities of $80.3 million largely represents contributions received for endowment and capital improvements.