Statement of Financial Position
At March 31, 2000, the University’s (excluding Health Services Component and Independent Operations) total net assets (unrestricted, temporarily restricted and permanently restricted) were $4.4 billion. Plant assets, net of depreciation, increased $123 million, primarily as a result of expenditures incurred for the Perelman Quad, Sansom Common, Huntsman Hall, the Annenberg School, the Quadrangle renovations and the new chiller. The significant increase in deferred income of $75 million is due to spring semester tuition and fees received through March 2000, which will be recognized as revenue over the remainder of the fiscal year.

Statement of Activities
Overall, net assets have increased $31.8 million since the beginning of Fiscal Year 2000. This increase can be attributed to nonoperating gifts of $132.2 million, including a bequest from the Delaplaine Estate of $22.8 million. This increase in net assets was offset by a net loss on investments (both realized and unrealized) of about $109 million. This loss is comprised of net realized gains of $75 million and unfavorable adjustment to fair value of $184 million. While this still represents an approximate 3.9% decline in the fair value of the University’s investments over the first three quarters of this fiscal year, there has been some improvement since the end of January 2000, when the decline was at 5.5%. The FY 2000 results are due in large part to our domestic equity position. Efforts to restructure the University’s asset allocation in order to improve our investment returns are continuing.

The University recorded a $6.2 million increase in net assets from operations during the first nine months of FY 2000 as compared to a $20.8 million increase over the same period in FY 1999. Comparing FY 2000 to FY 1999, the University’s revenue from tuition and fees increased 5.8% to a total of $376.5 million. This increase is the result of the planned rate increase in tuition and fees, a slight increase in number of students enrolled and increases in other special program revenue. Direct grant student aid increased by 6.8%, reflecting the continuing commitment to our students. Operating revenue from contributions decreased $3.0 million or 4.8%. The increase in sponsored program revenue of 14.4%, as well as the 9.7% increase in total compensation, is a reflection of the continued increase in sponsored research activity that we have seen for the last several years. In addition, the allocation of A.I.F. returns made available for operations increased 19.5% over the comparable period in FY 1999. 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 $104.6 million since the beginning of FY 2000. Net cash of $175.5 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 improved by about $10.6 million in FY 2000 as compared to FY 1999. This was primarily the result of improvements in the student and sponsored program receivables. The cash used by investing activities of $208.8 million primarily reflects the purchases of plant, property and equipment over the nine-month period. Net cash provided by financing activities of $138.0 million largely represents contributions received for endowment and capital improvements.