Financial Report
UNIVERSITY OF PENNSYLVANIA
For the six months ending December 31, 2003
(with comparison to the prior six month fiscal period, unless otherwise noted)
(The following information represents the unaudited results for the period.)

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SYSTEM):

• Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $339.4 million (+6.4%) to $5.668 billion.
• Net assets from operations decreased $0.1 million compared to a decrease of $13.1 million for the prior fiscal year.
• Total operating revenue increased by $143.5 million (+8.3%) to $1.874 billion.
• Total expenses increased $130.5 million (+7.5%) to $1.874 billion.
• Net assets from non-operating activities increased by $339.5 million compared to a loss of $109.7 million in the prior year, principally due to improved investment performance.
• Total endowment as of December 31, 2003 is estimated at $3.86 billion, an increase of $310 million since June 30, 2003
• Plant assets, net of depreciation, increased $28.8 million (+1.1%) since June 30, 2003.
• Cashflow from operating activities decreased by $51.7 million (-32.9%) as compared to the prior fiscal year, principally due to timing of receipts, appropriations and payments.

ACADEMIC COMPONENT:

• Total net assets increased $285.1 million (+5.9%) to $5.117 billion principally due to investment activity.
• Net assets from operations decreased $28.1 million compared to a $5.6 million increase for the prior fiscal year, principally due to improvements in the expense accrual process relative to last fiscal year.
• Total revenue and other support increased 4.3% over FY 2003 to a total of $877 million, principally due to growth in sponsored program activities and tuition and fees.
• Total expenses increased 8.4% over FY 2003 to a total of $905 million.
• Net assets from non-operating activities increased $313.2 million compared to a loss of $97.1 million in the prior fiscal year.

• Total contributions (operating and non-operating) declined $30.4 million (-26.8%).

• Total endowment (University only) increased $290.3 million (+9.6%) to $3.308 billion since June 30, 2003.

• Plant assets, net of depreciation, increased $32.0 million (+1.5%) since June 30, 2003.

• Cashflow from operating activities decreased $43.1 million (-40.7%) compared to the prior fiscal year for the factors previously noted for the consolidated University.

• Cash and investments held for current operations decreased $35.5 million (-7.4%) compared to the levels held on June 30, 2003, but is $4.3 million higher than December 31, 2002 levels despite delays in receipt in Commonwealth funding this year.

HEALTH SYSTEM COMPONENT:

• At the four owned hospitals, overall utilization remained strong with adult inpatient admissions increasing 4.3% compared to the prior fiscal year and an overall increase in outpatient activity of 4.0% (includes outpatient visits, ER visits and ambulatory surgeries).

• Total net assets increased $54.2 million (+10.9%) since June 30, 2003 to $551.1 million.

• Excess of revenues over expenses from operations totaled $32.3 million and was higher than the prior fiscal year by $48.6 million.

• Excess of revenue over expenses (before transfers) totaled $42.8 million and was higher than the prior year by $44.5 million.

• Operating revenue of $1.009 billion was favorable compared to prior year results by $108.5 million (+12.0%) principally due to growth in patient activity, an increase in charges and intensity of service, favorable third party settlements and restoration of Medicaid Community Access Funds.

• Total operating expense of $976.7 million was higher than the comparable prior year period by $59.9 million (+6.5%), principally due to higher compensation costs and increased supply expenses related to growth in volume.

• Non-operating revenue totaled $12.8 million, which was $3.5 million (-21.5%) lower than the comparable prior-year period, due principally to the bequest received in the prior fiscal year.

• Plant assets, net of depreciation, decreased $3.2 million (-0.5%) since June 30, 2003.
• Overall unrestricted liquidity declined from the period ended June 30, 2003 as days-cash-on-hand declined from 78.5 to 67.3 days due to an increase in accounts receivable and growth in operating expenses.

• The amount due the University increased from $7.8 million to $10.9 million as a result of timing and increased activity during the month of December.

• Days-in-accounts-receivable increased from 73.7 days (for the period ending June 30, 2003) to 77.2 days.