Financial Report
UNIVERSITY OF PENNSYLVANIA
For the fiscal year ending June 30, 2004

Please note: The following information represents the unaudited results for the fiscal year ended June 30, 2004

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $558.9 million (+10.5%) to $5.887 billion.
- Net assets from operations increased $10.5 million compared to an increase of $27.8 million for the prior fiscal year.
- Total operating revenue increased by $227.2 million (+6.5%) to $3.727 billion.
- Total expenses increased $244.6 million (+7.0%) to $3.716 billion.
- Net assets from non-operating activities increased by $548.4 million compared to a gain of $144.4 million in the prior year, principally due to improved investment performance.
- Plant assets, net of depreciation, increased $16.8 million (+0.6%) since June 30, 2003.
- Cashflow from operating activities increased by $8.9 million (+2.8%) as compared to the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $474.2 million (+9.8%) to $5.306 billion principally due to non-operating contributions and investment activity.
- Net assets from operations decreased $2.2 million compared to a $26.5 million increase for the prior fiscal year.
- Total revenue and other support increased 3.4% over FY 2003 to a total of $1.806 billion, principally due to growth in sponsored program activities and tuition and fees.
- Total expenses increased 5.1% over FY 2003 to a total of $1.808 billion.
- Net assets from non-operating activities increased $476.4 million compared to a gain of $134.6 million in the prior fiscal year.
- Total contributions (operating and non-operating) declined $10.4 million (-4.4%) principally due to the recording of the $10 million GlaxoSmithKline gift in the prior fiscal year.
• Total endowment (University only) increased $430.9 million (+14.3%) to $3.449 billion since June 30, 2003

• Plant assets, net of depreciation, increased $52.9 million (+2.6%) since June 30, 2003

• Cashflow from operating activities decreased $31.4 million (-15.2%) compared to the prior fiscal year.

• Cash and investments held for current operations increased $36.9 million (+7.7%) compared to the levels held on June 30, 2003

**HEALTH SYSTEM COMPONENT:**

• At the four owned hospitals, overall utilization remained strong with adult inpatient admissions increasing 2.3% compared to the prior fiscal year and an overall increase in outpatient activity (includes outpatient visits, ER visits and ambulatory surgeries).

• Total net assets increased $84.7 million (+17.0%) since June 30, 2003 to $581.6 million.

• Excess of revenues over expenses from operations totaled $41.9 million and was higher than the prior fiscal year by $21.8 million.

• Excess of revenue over expenses totaled $60.4 million and was higher than the prior year by $13.3 million.

• Operating revenue of $1.962 billion was favorable compared to prior year results by $175.2 million (+9.8%) principally due to growth in patient volumes and intensity of service, as well as higher payment rates.

• Total operating expense of $1.923 billion was higher than the comparable prior year period by $155.2 million (+8.8%), principally due to higher compensation and supply expenses related to growth in volume.

• Non-operating revenue totaled $23.1 million, which was $3.5 million lower than the comparable prior-year period.

• Plant assets, net of depreciation, decreased $36.1 million (-5.8%) since June 30, 2003. The apparent decline is due largely to the reclassification of the Phoenixville plant assets to “Assets Held for Sale” under the Current Assets section.

• Overall unrestricted liquidity declined slightly from the period ended June 30, 2003 as days-cash-on-hand declined from 78 to 77 days.

• The amount due the University declined from $7.8 million to $6.8 million consistent with the agreement between University and Health System management.

• Days-in-accounts-receivable continued its favorable trend declining from 74 days (for the period ending June 30, 2003) to 71 days.