Financial Report

UNIVERSITY OF PENNSYLVANIA

For the fiscal year ending June 30, 2005

(with comparison to the prior fiscal year, unless otherwise noted)

(The following information represents the preliminary, unaudited results for the period.)

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $500.2 million (+8.5%) to $6.388 billion since June 30, 2004.
- Net assets from operating activities increased $80.7 million compared to an increase of $7.2 million for the prior fiscal year.
- Total operating revenue increased by $326.6 million (+8.8%) to $4.050 billion.
- Total expenses increased $253.1 million (+6.8%) to $3.969 billion.
- Net assets from non-operating activities increased $419.5 million, as compared to a gain of $552.0 million in the prior fiscal year.
- The total endowment value as of June 30, 2005 is $4.373 billion, an increase of $355 million since June 30, 2004.
- Plant assets, net of depreciation, increased $44.2 million (+1.6%) since June 30, 2004.
- Cashflow from operating activities increased $160.7 million (+49.3%) compared to the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $423.1 million (+8.0%) to $5.729 billion driven by investment performance, non-operating contributions and improved operating performance.
- Net assets from operations increased $40.1 million compared to a $5.5 million decrease for the prior fiscal year.
- Total revenue and other support increased $129.4 million (+7.2%) over FY 2004 to a total of $1.932 billion led by sponsored program revenue (including indirect cost recoveries), tuition and fees (net of student aid) and increased contributions.
• Total expenses increased $83.8 million (+4.6%) over FY 2004 to a total of $1.891 billion primarily due to an increase in current expenses and salaries/wages (including grant and non-grant funded).

• Net assets from non-operating activities increased $383.0 million, as compared to a gain of $480.0 million in the prior fiscal year.

• Total contributions (operating and non-operating) increased $100.3 million (+44.2%) led by gifts to endowment.

• The total endowment value (University only) increased $315.8 million (+9.2%) to $3.764 billion since June 30, 2004.

• Plant assets, net of depreciation, increased $37.7 million (+1.8%) since June 30, 2004.

• Cashflow from operating activities increased by $18.1 million (+10.7%) as compared to the prior fiscal year.

• Cash and investments held for current operations increased $44.8 million (+8.6%) compared to the levels held on June 30, 2004.

HEALTH SYSTEM COMPONENT:

• Compared to the prior year, adult admissions were 2.7% higher (+1,931), which includes a 9.5% increase (+2,321) in surgical admissions. Outpatient activity, which includes outpatient visits, ER visits and ambulatory surgeries, declined slightly (-.4%, -9,570) due to program closures.

• Total unrestricted net assets increased $55.9 million since June 30, 2004 to $249.9 million primarily due to positive operating performance and the gain recognized on the sale of the Phoenixville Hospital, partially offset by an increase in the minimum pension liability.

• Operating revenue of $2.148 billion was higher than the comparable prior-year period by $186.5 million (+9.5%).

• Total operating expense of $2.076 billion was higher than the comparable prior-year period by $153.1 million (+8.0%).

• Excess of revenues over expenses from continuing operations totaled $72.5 million which was $33.3 million (+85.2%) higher than the prior year results.

• Unrestricted non-operating revenue totaled $32.5 million which was $9.4 million (+40.5%) higher than the comparable prior-year period.

• Unrestricted excess of revenue over expenses (before transfers) totaled $126.9 million and was higher than the prior year by $66.5 million (+110.0%).
• Plant assets, net of depreciation, increased $6.5 million to $594.8 million since June 30, 2004.

• Overall unrestricted liquidity improved from the period ended June 30, 2004, as days-cash-on-hand increased from 81.7 days to 110.6 days.

• The inter-company liability due the University totaled $3.8 million which compares favorably to the $6.8 million balance of June 30, 2004.

• Days-in-accounts-receivable decreased to 46.8 days from 71.2 days for the period ending June 30, 2004.