

Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ending September 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 \$223.3 million (+3.5%) to \$6.611 billion since June 30, 2005.
- Net assets from operating activities increased \$47.8 million compared to an increase of \$7.0 million for the prior fiscal year.
- Total operating revenue increased by \$100.4 million (+10.4%) to \$1.066 billion.
- Total expenses increased \$59.6 million (+6.2%) to \$1.018 billion.
- Net assets from non-operating activities increased \$175.5 million as compared to a gain of \$24.2 million in the prior fiscal year.
- The total endowment value as of June 30, 2005 is \$4.373 billion, an increase of \$177 million since June 30, 2005.
- Plant assets, net of depreciation, increased \$50.8 million (+1.8%) since June 30, 2005.
- Cashflow from operating activities equaled \$115.9 million during the first three months of FY06 .

ACADEMIC COMPONENT:

- Total net assets increased \$153.3 million (+2.7%) to \$5.883 billion driven by investment performance.
- Net assets from operations increased \$4.9 million compared to a \$1.2 million increase for the prior fiscal year.
- Total revenue and other support increased \$35.4 million (+7.6%) over FY 05 to a total of \$498.1 million led by tuition and fees, other income, and sponsored program revenue (including indirect cost recoveries).

- Total expenses increased \$31.7 million (+6.9%) over FY 05 to a total of \$493.2 million primarily due to an increase in salaries/wages (including grant and non-grant funded) and current expenses.
- Net assets from non-operating activities increased \$148.5 million as compared to a decrease in net assets of \$8.9 million in the prior fiscal year.
- Total contributions (operating and non-operating) increased \$2.1 million (+4.9%).
- The total endowment value (University only) increased \$129.7 million (+3.4%) to \$3.894 billion since June 30, 2005.
- Plant assets, net of depreciation, increased \$38.0 million (+1.8%) since June 30, 2005.
- Cashflow from operating activities equaled \$54.0 million during the first three months of FY06.
- Cash and investments held for current operations increased \$98.2 million (+17.4%) compared to the levels held on June 30, 2005.

HEALTH SYSTEM COMPONENT:

- Adult admissions were 1.1% lower (-197) than the prior year, although surgical admissions increased +120. Outpatient activity was 2.5% lower (-12,527) due to practice divestitures at CCA.
- Total unrestricted net assets increased \$57.1 million since June 30, 2005 to \$307.0 million primarily due to positive operating performance and strong investment performance.
- Operating revenue of \$573.7 million was higher than the comparable prior-year period by \$61.4 million (+12.0%).
- Total operating expense of \$528.4 million was higher than the comparable prior-year period by \$27.2 million (+5.4%).
- Excess of revenues over expenses from continuing operations totaled \$45.3 million which was \$34.1 million (+306.9%) higher than the prior year results.
- Unrestricted non-operating revenue totaled \$11.3 million which was \$6.8 million (+150.0%) higher than the comparable prior-year period.
- Unrestricted excess of revenue over expenses (before transfers) totaled \$66.7 million and was higher than the prior year by \$17.9 million (+36.8%).
- Plant assets, net of depreciation, increased \$12.8 million to \$607.6 million since June 30, 2005.

- Overall unrestricted liquidity improved from the period ended June 30, 2005, as days-cash-on-hand increased from 110.6 days to 123.6 days.
- Days-in-accounts-receivable decreased to 44.4 days from 46.5 days for the period ending June 30, 2005.