Financial Report
UNIVERSITY OF PENNSYLVANIA

For the six months ending December 31, 2006
(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 $695.7 million (+9.5%) since June 30, 2006 to $8.019 billion.

• Net assets from operating activities increased $164.6 million, a 75% increase over the prior fiscal year’s results for the first six months of FY06.

• Total operating revenue increased by $180.7 million (+8.4%) to $2.325 billion.

• Total expenses increased $110.2 million (+5.4%) to $2.160 billion.

• Net assets from non-operating activities increased $531.1 million as compared to a gain of $349.8 million in the prior fiscal year.

• The total endowment value as of December 31, 2006 is $5.923 billion, a $610 million (+11.5%) increase over June 30, 2006.

• Plant assets, net of depreciation, increased $85.5 million (+2.9%) since June 30, 2006.

• Cashflow from operating activities equaled $235.7 million compared to $270.3 million in the prior fiscal year.

ACADEMIC COMPONENT:

• Total net assets increased $478.1 million (7.5%) to $6.831 billion since June 30, 2006 led by non-operating investment gains, contributions and higher tuition and fees.

• Net assets from operations increased $22.8 million compared to a $13.9 million increase for the prior fiscal year.

• Total revenue and other support increased $40.4 million (+4.1%) over FY06 to a total of $1.027 billion led by tuition and fees (net of student aid), operating investment income and contributions.

• Total expenses increased $31.4 million (+3.2%) over FY06 to a total of $1.004 billion primarily due to an increase in compensation and current expenses.
• Net assets from non-operating activities of $455.3 million represent a $178.7 million increase over prior period results led by investment gains.

• Total contributions (operating and non-operating) of $114.7 million represent a $27.6 million (-19.4%) decrease from the prior year.

• The total endowment value (University only) increased $542.9 million (+12.3%) since June 30, 2006 to $4.958 billion.

• Plant assets, net of depreciation, of $2.271 billion were $15.9 million (+0.7%) higher than June 30, 2006.

• Cashflow from operating activities totaled $54.0 million for the first six months of FY07, a decrease of $44.4 million over FY06 results.

• Cash and investments held for current operations decreased $112.0 million (-23.1%) over June 30, 2006 levels to $373.6 million.

HEALTH SYSTEM COMPONENT:

• Adjusted admissions increased 6.7% for the six months ending December 31, 2006 to 54,165.

• Total unrestricted net assets increased $181.038 million since June 30, 2006 to $703.0 million primarily due to strong operating performance and investment performance and the recording of a non-recurring gain.

• Total operating revenue of $1.290 billion was 11.5% higher (+$132.8 million) than the comparable prior-year period driven by higher inpatient activity and outpatient rate improvements.

• Total operating expense of $1.151 billion was 7.2% lower (-$76.9 million) than the prior-year primarily due to higher compensation and supply expenses.

• Excess of revenues over expenses from operations (net of SOM support) of $127.8 million is $44.3 million (+53.0%) higher than the prior year results.

• Unrestricted non-operating revenue totaled $39.2 million which was $12.8 million (+48.2%) higher than the comparable prior-year period.

• Unrestricted excess of revenue over expenses (before transfers) totaled $196.0 million which was higher than the prior year by $76.0 million (+63.4%).

• Plant assets, net of depreciation, increased $69.6 million since June 30, 2006 to $723.5 million.

• Overall unrestricted liquidity improved as days-cash-on-hand increased from 159.2 days (for the period ending June 30, 2006) to 173.6 days at the end of December.

• Days-in-accounts-receivable decreased slightly from 37.1 days (for the period ending June 30, 2006) to 35.8 days at the end of December.