THE PRESIDENT’S MESSAGE

This year the University of Pennsylvania celebrated many historic anniversaries:

the 250th year since the establishment of the trust from which the University of Pennsylvania grew; the 240th year of the Library; the 225th year of the School of Medicine; the 200th year of the first law professorship; and the 100th year of the Graduate School of Fine Arts.

In May, over 25,000 members of the University community, alumni and friends from all over the world converged on campus to celebrate the institution that developed from Benjamin Franklin’s vision and became one of the great centers of learning in the world.

So it is with pardonable pride that I say that there is no other institution quite like Penn.
Influenced by the wisest American of his day, our University has shaped an enviable heritage. We began modern American education with the first scientific curriculum and courses in history, mathematics, agriculture, English and the modern languages. We anticipated the nation's needs with the
first medical school, first university-owned teaching hospital, and first collegiate school of business. We ushered in the electronic age with ENIAC, the world's first all-electronic digital computer. We even carried our innovative tradition to the athletic fields with the first forward pass and the first formally organized relay race.

That innovative spirit, that practical response to the times continues at Penn today. And for that reason, our 250th anniversary has been more than the celebration of what Penn has meant to the intellectual life and leadership of the nation. It has been a time to look ahead. Our charge, like that of generations before us, is to renew our teaching, research, and public service in ways that are true to our heritage and that respond creatively to the times.

None of us knows with certainty what challenges lie ahead for the world of learning, but I believe that the great universities destined to prosper are those that are content with neither the current "wisdom" nor a single disciplinary viewpoint but only with the continuing open-minded quest for truth: intellectual visionaries who dare to view the world, society, and the individual in new ways. Penn is such a place.
Penn stands out from other great research universities as an institution whose separate parts reinforce one another through collaboration. We are an interactive community of twelve schools and several hundred departments, institutes, and centers on a single campus; an uncommon synergy of theory and practice, the world of thought and the world of action.

Here academic neighbors freely cross arbitrary boundaries of disciplines, creating a fresh vision of knowledge, its uses, and its users. Here generations continue the centuries-old conversation that is Penn as they speculate and debate one another in the quest for truth. Here we freely draw on the energies of America's first city and give back our own as educator, employer, resource for culture and recreation, and window on the world. These strengths prepare us well for the task ahead.
The key problems that we face on the brink of the twenty-first century have no simple solutions. Thorny issues like those concerning global economies, urban decay, environmental crises, human rights, social inequities, to name but a few, are not the province of any single discipline. They cry out for new insights in terms of their sociological, psychological, economic, and ethical impact on society.

This search for new knowledge in a world that refuses to be neatly labelled is something that scholars can and must undertake together. In this effort, Penn is a model for the future. We are an interactive university, building on our strengths in traditional fields and compact location, to promote connections among disciplines, faculty, students and the broader University community — connections that will be the knowledge base of the future.
In thinking about Penn’s role in preparing those who will be tomorrow’s leaders and decision-makers, I am reminded of Poor Richard’s practical advice: “Take care of today, and tomorrow will take care of itself.” I believe that preparation for a rapidly changing world must begin in the undergraduate years when students have the best chance to acquire the fundamental characteristics of an educated person: disciplined intelligence, intellectual adaptability, an informed sense of values, and a historical perspective.
As one of the nation's leading research universities, Penn's commitment to undergraduate education sets us apart. Despite the growing preprofessional orientation in much of undergraduate education today, Penn continues to insist upon an educational coherence that prepares students to view themselves and their world in perspective. We have revitalized undergraduate education with a curriculum grounded in the arts and sciences, emphasis on common academic experiences, and faculty participation from all twelve schools. And because we link our mission of creating new knowledge to that of educating undergraduates, the education we provide is not one based on the obsolescent lessons of yesterday: it is an education at the frontiers of knowledge where the newest discoveries, the latest breakthroughs quickly make their way into undergraduate courses.

Penn is bringing the full range of the University's academic talents and resources to bear on undergraduate education: an approach that may well be the prototype for all undergraduate education in the coming century.
It has been good to look back this year and see how far Penn has come. But this ever-inventive university is never completed. Therein lies the paradox: the more we change, the more we reinforce the inventive spirit and concern for the common good that first called this great university into being.

Penn's future begins everyday, and we are eager to get on with the task. I feel honored to preside over a great institution founded by Benjamin Franklin, and I am dedicated to continuing in the spirit of inquisitive energy and devotion to human welfare that he personified.

Sheldon Hackney
President
THE SENIOR VICE PRESIDENT’S MESSAGE

Throughout 1990, the University community has been celebrating the 250th anniversary of our founding by Benjamin Franklin and twenty-four “publick-spirited Gentlemen,” who served as the original Trustees of the “Academy of Philadelphia.” This anniversary year has afforded us a unique opportunity to study our institutional history, Penn’s building blocks, from the perspective of our financial present and future.

We have found that there are a number of striking parallels, over the course of Penn’s history, to the operating and capital strategies, fiscal policies, and financial goals in place today. The original Trustees recognized the need to seek and obtain a broad base of both public and private financial support. They invested heavily in the physical plant and maintained a strong faculty. They sought to sustain enrollment by keeping Penn’s tuition comparable with other colonial colleges and, at the same time, offered places to students who required financial aid. They actively supported research by acquiring, from London, “mathematical and philosophical apparatus” and a library that compared to the best of those at American institutions of higher learning. Two hundred and fifty years later, the University still embraces and espouses these sound underlying operating principles.
Fiscal Year 1990 not only marked our 250th anniversary celebration, but also the continuance of the financial growth and positive operating performances experienced over our long history.

As of June 30, 1990, University assets totaled almost $2.4 billion, representing an increase of over $185 million since June 30, 1989. During the year, total fund balances increased by almost $170 million, to a total of over $1.7 billion. Although each fund group experienced a positive increase for Fiscal Year 1990, Endowment and Similar Funds recorded the largest increase, over $98 million. This increase is due, in large measure, to new endowment gifts received as the result of our current capital campaign, "The Campaign for Penn: Keeping Franklin's Promise."

CURRENT OPERATIONS

The Unrestricted Educational and General Fund balance increased by $100,000 during the year, which was our fifteenth consecutive year of positive unrestricted operating performance. We were able to achieve this surplus despite the need to provide increased amounts of unrestricted resources for student financial aid purposes, almost $42 million in Fiscal Year 1990. This continuing commitment to a need-blind admissions policy represents an increase of almost 11% over Fiscal Year 1989. In addition, we were able to fund the incremental development costs associated with the capital campaign and the costs associated with the 250th anniversary celebration. Those costs represent the largest increase in our general administration and general institutional expenses over last year.

Health Services, the Hospital of the University of Pennsylvania (HUP) and the Clinical Practices of the University of Pennsylvania, increased its fund balance by over $25 million during Fiscal Year 1990, as compared to an approximate $4 million increase in Fiscal Year 1989. This change is attributable to the positive financial performance at HUP, which had experienced a decline in operating results during the prior two fiscal years. A cost containment program initiated two years ago, the strengthening of medical center management, a number of physician led initiatives, and the complete integration of the Founders Pavilion, a fifteen level clinical services tower which began a phased opening in 1987, into HUP's health care delivery system are largely responsible for the significant improvement.
Gifts, Private and Government Grants

Penn’s first gifts of £343 per “annum for five years,” pledged by Franklin and each of the original Trustees, became the nucleus fund which was used to begin the Academy. This started the proud tradition of private support which the University has enjoyed throughout its long history. During Fiscal Year 1990, the University recorded the largest total for gifts and private grants that it has ever received. In this, our anniversary year, we received over $144 million from private sources for operating, endowment, and capital purposes, representing an increase of almost 23% over Fiscal Year 1989.

Most of this increase is attributable to our current $1 billion capital campaign, the second largest campaign in the history of higher education in this country, and significantly and proportionately greater than our first announced capital campaign of $500,000 in the 1870s.

Government grants continue to provide us with an extremely important source of operating revenue. During Fiscal Year 1990, we received over $166 million from governmental sources, primarily federal funds in support of our research effort. Early on, Franklin recognized the need to create, foster and maintain a coalition between government and the University when he obtained, in 1750 from the City of Philadelphia, an outright gift of £200, with an additional pledge of £100 for the next five years.

The University continues to fulfill Franklin’s 250-year-old vision by soliciting and receiving funds from a diverse public and private constituency.

Endowment

Although the original Trustees recognized the need for a steady source of income and were constantly complaining of chronic cash shortfalls, it was not until the 1860s and 70s that the University began to accumulate an endowment. In 1876, Penn received a $50,000 gift from John Welsh for its first endowed chair, the John Welsh Centennial Professorship of History and English Literature. A gift of $50,000 from the widow of John Rhea Barton, M.D., a Penn graduate, endowed the first chair in the School of Medicine, originally occupied, in 1877, by D. Hayes Agnew who was one of the most renowned members of Penn’s 19th century medical faculty. Even during this early period, the University recognized the need for endowed professorships, a major component of the current “Campaign for Penn.”
representing over 13% of the A.I.F.'s principal market value.

Although our endowment is about 130 years old, the bulk of the endowment's principal value has been accumulated only within the last ten years. Consequently, Penn still finds itself substantially behind its peer institutions in terms of spendable endowment income. The need for an ever increasing and reliable source of income has not changed during our quarter millennium of existence.

**CAPITAL INVESTMENT**

In 1750, the Trustees purchased the “New Building” at Fourth and Arch Streets for £775, which was the University's home for the next 52 years. An additional £600 in capital improvements was required to “make the partitions and floors, and fit up the rooms,” that is, to transform the building for its educational mission. In addition, £173 was expended for books and equipment, including “Latin and Greek Authors, Maps, Drafts and Instruments for use of the Academy.” This was the beginning of the University's continuing capital investment into its physical facilities, in order to ensure, over time, that our faculty and students have access to the latest equipment, laboratories, and teaching facilities.

The University moved to its present location in West Philadelphia in 1872,
after purchasing 10 acres from the City of Philadelphia for $80,000. The original West Philadelphia campus consisted of four buildings, substantially completed by 1880, which were funded by the proceeds of the first recorded capital campaign cited earlier, capital gains realized on the sale of the old campus property at Ninth and Chestnut Streets, and a $200,000 appropriation granted by the State Legislature for the construction of a 120-bed Hospital. College Hall, one of the original buildings, remains today at the core of the campus. As part of our continuing deferred maintenance program, College Hall has been scheduled for a major restoration of its facade over the next two years.

The medical faculty realized, even then, that this new location afforded Penn the opportunity to create a modern medical center, complete with clinical research laboratories and the facilities necessary to provide a full range of health care services. The Hospital of the University of Pennsylvania, dedicated in 1874, exemplifies the results of the partnership of public and private support. The Hare Laboratory Building was the last of the original West Philadelphia buildings to be constructed and was the forerunner of our $53 million, state-of-the-art, Clinical Research Building which was dedicated during Fiscal Year 1990.

In 1990, Penn's campus is comprised of well over 100 buildings, with an estimated replacement value (buildings and equipment) of almost $3 billion. We are now situated on approximately 150 acres in West Philadelphia, including the original 10 acres purchased from the City of Philadelphia. Penn's commitment to invest in the future, as evidenced throughout our history, continues, with current plans to: (1) enhance and expand research space for the physical sciences, life sciences, and engineering disciplines; (2) improve the quality of student life with the construction of a new campus center and (3) augment the Law School's teaching and library facilities.

**The Future**

Even though the University had an excellent year financially, we foresee a number of significant challenges and pressures with regard to our future operating budgets. Diminished governmental support at all levels, the current world crisis in the Middle East, changing technologies, and increasing societal pressure to manage the costs of education and health care will all have an impact on our ability to increase our traditional sources of revenue and control our expenditures.

Pressures on the federal government to control and reduce the deficit through reduced federal spending will further erode the current support we receive for research, instruction, and student aid, as well as negatively impact our health services revenue, since a significant number of our patients depend upon the
federal sector for their health care coverage. To compensate for this revenue loss, we will need to continue to: (1) identify increased funding sources for student financial aid, and promote new, creative, and less burdensome ways to help our students finance their educations; (2) intensify our efforts to obtain alternative sources of research support from the private sector and (3) better manage the costs of both our educational programs and health care enterprise.

In the near term, we predict significant increases in our energy costs as a result of the current crisis in the Middle East. As a result of our experiences in the 1970s with regard to the uncertainties of the availability of energy and the unpredictability of its cost, we have been engaged in energy conservation programs for many years and are actively pursuing alternative energy solutions, such as cogeneration. We believe these combined efforts will help temper the rate of increase of this significant cost component.

We concur with, and are committed to, the societal need to control the costs of higher education and health care services. Operating and capital budget planning efforts, begun during the last decade, will be continued and expanded. New planning efforts are already underway to examine creative ways to reduce costs and increase productivity of the ancillary support services required at a large university. Further refinement of the management processes of the Medical Center will provide for continued improved coordination and integration of patient care, research, and instruction and allow the University to better manage and control the costs of health care services in a constantly changing environment.

**SUMMARY**

From our modest beginnings as the "Academy of Philadelphia" in the mid 1700s, the University has grown and evolved into an institution that now stands academically, financially, and organizationally ready to face the challenges and opportunities of the twenty-first century.

President Hackney stated that "this ever inventive university is never completed." It has been our good fortune that this idea has been recognized by Penn's leadership throughout our history. We have learned from the past to view change as a challenge and challenge as an opportunity. We will continue this heritage, so that we can pass to the next generation of students and scholars a University that is even stronger and better prepared to deal with the challenges of the next 250 years.

Marna C. Whittington
Senior Vice President
Five Years of Financial Performance

University of Pennsylvania

(thousands of dollars)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Change in unrestricted fund balance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational and general</td>
<td>$100</td>
<td>$275</td>
<td>$176</td>
<td>$104</td>
<td>$54</td>
</tr>
<tr>
<td>Health services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>20,062</td>
<td>(4,575)</td>
<td>(5,684)</td>
<td>(1,063)</td>
<td>15,826</td>
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<tr>
<td>Clinical practices</td>
<td>5,115</td>
<td>8,384</td>
<td>12,144</td>
<td>15,759</td>
<td>1,246</td>
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<tr>
<td>Graduate Hospital</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>Total</td>
<td>25,274</td>
<td>3,906</td>
<td>6,557</td>
<td>12,793</td>
<td>17,169</td>
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<tr>
<td>Unrestricted fund balance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational and general</td>
<td>$1,043</td>
<td>$943</td>
<td>$668</td>
<td>$492</td>
<td>$388</td>
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<tr>
<td>Health services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>41,539</td>
<td>21,477</td>
<td>26,052</td>
<td>31,756</td>
<td>35,082</td>
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<tr>
<td>Clinical practices</td>
<td>94,076</td>
<td>88,961</td>
<td>80,577</td>
<td>68,433</td>
<td>61,659</td>
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<tr>
<td>Graduate Hospital</td>
<td>(2,400)</td>
<td>(2,497)</td>
<td>(2,594)</td>
<td>(2,691)</td>
<td>(2,788)</td>
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<tr>
<td>Total</td>
<td>133,215</td>
<td>107,941</td>
<td>104,035</td>
<td>97,478</td>
<td>93,953</td>
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</table>

| Restricted: |      |      |      |      |      |
| Net change in restricted fund balance | $4,635 | $10,012 | $500 | $8,123 | $2,504 |
| Net current restricted fund balance | $71,411 | $66,776 | $56,764 | $56,264 | $48,141 |

1990

How it was Provided (by source)

<table>
<thead>
<tr>
<th>Source</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Health services</td>
<td>37%</td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>22%</td>
</tr>
<tr>
<td>Government contracts &amp; grants</td>
<td>14%</td>
</tr>
<tr>
<td>Gifts and private grants</td>
<td>9%</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>6%</td>
</tr>
<tr>
<td>Investment income</td>
<td>5%</td>
</tr>
<tr>
<td>Commonwealth appropriations</td>
<td>3%</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>3%</td>
</tr>
<tr>
<td>Other sources</td>
<td>2%</td>
</tr>
</tbody>
</table>

100%

1990

How it was Spent (by function)

<table>
<thead>
<tr>
<th>Function</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health services</td>
<td>36%</td>
</tr>
<tr>
<td>Instruction</td>
<td>21%</td>
</tr>
<tr>
<td>Research</td>
<td>13%</td>
</tr>
<tr>
<td>Student aid</td>
<td>6%</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>6%</td>
</tr>
<tr>
<td>Operations &amp; maintenance</td>
<td>5%</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>5%</td>
</tr>
<tr>
<td>General institutional expenses</td>
<td>3%</td>
</tr>
<tr>
<td>General administration</td>
<td>2%</td>
</tr>
<tr>
<td>Libraries</td>
<td>2%</td>
</tr>
<tr>
<td>Student services</td>
<td>1%</td>
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</tbody>
</table>

100%
## A Five-Year Review of Investments

*University of Pennsylvania*

*(thousands of dollars)*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>$369,239</td>
<td>$356,496</td>
<td>$319,610</td>
<td>$250,990</td>
<td>$174,349</td>
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<tr>
<td>Bonds</td>
<td>363,558</td>
<td>264,439</td>
<td>224,040</td>
<td>282,827</td>
<td>260,486</td>
</tr>
<tr>
<td>Short-term</td>
<td>368,188</td>
<td>339,753</td>
<td>371,047</td>
<td>367,600</td>
<td>357,304</td>
</tr>
<tr>
<td>Other</td>
<td>28,251</td>
<td>17,349</td>
<td>15,095</td>
<td>19,169</td>
<td>21,338</td>
</tr>
<tr>
<td><strong>Total Investments</strong></td>
<td>$1,129,236</td>
<td>$978,017</td>
<td>$929,792</td>
<td>$920,646</td>
<td>$813,477</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>$406,691</td>
<td>$444,897</td>
<td>$381,985</td>
<td>$354,459</td>
<td>$272,821</td>
</tr>
<tr>
<td>Bonds</td>
<td>363,290</td>
<td>268,726</td>
<td>223,836</td>
<td>283,189</td>
<td>273,284</td>
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<tr>
<td>Short-term</td>
<td>367,969</td>
<td>340,074</td>
<td>372,507</td>
<td>367,730</td>
<td>357,335</td>
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<tr>
<td>Other</td>
<td>30,074</td>
<td>17,761</td>
<td>14,477</td>
<td>19,865</td>
<td>21,813</td>
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<tr>
<td><strong>Total Investments</strong></td>
<td>$1,168,024</td>
<td>$1,071,458</td>
<td>$992,805</td>
<td>$1,025,243</td>
<td>$925,253</td>
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<tr>
<td><strong>Endowment</strong>:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>$770,389</td>
<td>$669,993</td>
<td>$603,689</td>
<td>$544,125</td>
<td>$434,165</td>
</tr>
<tr>
<td>Market</td>
<td>$808,409</td>
<td>$761,408</td>
<td>$664,637</td>
<td>$648,528</td>
<td>$540,084</td>
</tr>
<tr>
<td><strong>Associated Investments Fund:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>$667,273</td>
<td>$589,496</td>
<td>$519,676</td>
<td>$458,757</td>
<td>$358,357</td>
</tr>
<tr>
<td>Market</td>
<td>$700,870</td>
<td>$684,531</td>
<td>$583,532</td>
<td>$558,795</td>
<td>$461,806</td>
</tr>
<tr>
<td><strong>Per Share Market</strong></td>
<td>$453.69</td>
<td>$474.65</td>
<td>$434.13</td>
<td>$444.59</td>
<td>$389.40</td>
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<tr>
<td><strong>Per Share Income</strong></td>
<td>$31.50</td>
<td>$29.76</td>
<td>$27.60</td>
<td>$25.79</td>
<td>$24.86</td>
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</tbody>
</table>

*Endowment includes true, term and quasi-endowment only; does not include life income, annuity and unitrust funds reported in the Financial Statements with Endowment and Similar Funds.*
### Associated Investments Fund Balance Sheet

**University of Pennsylvania**

**June 30, 1990**

*(thousands of dollars)*

<table>
<thead>
<tr>
<th>Investments:</th>
<th>1990</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market</td>
</tr>
<tr>
<td>Equity Fund</td>
<td>$476,735</td>
<td>$510,320</td>
</tr>
<tr>
<td>Fixed Income Fund</td>
<td>180,101</td>
<td>179,913</td>
</tr>
<tr>
<td>Venture capital</td>
<td>5,727</td>
<td>5,720</td>
</tr>
<tr>
<td>Real estate</td>
<td>3,017</td>
<td>3,224</td>
</tr>
<tr>
<td>Short-term</td>
<td>1,693</td>
<td>1,693</td>
</tr>
<tr>
<td>Investments end of year</td>
<td>$667,273</td>
<td>$700,870</td>
</tr>
<tr>
<td>Investments beginning of year</td>
<td>$589,496</td>
<td>$684,531</td>
</tr>
</tbody>
</table>

**Fund:**

- Invested by participating funds: 403,894

**Undistributed accretions:**

- Net undistributed gains realized on sales, etc. of investments and withdrawals of participating funds and gains availed of: 263,379

**Excess of market value of investments over cost:** 33,597

<table>
<thead>
<tr>
<th>Number of participating units</th>
<th>1,542,006</th>
</tr>
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<tbody>
<tr>
<td>Per share value end of year</td>
<td>$453.69</td>
</tr>
<tr>
<td>Per share value beginning of year</td>
<td>$474.65</td>
</tr>
</tbody>
</table>

### AIF Total Return Performance Comparison

**Annual Total Return Compounded Quarterly**

**Periods Ended June 30**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>AIF</td>
<td>16.7</td>
<td>1.1</td>
<td>50.0</td>
<td>4.0</td>
<td>38.0</td>
<td>26.4</td>
<td>21.5</td>
<td>4.4</td>
<td>16.7</td>
<td>2.2</td>
<td>17.1</td>
</tr>
<tr>
<td>Composite Index</td>
<td>11.3</td>
<td>(4.2)</td>
<td>49.4</td>
<td>(2.4)</td>
<td>30.2</td>
<td>30.7</td>
<td>19.0</td>
<td>(2.7)</td>
<td>18.2</td>
<td>14.0</td>
<td>15.2</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>20.6</td>
<td>(11.4)</td>
<td>60.9</td>
<td>(4.7)</td>
<td>30.8</td>
<td>35.7</td>
<td>25.1</td>
<td>(6.9)</td>
<td>20.4</td>
<td>16.4</td>
<td>16.9</td>
</tr>
<tr>
<td>Shearson Lehman Gov't/Corporate</td>
<td>(4.1)</td>
<td>13.3</td>
<td>29.1</td>
<td>1.8</td>
<td>28.7</td>
<td>20.6</td>
<td>4.7</td>
<td>7.5</td>
<td>12.3</td>
<td>7.1</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Compounded total return is used commonly for evaluating investment performance. This convention measures both capital appreciation and income, and assumes the reinvestment of income on a periodic basis.

The Composite Index is constructed to show what the AIF return would have been if the AIF had been invested in the S&P 500 Composite Stock Index and the Shearson Lehman Government/Corporate Bond Index on a weighted basis equal to its actual equity and fixed income allocations during the five year period.
Associated Investments Fund Statement of Income

University of Pennsylvania
For the year ended June 30, 1990
(thousands of dollars)

<table>
<thead>
<tr>
<th>1990</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received on bonds, net of accrued interest on bonds purchased</td>
<td>$15,203</td>
</tr>
<tr>
<td>Dividends received on common stocks</td>
<td>32,219</td>
</tr>
<tr>
<td>Other income</td>
<td>383</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>$47,805</strong></td>
</tr>
</tbody>
</table>

Less:
- Salaries, fees, postage, etc. allocable to fund: 1,806
- Indirect expenses recovered on yield: 6,590

**Total expenses**: 8,396

- Total income distributed to participating units: 39,409
- Less: Income reinvested in principal: 10,981

**Net income distributed to participating units**: 28,428

**Total income per share**: 31.50
- Distributed net income per share: 18.41

### AIF Performance

**Cumulative Returns Compounded Quarterly**

![Performance Chart]

### AIF Income Per Share

- **Total Income**
- Income spent for funds subject to the Spending Rule

![Income Per Share Chart]
MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements displayed on pages 24 to 35 have been prepared to conform with generally accepted accounting principles governing educational institutions. The management of the University of Pennsylvania is responsible for the objectivity and integrity of these financial statements.

The University maintains a system of internal accounting controls which are utilized in accumulating and controlling its financial transactions. Such controls are maintained by the establishment and communication of accounting and financial policies and procedures, by the selection and training of qualified personnel, and by an internal audit program designed to identify weaknesses in internal control in order to permit management to take appropriate corrective action on a timely basis.

The financial statements have been examined by Coopers & Lybrand, Independent Accountants. Their audit opinion, as shown on the opposite page, expresses an informed judgment as to whether the University's financial statements, as prepared by management, considered in their entirety, present fairly its financial position, changes in fund balances, and current funds revenues, expenditures, and other changes in conformity with generally accepted accounting principles.

The auditor's opinion is based on audit procedures described in the second paragraph of their report, which include obtaining an understanding of University systems, procedures and internal accounting controls, and performing tests and other auditing procedures to provide reasonable assurance that the financial statements are neither materially misleading nor contain material errors. While the auditors make extensive tests of University procedures and controls, it is neither practical nor necessary for them to scrutinize a large portion of the University's transactions.

The Trustees of the University of Pennsylvania, through its Committee on Audit comprised of seven trustees not employed by the University, is responsible for engaging the independent accountants and meeting with management, internal auditors, and the independent auditors to ensure that each is carrying out their responsibilities and to discuss auditing internal control, and financial reporting issues. Both the internal auditors and the independent auditors have full and free access to the Committee on Audit.

Marna C. Whittington
Senior Vice President

Alfred F. Beers
Comptroller
REPORT OF INDEPENDENT ACCOUNTANTS

To the Trustees of the University of Pennsylvania
Philadelphia, Pennsylvania

We have audited the accompanying balance sheet of the University of Pennsylvania as of June 30, 1990 and the related statements of changes in fund balances and current funds revenue, expenditures and other changes for the year then ended. We previously audited and reported upon the financial statements of the University for the year ended June 30, 1989, which condensed statements are presented for comparative purposes only. These financial statements are the responsibility of University management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above (pages 24 to 35 inclusive) present fairly, in all material respects, the financial position of the University of Pennsylvania as of June 30, 1990, and the changes in fund balances and current funds revenue, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

Coopers & Lybrand
2400 Eleven Penn Center
Philadelphia, Pennsylvania
September 7, 1990
Balance Sheet
University of Pennsylvania
June 30, 1990 with comparative 1989 Totals
(Thousands of dollars)

<table>
<thead>
<tr>
<th>Total 1989</th>
<th>Total 1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,597</td>
<td>$3,230</td>
</tr>
<tr>
<td>568,654</td>
<td>145,584</td>
</tr>
<tr>
<td>72,795</td>
<td>78,475</td>
</tr>
<tr>
<td>20,614</td>
<td>17,399</td>
</tr>
<tr>
<td>978,178</td>
<td>1,129,236</td>
</tr>
<tr>
<td>938,785</td>
<td>994,552</td>
</tr>
<tr>
<td>$2,488,869</td>
<td>$2,569,077</td>
</tr>
</tbody>
</table>

**Assets**

- Cash
  - 166,063
  - 145,584

- Accounts receivable, net of allowances

- Loans receivable, net of allowances
  - $4,208 (1990) and $4,269 (1989)

- Inventories and prepaid expenses
  - 72,795
  - 78,475

- Investments
  - 978,178
  - 1,129,236

- Plant, net of depreciation
  - 938,785

- Interfund balances:
  - Advance for plant
  - Other

- Other
  - 20,614
  - 17,399

- Other
  - 978,178
  - 1,129,236

- Other
  - 938,785
  - 994,552

**Liabilities and Fund Balances**

- Accounts payable and accrued expenses
  - 22,331
  - 25,067

- Deposits, advances and agency funds
  - 31,708
  - 29,249

- Deferred income
  - 13,183
  - 15,818

- Debt obligations
  - 21,720
  - 15,818

- Fund balances
  - 938,785
  - 994,552

The nature of specific fund balances is as follows:

- Externally restricted
- Internally designated
- Unexpended endowed income
- U.S. Government grants
- Life income, annuity and unitrust funds

See accompanying notes to financial statements.

Current Funds

<table>
<thead>
<tr>
<th>Unrestricted</th>
<th>Educational and General</th>
<th>Health Services</th>
<th>Restricted</th>
<th>Loan Funds</th>
<th>Endowment and Similar Funds</th>
<th>Unexpended</th>
<th>Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$44</td>
<td>$3,116</td>
<td>$26,869</td>
<td>$9,386</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,183,869</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,369,077</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Plant Funds

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>Educational and General</th>
<th>Health Services</th>
<th>Restricted</th>
<th>Loan Funds</th>
<th>Endowment and Similar Funds</th>
<th>Unexpended</th>
<th>Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,488,869</td>
<td>$23,995</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>$2,569,077</td>
<td>$95,122</td>
<td></td>
<td>$13,157</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Statement of Changes in Fund Balances
University of Pennsylvania
for the year ended June 30, 1990 with comparative 1989 Totals
(Thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Current Funds</th>
<th></th>
<th>Plant Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Endowment and Similar Funds</td>
<td>Unexpended</td>
</tr>
<tr>
<td>Educational and General Fund</td>
<td>$493</td>
<td>$19,779</td>
<td>$1,043</td>
</tr>
<tr>
<td>Health Services Fund</td>
<td>$445,596</td>
<td>$202</td>
<td>$133,215</td>
</tr>
<tr>
<td>Restricted Fund</td>
<td>$114,990</td>
<td>$3,077</td>
<td>$71,411</td>
</tr>
<tr>
<td>Loan Funds</td>
<td>$3,119</td>
<td>$66,732</td>
<td>$74,157</td>
</tr>
<tr>
<td>Endowment and Similar Funds</td>
<td>$11,591</td>
<td>$1,201</td>
<td>$787,386</td>
</tr>
<tr>
<td>Unexpended Endowment</td>
<td>$8,005</td>
<td>$99,200</td>
<td>$78,269</td>
</tr>
<tr>
<td>Invested Endowment</td>
<td>$1,561</td>
<td>$32,945</td>
<td>$32,945</td>
</tr>
</tbody>
</table>

### Total

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$1,421,900</td>
<td>$1,565,251</td>
<td>$943</td>
<td>$1,043</td>
<td>$19,779</td>
<td>$10,648</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$1,043</td>
<td>$10,648</td>
</tr>
<tr>
<td><strong>Beginning balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current funds revenue</td>
<td>$887,207</td>
<td>$961,870</td>
<td>$516,534</td>
<td>$445,336</td>
<td>$107,941</td>
<td>$52,220</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$107,941</td>
<td>$52,220</td>
</tr>
<tr>
<td>Government grants</td>
<td>$107,798</td>
<td>$116,551</td>
<td>$44,516</td>
<td>$41,652</td>
<td>$6,776</td>
<td>$2,562</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$6,776</td>
<td>$2,562</td>
</tr>
<tr>
<td>Gifts and private grants</td>
<td>$18,027</td>
<td>$15,211</td>
<td>$3,952</td>
<td>$3,162</td>
<td>$2,000</td>
<td>$1,020</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$2,000</td>
<td>$1,020</td>
</tr>
<tr>
<td>Investment income</td>
<td>$45,108</td>
<td>$56,326</td>
<td>$45,108</td>
<td>$46,326</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Additional to plant (including $19,692 charged to current expenditures)</td>
<td>$100,122</td>
<td>$79,461</td>
<td>$1,095</td>
<td>$90,799</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on sale of investments</td>
<td>$28,794</td>
<td>$30,898</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other additions, net</td>
<td>$1,083</td>
<td>$1,085</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures and other deductions</strong></td>
<td>$1,275,639</td>
<td>$1,300,702</td>
<td>$1,092,419</td>
<td>$1,092,419</td>
<td>$1,043</td>
<td>$10,648</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$1,043</td>
<td>$10,648</td>
</tr>
<tr>
<td>Current funds expenditures</td>
<td>$1,029,077</td>
<td>$1,092,419</td>
<td>$1,043</td>
<td>$10,648</td>
<td>$526,520</td>
<td>$526,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expended for plant</td>
<td>$18,963</td>
<td>$18,963</td>
<td>$19,779</td>
<td>$19,779</td>
<td>$526,520</td>
<td>$526,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on debt</td>
<td>$27,000</td>
<td>$28,097</td>
<td>$28,097</td>
<td>$28,097</td>
<td>$526,520</td>
<td>$526,520</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Provision for depreciation</td>
<td>$54,952</td>
<td>$68,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other deductions, net</td>
<td>$2,566</td>
<td>$1,201</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transfers among funds—additions (deductions)</strong></td>
<td>$1,132,078</td>
<td>$1,200,016</td>
<td>$1,092,419</td>
<td>$1,092,419</td>
<td>$1,043</td>
<td>$10,648</td>
<td>$526,520</td>
<td>$526,520</td>
<td>$1,043</td>
<td>$10,648</td>
</tr>
<tr>
<td>Mandatory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal on debt</td>
<td>$5,494</td>
<td>$5,494</td>
<td>$5,494</td>
<td>$5,494</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on debt</td>
<td>$15,065</td>
<td>$15,065</td>
<td>$15,065</td>
<td>$15,065</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan fund matching grant</td>
<td>$526,520</td>
<td>$526,520</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other transfers</td>
<td>$130</td>
<td>$130</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect cost recovered on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Investment income</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Restricted gifts</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds functioning as endowment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical plant development</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Other</td>
<td>$130</td>
<td>$130</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Net increase in fund balances</strong></td>
<td>$143,351</td>
<td>$110,686</td>
<td>$4,635</td>
<td>$3,423</td>
<td>$98,269</td>
<td>$5,040</td>
<td>$32,945</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending balances</strong></td>
<td>$1,565,251</td>
<td>$7,734,937</td>
<td>$1043</td>
<td>$133,215</td>
<td>$71,411</td>
<td>$87,818</td>
<td>$526,520</td>
<td>$526,520</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Statement of Current Funds Revenue, Expenditures and Other Changes

University of Pennsylvania
for the year ended June 30, 1990 with comparative 1989 Totals
(thousands of dollars)

<table>
<thead>
<tr>
<th>Total</th>
<th>1989</th>
<th>1990</th>
<th>Unrestricted</th>
<th>Educational and General</th>
<th>Health Services</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$244,858</td>
<td>$265,324</td>
<td></td>
<td>$265,324</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,910</td>
<td>37,639</td>
<td></td>
<td>37,639</td>
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</tr>
<tr>
<td></td>
<td>104,814</td>
<td>114,250</td>
<td></td>
<td></td>
<td></td>
<td>114,230</td>
</tr>
<tr>
<td></td>
<td>47,549</td>
<td>51,834</td>
<td></td>
<td></td>
<td></td>
<td>51,834</td>
</tr>
<tr>
<td></td>
<td>40,372</td>
<td>47,100</td>
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<td></td>
<td></td>
<td>22,148</td>
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<tr>
<td></td>
<td>70,082</td>
<td>76,228</td>
<td></td>
<td></td>
<td></td>
<td>11,235</td>
</tr>
<tr>
<td></td>
<td>275,708</td>
<td>299,643</td>
<td></td>
<td></td>
<td></td>
<td>299,643</td>
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<tr>
<td></td>
<td>132,907</td>
<td>145,596</td>
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<td></td>
<td>145,596</td>
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<tr>
<td></td>
<td>62,530</td>
<td>68,750</td>
<td></td>
<td></td>
<td></td>
<td>68,750</td>
</tr>
<tr>
<td></td>
<td>28,865</td>
<td>32,665</td>
<td></td>
<td></td>
<td></td>
<td>31,087</td>
</tr>
<tr>
<td></td>
<td>27,580</td>
<td>28,614</td>
<td></td>
<td></td>
<td></td>
<td>28,517</td>
</tr>
<tr>
<td></td>
<td>1,071,175</td>
<td>1,167,623</td>
<td></td>
<td></td>
<td></td>
<td>516,534</td>
</tr>
</tbody>
</table>

| Expenditures: | | | | | | |
| | 203,650 | 222,946 | | 184,880 | | 38,066 |
| | 125,591 | 136,061 | | | | 136,061 |
| | 249,082 | 254,957 | | | | 254,957 |
| | 117,984 | 131,951 | | | | 131,951 |
| | 39,403 | 43,340 | | | | 43,340 |
| | 60,821 | 66,882 | | | | 61,611 |
| | 25,639 | 31,850 | | | | 31,850 |
| | 20,951 | 24,210 | | | | 24,210 |
| | 16,273 | 17,427 | | | | 16,666 |
| | 15,290 | 15,326 | | | | 15,326 |
| | 56,844 | 64,625 | | | | 63,534 |
| | 45,502 | 47,113 | | | | 42,610 |
| | 977,030 | 1,056,688 | | | | 464,027 |

| Other changes: | | | | | | |
| | (54,382) | (58,520) | | (37,784) | | (20,736) |
| | 41,343 | 40,600 | | | | 40,600 |
| | (32,412) | (36,961) | | (20,569) | | (16,392) |
| | (36,836) | (48,834) | | (5,743) | | (7,126) |
| | 11,858 | 7,220 | | (11,589) | | 14,174 |
| | 2,335 | 22,789 | | 11,689 | | 11,100 |
| | $14,193 | $30,009 | | $100 | | $25,274 |

Net increase in fund balances

See accompanying notes to financial statements.
NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies:

Basis of Presentation:

The accompanying financial statements are presented in accordance with principles of "fund accounting" for educational institutions in order to observe limitations and restrictions placed on the use of available resources. These resources and related expenditures are recorded in separate funds and summarized for accounting and reporting purposes into fund groups in accordance with specified activities or objectives.

Plant and accumulated depreciation are recognized in the invested plant fund. The current provision for depreciation is also reported in the statement of current funds revenue, expenditures and other changes in order to show the effect of the use of plant resources for current operating purposes; additions to plant funds funded from current unrestricted funds are therefore not included in current funds expenditures. The University recognizes, however, that generally accepted fund accounting principles for educational institutions currently provide for recognition of plant additions, rather than depreciation, as current fund expenditures. Accordingly, an "adjustment to convert basis of presentation" is made as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Educational and General</th>
<th>Health Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>$ 37,784</td>
<td>$ 20,736</td>
<td>$ 58,520</td>
</tr>
<tr>
<td>Plant additions</td>
<td>(26,095)</td>
<td>(9,636)</td>
<td>(35,731)</td>
</tr>
<tr>
<td></td>
<td>$ 11,689</td>
<td>$ 11,100</td>
<td>$ 22,789</td>
</tr>
</tbody>
</table>

Investments:

Investments are stated at cost. Cost for donated securities is fair value as determined upon receipt. The cost of investments sold is determined by using the first-in, first-out basis.

The majority of the endowment funds of the University have been pooled in the University's Associated Investments Fund (A.I.F.) which is invested primarily in two investment pools, an Equity Fund and a Fixed Income Fund. Each participating fund in the A.I.F. earns investment income on the basis of subscribed units, which are acquired or disposed of at market value determined on a quarterly basis. A spending limitation is in effect on this income, and unexpended A.I.F. income ($10,981,000 in 1990) is reinvested in internally designated funds functioning as endowment.

Plant:

Plant is generally stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Museum contents and rare books are not subject to depreciation.
2. Investments:

A summary of investments at June 30, 1990 is as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term</td>
<td>$368,188</td>
<td>$367,969</td>
</tr>
<tr>
<td>Stocks</td>
<td>369,239</td>
<td>406,691</td>
</tr>
<tr>
<td>Bonds</td>
<td>363,558</td>
<td>363,290</td>
</tr>
<tr>
<td>Other</td>
<td>28,251</td>
<td>30,074</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td>$1,129,236</td>
<td>$1,168,024</td>
</tr>
<tr>
<td><strong>Beginning of year</strong></td>
<td>$978,017</td>
<td>$1,071,458</td>
</tr>
</tbody>
</table>

In connection with a University sponsored loan program, the University is required to invest in certificates of deposit of the lending institution. At June 30, 1990, short-term investments restricted under this arrangement aggregated $10,285,000.

Certain bonds with a carrying value of $28,841,000 at June 30, 1990 have been pledged as collateral for debt obligations.

At June 30, 1990, investment securities with an aggregate market value of $31,817,000 were loaned primarily on an overnight basis to various brokers in connection with a securities lending program. These securities are returnable on demand and are collateralized by cash deposits amounting to 102% of the market value of the securities loaned. The University receives lending fees and continues to earn interest and dividends on the loaned securities.

3. Plant:

The components of plant at June 30, 1990 are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Educational and General</th>
<th>Health Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$26,438</td>
<td>$104</td>
<td>$26,542</td>
</tr>
<tr>
<td>Buildings</td>
<td>722,952</td>
<td>117,726</td>
<td>840,678</td>
</tr>
<tr>
<td>Contents</td>
<td>343,569(a)</td>
<td>235,531</td>
<td>579,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,092,959</td>
<td>353,361</td>
<td>1,446,320</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>298,164</td>
<td>153,604</td>
<td>451,768</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$794,795</td>
<td>$199,757</td>
<td>$994,552</td>
</tr>
</tbody>
</table>

(a) Museum contents and rare books not subject to depreciation aggregate $7,377,000 at June 30, 1990.

(b) Includes $31,628,000 of construction-in-progress and $144,624,000 of completed facilities which serve as collateral for debt obligations.
4. Debt Obligations:

Debt obligations at June 30, 1990 are as follows (in thousands):

Pennsylvania Higher Education Facilities Authority
(PHEFA) Revenue Bonds, Series A of 1987 (4.7% - 6.63%)
et of unamortized bond discount of $933 (a) $122,262

Berk County Municipal Authority Higher Education
Revenue Bonds, Series of 1985 (4.75% - 7.0%) (b) 118,120

PHEFA Series of 1968 Revenue Bonds (4.90%) (c) 39,875

PHEFA Floating/Fixed Rate Bonds (variable interest rate,
5.7% at June 30, 1990) (d) 24,285

The Hospitals and Higher Education Facilities Authority
of Philadelphia Hospital Revenue Bonds, Series of 1978
(5.6% - 6.0%) net of assets of the restricted funded
depreciation subaccount of $15,954 (e) 20,976

PHEFA Series B of 1987 Revenue Bonds, (variable interest rate, 5.95% at June 30, 1990) (f) 16,700

Department of Education of the Commonwealth of Pennsylvania
Revenue and General Service Bonds (4.45% weighted average interest rate) (g) 11,564

PHEFA Series A of 1985, (variable interest rate, 5.89% at June 30, 1990) (h) 11,046

PHEFA Second Series of 1985 Revenue Bonds (variable interest rate, 5.95%, at June 30, 1990) (i) 10,610

Mortgages payable and other (9.11% weighted average interest rate, due through 2013) 30,080

$405,518

(a) The Series A of 1987 Bonds mature in varying annual amounts ranging from $1,945,000 in 1991 to $3,530,000 in 2002, with maturities of $21,420,000 in 2007 and $70,215,000 in 2017. The bonds are subject to optional redemption by the Authority on or after January 1, 1997 at a redemption price of 100% plus accrued interest. Annual debt service payments to the Authority extending through 2017 are approximately $9,825,000.

(b) The Series of 1985 Bonds mature in varying annual amounts ranging from $2,055,000 in 1991 to $3,810,000 in 2002, with maturities of $23,360,000 in 2007 and $58,980,000 in 2015. The bonds are subject to optional redemption by the Authority on or after September 1, 1997 at a redemption price of 100% plus accrued interest. Annual debt service payments to the Authority extending through 2015 are approximately $9,625,000.

(c) The Series of 1968 Revenue Bonds mature in 2008. Annual debt service payments to the Authority extending through 2008 are approximately $3,400,000.
(d) The Floating/Fixed Rate Bonds bear a floating interest rate up to a maximum of 14%, and may be converted at the University's option to a fixed rate. The bonds mature in 1999, subject to earlier redemption by bond holders (prior to conversion to a fixed rate) or the University. The liability of the University is a limited obligation, enforceable solely and exclusively against various bond investments pledged as collateral.

(e) The Series of 1978 Bonds mature in varying amounts ranging from $1,380,000 in 1991 to $1,300,000 in 1997, with maturities of $11,970,000 in 2007 and $16,050,000 in 2008. Annual debt service payments to the Authority extending through 2008 range from $308,000 to $2,411,000.

The University has pledged and granted to the Authority a collateralized interest in the Hospital of the University of Pennsylvania (Hospital) gross revenue and certain property and equipment. The indenture and related agreements contain certain restrictive covenants which limit the issuance of additional indebtedness of the Hospital and, among other things, require the Hospital to maintain "net revenue" (excess of revenue over expenses plus depreciation, interest and amortized finance costs relating to the bonds) at an amount equal to 110% of the average annual debt service requirements of the Hospital.

(f) The Series B of 1987 Bonds mature on April 1, 1997 and are subject to advance payments and optional prepayments as stipulated in the Loan Agreement. The bonds have a variable interest rate which is based on the discount rate of short-term United States government securities.

(g) Aggregate annual debt service payments under five building leases extending through 2012 range from $875,000 to $1,035,000.

(h) The Series A of 1985 Bonds mature on November 25, 1996 and are subject to advance payments and optional prepayments as stipulated in the Loan Agreement. The Bonds bear a floating rate of interest which is adjusted by the Authority at certain intervals. The Authority has the option to convert the interest rate on the Bonds to a fixed rate.

(i) The Second Series of 1985 Bonds have a variable interest rate which is based on the discount rate of short-term United States government securities and may be converted to a fixed rate at the University's option. The bonds mature in 2015, subject to earlier redemption by bond holders (prior to conversion to a fixed rate) or the University.

Maturities of debt obligations for each of the next five years are as follows (in thousands):

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>$ 7,790</td>
</tr>
<tr>
<td>1992</td>
<td>8,028</td>
</tr>
<tr>
<td>1993</td>
<td>8,236</td>
</tr>
<tr>
<td>1994</td>
<td>8,576</td>
</tr>
<tr>
<td>1995</td>
<td>16,359</td>
</tr>
</tbody>
</table>

5. Defeased Debt Obligations:

The proceeds of debt obligations issued by the University during 1987 were used for the advance refunding of the Hospitals and Higher Education Facilities Authority of Philadelphia Series of 1984 Revenue Bonds and certain Pennsylvania Higher Education Facilities Authority Series of 1985 Revenue Bonds. The advance refunding of these bonds was accomplished by depositing sufficient funds in irrevocable escrow accounts maintained by trustees. The escrowed amounts will be used to satisfy all principal and interest requirements relating to the refunded bonds. The University has accounted for these bonds as though defeased through redemption, and, accordingly, the obligation to repay the bonds is not included in the balance sheet of the University. At June 30, 1990, $183,548,000 of the refunded bonds are considered defeased.
6. Pension Cost and Post-Employment Benefits:

Retirement benefits are provided for academic employees and certain administrative personnel through direct payments to various annuity funds. The University's policy with respect to its contribution is to provide up to 9% of eligible employees' salaries. The University's contributions to these funds amounted to $15,944,000 in 1990.

The University has noncontributory defined benefit pension plans for substantially all other full-time employees. Benefits under these plans generally are based on the employee's years of service and compensation during the years preceding retirement. Contributions to the plans are funded based on current service costs and amortization of prior service costs over periods of 25 to 40 years.

The components of 1990 pension cost are as follows (in thousands):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service cost—benefits earned during the year</td>
<td>$ 5,918</td>
</tr>
<tr>
<td>Interest cost on projected benefit obligation</td>
<td>8,095</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>(3,012)</td>
</tr>
<tr>
<td>Net amortization and deferral being recognized over 17 years</td>
<td>(6,855)</td>
</tr>
<tr>
<td>Net periodic pension cost</td>
<td>$ 4,146</td>
</tr>
</tbody>
</table>

The following table sets forth the funded status of the plans at June 30, 1990 and the amount recognized in the accompanying balance sheet:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan assets at fair market value</td>
<td>$107,330</td>
</tr>
<tr>
<td>Actuarial present value of benefit obligations:</td>
<td></td>
</tr>
<tr>
<td>Vested</td>
<td>68,725</td>
</tr>
<tr>
<td>Nonvested</td>
<td>1,590</td>
</tr>
<tr>
<td>Accumulated benefit obligation</td>
<td>70,315</td>
</tr>
<tr>
<td>Effect of projected future compensation increases</td>
<td>35,160</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>105,475</td>
</tr>
<tr>
<td>Plan assets in excess of projected benefit obligation</td>
<td>1,855</td>
</tr>
<tr>
<td>Unrecognized net gains</td>
<td>(962)</td>
</tr>
<tr>
<td>Unrecognized transition asset</td>
<td>(13,367)</td>
</tr>
<tr>
<td>Accrued pension cost</td>
<td>$(12,474)</td>
</tr>
</tbody>
</table>

Plan assets consist principally of investments in a master trust account, invested in a diverse portfolio of equity and debt securities. The actuarial present value of benefits was determined using a discount rate of 8.75%. The rate of compensation increase used to measure the projected benefit obligation was 6.5%. The expected long-term rate of return on assets was 8.5%.

In addition to providing pension benefits, the University provides certain health care and life insurance benefits for retired employees. Substantially all of the University's employees may become eligible for such benefits if they reach normal retirement age while working for the University. These and similar benefits for active employees are provided through insurance contracts. The University recognizes the cost of providing the benefits by expensing the annual premiums, which were $35,887,000 for 1990. The cost of providing benefits for approximately 1,600 retirees is not separable from the cost of providing benefits for more than 12,600 active employees.
7. Interfund Balances—Advances for Plant:

At June 30, 1990, advances for plant that will result in charges to unrestricted funds in the future amounted to $15,184,000. Internal interest is charged on outstanding advances at rates ranging from 9% to 10%.

8. Assets Held in Trust by Others:

Assets held in trust and managed by outside fiscal agents are not included in the University's balance sheet. Income earned on all such assets was $2,687,000 in 1990. The University is sole or primary income beneficiary of assets with a reported cost of $26,489,000 at June 30, 1990 ($42,023,000 market value).

9. Medical Professional Liability Claims:

The University is insured for medical professional liability claims through the combination of the Medical Professional Liability Catastrophe Loss Fund of the Commonwealth of Pennsylvania, various commercial insurance companies, and a risk retention program.

The University accrues for estimated retained risks arising from both asserted and unasserted medical professional liability claims. The estimate of the liability for unasserted claims arising from unreported incidents is based on an analysis of historical claims data by an independent actuary.

The University has established a trust fund for the payment of its medical professional liability claims under its risk retention program. Annual contributions are made to the trust fund, at an actuarially determined rate, to provide funding for its retained risk. The assets of the trust fund are included in the accompanying financial statements.

10. Contingencies:

The University has guaranteed certain obligations, principally mortgages and leases on properties owned by related parties, totaling $20,554,000 at June 30, 1990.

Various lawsuits, claims and other contingent liabilities arise in the ordinary course of the University's education and health care activities. While the ultimate disposition of the aforementioned contingencies is not determinable at this time, management believes that any liability resulting therefrom will not materially affect the financial position of the University.
When a successful young printer, Benjamin Franklin by name, wanted to start a new school in Philadelphia, he did not seek the help of a royal patron or church as did other educators of his day. Ever-inventive Ben went first to friends, taking his own advice which has since become the cardinal rule of fundraising: "In the first place, I advise you to apply to all those whom you know will give something; next to those whom you are uncertain whether they will give anything or not...and lastly, to those whom you are sure will give nothing, for in some of them you may be mistaken."

In the best spirit of American volunteerism, these founders of the "Publick Academy in the City of Philadelphia" touched the future: they had laid the groundwork for what was to become the first American university — the University of Pennsylvania.

Today Penn is one of the nation's great universities because each generation has helped build Penn's future. As a University Trustee recently said, "What we see behind these buildings, these laboratories, this intellectual community is a multitude of ghosts: the spirits of thousands of Penn people volunteering countless hours and donating immense sums of money over 250 years. Do volunteers touch the future? This university is your answer."
Penn broke its own records in the following areas:

- **Total Receipts** exceeded $140 million, a new record for the University.

- **Receipts for endowment** totaled $51.2 million, an increase of $26.1 million or 105% over the previous high in FY 89.

- **Total alumni donors** numbered over 76,000, setting a new national record for the second consecutive year.

- **Benjamin Franklin Society membership** rose in number to 4,030 from the previous record of 3,543.

- **Number of gifts of $25,000 and more** soared to 740 from an earlier high of 572.

- **Investment performance** was recognized by Forbes magazine as the best among universities over the past decade, averaging annual returns of 17.1%.
For 250 years, Penn has been a university deliberately and forever unfinished: a university ever creative in its responses to the times, ever seeking to enhance its capabilities, ever prepared to seize new opportunities, ever a step ahead.

The key to this energetic and inventive spirit continues to be the willingness of each generation to serve and support the University.

It is therefore most appropriate, and in the best Franklin tradition, that Penn's 250th anniversary year was the greatest fundraising year in its history.

Here are the highlights of what Penn, its trustees, alumni, and friends accomplished in 1989-1990.

The Campaign for Penn: Keeping Franklin's Promise, the second largest in the history of higher education with a goal of $1 billion, reached the critical first-year mark with flying colors. The Campaign, launched last October following a highly successful "nucleus fund" phase, seeks investments in academic priorities that will make Penn the model university of the twenty-first century: endowed chairs to retain and recruit nationally ranked faculty; enrichment of the undergraduate experience and student life; research excellence, and increased student financial aid.
Indicators of the Campaign's successful start include gifts as of June 30, 1990 totalling more than $483 million; 80 endowed professorships, already exceeding the level reached by any other university in a campaign; and over $44 million committed to undergraduate and graduate student financial aid, a pace 20% ahead of projections.

The University's fundraising performance continues to attract national recognition. Ranked among the top five universities in voluntary support, Penn was cited by the Council for the Advancement and Support of Education for the best total development effort among doctorate-granting institutions in 1990.

For a university that measures its history in centuries, one year is so brief a time, yet this is how Penn's future has been built: day by day, year by year, by those who love and value this University. The entire University is in the debt of all who helped shape Penn's future during this historic anniversary year.
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Massachusetts Institute of  
Technology  
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Natalie I. Koether, Esq.  
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Ms. Gena Kutin  
Graduate Student  
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Dr. Ralph Landau  
Listowel Incorporated  
New York, New York

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University of Maryland System  
Adelphi, Maryland

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President and Chief Executive Officer  
Estée Lauder Companies  
New York, New York

**Mr. Robert P. Levy**  
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Pappas Enterprises, Inc.  
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Chairman and Chief Executive Officer  
MacAndrews & Forbes Group, Inc.  
New York, New York

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T. Rowe Price Associates  
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**Mrs. Adele K. Schaeffer**  
Senior Partner  
Bryn Mawr, Pennsylvania

**Bernard G. Segal, Esq.**  
Senior Partner  
Schnader, Harrison, Segal & Lewis  
Philadelphia, Pennsylvania

**Mrs. Sara Spedden Senior**  
Merion, Pennsylvania

**Mr. Alvin V. Shoemaker (Chairman)**  
Former Chairman  
The First Boston Corporation  
Morristown, New Jersey

**Mr. Saul P. Steinberg**  
Chairman and Chief Executive Officer  
Reliance Group Holdings, Inc.  
New York, New York

**Mr. Roger W. Stone**  
Chairman, President, and Chief Executive Officer  
Stone Container Corporation  
Chicago, Illinois

**Myles H. Tanenbaum, Esq.**  
Chairman  
Arbor Enterprises  
Bala Cynwyd, Pennsylvania

**Mr. Michael L. Tarnopol**  
Senior Managing Director  
Bear, Stearns and Company  
New York, New York

**Robert L. Trescher, Esq.**  
Of Counsel  
Montgomery, McCracken, Walker & Rhoads  
Haverford, Pennsylvania

**Dr. P. Roy Vagelos**  
Chairman and Chief Executive Officer  
Merck & Co., Inc.  
Rahway, New Jersey

**The Honorable John H. Ware, 3rd**  
Former Member of the U.S. House of Representatives  
Chairman, Chief Executive Officer and Director  
Penn Fuel Gas, Inc.  
Strasburg, Pennsylvania

**Mr. Frederick J. Warren**  
General Partner  
Brentwood Associates  
Los Angeles, California

**Mr. George A. Weiss**  
President  
George Weiss Associates, Inc.  
Hartford, Connecticut

**Mrs. Jacqueline G. Wexler**  
Former President of Hunter College  
President  
International Corporate Environment Initiative  
Graduate School of Public and International Affairs  
University of Pittsburgh  
Principal  
International Business Associates  
Pittsburgh, Pennsylvania

**Morton H. Wilner, Esq.**  
Counsel  
Wilner and Scheiner  
Washington, D.C.

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Chairman, Chief Executive Officer and Director  
York Container Company  
York, Pennsylvania

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Retired Vice President and Chief Engineer  
RCA Electronic Products, Systems, and Services  
Concord, Massachusetts

**Mr. Richard B. Worley**  
Partner  
Miller, Anderson, and Sherrerd  
West Conshohocken, Pennsylvania

**Mr. D. Robert Yarnall, Jr.**  
Chairman  
Envirote Corporation  
Plymouth Meeting, Pennsylvania
on February 7, 1891. Since 1972, it has been
architect. The building was dedicated and opened
Philadelphia's most celebrated 19th century
library building was designed by Frank Furness,
less architectural treasure, the University’s first
School of Fine Arts.

Furness Library Building, Graduate School
of Fine Arts. Nationally recognized as a price-
less architectural treasure, the University’s first
library building was designed by Frank Furness,
Philadelphia’s most celebrated 19th century
architect. The building was dedicated and opened
on February 7, 1981. Since 1972, it has been
turned in the National Register of Historic Places
and in 1985 was designated a National Historic
Landmark. Photograph by Walthamley, c. 1903.
Collections of the University Archives and Records
Center.

1990 Commencement, 250th Celebration.
Photograph by Stuart Watson.

Fourth and Arch Streets: The University’s First
Campus, 1740-1802. Showing the Academy
(1740; reconstructed 1750-51) and Dormitory
(1762-63) buildings. The larger of Penn's two
buildings was a great, two-story brick hall, built in
1740-41 and intended to serve as both a charity
school and as a non-denominational, evangelical
church. Purchased in 1750 by Franklin and the
other Trustees of the Academy, the interior of the
building was altered for educational purposes and
in 1751 the Trustees opened both an Academy and
a Charity School. In 1755 the Academy was
granted a collegiate charter and renamed the “Col-
lege Academy and Charitable School in the Prov-
ince of Pennsylvania.” A dormitory was soon
proposed, “for lodging and dieting a number of
students.” The famous Philadelphia architect-
builder Robert Smith was retained and in 1762-63,
a three-story brick structure was erected just to the
north of the Academy building. Watercolor by
Charles M. Lefferts, 1913; derived from a water-
color by 19th century artist William L. Breton, who,
in turn, painted from the contemporary ink drawing
of Pierre Eugene Du Simitiere, the only rendering
in turn, painted from the contemporary ink drawing
of Pierre Eugene Du Simitiere, the only rendering
of the 18th century campus known to survive.
Collections of the University Archives and Records
Center.

250th Celebration Fireworks. Photograph by
Stuart Watson.

Title Page of Discourse upon the Institution
of Medical Schools in America, by John
Morgan, M.D., 1765. Generally recognized as
the founder of the University’s School of Medi-
cine, America’s first, Morgan (1735-1789) read
this paper at the School’s opening exercises.
Appointed Professor of the Theory and Practice
of Medicine, he served from 1765 until his death.

James Wilson (1742-1798). First Professor of
Law at the College of Philadelphia (1790) and at
the University of Pennsylvania (1792), Wilson
delivered the first law lectures in the Federalist
period. Born and educated in Scotland, he
entered in 1765, becoming Latin
tutor and lecturer in English at the College of
Philadelphia and receiving an honorary A.M.
(1766). After being admitted to the bar, he was
a member of the Provincial Convention, the
Continental Congress and the Constitutional
Convention of the United States (1787). One of
only six men to sign both the Declaration of
Independence and the Constitution, he was an
associate justice of the Supreme Court of the
United States and trustee of the University.

University of Pennsylvania Football Team,
1878-1879. This was the second Penn football
team (and the earliest known photograph). The
first team played in 1876, but no squad was
fielded in 1877. Photographer unknown.
Collections of the University Archives and Records
Center.

Penn Band, 250th Celebration. Photograph by
Stuart Watson.

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Page 3 (top to bottom): Provost William Smith. An ordained Anglican clergyman, Smith (1727-1803) was Provost for a quarter century, from 1754 through 1778. Oil on canvas, by Edward Dalton Marchant, 1871, after original by Gilbert Stuart, 1800.

John Heisman, football coach at Penn from 1920 through 1922. A graduate of the Law School (LL.B. 1892), Heisman (1870-1936) was one of football’s best-known innovators, but his record at Penn was one of only modest success. (16-10-2). From Fight on, Pennsylvania: A Century of Red and Blue Football, by Dan Rottenberg (1985), p. 43.

"Surgeons Hall" on east side Fifth Street, north of Walnut. Site of the Medical School, 1752-1807. Detail of print, drawn and engraved by William Birch, 1799. Collections of the University Archives and Records Center.

Dr. Charles J. McMahon, Jr., Chair of Material Science and Engineering, looking at the Optical Imaging Single Crystal Furnace located in the Laboratory for Research on the Structure of Matter. Photographer unknown.

Pages 4-5: The Rittenhouse Orrery, an elaborate machine demonstrating the movements of the solar system, constructed for the College of Philadelphia, 1771, by David Rittenhouse, Professor of Astronomy and Trustee of the University. Photograph by Rick Eckelmeyer.

Page 6 (top to bottom): Student studying. Photograph by Mark Garvin.

Faculty Procession at the Commencement of 1901. Horse-drawn carriages transported the Trustees and Faculty from the steps of College Hall to the Academy of Music for Commencement exercises from 1873 until moving to the Metropolitan Opera House on North Broad Street in 1912. Photograph by William H. Rau, June 12, 1901. Collections of the University Archives and Records Center.


Page 8 (top to bottom): Philadelphia skyline from the Penn campus. Photograph by Mark Garvin.

Penn’s President Sheldon Hackney (left) at the 250th Celebration with Ralph Archbold, Benjamin Franklin impersonator. Photograph by Stuart Watson.


John Welsh. Trustee of the University, Chairman of the Board of Finance of Philadelphia’s Centennial Exposition, U.S. Ambassador to Great Britain, Welsh (1805-1896) was the principal facilitator in successfully completing the University’s move to West Philadelphia. His 1876 gift of $50,000 endowed the John Welsh Centennial Professorship of History and English Literature. Penn’s first endowed chair. Photograph by Frederick Gutekunst, c. 1875. Collections of the University Archives and Records Center.

The West Philadelphia Campus, College Hall. Thomas W. Richards, architect. Photograph by R. Newell & Son, 1874. Collections of the University Archives and Records Center.

Page 10: Leadership gifts of first Trustees, November 14, 1749. Taken from "Constitutions of the Publick Academy in the City of Philadelphia." Collections of the University Archives and Records Center.

Page 12: The Agnew Clinic. David Hayes Agnew (1818-1897), M.D. 1838, Professor of Surgery, 1871-1889, was appointed in 1877 to the John Rhea Barton Professorship of Surgery, the first endowed chair in the School of Medicine. Oil on canvas, by Thomas Eakins, 1889. School of Medicine.

Page 16 (top to bottom): The Campaign for the Hospital of the University of Pennsylvania, 1874. A partnership of public and private support established the first University-owned hospital in America. Handbill, April 11, 1874, with statement of purpose and list of subscribers. Collections of the University Archives and Records Center.

Hare Laboratory Building. Named for Robert Hare (1781-1858), who served as Professor of Chemistry, 1818-1847, this was Penn’s first facility designed for laboratory research and clinical practice. Thomas W. Richards, architect. Demolished in 1969 and replaced by Williams Hall. Photograph by R. Newell & Son, c. 1880. Collections of the University Archives and Records Center.

Clinical Research Building. Dedicated in a ceremony on January 18, 1990, this building houses research facilities for the Howard Hughes Medical Institute, the Cancer Center, and the Seymour Gray Research Foundation for Molecular Medicine, as well as several medical departments. Photographer unknown.


Bishop Benjamin Tucker Tanner and His Family, c. 1890. Elected Bishop of the African Methodist Episcopal Church in 1888, Tanner (1835-1923) is shown surrounded by his wife, their seven children and their first grandchild. It is not surprising that the Tanners are often described as the “First Family” among Penn’s distinguished African-American alumni, since many family members were among the first African-Americans to earn bachelor’s and advanced degrees from Penn. Photographer unknown. Collections of the University Archives and Records Center.

First recipients of the four-year, undergraduate, Benjamin Franklin National Scholarships, The Almanac, November 1955. Announced in February 1955, twenty awards were to be made each year “to secondary school graduates of exceptional ability and promise...not only to men and women in this area, but to high school graduates throughout the country...and with no limitations on the basis of race, color or creed.” Under President Gaylord Harnwell, Penn moved rapidly to end segregation by gender on campus. These efforts extended to undergraduate recruiting as well. Photographer unknown. From The Almanac.

Page 37: Keeping Franklin’s Promise: Campaign for Penn Logo. Block concept by Paul Davis. Logo design by Marina Cruz Pfeiffer. Photograph by Gary McKinnis.

Page 39 (top to bottom): Wharton students, 1950. The Wharton School, founded in 1881, was housed in Logan Hall from 1904 until the opening of Driehart Hall in September, 1952. View is on the west steps of Logan. Photographer unknown. Collections of the University Archives and Records Center.

School of Education, Class of 1920. Women first sought admission to the College in the late 1870s. They were denied on the basis of gender alone, until the establishment of the College for Women in 1933. Until that time, only in the School of Education, opened in 1914, could women obtain an undergraduate degree. The School of Education became a graduate school in 1933. View is from the west steps of the Furness Library Building. Photographer unknown. Collections of the University Archives and Records Center.

Students in the Quad. Photograph by Mark Garvin.


Interfund Transactions:

Interfund balances represent advances which will be eliminated through collection of gift pledges, appropriations of other receipts, refinancing through external borrowings, or charges to current unrestricted expenditures and unexpended plant funds. Additionally, for financial reporting purposes, the University treats all cash as unrestricted and each fund's share of cash is recognized in the interfund balances.

The current unrestricted fund recovers certain indirect costs incurred to carry out projects funded by investment income and current restricted gifts.

Debt Obligations—Authority Bond Issues:

Certain University facilities are financed in part by bonds issued periodically on its behalf by various Authorities. Typically, the Authority receives a leasehold interest in the facilities for a single lump sum rental equal to the net proceeds from the sale of the bonds and concurrently subleases them back to the University for rentals sufficient to pay bond principal and interest. For financial reporting purposes, the lease-sublease transactions are treated as though the facilities are owned by the University and the bonds outstanding are an obligation of the University.

Health Services Revenue and Allowances:

Revenue of the Hospital of the University of Pennsylvania and Clinical Practices of the University of Pennsylvania are derived primarily from patient services and are accounted for at established rates on the accrual basis in the period the service is provided. Appropriate allowances to give recognition to third-party arrangements and uncompensated care are also accounted for on the accrual basis. Adjustments to the estimated allowances are reflected in the current period.

Gifts:

The University does not report gifts in the financial statements until they are received. The University's gift records indicated that $169,702,000 in pledges were outstanding at June 30, 1990.