As we enter the decade of the 1990s, institutions of higher education are being challenged—from within and without—as never before. The recent critiques of academia, and of the flagship research universities in particular, have placed our kind of institution in the spotlight as the public demands "accountability."

The glare of the spotlight is so startlingly new that we ought to pause and consider why institutions like Penn are being challenged. Is it simply that as education and research become more important to a knowledge-based economy, any institutions that provide (or ration) access to knowledge will attract public scrutiny? Or might it be that something more fundamental is occurring, perhaps a paradigm shift in the function of colleges and universities within American life?

With so much turbulence, and with so many forces at work producing change in higher education, it is tempting to think a new era must be upon us, and that we must reinvent the university from the ground up, lest we go the way of *Tyrannosaurus rex*. Indeed, the future of Penn rests on such a decision. My own judgment is that we are not facing a strategic shift in function, though I cheerfully acknowledge that rapid change is a way of life now—for universities as well as for businesses—but that we must constantly reengineer our operations, respond to challenges, and seize intellectual opportunities with uncharacteristic speed. At this tactical level, we have serious and taxing work ahead, but we are not yet fossils. In the
turbulence of the present, we may underestimate the subtle resiliency of universities. After all, only the church and the university survived the transition from the Middle Ages to modernity in recognizable form; other institutions disappeared or were completely restructured.

On the other hand, even though Penn is among America's most venerable universities and remains committed to Franklin's original vision of learning and service, it cannot afford complacency. In order to remain at the front rank of America's research universities, we must constantly evaluate our goals and determine the best ways of achieving them. Such sustained self-scrutiny, along with a rigorous process of planning and evaluation, has been a primary characteristic of Penn during the past ten years.

This annual report provides one example of how we at Penn look at our recent past, at our current trajectory, and at how we establish goals and measure outcomes for our future. It recounts highlights from a discussion among Penn's Trustees, faculty, and administration that took place in June of this year. In that meeting we gauged the progress made in the course of the last decade and took stock of the many challenges that face us in the coming years. Like the planning effort itself, the meeting was the product of many voices and views, and this report reveals the University itself, looking inward as well as outward, considering its strengths, its challenges, and its goals in relation to a rapidly changing and increasingly complex world.

Sheldon Hackney
President
In June 1991, the Trustees of the University of Pennsylvania assembled on campus for an extraordinary two-day session. It was a meeting at which Penn's governing board paused to take account of progress the University had made over the past decade and to consider the challenges Penn faces in the years ahead. The time was propitious for this broad and detailed self-examination. Nineteen ninety-one marks the tenth year of Sheldon Hackney's leadership as President. During this decade the circumstances surrounding higher education have changed in many ways; it was a time, nonetheless, during which the University made significant progress in achieving its goals. During the June on-campus "retreat," members of the faculty as well as the University's senior officers provided to the Trustees a candid retrospective of the University's performance during the 1980s and their expectations for Penn's future. This report reflects that discussion and poses several strategic questions that might help to guide the University into the next century.

A COMMITMENT TO PLANNING AND OUTCOMES

One of Penn's principal achievements through the past decade has been the success of its institutional planning. Few, if any, other universities in America have worked so deliberately to establish common goals and to enlist the talent and energy of their faculty, students, administration, and trustees in achieving those goals. The University's planning process has involved a broad cross section of the Penn community and has combined the best of top-down decision making and bottom-up wisdom in the most effective deployment of energies and resources. As Rick Nahm, Penn's Vice President for Development and University Relations, observes, Penn's planning is characterized by vision, agenda, and scale: a vision that looks forward from a clear sense of the University's identity; an agenda that contains specific strategies for implementing goals and monitoring progress; and a sense of scale developed from a pragmatic understanding that priorities must be established and resources directed to their most effective ends. The continuous planning dialogue within the University resulted in the promulgation of five-year plans in which each school and center defined its goals and then set out to match resources to stated objectives.
CHOOSING PENN'S FUTURE

"Choosing Penn's Future" (1983), the key planning document for the 1980s, established four principles to focus the University's aspirations:

- "The University's quality is the strength of its faculty."
- "The University's scale must ensure the highest academic quality of its students and research efforts."
- "The University's special character is reflected in the diversity of interest and people it attracts to its community."
- "The University must conserve its resources and protect its financial integrity."

The goals that evolved from these principles provide apt measures of Penn's progress through the 1980s.

"The University's quality is the strength of its faculty."

This principle established the foundation for a decade of extraordinary investment in Penn's faculty. At the beginning of the 1980s, the number of endowed professorships at our University was well below that of our peer institutions. There was a compelling need to invest in strong current faculty, as well as to attract established intellectual leaders and promising minds to the Penn community. A key step in achieving these goals was the establishment of the Trustee Professorships. These endowed chairs have greatly enhanced the University's ability to compete head to head with other institutions for the very best faculty. In addition to the Trustee Professorships, 94 endowed professorships were established at Penn during the 1980s. No less important were the term chairs created to recognize the achievement and promise of junior faculty. Between 1981 and 1991, for example, 43 term chairs were established in the School of Arts and Sciences, and 106 in the Wharton School.

Significant measures of Penn's academic strength can be seen in the number of national awards that our faculty accumulated through this decade. Penn faculty were the recipients of 61 Guggenheims and of 8 MacArthur Awards. During the 1980s, 12 Penn faculty members were elected to the National Academy of Sciences, and 20 received the National Science Foundation's Presidential Young Investigator award.
One of the most important measures of the University’s commitment to its faculty was the real growth in average salaries at all ranks. Average salaries for full professors grew in this period from about $38,000 to $73,000 per year; the average salary for associate professors at the start of the decade was about $28,000; by 1990 it was over $52,000. Average assistant professor salaries grew from $22,000 to $44,000.

It should come as no surprise that other top research universities made similar commitments to their faculty through the 1980s. The challenge of attracting and retaining the best faculty will continue through the 1990s. Penn has made, and will continue to make, sustained investments in the quality of its faculty—in the people who will shape and extend the state of knowledge for the twenty-first century.

The enhanced quality of Penn’s faculty in the 1980s helped to make it an “institution of choice.” How will we know whether Penn is still “on the move” in this decade and as it enters the next century? What will be the benchmarks of future success?

“The University’s scale must ensure the highest academic quality of its students and research efforts.”

This principle underscored the need to plan the future of the University from a defined and coherent vision. It stressed the objective of increasing the quality, more than the scope, of what Penn does as a University. A principal goal, as President Hackney said, was “to shrink the psychological size of the University.” This meant, in part, creating a more cohesive intellectual atmosphere in our campus environment. It also meant preserving Penn’s scale and the balance between teaching and research that encompasses Penn’s fundamental mission of enhancing learning.

Penn invested in the quality of its learning environment in part through expansion of the College House program. Seven new College House programs were created during the 1980s. Each year some 2,500 undergraduates choose the option of congenial living-learning environments afforded by the College Houses. The Freshman Seminar and Writing Across the University Programs both were enhanced, adding further to the undergraduate experience at Penn.

Penn’s success in maintaining scale and enhancing quality through the 1980s can be seen in our applicant pools and in the profiles of our freshman classes. It was certainly no accident that the emphasis on undergraduate education in “Choosing Penn’s Future” was followed by a recognition among college applicants and the
general public that Penn was an institution "whose time has come." While the total pool of applicants from which Penn draws its students has diminished slightly in the past two years, the quality of students who apply to and matriculate at Penn remains as high as ever. Despite increased competition for the most promising students, Penn continued to attract an entering class with combined SAT scores averaging about 1275.

The most important measure of successful recruitment is the "yield," the proportion of students granted admission who accept our offer and matriculate at the University. Fully half of those admitted said "Yes" to Penn. Surveys of admitted students indicate that the institutions most often cited as alternatives were other members of the Ivy group and Stanford.

"Choosing Penn's Future" simultaneously committed the University to enhance the quality of our research enterprise. Investments in research were directed toward strengthening the physical and human resources for research, through means that would help faculty benefit more directly from the work and equipment of their colleagues.

During the 1980s, the University established two funding sources to support research: the Research Facilities Development Fund and the Research Foundation. The Research Facilities Development Fund was created in 1987 to assist in the improvement and renovation of the University's research infrastructure. This fund supplied between $1.5 and $2 million for upgrading or equipping between eight and twelve facilities each year. The Research Foundation, established with funds from patent royalties, supports the scholarly investigations of Penn faculty, particularly those projects that show substantial promise of new discovery, or in which a small investment early on will leverage future funding. In its early years, the Research Foundation provided awards to about 50 faculty per year. In 1990, the Foundation provided $1.2 million in awards to 140 Penn faculty.

One of the best indicators of a strong research program is its ability to attract and support promising graduate students who will constitute the professoriate of tomorrow. Funds for graduate fellowships at Penn increased nearly five-fold between 1982 and 1990, growing from $1 million to $5.75 million.

Penn took important steps through the 1980s to foster a research environment in which first-rate scholars could work in state-of-the-art facilities. One major result
of this effort was the Medical Center's Clinical Research Building, completed in 1989. But Penn has not been the only university to upgrade its research enterprise. Many of our peers, understanding the speed with which the frontiers of knowledge expand and research facilities become obsolete, invested even more heavily in their research environments during this period. The competition for funding has become more intense as both public and private universities have sought to meet the challenges of an expanding knowledge base.

It is encouraging to note that since 1981 total sponsored research expenditures at Penn have grown from $114 million to $203 million—an increase of 78 percent. But the world of sponsored research is changing. The federal government, for one, has been inclined to distribute its research funds in smaller increments over a larger number of institutions, making the competition more intense and demanding than ever before. As a group, the top 20 universities in federally sponsored research support have been losing "market share." The challenge of remaining at the front rank of research universities will become even more acute as we approach the turn of the century. Penn needs to increase its rate of investment in research if we are to remain at the forefront of universities that shape and expand human knowledge. The proposed Institute for Advanced Science and Technology represents an important step in this direction, as does the new Biomedical Research Building. But we need to consider seriously other projects and developments within and across disciplines that hold the greatest promise for new discovery—and for continued or increased funding. We must provide strong support for Penn faculty in their efforts to enrich the state of knowledge through research.

"The University's special character is reflected in the diversity of interest and people it attracts to its community."

Penn sought through the 1980s to strengthen and enhance the sense of community that results from people of different views and backgrounds learning together in an atmosphere of candor and trust. "Choosing Penn's Future" stressed the importance not just of maintaining the intellectual freedom to express one's views, but of working together to enrich the community, reaching out to include people from different national, racial, and ethnic origins.

Penn made significant progress toward the achievement of these goals through the 1980s. In 1990, African American, Asian, and Latino matriculants accounted for 27 percent of the freshman class, compared to 13 percent in 1981. The number of
international students entering Penn as undergraduates in 1991 was ten times greater than in 1981. The University also succeeded in broadening its domestic geographic profile. In 1981, two-thirds of Penn's entering undergraduates resided in the middle Atlantic states; in 1990 only half of the matriculants were from that region. The number of students matriculating from western states increased threefold between 1981 and 1990.

While these achievements represent substantial steps forward, we still have some way to go toward building a more inclusive community. In general, the process of achieving greater diversity in Penn faculty has occurred more slowly than that of building a more inclusive student body. Notwithstanding increases in availability of women candidates, progress in appointing women to the faculty and other leadership positions has occurred more slowly than one might wish. While African American representation on Penn's faculty grew by more than 50 percent in the 1980s, African American faculty still account for only 2.6 percent of the Penn professoriate.

To what extent should Penn, and universities in general, be considered agents, as opposed to mirrors, of social change?

Incidents on campus through the decade underscored the need to affirm and protect the rights of members of the Penn community. Instances of incivility and harassment on campus—often representing insensitivities among people of different groups—occurred more often than one would like to think in a campus community established on the principle of respecting intellectual and personal differences. The larger questions of human conduct that underlie these incidents are continuing concerns to the Penn community. Attempts to build broader bases of understanding have shown some promise of bringing about greater consideration and respect for differences in background, habits, and thought.

Should we encourage members of the Penn community to reach beyond their smaller social, ethnic, and academic circles to embrace the larger collectivity? How might we encourage students to take these steps?

Enhancements of the curriculum in the 1980s reflect a broadened understanding among faculty and students of the achievements and contributions of different social groups. There are more classes that focus on issues concerning women, as well
as those that reflect the experience and progress of African Americans, Asians, and Latinos. Through its curriculum, its centers and programs, and its adherence to the principle of free thought and inquiry, Penn continued through the 1980s to build a community of learners representing different origins, cultures, and traditions—a community drawn together by a common quest for knowledge and a common dedication to the concept of free thought and expression. In seeking to enhance the quality of individual inquiry and interaction on its campus, Penn addressed social challenges that faced all of society in the 1980s and will continue to do so in the current decade.

"The University must conserve its resources and protect its financial integrity."

Penn was driven through the 1980s by a realization that progress on any of the three planning principles described above would depend on the University's success in building its resource base and directing those resources toward targeted goals. By the beginning of the 1980s Penn had emerged from a period of discouraging fiscal performance in the early to mid-1970s, characterized among other things by a cumulative five-year operating deficit of some $11 million. Under the leadership of President Martin Meyerson, the University succeeded in enhancing its academic quality through the 1970s while at the same time establishing the groundwork for better financial management. When Sheldon Hackney assumed the presidency in 1981, the University faced three financial challenges: to continue to generate a favorable unrestricted operating performance; to make Penn less tuition-reliant; and to increase endowment.

Responsibility center budgeting, begun during the years of the Meyerson presidency, was fully established during the early years of Sheldon Hackney's leadership. This approach to budgeting, which makes each school and resource center responsible for balancing its own budget, has since become a model for other universities as well. Responsibility center budgeting helped to ensure that the University's operating performance remained within the budgets approved by the Trustees through the decade.

One of the most important factors that enabled Penn to achieve its financial objectives was the scrupulous and thoughtful management of its endowment through the 1980s. The spectacular growth of this portfolio is a tribute to the financial acumen of our Trustee leadership. While the endowment is 130 years old, the bulk of its principal has accrued during the past ten years.
As of June 30, 1991, Penn had accumulated an endowment with a market value of over $825 million. This figure represents an increase of 278 percent over the market value of the endowment in 1981. Most of Penn's endowment is invested in the Associated Investments Fund (A.I.F.). This fund outperformed all other university endowments in the past decade, ranking first in the 1989 investment survey of the National Association of College and University Business Officers. Like the ballast of a sailing vessel, the University's endowment provides a critical mass that enables the enterprise to maintain a steady course through the vicissitudes of change.

While Penn can point with pride to the growth of its endowment over the past years, the ratio of its endowment size to operating costs continues to be a source of concern. The total dollar value of Penn's endowment and endowment per student remains well below that of its peer institutions. As a result, the need to respond to changes in economic or financial conditions can potentially cause greater strain on Penn's operating budget than it does in institutions with larger endowment. From 1981 to 1990, for example, Penn's expenditure for undergraduate grant aid rose from $11.2 million to $26.3 million. During that period, only 3 percent to 9 percent of undergraduate grant aid came from current endowment income and reserves; the remainder was generated by the operating budget.

As Senior Vice President Marna Whittington has noted, funds available to higher education generally, and to Penn specifically, grew in real terms during the 1980s. Good financial planning at Penn promoted real growth in revenue, despite increasing pressures of federal, state, and city mandates and "environmental" changes, such as the need for enhanced public safety and new requirements for risk management. The significant programmatic and physical investments made during the decade were derived from incremental revenue.

What procedures should Penn follow to contain costs and enhance productivity? How is productivity measured in an academic enterprise that has teaching and research as core missions?

In the 1990s, however, revenue is likely to flatten and expense pressures to continue unabated. The University, therefore, must fund its growth through increased productivity and the vigorous pursuit of cost containment. The institutions that will maintain and build academic strength will be those that most effectively contain
the costs of ongoing programs and activities while simultaneously making targeted, strategic investments. Effective cost containment and reinvestment of savings will require tough choices in establishing, and adhering to, priorities.

PLANNING AND THE CAMPAIGN FOR PENN

The planning effort sparked in "Choosing Penn’s Future" has yielded two remarkable accomplishments. Each recognizes the achievements of the past while at the same time signalling the substantial challenges of the future. The first of these accomplishments is the Campaign for Penn; the second is the University’s academic plan for the 1990s.

As of June 1991, Penn’s campaign has yielded over $650 million toward its goal of $1 billion and is over four months ahead of schedule. Penn’s campaign is distinguished from most other university fund-raising efforts in that it is need-driven rather than donor-driven. The campaign was a direct outgrowth of planning at Penn—a primary means by which the University can realize the four planning maxims articulated in “Choosing Penn’s Future”: to enhance the strength of Penn’s faculty; to bolster the quality of its students and its research programs; to build a learning community founded on the principles of free inquiry and expression as well as respect for differences of thought, ethnic origin, and gender; and to build a strong financial foundation that can assure success in achieving all of the above.

The success of the Campaign for Penn is in part a tribute to the University’s ability to convince its donor constituencies that Penn’s goals warrant their support. The funds raised from this campaign will enable the University to continue to perform its historical missions: to expand the state of knowledge and to educate a new generation of minds for the challenges of a coming era.

ACADEMIC PLANNING FOR THE 1990s

The second outgrowth of planning in the 1980s was the academic plan for the 1990s. Like the Campaign for Penn, the University’s academic plan grew directly from the process begun in the early 1980s of setting goals and determining the resources and strategies needed to achieve them. Provost Michael Aiken led the process—which engaged faculty, students, and staff from throughout the University—of defining the University’s academic goals for the 1990s. The six academic goals follow naturally from the earlier planning principles of "Choosing Penn’s Future":
Sustain the Research Enterprise

The University faces a fundamental need to strengthen those elements of its research infrastructure that have helped to establish Penn as a major research university. There is a need to secure an increased share of sponsored research funding, to recruit and retain outstanding research faculty, and to create and maintain state-of-the-art research facilities—particularly in the natural sciences and engineering—that enable Penn faculty to extend and reshape the paradigms of knowledge.

Educate and Recruit a New Generation of Faculty

The University must take aggressive steps to replace the cohort of faculty trained in the decades following the Second World War. More than 230 of Penn's most senior and distinguished faculty are expected to retire by the year 2000. Replacing them with faculty of equal strength and promise will be a major challenge. There is a need to enhance the number of Trustee Professorships and other endowed chairs. No less important is the need to recruit and train the professoriate of tomorrow through strong and supportive graduate programs.

Strengthen Teaching and Learning Among Undergraduates

The University must continue the progress made through the 1980s in making Penn, in Sheldon Hackney's words, "the leading research university that really cares about undergraduate education." Broadening the foundation for this objective will require further enhancement of teaching excellence, the enrichment of the freshman year, the creation of research opportunities for undergraduates, and an increase in financial aid.

Building an Information Environment for the 21st Century

The University must make sustained investments in its capacity to provide scholars and students with access to knowledge and information. In part, this means increasing Penn's ability to obtain books and journals that support the scholarly work of faculty and students. It also means extending more of the benefits of computer technology to Penn's faculty and students in the accessing of information and development of the curriculum.
Penn—The International University

The University must expand its participation in a world that is becoming increasingly international—a world without walls, requiring of its citizens knowledge of another language, sensitivity to other cultures, and the ability to understand approaches to political, economic, and social problems that differ from those of one's native country. In 1990-91, 3,122 students from other nations attended Penn; less than 20 percent of the University's undergraduates, however, spend part of their Penn careers abroad. There is a need to establish new exchange programs, to further instill and promote foreign language requirements in the curriculum, and to make more effective use of satellite technology to engage the University community more fully in scholarly and cultural dialogues with other nations.

Build Inclusive Communities

The University community must become substantially more inclusive over the next decade, creating a faculty, a student body, and a staff that better reflect the changing makeup of the world around us. By 2020 it is estimated that nearly two-fifths of school-age children will come from groups currently designated as minorities, and one-third of the labor force will be persons of color. Penn must make a greater effort to reach out and support the ability of different populations to succeed and contribute to society. The Minority Permanence Fund, which provides support for minority students, must be further enhanced in order to help create a supportive atmosphere for students of color. Further strengthening of campus security is needed to provide a safe environment for all members of the Penn community. Finally, the Revlon Campus Center will help provide for a greater sense of community, bringing together faculty, students, and staff in common endeavors and pursuits.

What steps will be necessary to achieve the goals set forth in the University's six-point academic plan for the 1990s? What processes should be established to implement the plan? What are the benchmarks of success? Are there other policy issues that we need to address in the next three years that are not addressed by the plan?

Integral to the success of our academic and program planning is the strength of the Penn Medical Center and its ability to carry out a tripartite mission of education, biomedical research, and patient care. The Medical Center's foremost objective for the decade of the 90s, under the leadership of William N. Kelley, Executive Vice
President and Dean of the School of Medicine, is to establish itself among the top five academic medical centers in the United States and as the dominant clinical institution in the Delaware Valley.

In order to meet that goal, the Medical Center must:

- Continue its momentum in recruiting distinguished medical professionals to the standing faculty and to chaired professorships;

- Build and improve programs in the life sciences, translate the discoveries of basic research into clinical care (the process known as "quaternary" care), establish strength in ambulatory care, and build upon Penn's existing eminence in health services research; and

- Develop facilities in which faculty undertake their research and clinical activities, with particular emphasis on the growth and enhancement of research and clinical space, at both current and new sites.

What are the strategic issues that need to be addressed by the University's leadership to focus on the challenges of the 1990s?

Reflecting back from the vantage of a new decade, all four of the planning principles articulated in "Choosing Penn's Future" tell a story of ambitious goals, of remarkable success in working toward their achievement, and of significant challenges that still remain. These goals have plotted the trajectory for the University's planning and its achievements through the 1980s, and they continue to guide the progress of the University as it approaches a new century. The planning efforts of the past decade have enabled the University to choose, not to chase, Penn's future.
Hackney’s tenth year as President of the University of Pennsylvania and the culmination of a decade characterized by financial growth and stability for the University. During President Hackney’s first ten years, the market value of the University’s endowment grew from $218 million to over $825 million at June 30, 1991. Penn’s fund balances increased by over $1.3 billion to the current total of almost $1.9 billion. At the beginning of Fiscal Year 1981, the University faced a number of major financial challenges, including the need to maintain a balanced operating budget, increase the market value of the endowment, and become less dependent on tuition in order to sustain its operations. By the end of the decade, all of these challenges were met, and a strong financial foundation was established. However, during Fiscal Year 1991, a number of new external and internal challenges emerged, which will test our ability to continue our current rate of investment in the academic, research, and service missions of the University while also maintaining balanced operations and increasing our endowment.

The recent national recession has affected the level of public and private support available to the University as well as the growth rate of our endowment and investment earnings. There is a greater public awareness and concern about the cost of higher education and health care delivery, issues vital to the University’s strategic direction. Recent public disclosures and increased scrutiny of the indirect costs of federally funded research (and proposed governmental actions responding to these issues) could severely limit our ability to recover the full costs of federally sponsored research. The continuing financial difficulties experienced by the City of Philadelphia require that the University, as a concerned and responsible member of the community and the city’s largest private employer, provide appropriate assistance whenever possible. The University once again expressed its commitment to the city during Fiscal Year 1991, when, in partnership with other major organizations, we prepaid our city wage tax liability. This assistance helped the city meet its own obligations during a period of financial difficulties.

The University is also faced with the continuing need to maintain resource levels necessary to support faculty initiatives and maintain educational programs and older
facilities. Significant capital investment will be required to maintain and enhance our capital infrastructure, especially the basic equipment and facilities supporting our research and health care activities. In order to continue improving the quality and diversity of our undergraduate student body, a major objective of the Hackney presidency, Penn must provide the resources necessary to maintain a comprehensive student financial aid program. The continued decline in state and federal participation in financial aid requires the University to provide an ever-increasing level of our own resources for student assistance.

Despite these pressures of a challenging financial future, we remain optimistic that the University will successfully compete as it has done in the past. Today, Penn is stronger financially than at any other time in its long history. Planning, management, and development initiatives begun during the last ten years will sustain the University through these times of challenge and opportunity.

FISCAL YEAR 1991

Fiscal Year 1991 continued the positive financial performance experienced over the last decade. It was the sixteenth consecutive year in which Penn generated an unrestricted educational and general operating surplus. However, it was also the first year during the decade when growth in our unrestricted educational and general revenue, which increased from $517 million to $535 million, or 3.5 percent, did not exceed the overall rate of inflation.

As a result of the Commonwealth of Pennsylvania's fiscal problems, our Fiscal Year 1991 state appropriation was abated by $1.3 million, or 3.5 percent. The financial impact of this reduction was partially mitigated by lower than expected energy costs due to a mild winter. However, the abatement did cause some serious financial difficulties at the University's School of Veterinary Medicine, which is the one school that has a significant dependence on the Commonwealth for support of its instructional and animal care activities. In addition, the Commonwealth's initial Fiscal Year 1992 Budget had proposed a reduction in our appropriation of almost $19 million, or 50 percent. Fortunately, that appropriation has now been reinstated at the Fiscal Year 1991 unabated level, reflecting the legislature's understanding of the need to invest in higher education in general, and in the University of Pennsylvania in particular. However, the contin-
Continuing recession and the associated pressures on the state's tax revenue indicate that threats to our appropriation may continue for the foreseeable future.

As reported by the President, we remain ahead of schedule in meeting the $1 billion goal set for the Campaign for Penn. Successful efforts to substantially increase our alumni donor base and to conduct a needs-driven campaign will ensure that the University can sustain a higher level of private support for years to come.

The University, as a major research institution, was not immune to the highly publicized events of the last year regarding federal funding of research indirect costs. An audit by our cognizant federal agency identified only relatively minor cost allocation issues, and we have cooperated fully with federal auditors to resolve this matter in an equitable manner. While we have always taken our responsibilities for the stewardship of all funds—public and private—seriously, we nevertheless, agree with federal representatives that improvements can be made in terms of the definition of, and the accounting controls over, research indirect costs. We have taken, and will continue to take, steps to further improve our accountability of federal funds.

We recognize that any deterioration of the federal principle of full funding of research costs, both direct and indirect, will have serious effects on the quality of basic and applied research in higher education. The research partnership that was established between the government and higher education has served to produce many of the technological advantages which this country enjoys today. Regardless of the outcome of these current issues, and ever mindful of the relationship research has to our instructional and patient care efforts, the University stands ready to honor its commitment to research. This commitment is evidenced by our planned investment in two new research facilities, the $75 million Institute of Advanced Science and Technology and a $55 million Biomedical Research Building.

During Fiscal Year 1991, Health Services, the Hospital of the University of Pennsylvania (HUP) and the Clinical Practices of the University of Pennsylvania, recorded a 12.2 percent increase in revenue, principally due to increased patient care revenue at the hospital. HUP continued to improve its operating performance as a
result of cost containment programs begun in the 1980s, a stronger management
team organized into an integrated Medical Center, a number of physician-led
initiatives to increase admissions, and a fortunate settlement with the Common-
wealth of Pennsylvania in connection with its long under-funded medical
assistance program.

A sustained level of positive financial and operating performance is vitally critical
to provide the financial resources necessary to successfully complete the Medical
Center’s long-term plans to enhance and replace the University’s inpatient and
ambulatory care facilities and supporting infrastructure. Maintaining financial
margins sufficient to generate the resources required for capital renewal must be
balanced against the public goal of controlling health care costs. This critical chal-
lenge is a major goal for the Medical Center and the University during the 1990s.

THE FUTURE

While current trends seem to predict a difficult financial future for all of higher
education, we believe Penn will meet the challenges of the upcoming decade.
HUP’s notable recovery from the operating difficulties experienced in the late 1980s and its
projected positive performance in the foreseeable future portend well for our health care
enterprise. During the 1980s, we made significant investments in our research infrastructure,
reflected in the recruitment of new faculty and the renovation and construction of laboratory
facilities. These investments, coupled with additional initiatives well underway, should
provide the basis for sustained growth in our research enterprise. The reinstatement
of our Fiscal Year 1992 Commonwealth appropriation, considering the uncertainty
of the fiscal health of the state, indeed provides a positive indication that there is a
fundamental public understanding of the important role higher education plays in
our society.

The University understands that unrestricted revenue will not continue to increase
at the same rate as it has in the recent past and, accordingly, has increased its efforts
to carefully scrutinize operating costs, especially those expenditures associated with
administrative activities and utility consumption. Significant efforts have been
expended to ensure that our future energy requirements are met reliably and at reasonable costs. Penn has adopted quality management as a tool for reengineering its administrative processes and supporting information systems, with the goal of ensuring that they are efficient and cost effective. The first results of these efforts indicate that there are opportunities for improving operational effectiveness and efficiency while generating cost savings. We know that continuous reevaluation and examination of operational activities is necessary in a rapidly changing and highly technological environment.

Penn has embraced academic, operational, and capital planning as a way of institutional life. These planning efforts have provided, and will continue to provide, the proactive tools to make critical resource decisions in the years ahead. Penn is financially and organizationally ready to deal with the challenges of the next decade and will continue to pursue the goal of excellence well into the future.

Marna C. Whittington  
Senior Vice President
### Unrestricted:

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<td>University Hospital</td>
<td>45,204</td>
<td>20,062</td>
<td>(4,575)</td>
<td>(5,684)</td>
<td>(1,063)</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>(2,770)</td>
<td>5,115</td>
<td>8,384</td>
<td>12,144</td>
<td>13,759</td>
</tr>
<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>42,581</td>
<td>25,274</td>
<td>3,906</td>
<td>6,557</td>
<td>12,793</td>
</tr>
<tr>
<td>Unrestricted fund balance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational and general</td>
<td>$1,068</td>
<td>$1,043</td>
<td>$943</td>
<td>$668</td>
<td>$492</td>
</tr>
<tr>
<td>Health services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>86,743</td>
<td>41,539</td>
<td>21,477</td>
<td>26,052</td>
<td>31,736</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>91,306</td>
<td>94,076</td>
<td>88,961</td>
<td>80,577</td>
<td>68,433</td>
</tr>
<tr>
<td>Graduate Hospital</td>
<td>(2,303)</td>
<td>(2,400)</td>
<td>(2,497)</td>
<td>(2,594)</td>
<td>(2,691)</td>
</tr>
<tr>
<td>Total</td>
<td>175,746</td>
<td>133,215</td>
<td>107,941</td>
<td>104,035</td>
<td>97,478</td>
</tr>
</tbody>
</table>

### Restricted:

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Change in restricted fund balance</td>
<td>$1,162</td>
<td>$4,635</td>
<td>$10,012</td>
<td>$500</td>
<td>$8,123</td>
</tr>
<tr>
<td>Restricted fund balance</td>
<td>$72,573</td>
<td>$71,411</td>
<td>$66,776</td>
<td>$56,764</td>
<td>$56,264</td>
</tr>
</tbody>
</table>

### How it was Provided (by source):

- Health services: 39%
- Tuition and fees: 22%
- Government contracts and grants: 14%
- Gifts and private grants: 6%
- Auxiliary enterprises: 6%
- Investment income: 5%
- Commonwealth appropriations: 3%
- Other educational activities: 3%
- Other sources: 2%
- TOTAL: 100%

### How it was Spent (by function):

- Health services: 37%
- Instruction: 21%
- Research: 12%
- Student aid: 6%
- Auxiliary enterprises: 6%
- Operations and maintenance: 5%
- Other educational activities: 5%
- General institutional expense: 3%
- General administration: 2%
- Libraries: 2%
- Student services: 1%
- TOTAL: 100%
## A Five-Year Review of Current Funds

**University of Pennsylvania**

*(thousands of dollars)*

### Revenue:

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Student tuition and fees</td>
<td>$281,908</td>
<td>$265,324</td>
<td>$244,858</td>
<td>$228,635</td>
<td>$208,604</td>
</tr>
<tr>
<td>Commonwealth appropriations</td>
<td>36,627</td>
<td>37,639</td>
<td>35,910</td>
<td>34,347</td>
<td>32,119</td>
</tr>
<tr>
<td>Government contracts and grants</td>
<td>179,282</td>
<td>166,814</td>
<td>154,018</td>
<td>145,305</td>
<td>138,807</td>
</tr>
<tr>
<td>Investment income</td>
<td>65,757</td>
<td>63,800</td>
<td>59,874</td>
<td>48,883</td>
<td>43,115</td>
</tr>
<tr>
<td>Gifts and private grants</td>
<td>79,872</td>
<td>99,378</td>
<td>90,268</td>
<td>79,381</td>
<td>73,499</td>
</tr>
<tr>
<td>University Hospital</td>
<td>347,809</td>
<td>299,643</td>
<td>275,708</td>
<td>254,877</td>
<td>236,494</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>151,791</td>
<td>145,596</td>
<td>132,907</td>
<td>127,584</td>
<td>120,064</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>35,484</td>
<td>32,665</td>
<td>28,865</td>
<td>25,231</td>
<td>24,373</td>
</tr>
<tr>
<td>Other sources</td>
<td>26,054</td>
<td>28,614</td>
<td>27,580</td>
<td>26,092</td>
<td>12,252</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>69,808</td>
<td>68,750</td>
<td>62,530</td>
<td>60,659</td>
<td>52,807</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$1,274,392</td>
<td>$1,208,223</td>
<td>$1,112,518</td>
<td>$1,030,994</td>
<td>$942,132</td>
</tr>
</tbody>
</table>

### Expenditures:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>251,046</td>
<td>230,357</td>
<td>215,329</td>
<td>194,843</td>
<td>181,686</td>
</tr>
<tr>
<td>Research</td>
<td>140,218</td>
<td>136,334</td>
<td>125,591</td>
<td>116,903</td>
<td>109,022</td>
</tr>
<tr>
<td>Libraries</td>
<td>19,664</td>
<td>18,196</td>
<td>16,723</td>
<td>15,357</td>
<td>14,356</td>
</tr>
<tr>
<td>Other educational activities</td>
<td>52,293</td>
<td>48,435</td>
<td>48,356</td>
<td>44,461</td>
<td>32,423</td>
</tr>
<tr>
<td>Student aid</td>
<td>75,008</td>
<td>66,882</td>
<td>60,821</td>
<td>59,519</td>
<td>53,259</td>
</tr>
<tr>
<td>Student services</td>
<td>16,780</td>
<td>15,768</td>
<td>15,673</td>
<td>15,229</td>
<td>13,748</td>
</tr>
<tr>
<td>University Hospital</td>
<td>294,569</td>
<td>262,421</td>
<td>259,022</td>
<td>241,807</td>
<td>231,230</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>136,853</td>
<td>134,122</td>
<td>121,523</td>
<td>117,040</td>
<td>104,003</td>
</tr>
<tr>
<td>Operations and maintenance</td>
<td>52,887</td>
<td>53,053</td>
<td>45,595</td>
<td>42,948</td>
<td>38,029</td>
</tr>
<tr>
<td>General institutional expense</td>
<td>39,713</td>
<td>35,215</td>
<td>39,929</td>
<td>28,761</td>
<td>21,491</td>
</tr>
<tr>
<td>General administration</td>
<td>27,128</td>
<td>25,986</td>
<td>21,860</td>
<td>20,627</td>
<td>18,764</td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>66,772</td>
<td>65,650</td>
<td>58,675</td>
<td>56,205</td>
<td>49,029</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$1,172,911</td>
<td>$1,092,419</td>
<td>$1,029,077</td>
<td>$953,700</td>
<td>$866,860</td>
</tr>
</tbody>
</table>

### Transfers to Other Funds:

| Mandatory transfers              | (33,908)  | (36,961)  | (32,412)  | (28,524)  | (21,243)  |
| Other transfers, net             | (23,855)  | (48,834)  | (36,836)  | (41,537)  | (25,009)  |
| **Total Transfers**              | (57,763)  | (85,795)  | (69,248)  | (70,061)  | (45,252)  |

### Net Increase in Current Fund Balances

| $43,718                          | $30,009   | $14,193   | $7,233    | $21,020   |

### Expenditures:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>University</td>
<td>138,509</td>
<td>127,570</td>
<td>123,258</td>
<td>115,702</td>
<td>105,530</td>
</tr>
<tr>
<td>Health Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>78,516</td>
<td>74,190</td>
<td>68,781</td>
<td>64,409</td>
<td>56,283</td>
</tr>
<tr>
<td>Clinical practices</td>
<td>57,593</td>
<td>50,157</td>
<td>47,850</td>
<td>44,287</td>
<td>40,625</td>
</tr>
<tr>
<td>Current expense</td>
<td>549,416</td>
<td>523,580</td>
<td>470,088</td>
<td>451,245</td>
<td>398,959</td>
</tr>
<tr>
<td>Capital additions</td>
<td>75,902</td>
<td>59,682</td>
<td>81,159</td>
<td>60,168</td>
<td>63,276</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$1,172,911</td>
<td>$1,092,419</td>
<td>$1,029,077</td>
<td>$953,700</td>
<td>$866,860</td>
</tr>
</tbody>
</table>
A FIVE-YEAR REVIEW OF INVESTMENTS

University of Pennsylvania
(thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks</td>
<td>$368,239</td>
<td>$369,239</td>
<td>$356,496</td>
<td>$319,610</td>
<td>$250,990</td>
</tr>
<tr>
<td>Bonds</td>
<td>567,395</td>
<td>363,558</td>
<td>264,439</td>
<td>224,040</td>
<td>282,827</td>
</tr>
<tr>
<td>Short-term</td>
<td>332,826</td>
<td>368,188</td>
<td>339,733</td>
<td>371,047</td>
<td>367,660</td>
</tr>
<tr>
<td>Other</td>
<td>40,978</td>
<td>28,251</td>
<td>17,349</td>
<td>15,095</td>
<td>19,169</td>
</tr>
<tr>
<td>Total Investments</td>
<td>$1,309,438</td>
<td>$1,129,236</td>
<td>$978,017</td>
<td>$929,792</td>
<td>$920,646</td>
</tr>
</tbody>
</table>

| **Market**     |         |         |         |         |         |
| Stocks         | $357,316| $406,691| $444,897| $381,985| $354,459|
| Bonds          | 577,019 | 363,290 | 268,726 | 223,836 | 283,189 |
| Short-term     | 332,836 | 367,969 | 340,074 | 372,507 | 367,730 |
| Other          | 43,330  | 30,074  | 17,761  | 14,477  | 19,865  |
| Total Investments | $1,310,501 | $1,168,024 | $1,071,458 | $992,805 | $1,025,243 |

| **Endowment**: |         |         |         |         |         |
| **Cost**       | $827,362| $770,389| $669,993| $603,689| $544,125|
| **Market**     | $825,601| $808,409| $761,408| $664,637| $668,528|

**Associated Investments**

**Fund:**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td>$734,965</td>
<td>$667,273</td>
<td>$589,496</td>
<td>$519,676</td>
<td>$458,757</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>$731,232</td>
<td>$700,870</td>
<td>$684,531</td>
<td>$585,532</td>
<td>$558,793</td>
</tr>
</tbody>
</table>

Per Share Market

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$459.55</td>
<td>$453.69</td>
<td>$474.65</td>
<td>$434.13</td>
<td>$444.59</td>
</tr>
</tbody>
</table>

Per Share Income

<table>
<thead>
<tr>
<th></th>
<th>1991</th>
<th>1990</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29.73</td>
<td>$31.50</td>
<td>$29.76</td>
<td>$27.60</td>
</tr>
</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, 1991
(thousands of dollars)

<table>
<thead>
<tr>
<th>Investments:</th>
<th>1991</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
</tr>
<tr>
<td>Equity Fund</td>
<td>$541,182</td>
</tr>
<tr>
<td>Fixed Income Fund</td>
<td>175,962</td>
</tr>
<tr>
<td>Venture capital</td>
<td>14,613</td>
</tr>
<tr>
<td>Real estate</td>
<td>3,208</td>
</tr>
<tr>
<td>Investments end of year</td>
<td>$734,965</td>
</tr>
<tr>
<td>Investments beginning of year</td>
<td>$667,273</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested by participating funds</td>
<td>$458,051</td>
</tr>
<tr>
<td>Undistributed accretions:</td>
<td></td>
</tr>
<tr>
<td>Net undistributed gains realized on sales, etc. of investments and withdrawals of participating funds and gains availed of</td>
<td>276,914</td>
</tr>
<tr>
<td>Excess of cost of investments over market value</td>
<td>(3,733)</td>
</tr>
<tr>
<td></td>
<td>$731,232</td>
</tr>
</tbody>
</table>

Number of participating units | 1,664,349 |
Per share value end of year   | $439.35  |
Per share value beginning of year | $453.69 |

A.I.F. TOTAL RETURN PERFORMANCE COMPARISON

Annual Total Return Compounded Quarterly
Periods ended June 30

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A.I.F.</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>3.9</td>
<td>15.8</td>
</tr>
<tr>
<td>Composite Index</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>7.9</td>
<td>14.9</td>
</tr>
<tr>
<td>S&amp;P 500</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>7.4</td>
<td>15.5</td>
</tr>
<tr>
<td>Lehman Bros.</td>
<td>Gov't/Corporate</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>10.2</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 A.I.F. return would have been if the A.I.F. had been invested in the S&P 500 Composite Stock Index and the Lehman Bros. Government/Corporate Bond Index on a weighted basis equal to its actual equity and fixed income allocations during the ten year period.
ASSOCIATED INVESTMENTS FUND STATEMENT OF INCOME

University of Pennsylvania
for the year ended June 30, 1991
(thousands of dollars)

| Interest received on bonds, net of accrued interest on bonds purchased | $15,685 |
| Dividends received on common stocks | 32,870 |
| Other income | 232 |
| **Total Income** | **$48,787** |

| Less: Salaries, fees, postage, etc. allocable to fund | 1,829 |
| Indirect expenses recovered on yield | 7,493 |
| **Total Expenses** | **9,322** |

| Total income distributed to participating units | 39,465 |
| Less: Income reinvested in principal | 7,386 |
| **Net income distributed to participating units** | **$32,079** |

| Total income per share | $29.73 |
| Distributed net income per share | $19.34 |

A.I.F. PERFORMANCE
Cumulative Returns Compounded Quarterly
Year ended June 30

<table>
<thead>
<tr>
<th>Index Value (June 30, 1981 = 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.I.F.</td>
</tr>
<tr>
<td>Composite Index</td>
</tr>
<tr>
<td>S&amp;P 500</td>
</tr>
<tr>
<td>Lehman Bros. Gov't/Corporate</td>
</tr>
</tbody>
</table>

A.I.F. INCOME PER SHARE
Year ended June 30

| Total income |
| Income spent for funds subject to the Spending Rule |
The financial statements displayed on pages 34 to 46 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 revenue, 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 six 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
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, 1991 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, 1990, 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 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 34 to 46 inclusive) present fairly, in all material respects, the financial position of the University of Pennsylvania as of June 30, 1991, 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 6, 1991
BALANCE SHEET
University of Pennsylvania
June 30, 1991 with Comparative 1990 Totals
(Thousands of dollars)

Total 1990  Total 1991

$3,250  $5,487
145,584  128,001
78,476  83,277
17,999  18,688
1,129,250  1,309,458
994,552  1,048,782

$2,369,077  $2,593,673

Assets
Cash
Accounts receivable, net of allowances
$64,768 (1991) and $59,271 (1990)
Loans receivable, net of allowances
$4,258 (1991) and $4,268 (1990)
Inventories and prepaid expenses
Investments
Plant, net of depreciation
Interfund balances:
Advances for plant
Other

$117,163  $297,557  $97,227  $77,788  $869,094  $149,896  $984,968

Liabilities and Fund Balances
Accounts payable and accrued expenses
Deposits, advances and agency funds
Deferred income
Debt obligations
Fund balances

$117,163  $297,557  $97,227  $77,788  $869,094  $149,896  $984,968

The nature of specific fund balances is as follows:
Externally restricted
Internally designated
Unexpended endowment income
U.S. Government grants
Life income; annuity and unitrust funds

See accompanying notes to financial statements.
STATEMENT OF CHANGES IN FUND BALANCES
University of Pennsylvania
for the year ended June 30, 1991 with comparative 1990 Totals
(thousands of dollars)

<table>
<thead>
<tr>
<th>Total 1990</th>
<th>Total 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,565,251</td>
<td>$1,734,937</td>
</tr>
</tbody>
</table>

Beginning balances

Revenue and other additions:
- Unrestricted current funds revenues
- Government grants
- Gifts and private grants
- Investment income
  - Additions to plant (including $75,902 charged to current expenditures)
  - Net gain on sale of investments
  - Other additions, net

Expenditures and other deductions:
- Current funds expenditures
  - Expended for plant
  - Interest on debt
  - Provision for depreciation

Transfers among funds—additions (deductions):
- Mandatory
  - Principal on debt
  - Interest on debt
  - Loan fund matching grant
- Other transfers
  - Indirect costs recovered on investment income
  - Restricted gifts
  - Funds functioning as endowment
  - Physical plant development
  - Other, net
- Net increase in fund balances
- Ending balances

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

**University of Pennsylvania**

for the year ended June 30, 1991 with comparative 1990 Totals

(Thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Total 1990</th>
<th>Total 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>$281,908</td>
<td></td>
</tr>
<tr>
<td>Commonwealth appropriations</td>
<td>56,627</td>
<td></td>
</tr>
<tr>
<td><strong>Government grants:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts and private grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Hospital</td>
<td>$125,625</td>
<td>$347,809</td>
</tr>
<tr>
<td>Clinical practices</td>
<td></td>
<td>151,791</td>
</tr>
<tr>
<td><strong>Sales and services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other educational activities</td>
<td>33,372</td>
<td>2,112</td>
</tr>
<tr>
<td>Other sources</td>
<td>$25,957</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>$1,056,688</td>
<td>$1,132,335</td>
</tr>
</tbody>
</table>

|                      |            |            |
| **Expenditures:**    |            |            |
| Instruction          | $196,488   |            |
| Research             |            | 43,975     |
| University Hospital  |            | 139,655    |
| Clinical practices   |            | 286,250    |
| Operation and maintenance of plant | 44,831 | 134,820   |
| Student aid          | $45,739    | 29,269     |
| General institutional expense | 55,280 |            |
| General administration| $25,215    |            |
| Libraries            | $18,075    | 1,010      |
| Student services     | $16,524    | 570        |
| Auxiliary enterprises | $64,948    |            |
| Other educational activities | 45,538 | 4,146     |
| **Total Expenditures:**| $492,638   | $421,070   |

|                      |            |            |
| **Other changes:**   |            |            |
| Provision for depreciation (Note 1) | (41,226) | (20,930) |
| Excess of restricted receipts over transfers to revenue | 20,993 |            |
| Transfers among funds: |            |            |
| Mandatory            | (18,179)   | (15,729)   |
| Other, net           | 6,011      | (10,035)   |
| **Net increase (decrease) in fund balances before adjustment:** | (10,955) | 31,933     |

|                      |            |            |
| Adjustment to convert basis of presentation (Note 1) | 10,980 | 10,598     |
| **Net increase in fund balances:** | $25 | $42,531 |

$30,009 $43,718

See accompanying 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>$41,226</td>
<td>$20,930</td>
<td>$62,156</td>
</tr>
<tr>
<td>Plant additions</td>
<td>(30,246)</td>
<td>(10,332)</td>
<td>(40,578)</td>
</tr>
<tr>
<td></td>
<td>$10,980</td>
<td>$10,598</td>
<td>$21,578</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 ($7,386,000 in 1991) 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.

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 $170,619,000 in pledges were outstanding at June 30, 1991.

2. Investments:
A summary of investments at June 30, 1991 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>$332,826</td>
<td>$332,836</td>
</tr>
<tr>
<td>Stocks</td>
<td>368,239</td>
<td>357,316</td>
</tr>
<tr>
<td>Bonds</td>
<td>567,395</td>
<td>577,019</td>
</tr>
<tr>
<td>Other</td>
<td>40,978</td>
<td>43,330</td>
</tr>
<tr>
<td><strong>End of year</strong></td>
<td><strong>$1,309,438</strong></td>
<td><strong>$1,310,501</strong></td>
</tr>
<tr>
<td><strong>Beginning of year</strong></td>
<td><strong>$1,129,256</strong></td>
<td><strong>$1,168,024</strong></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, 1991, short-term investments restricted under this arrangement aggregate $11,330,000.

Certain bonds with a carrying value of $26,958,000 at June 30, 1991 have been pledged as collateral for debt obligations.

At June 30, 1991, investment securities with an aggregate market value of $37,472,000 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, 1991 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>772,975</td>
<td>130,642</td>
<td>903,617(b)</td>
</tr>
<tr>
<td>Contents</td>
<td>382,225(a)</td>
<td>250,123</td>
<td>632,348</td>
</tr>
<tr>
<td></td>
<td>1,181,638</td>
<td>380,869</td>
<td>1,562,507</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(339,391)</td>
<td>(174,334)</td>
<td>(513,725)</td>
</tr>
<tr>
<td></td>
<td>$842,247</td>
<td>$206,535</td>
<td>$1,048,782</td>
</tr>
</tbody>
</table>

(a) Museum contents and rare books not subject to depreciation aggregate $7,890,000 at June 30, 1991.

(b) Includes $26,235,000 of construction-in-progress and $221,991,000 of completed facilities which serve as collateral for debt obligations.

4. **Interfund Balances—Advances for Plant:**

At June 30, 1991, advances for plant that will result in charges to unrestricted funds in the future amounted to $18,098,000. Internal interest is charged on outstanding advances at rates ranging from 8.5% to 10%.

5. **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 $2,241,000 in 1991. The University is sole or primary income beneficiary of assets with a reported cost of $29,758,000 at June 30, 1991 ($45,976,000 market value).
6. Debt Obligations:

Debt obligations at June 30, 1991 are as follows (in thousands):

Pennsylvania Higher Education Facilities Authority
(PHEFA) Revenue Bonds, Series A of 1987, (4.9%-6.63%) net of unamortized bond discount of $898 (a) $120,352

Berks County Municipal Authority Higher Education Revenue Bonds, Series of 1985 (4.9%-7.0%) (b) 116,155

PHEFA Series of 1968 Revenue Bonds (4.9%) (c) 38,491

PHEFA Floating/Fixed Rate Bonds (variable interest rate, 4.05% at June 30, 1991) (d) 24,285

The Hospitals and Higher Education Facilities Authority of Philadelphia Hospital Revenue Bonds, Series of 1978 (5.7%-6.0%) net of assets of the restricted funded depreciation subaccount of $15,954 (e) 19,622

PHEFA Series B of 1987 Revenue Bonds, (variable interest rate, 4.19% at June 30, 1991) (f) 16,700

PHEFA Series A of 1985, (variable interest rate, 4.1% at June 30, 1991) (g) 13,100

Department of Education of the Commonwealth of Pennsylvania Revenue and General Service Bonds (4.45% weighted average interest rate) (h) 11,044

PHEFA Second Series of 1985 Revenue Bonds (variable interest rate, 4.19%, at June 30, 1991) (i) 10,610

The Pew Memorial Trust, non-interest bearing term loan (j) 10,000

Quakertown General Authority Pool Financing Program, 1985 Series A Bonds (variable interest rate 5.52% at June 30, 1991 (k) 8,378

PHEFA Series of 1990 Revenue Bonds (variable interest rate, 4.19%, at June 30, 1991) (l) 5,275

Mortgages payable and other (9.14% weighted average interest rate, due through 2013) 29,400

$423,412
(a) The Series A of 1987 Bonds mature in varying annual amounts ranging from $2,035,000 in 1992 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 $2,155,000 in 1992 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 $1,365,000 in 1992 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 $2,319,000.

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) 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.

(h) Aggregate annual debt service payments under five building leases extending through 2012 range from $500,000 to $1,035,000.
(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.

(j) The proceeds of the $10,000,000 non-interest bearing term loan have been fully invested for the purpose of generating investment income which will be used to fund certain programs. The term loan matures on January 15, 1996.

(k) The 1985 Series A Bonds mature on June 1, 2005 and are subject to 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.

(l) The Series of 1990 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 on December 1, 2020, 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>1992</td>
<td>$8,375</td>
</tr>
<tr>
<td>1993</td>
<td>8,709</td>
</tr>
<tr>
<td>1994</td>
<td>9,067</td>
</tr>
<tr>
<td>1995</td>
<td>16,849</td>
</tr>
<tr>
<td>1996</td>
<td>19,871</td>
</tr>
</tbody>
</table>

7. 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, 1991, $174,670,000 of the refunded bonds are considered defeased.
8. 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 $16,445,000 in 1991.

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 made in amounts necessary to at least satisfy the minimum required contributions, as specified in the Internal Revenue Service code and related regulations.

The components of 1991 pension cost are as follows (in thousands):

Service cost—benefits earned
  during the year $6,288
Interest cost on projected benefit obligation 8,996
Actual return on plan assets (2,771)
Net amortization and deferral being recognized over 17 years (7,150)
  Net periodic pension cost $5,363

The following table sets forth the funded status of the plans at June 30, 1991 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>$107,462</td>
</tr>
<tr>
<td>Actuarial present value of benefit obligations:</td>
<td></td>
</tr>
<tr>
<td>Vested</td>
<td>92,751</td>
</tr>
<tr>
<td>Nonvested</td>
<td>2,257</td>
</tr>
<tr>
<td>Accumulated benefit obligation</td>
<td>95,008</td>
</tr>
<tr>
<td>Effect of projected future compensation increases</td>
<td>43,650</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>138,628</td>
</tr>
<tr>
<td>Projected benefit obligation in excess of plan assets</td>
<td>(31,176)</td>
</tr>
<tr>
<td>Unrecognized net loss</td>
<td>26,619</td>
</tr>
<tr>
<td>Unrecognized transition asset</td>
<td>(12,394)</td>
</tr>
<tr>
<td>Accrued pension cost</td>
<td>$(16,951)</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 7.75%. 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 $37,981,000 for 1991.

The cost of providing benefits for approximately 1,750 retirees is not separable from the cost of providing benefits for more than 12,900 active employees.

In December 1990, Statement of Financial Accounting Standards No. 106, "Employers' Accounting of Postretirement Benefits Other Than Pensions" (SFAS No. 106) was issued. This Statement requires that the expected cost of such benefits be actuarially determined and accrued ratably from the date of hire to the date an employee is fully eligible to receive the benefits. The University is not required to implement SFAS No. 106 until fiscal year 1994 and, accordingly, has chosen to defer its implementation.

The University is currently unable to estimate the impact of the new accounting method. However, the adoption of SFAS No. 106 is expected to result in a significant increase in benefit expenses in the year of adoption and in subsequent years.

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 $22,583,000 at June 30, 1991.

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.
Keeping Franklin's Promise, the largest in the history of the University, with a goal of $1 billion, reached the critical half-way mark with flying colors.

The five-year Campaign, publicly launched in October 1989 following a highly successful nucleus-fund phase with commitments of more than $338 million, seeks investments in academic priorities:

- **Endowed chairs to retain and recruit outstanding faculty;**
- **Enhancement of undergraduate education and student life;**
- **Research excellence; and**
- **Student financial aid.**

![Funding for Campaign Priorities](image-url)
As of June 30, 1991, the Campaign for Penn was a full four months ahead of schedule. Indicators of the Campaign’s ongoing momentum at mid-point include:

- **Gifts and pledges totalling $650,972,307;**
- **97 endowed chairs, already a national record for new professorships established in a campaign;**
- **The national record for alumni donor participation: 81,048 in FY91; and**
- **Unprecedented support for Campaign priorities.**

Ranked among the top four colleges and universities in the nation by the Council for Aid to Education in its survey of voluntary support for fiscal year 1990, Penn continues to attract national recognition for its strong fund-raising performance. For the second consecutive year, the University was cited by the USX Foundation and the Council for the Advancement and Support of Education for excellence in development.

The success of the Campaign to date is a powerful endorsement of the University’s academic vision and planning by its many external constituencies: alumni, parents, friends, corporations, foundations, and associations. Their support, as measured both by number of donors and by size of gifts, is the most significant indicator of the current success of The Campaign for Penn.
Trustees of the University of Pennsylvania as of June 1991

The Honorable Arlin M. Adams  
Retired Judge  
Third Circuit Court of Appeals  
Of Counsel  
Schneider, Harrison, Segal & Lewis  
Philadelphia, Pennsylvania

Dr. Juan J. Amodei  
AOI Systems, Inc.  
Lowell, Massachusetts

Gustave G. Amsterdam, Esq.  
Lawyer  
Philadelphia, Pennsylvania

The Honorable Leonore Annenberg  
Former Chief of Protocol of the United States  
Wynnewood, Pennsylvania

Walter H. Annenberg  
Former Ambassador to Great Britain  
Chairman of the Board of the Annenberg School for Communication  
Chairman of the Annenberg Foundation  
St. Davids, Pennsylvania

Mr. Walter G. Arader  
Chairman  
Arader, Herzog & Associates, Inc.  
Bala Cynwyd, Pennsylvania

Mr. Samuel H. Ballam, Jr.  
Bryn Mawr, Pennsylvania

Mr. Julian S. Bers  
Retired Chairman  
Imperial Metal & Chemical Company  
Jenkintown, Pennsylvania

Mr. Gordon S. Bodek  
Director and Retired President  
Bobrick International  
Los Angeles, California

Dr. Michael S. Brown  
Paul J. Thomas Professor of Medicine and Genetics  
The University of Texas Health Science Center  
Dallas, Texas

Richard P. Brown, Jr., Esq.  
Counsel  
Morgan, Lewis & Bockius  
Philadelphia, Pennsylvania

Mr. Christopher H. Browne  
Tweedy, Browne Company, L.P.  
New York, New York

Mr. I. W. Burnham, II  
Chairman  
Burnham Securities, Inc.  
New York, New York

The Honorable Robert P. Casey  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, Pennsylvania

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