

# UNIVERSITY OF THE SCIENCES IN PHILADELPHIA AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2006

|  | Unrestricted          | Temporarily<br>Restricted | Permanently<br>Restricted | Total                 |
|--|-----------------------|---------------------------|---------------------------|-----------------------|
| <b>OPERATING REVENUE:</b>  |                       |                           |                           |                       |
| Tuition and fees—gross   | \$ 68,104,021         | \$ -                      | \$ -                      | \$ 68,104,021         |
| Less: Direct grants  | <u>(16,301,296)</u>   | <u>-</u>                  | <u>-</u>                  | <u>(16,301,296)</u>   |
| Tuition and fees—net   | 51,802,725            | -                         | -                         | 51,802,725            |
| Government grants  | 2,505,520             |                           |                           | 2,505,520             |
| Private gifts and grants   | 1,927,046             |                           |                           | 1,927,046             |
| Investment income  | 7,353,946             |                           |                           | 7,353,946             |
| Sales and services:  |                       |                           |                           |                       |
| Educational departments  | 3,037,776             |                           |                           | 3,037,776             |
| Auxiliary services   | 6,725,467             |                           |                           | 6,725,467             |
| Other  | <u>118,202</u>        | <u>-</u>                  | <u>-</u>                  | <u>118,202</u>        |
| Total operating revenue  | <u>73,470,682</u>     | <u>-</u>                  | <u>-</u>                  | <u>73,470,682</u>     |
| <b>OPERATING EXPENSES:</b>   |                       |                           |                           |                       |
| Instruction  | 30,451,347            |                           |                           | 30,451,347            |
| Research   | 2,638,391             |                           |                           | 2,638,391             |
| Academic support   | 6,418,373             |                           |                           | 6,418,373             |
| Student services   | 8,651,788             |                           |                           | 8,651,788             |
| Institutional support  | 14,864,201            |                           |                           | 14,864,201            |
| Scholarships   | 725,188               |                           |                           | 725,188               |
| Auxiliary enterprises  | <u>6,003,214</u>      | <u>-</u>                  | <u>-</u>                  | <u>6,003,214</u>      |
| Total operating expenses   | <u>69,752,502</u>     | <u>-</u>                  | <u>-</u>                  | <u>69,752,502</u>     |
| Change in net assets from<br>operating activities                            | <u>3,718,180</u>      | <u>-</u>                  | <u>-</u>                  | <u>3,718,180</u>      |
| <b>NONOPERATING:</b>   |                       |                           |                           |                       |
| Gifts for long-term investments  |                       | 254,779                   | 3,175,251                 | 3,430,030             |
| Reclassification of capital campaign gift                                    | (1,767,994)           | 480,220                   | 1,287,774                 | -                     |
| Net return on long-term investments<br>after endowment payout of \$2,195,012 | 4,495,742             | 1,992,639                 |                           | 6,488,381             |
| Investment income  |                       | 185,218                   | 5,297                     | 190,515               |
| Fair value of interest rate swap contract                                    | 3,278,423             |                           |                           | 3,278,423             |
| Annuity adjustment   |                       | (14,166)                  | (42,899)                  | (57,065)              |
| Loss on bond refinancing   | (144,543)             |                           |                           | (144,543)             |
| Net assets released from restrictions  | <u>35,053</u>         | <u>(35,053)</u>           | <u>-</u>                  | <u>-</u>              |
| Change in net assets before cumulative<br>effect in accounting principle     | <u>5,896,681</u>      | <u>2,863,637</u>          | <u>4,425,423</u>          | <u>13,185,741</u>     |
| Cumulative effect of change in<br>accounting principle                       | 9,614,861             | 2,863,637                 | 4,425,423                 | 16,903,921            |
| Cumulative effect of change in<br>accounting principle                       | <u>(598,028)</u>      | <u>-</u>                  | <u>-</u>                  | <u>(598,028)</u>      |
| CHANGE IN NET ASSETS   | 9,016,833             | 2,863,637                 | 4,425,423                 | 16,305,893            |
| NET ASSETS—Beginning of year   | <u>104,338,698</u>    | <u>6,896,016</u>          | <u>30,171,451</u>         | <u>141,406,165</u>    |
| NET ASSETS—End of year   | <u>\$ 113,355,531</u> | <u>\$ 9,759,653</u>       | <u>\$ 34,596,874</u>      | <u>\$ 157,712,058</u> |

See notes to consolidated financial statements.

# UNIVERSITY OF THE SCIENCES IN PHILADELPHIA AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2005

|  | Unrestricted   | Temporarily<br>Restricted | Permanently<br>Restricted | Total          |
|--|----------------|---------------------------|---------------------------|----------------|
| <b>OPERATING REVENUE:</b>  |                |                           |                           |                |
| Tuition and fees—gross   | \$ 64,431,997  | \$ -                      | \$ -                      | \$ 64,431,997  |
| Less: Direct grants  | (14,262,534)   | -                         | -                         | (14,262,534)   |
| Tuition and fees—net   | 50,169,463     | -                         | -                         | 50,169,463     |
| Government grants  | 2,466,671      | -                         | -                         | 2,466,671      |
| Private gifts and grants   | 1,750,655      | -                         | -                         | 1,750,655      |
| Investment income  | 5,884,210      | -                         | -                         | 5,884,210      |
| Sales and services:  |                |                           |                           |                |
| Educational departments  | 3,252,043      | -                         | -                         | 3,252,043      |
| Auxiliary services   | 6,699,158      | -                         | -                         | 6,699,158      |
| Other  | 241,412        | -                         | -                         | 241,412        |
| Total operating revenue  | 70,463,612     | -                         | -                         | 70,463,612     |
| <b>OPERATING EXPENSES:</b>   |                |                           |                           |                |
| Instruction  | 29,056,683     | -                         | -                         | 29,056,683     |
| Research   | 1,826,525      | -                         | -                         | 1,826,525      |
| Academic support   | 5,837,787      | -                         | -                         | 5,837,787      |
| Student services   | 8,188,056      | -                         | -                         | 8,188,056      |
| Institutional support  | 13,546,314     | -                         | -                         | 13,546,314     |
| Scholarships   | 1,021,672      | -                         | -                         | 1,021,672      |
| Auxiliary enterprises  | 5,403,537      | -                         | -                         | 5,403,537      |
| Total operating expenses   | 64,880,574     | -                         | -                         | 64,880,574     |
| Change in net assets from<br>operating activities                            | 5,583,035      | -                         | -                         | 5,583,035      |
| <b>NONOPERATING:</b>   |                |                           |                           |                |
| Gifts for long-term investments  | -              | 229,345                   | 11,909,031                | 12,138,376     |
| Reclassification of capital campaign gift                                    | (1,142,688)    | 179,712                   | 962,976                   | -              |
| Net return on long-term investments<br>after endowment payout of \$1,728,301 | 1,104,261      | 440,130                   | -                         | 1,544,391      |
| Investment income  | -              | 162,077                   | 2,819                     | 164,896        |
| Fair value of interest rate swap contract                                    | (1,887,651)    | -                         | -                         | (1,887,651)    |
| Annuity adjustment   | -              | (80,544)                  | (92,111)                  | (172,655)      |
| Loss on bond refinancing   | (1,569,607)    | -                         | -                         | (1,569,607)    |
| Net assets released from restrictions  | 67,818         | (67,818)                  | -                         | -              |
|  | (3,427,867)    | 862,902                   | 12,782,715                | 10,217,750     |
| CHANGE IN NET ASSETS   | 2,155,171      | 862,902                   | 12,782,715                | 15,800,788     |
| NET ASSETS—Beginning of year   | 102,183,527    | 6,033,114                 | 17,388,736                | 125,605,377    |
| NET ASSETS—End of year   | \$ 104,338,698 | \$ 6,896,016              | \$ 30,171,451             | \$ 141,406,165 |

See notes to consolidated financial statements.