

UNIVERSITY OF THE SCIENCES IN PHILADELPHIA AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 15,800,788	\$ 8,971,169
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,386,579	3,362,198
Write-off of debt issuance costs	765,954	-
Contributions restricted for long-term investments	(12,138,376)	(750,176)
Net return on long-term investments	(3,263,327)	(8,165,215)
Change in fair value of beneficial interest in trusts	(9,365)	(35,371)
Change in fair value of interest rate swap contract	1,887,651	-
Cancellations and allowance for student loans	185,623	56,355
Changes in operating assets and liabilities:		
(Increase) in student accounts receivable	(420,822)	(5,105,157)
(Increase)/decrease in government receivables	(674,550)	82,984
(Increase) in contributions receivable	(4,063,058)	(137,500)
(Increase)/decrease in other receivables	327,862	(230,056)
(Increase)/decrease in prepaid expenses and other current assets	(536,036)	74,395
Increase/(decrease) in accounts payable and accrued liabilities	1,059,943	(1,554,397)
Increase/(decrease) in refundable government grants and loans	78,248	(15,941)
Increase in tuition deposits and deferred revenue	627,438	6,284,610
Increase/(decrease) in annuity liabilities	150,646	(12,190)
Increase/(decrease) in other liabilities	29,178	(21,103)
Net cash provided by operating activities	<u>3,194,376</u>	<u>2,804,605</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	30,859,386	28,225,592
Purchase of investments	(39,027,886)	(34,689,061)
(Increase)/decrease in investment cash	(3,176,509)	54,804
(Increase)/decrease in deposits with trustees	(48,365,201)	8,614,319
Purchase of property and equipment	<u>(7,815,252)</u>	<u>(6,390,854)</u>
Net cash used in investing activities	<u>(67,525,462)</u>	<u>(4,185,200)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions restricted for long-term investment	12,138,376	750,176
Disbursements for loans to students	(1,328,858)	(1,339,133)
Repayment of loans by students	1,043,996	914,366
Proceeds from bond issuance	105,161,521	-
Payment of debt issuance costs	(2,512,500)	-
Repayment of bonds	<u>(54,645,000)</u>	<u>(1,745,000)</u>
Net cash provided/(used) by financing activities	<u>59,857,535</u>	<u>(1,419,591)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,473,551)	(2,800,186)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>24,455,087</u>	<u>27,255,273</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 19,981,536</u>	<u>\$ 24,455,087</u>
Supplemental Disclosure of Cash Flow Information		
Non-cash investing activities:		
Accrued purchases of property and equipment	\$ 1,271,954	\$ -

See notes to consolidated financial statements.