Financial Report
UNIVERSITY OF PENNSYLVANIA

For the fiscal period ended December 31, 2002

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SERVICES):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) decreased $122.8 million or 2.4% to $5.0 billion, principally due to a net loss on investments both realized and unrealized

- Net assets from operations declined $8.7 million compared to an increase of $3.1 million for the prior period
  o Total operating revenue increased by $109.2 million or 6.7% to $1.73 billion
  o Total expenses increased by $121.0 million or 7.5% to $1.74 billion

- Net assets from non-operating activities declined $114.1 million compared to a gain of $15.3 million in the prior year

- Plant assets, net of depreciation, increased $43.1 million since June 30, 2002

- Cashflow from operating activities increased $32.7 over the comparable six month period ended December 31, 2001

ACADEMIC COMPONENT:

- Total net assets decreased by $91.5 million or 2.0% since June 30, 2002 to $4.579 billion.

- Net assets from operations increased $9.9 million compared to an $8.1 million decrease for FY 2002
  o Total revenue and other support increased 11.2% over FY 2002 to a total of $845.3 million, principally due to increases in tuition and fees and sponsored program activities
  o Total expenses increased 8.8% over FY 2002 to a total of $835.4 million

- Non-operating activities generated losses of $101.4 million compared to a slight gain of $3.9 million in the comparable prior year period

- Contributions – both operating and non-operating – posted increases of $5.7 million and $36.9 million, respectively, an overall increase of $42.5 million or 60.1% over the six month period ended December 31, 2001

- Total endowment (University only) decreased from $2.841 billion at June 30, 2002 to $2.740 billion
- Plant assets, net of depreciation, increased $39.7 million since June 30, 2002
- Cashflow from operating activities increased $15.2 over the comparable six month period ended December 31, 2001
- Cash held for current operations increased $40.9 million from the levels held at June 30, 2002

**HEALTH SERVICES COMPONENT:**

- Overall utilization remained strong with adult inpatient admissions increasing 3.6% for the six months ended December 31, 2002 and overall outpatient activity (including outpatient visits, ambulatory surgeries, and ER visits) increasing as well
- Total net assets decreased $31.2 million or 6.4% since June 30, 2002 to $454.5 million
  - Year-to-date excess of expenses over revenues from operations totaled $16.3 million and was unfavorable to the prior fiscal year by $25.1 million, principally due to unfavorable third party settlements of $13.6 million.
  - Year-to-date excess of expenses over revenue totaled $1.7 million and was unfavorable to the prior year by $45.3 million. This variance was driven by the both the unfavorable third party settlements and the receipt of a large bequest in FY 2002, which did not reoccur in the current fiscal year
  - Year-to-date operating revenue of $900.5 million was favorable to the comparable prior year period by $30.2 million (3.5%)
  - Total operating expenses of $870.3 million was higher than the comparable prior year period by $55.3 million (6.4%)
  - Non-operating revenue totaled $16.3 million which was $15.7 million (49.0%) lower than the comparable prior year period, due principally to the bequest received in the prior fiscal year
- Plant assets, net of depreciation, increased $3.4 million since June 30, 2000
- Overall unrestricted liquidity declined slightly from the period ended June 30, 2002 as days cash on hand declined from 86.6 to 75.8 days
- Days in accounts receivable remained consistent at 75.6 days