Financial Report
UNIVERSITY OF PENNSYLVANIA
For the fiscal period ended January 31, 2003

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SERVICES):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) decreased $123.3 million or 2.5% to $5.0 billion, principally due to a net loss on investments both realized and unrealized.
- Net assets from operations declined $1.5 million compared to an decrease of $5.1 million for the prior seven-month period
  - Total operating revenue increased by $133.7 million or 7.0% to $2.04 billion
  - Total expenses increased by $130.1 million or 6.8% to $2.05 billion
- Net assets from non-operating activities declined $144.9 million compared to a gain of $23.2 million in the prior year
- Plant assets, net of depreciation, increased $80.5 million since June 30, 2002
- Cashflow from operating activities decreased $6.3 over the comparable seven month period ended January 31, 2002

ACADEMIC COMPONENT:

- Total net assets decreased by $95.6 million or 2.0% since June 30, 2002 to $4.575 billion, principally due to a net loss on investments both realized and unrealized.
- Net assets from operations increased $10.5 million compared to an $21.0 million decrease for FY 2002
  - Total revenue and other support increased 10.1% over FY 2002 to a total of $989.1 million, principally due to increases in tuition and fees and sponsored program activities
  - Total expenses increased 6.4% over FY 2002 to a total of $978.7 million
- Non-operating activities declined by $106.0 million compared to a gain of $12.7 million in the comparable prior year period
- Contributions – both operating and non-operating – posted increases of $1.9 million and $43.8 million, respectively, an overall increase of $45.6 million or 45.8% over the seven month period ended January 31, 2002
- Total endowment (University only) decreased from $2.841 billion at June 30, 2002 to $2.729 billion
• Plant assets, net of depreciation, increased $71.2 million since June 30, 2002

• Cashflow from operating activities decreased $7.1 million over the comparable seven month period ended January 31, 2002

• Cash held for current operations increased $152.6 million from the levels held at June 30, 2002

**HEALTH SERVICES COMPONENT:**

• At the four owned hospitals, overall utilization remained strong with adult inpatient admissions increasing 3.2% for the seven months ended January 31, 2003 and overall outpatient activity (including outpatient visits, ambulatory surgeries, and ER visits) increasing as well.

• Total net assets decreased $27.7 million or 5.7% since June 30, 2002 to $458.0 million
  
  o Year-to-date excess of expenses over revenues from operations totaled $8.9 million and was unfavorable to the prior fiscal year by $22.2 million, principally due to unfavorable third party settlements of $13.5 million.

  o Year-to-date excess of revenue over expenses totaled $6.7 million and was unfavorable to the prior year by $42.8 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

  o Year-to-date operating revenue of $1,068.4 million was favorable to the comparable prior year period by $49.5 million (4.9%), principally due to growth in patient activity

  o Total operating expenses of $1,077.3 million was higher than the comparable prior year period by $71.8 million (7.1%), principally due to higher compensation and supply expenses related to growth in volume

  o Non-operating revenue totaled $18.3 million which was $15.3 million (45.5%) lower than the comparable prior year period, due principally to the bequest received in the prior fiscal year

• Plant assets, net of depreciation, increased $9.3 million since June 30, 2002

• Overall unrestricted liquidity declined slightly from the period ended June 30, 2002 as days cash on hand declined from 86.6 to 72.6 days

• Days in accounts receivable remained consistent at 76.3 days