Financial Report

UNIVERSITY OF PENNSYLVANIA

For the fiscal period ended April 30, 2003

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SERVICES):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) decreased slightly ($0.6 million) to $5.2 billion.
- Net assets from operations increased $11.5 million compared to an increase of $13.6 million for the prior ten-month period.
- Total operating revenue increased by $206.0 million, or 7.5%, to $2.936 billion.
- Total expenses increased by $208.0 million, or 7.7%, to $2.925 billion.
- Net assets from non-operating activities declined $12.1 million compared to a gain of $114.8 million in the prior year, principally due to investment performance.
- Plant assets, net of depreciation, increased $90.2 million, or 3.5%, since June 30, 2002.
- Cashflow from operating activities increased by $16.1 million over the comparable ten-month period ended April 30, 2002.

ACADEMIC COMPONENT:

- Total net assets decreased slightly ($3.8 million or 0.1%) since June 30, 2002 to $4.667 billion, principally due to investment activity.
- Net assets from operations increased $5.7 million compared to a $2.6 million decrease for FY 2002.
- Total revenue and other support increased 8.9% over FY 2002 to a total of $1.412 billion, principally due to increases in sponsored program activities, tuition and fees and other income.
- Total expenses increased 8.3% over FY 2002 to a total of $1.406 billion.
- Non-operating activities declined by $9.5 million compared to a gain of $97.5 million in the comparable prior year period.
- Contributions – both operating and non-operating – posted increases of $9.3 million and $97.5 million, respectively, an overall increase of $42.5 million or 28.0% over the ten month period ended April 30, 2002.
- Total endowment (University only) decreased slightly from $2.841 billion (at June 30, 2002) to $2.814 billion.
• Plant assets, net of depreciation, increased $77.4 million since June 30, 2002
• Cashflow from operating activities decreased $3.8 million over the comparable ten-month period ended April 30, 2002
• Cash held for current operations increased $90.3 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 3.4% for the ten months ended April 30, 2003 and overall outpatient activity (includes outpatient visits, ambulatory surgeries, and ER visits) increasing as well.
• Total net assets increased $3.3 million or 0.1% since June 30, 2002 to $489.0 million
• Year-to-date excess of revenues over expenses from operations totaled $15.7 million and was lower than the prior fiscal year by $2.0 million, principally due to unfavorable third party settlements of $13.5 million.
• Year-to-date excess of revenue over expenses totaled $37.3 million and was lower than the prior year by $22.6 million. This decline was driven by unfavorable third party settlements and the receipt of a large unrestricted bequest in FY 2002, which did not reoccur in the current fiscal year.
• Year-to-date operating revenue of $1.547 billion was favorable to the comparable prior year period by $96.8 million (6.7%), principally due to an increase in rates charged and growth in patient activity.
• Total operating expenses of $1.532 billion was higher than the comparable prior year period by $98.7 million (6.7%), principally due to higher compensation and supply expenses related to growth in volume.
• Non-operating revenue totaled $23.2 million which was $17.2 million (42.6%) lower than the comparable prior-year period, due principally to the bequest received in the prior fiscal year.
• Plant assets, net of depreciation, increased $12.7 million or 2.1% 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 75.8 days.
• Days-in-accounts-receivable of 77.9 days remained consistent with prior year-end levels.