Financial Report
UNIVERSITY OF PENNSYLVANIA
For the fiscal year ending June 30, 2003

Please note: The following information represents the unaudited results for the fiscal year ended June 30, 2003

CONSOLIDATED UNIVERSITY - (ACADEMIC & HEALTH SERVICES):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $173.9 million (+3.4%) to $5.330 billion.
- Net assets from operations increased $23.1 million compared to an increase of $30.9 million for the prior fiscal year.
- Total operating revenue increased by $253.8 million (+7.6%) to $3.585 billion.
- Total expenses increased $261.5 million (+7.9%) to $3.562 billion.
- Net assets from non-operating activities increased by $150.7 million compared to a gain of $94.7 million in the prior year, principally due to improved investment performance.
- Plant assets, net of depreciation, increased $71.8 million (+2.7%) since June 30, 2002.
- Cashflow from operating activities increased by $40.6 million (+15.2%) as compared to the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $162.6 million (+3.5%) to $4.833 billion principally due to non-operating contributions and investment activity.
- Net assets from operations increased $15.1 million compared to an $8.2 million increase for the prior fiscal year.
- Total revenue and other support increased 8.1% over FY 2002 to a total of $1.735 billion, principally due to growth in sponsored program activities and tuition and fees.
- Total expenses increased 7.8% over FY 2002 to a total of $1.720 billion.
- Net assets from non-operating activities increased $147.5 million compared to a gain of $83.7 million in the prior fiscal year.
- Total contributions (operating and non-operating) declined $53.9 million (-18.6%) principally due to the recording of the $100 million Annenberg endowment gift in the prior fiscal year.
- Total endowment (University only) increased $114.2 million (+4.0%) to $2.955 billion since June 30, 2002.
- Plant assets, net of depreciation, increased $61.3 million (+3.0%) since June 30, 2002
- Cashflow from operating activities increased $14.6 million (+1.3%) compared to the prior fiscal year
- Cash and investments held for current operations increased $80.0 million (+19.9%) compared to the levels held on June 30, 2002

HEALTH SERVICES COMPONENT:

- At the four owned hospitals, overall utilization remained strong with adult inpatient admissions increasing 3.7% compared to the prior fiscal year and an overall increase in outpatient activity (includes outpatient visits, ER visits and ambulatory surgeries).
- Total net assets increased $11.2 million (+2.3%) since June 30, 2002 to $497.0 million.
- Excess of revenues over expenses from operations totaled $20.1 million and was lower than the prior fiscal year by $7.2 million.
- Excess of revenue over expenses totaled $47.1 million and was lower than the prior year by $29.2 million. This decline was driven by unfavorable third party adjustments and the receipt of a large unrestricted bequest in FY 2002, which did not reoccur in the FY 2003.
- Operating revenue of $1.876 billion was favorable compared to prior-year results by $123.4 million (+7.0%) principally due to an increase in charges and growth in patient activity and intensity of service.
- Total operating expense of $1.856 billion was higher than the comparable prior-year period by $130.6 million (+7.6%), principally due to higher compensation and supply expenses related to growth in volume.
- Non-operating revenue totaled $26.6 million, which was $21.0 million (-44.2%) lower than the comparable prior-year period, due principally to the bequest received in the prior fiscal year.
- Plant assets, net of depreciation, increased $10.6 million (+1.7%) 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 77.3 days.
- The amount due the University declined from $24.9 million to $7.8 million consistent with the agreement between University and Health Services management.
- Days-in-accounts-receivable continued its favorable trend declining from 75.6 days (for the period ending June 30, 2002) to 73.6 days.