

## Financial Report

### UNIVERSITY OF PENNSYLVANIA

*For the six months ending December 31, 2007*

*(with comparison to the prior fiscal year, unless otherwise noted)*

*(The following information represents the preliminary, unaudited results for the period.)*

#### **CONSOLIDATED UNIVERSITY (ACADEMIC & HEALTH SYSTEM):**

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased \$364.4 (4.2%) since June 30, 2007 to \$9.1 billion.
- Net assets from operating activities increased \$172.1 million, a 4.6% increase over the prior fiscal year results.
- Total operating revenue increased by \$156.0 million (+6.7%) to \$2.5 billion.
- Total operating expenses increased \$148.5 million (+6.9%) to \$2.3 billion.
- Net assets from non-operating activities increased \$192.3 million as compared to a gain of \$531.1 million in the prior fiscal year driven by lower investment performance consistent with market volatility.
- The total endowment value as of December 31, 2007 is \$6.78 billion, a \$145 million (2.2%) increase over June 30, 2007.
- Plant assets, net of depreciation, increased \$142.1 million (+4.6%) since June 30, 2007.
- Cashflow from operating activities equaled \$257.9 million, a 9.4% increase from the prior fiscal year.

#### **ACADEMIC COMPONENT:**

- Total net assets increased \$203.9 million (2.8%) to \$7.5 billion since June 30, 2007 led by increases in non-operating contributions.
- The increase in net assets from operations was \$35.0 million, a 53.5% increase over \$22.8 million last year.
- Total operating revenue increased \$58.4 million (+5.7%) to a total of \$1.09 billion led by a 7.3% increase in net tuition and fees.
- Total operating expenses increased \$46.2 million (+4.6%) to a total of \$1.05 billion, primarily due to increases in compensation and current expense.

- Net assets from non-operating activities decreased by 62.9% from \$455.3 million to \$168.9 million, driven by lower investment gains.
- Total contributions (operating and non-operating) of \$202.1 million increased \$87.4 million (+76.2%) year-over-year led by growth in endowment gifts.
- The total endowment value (University only) increased \$125.3 million (+2.3%) since June 30, 2007 to \$5.7 billion.
- Plant assets, net of depreciation, of \$2.3 billion were \$44.7 million higher than as of June 30, 2007 due in part to the acquisition of the Postal Lands in July.
- Cash flow from operating activities totaled \$74.4 million, an increase of \$20.4 million from the prior year.
- Cash and equivalents decreased \$25.4 million (-7.4%) from June 30, 2007 levels to \$319.3 million.

#### **HEALTH SYSTEM COMPONENT:**

- Year-over-year adjusted admissions increased 2,445 (+4.5%) to 56,610.
- Total unrestricted net assets were \$1.2 billion as of December 31, 2007, an increase of \$30.2 million since June 30, 2007, driven by operating and non-operating performance.
- Total operating revenue of \$1.4 billion was 7.9% higher (+\$102.3 million) than the comparable prior-year period driven by higher year to date admissions and patient days.
- Total operating expense of \$1.3 billion was 8.7% higher (+\$100.9 million) than the prior-year primarily due to higher compensation and supply expense.
- Excess of revenues over expenses from operations (net of SOM support) of \$129.2 million is \$1.4 million (1.1%) higher than the prior year.
- Income from non-operating activities, due to lower investment gains, totaled \$27.5 million, a \$25.7 million (-48.3%) decrease over the prior-year.
- The unrestricted excess of revenue over expenses (before transfers) totaled \$156.7 million which was lower than the prior year by \$24.3 million (13.4%).
- Plant assets, net of depreciation, increased \$97.5 million since June 30, 2007 to \$915.2 million.
- Overall unrestricted liquidity declined slightly as days-cash-on-hand as of December 31, 2007 equaled 185.9 days (189.6 days as of June 30, 2007).
- Days-in-accounts-receivable of 38.4 days for the period ending December 31, 2007 is slightly higher than the June 30, 2007 results of 36.4 days.