Financial Report

UNIVERSITY OF PENNSYLVANIA

For the year ending June 30, 2008

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

(The following information represents the audited results for the period.)

CONSOLIDATED UNIVERSITY (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) increased $133.5 million (1.5%) since June 30, 2007 to $8.8 billion.
- Net assets from operating activities increased $361.7 million, virtually the same dollar increase as FY 2007.
- Total operating revenue increased $307.1 million (+6.4%) to $5.1 billion.
- Total operating expenses increased $307.2 million (+6.9%) to $4.7 billion.
- Net assets from non-operating activities decreased $228.1 million as compared to a gain of $1,027.5 million in the prior fiscal year, a result of lower investment performance consistent with recent market volatility.
- The total endowment value as of June 30, 2008 is $6.23 billion, a $410 million (6.2%) decrease since the value of $6.64 billion as of June 30, 2007.
- Plant assets, net of depreciation, increased $411.9 million (+13.4%) since June 30, 2007.
- Cashflow from operating activities equaled $504.1 million, a 12.3% decrease from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased $40.1 million (0.5%) to $7.3 billion since June 30, 2007 led by higher tuition and fee income, transfers from the Health System to the School of Medicine, and contributions, offset by both realized and unrealized losses on investments.
- The increase in net assets from operations was $137.9 million, a 72% increase over the $80.3 million increase from the prior fiscal year.
- Total operating revenue increased $137.7 million (+6.4%) to a total of $2.28 billion. There was a 6.8% increase in net tuition and fees and a 1.2% increase in sponsored program income, including indirect cost recovery.
• Total operating expenses increased $80 million (+3.9%) to a total of $2.14 billion, primarily due to increases in compensation and current expense.

• Decrease in net assets from non-operating activities of $97.8 million versus an increase of $876.4 million during FY 2007, driven by realized and unrealized investment losses which were somewhat offset by higher contributions.

• Total contributions (operating and non-operating) of $416.8 million increased $89.2 million (+27.2%) year-over-year, driven by growth in both endowment and capital gifts.

• The total endowment value (University only) decreased $182 million (-3.3%) since June 30, 2007 to $5.37 billion.

• Plant assets, net of depreciation, of $2.4 billion were $115.5 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 $104.7 million, a decrease of $78.8 million from the prior year due primarily to the inability to sell $87.4 million in Stafford student loans at year end.

• Cash and equivalents decreased $50.6 million (-14.7%) from June 30, 2007 levels to $294.2 million as due primarily to the inability to sell $87.4 million in Stafford student loans at year end.

HEALTH SYSTEM COMPONENT:
• Year-over-year adjusted admissions increased 4,961 (+4.5%) to 115,792.

• Total unrestricted net assets were $1.02 billion as of June 30, 2008, an increase from $873.4 million as of June 30, 2007. The increase is a result of favorable operating performance.

• Total operating revenue of $2.8 billion for Fiscal Year 2008 was 7.3% higher (+$193.4 million) than for Fiscal Year 2007 driven by higher year to date admissions and patient days.

• Total operating expense for Fiscal Year 2008 of $2.6 billion was 9.1% higher (+$217.1 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 $234.8 million is $23.7 million less (-9.2%) than prior year.

• Non-operating losses, due to investment losses and inter-entity transfers, totaled $85.5 million, as compared to non-operating income of $92 million in the prior year.

• Plant assets, net of depreciation, increased $296.5 million since June 30, 2007 to $1.1 billion.

• Overall unrestricted liquidity decreased as days-cash-on-hand as of June 30, 2008, equaled 178.8 days (189.6 days as of June 30, 2007).

• Days-in-accounts-receivable of 39.8 days for Fiscal Year 2008 is slightly higher than the June 30, 2007 level of 36.4 days.