Financial Report

UNIVERSITY OF PENNSYLVANIA

For the two months ending August 31, 2008.
(With comparison to the prior fiscal year, unless otherwise noted.)
(The following information represents the unaudited results for the period.)

CONSOLIDATED UNIVERSITY (ACADEMIC & HEALTH SYSTEM):

- Total net assets (unrestricted, temporarily restricted and permanently restricted) decreased $84.4 million (1.0%) since June 30, 2008 to $8.8 billion.
- Net assets from operating activities decreased $7.2 million, compared to a $54.1 million increase in FY 2008.
- Total operating revenue increased $2.3 million (+0.3%) to $832.1 million.
- Total operating expenses increased $63.5 million (+8.2%) to $839.3 million.
- Net assets from non-operating activities decreased $77.2 million as compared to a decrease of $76.4 million in the prior fiscal year, a result of lower investment performance consistent with recent market volatility.
- The total endowment value as of August 31, 2008 is $6.15 billion, a $80.3 million (-1.3%) decrease since the value of $6.23 billion as of June 30, 2008.
- Plant assets, net of depreciation, increased $49.5 million (+1.4%) since June 30, 2007.
- Cash flow from operating activities equaled $146.7 million, an 18.2% decrease from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased $78.8 million (-1.1%) to $7.27 billion since June 30, 2008 principally as a result of net losses (realized and unrealized) on investments.
- The decrease in net assets from operations was $11.5 million compared to a $5.9 million increase for the previous fiscal year.
- Total operating revenue increased $12.2 million (+3.4%) over FY 2008 to a total of $373.1 million. There was a 6.9% increase in net tuition and fees and a 0.1% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $29.6 million (+8.3%) to a total of $384.6 million, primarily due to increases in compensation and current expense.
- A decrease in net assets from non-operating activities of $67.3 million versus a decrease of $56.8 million during FY 2008, driven by realized and unrealized investment losses.
- Total contributions (operating and non-operating) of $28.7 million decreased $16.3 million (-36.2%) versus FY 2008, driven by lower capital gifts.
- The total endowment value (University only) decreased $71.9 million (-1.3%) since June 30, 2008 to $5.30 billion.
• Plant assets, net of depreciation, of $2.40 billion were $33.7 million higher than as of June 30, 2008.
• Cash flow from operating activities totaled $187.5 million, an increase of $58.3 million from the prior year due primarily to $33.4 million in Stafford student loans issued to students in FY 2008, no longer being issued by the University in FY 2009 and $33.1 million related to the timing of Federal tax withholding payments.
• Cash and equivalents increased $137.8 million (46.8%) from June 30, 2008 levels to $431.9 million due primarily to fall tuition receipts.

HEALTH SYSTEM COMPONENT:

• Year-over-year adjusted admissions increased 543 (+2.8%) to 19,794.
• Total unrestricted net assets were $1.02 billion as of August 31, 2008, unchanged from June 30, 2008.
• Total operating revenue of $465.0 million for Fiscal Year 2009 to date was consistent with the same period for Fiscal Year 2008.
• Total operating expense for Fiscal Year 2009 to date of $455.0 million was 7.7% higher (+$32.5 million) than the prior year.
• Excess of revenues over expenses from operations (net of SOM support) of $9.9 million is $33.7 million less (-77.2%) than the prior year due to slow activity in August 2008.
• Non-operating income totaled $2.6 million, as compared to non-operating income of $0.9 million in the prior year.
• Plant assets, net of depreciation, increased $4.7 million since June 30, 2008 to $730.6 million.
• Overall unrestricted liquidity decreased as days-cash-on-hand as of August 31, 2008, equaled 158.1 days (189.6 days as of August 31, 2007).
• Days-in-accounts-receivable of 41.2 days for Fiscal Year 2009 is slightly higher than the August 31, 2007 level of 36.4 days.