Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ending December 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 were $7.6 billion (unrestricted, temporarily restricted and permanently restricted), a decrease of $1.2 billion (-13.8%) since June 30, 2008.
- Net assets from operating activities increased $90.5 million, compared to a $184.2 million increase in FY08.
- Total operating revenue increased $70.8 million (+2.8%) from $2.5 billion in FY08 to $2.6 billion in FY09.
- Total operating expenses increased $164.5 million (+7.1%) from $2.3 billion in FY08 to $2.5 billion in FY09.
- Net assets from non-operating activities decreased $1.3 billion as compared to an increase of $180.2 million in the prior fiscal year, as a result of lower investment performance consistent with recent market volatility.
- The total endowment value as of December 31, 2008 is $5.1 billion, a $1.2 billion (-18.9%) decrease since the value of $6.2 billion as of June 30, 2008.
- Plant assets, net of depreciation, were $3.7 billion, a $174.3 million (+5%) increase since June 30, 2008.
- Cash flow from operating activities totaled $271.2 million, a 6.4% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased $1 billion (-13.8%) since June 30, 2008 to $6.3 billion, primarily as a result of unrealized net losses on investments.
- The increase in net assets from operations was $49.0 million compared to a $46.8 million increase for FY08.
- Total operating revenue increased $57 million (+5.2%) over FY 2008 to a total of $1.2 billion. There was a 5.8% increase in net tuition and fees and a 4.5% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $54.8 million (+5.2%) to a total of $1.1 billion, primarily due to increases in compensation and general wage increases effective July 1, 2008.
- Net assets from non-operating activities decreased $1.1 billion in FY09 versus an increase of $157.1 million during FY08, primarily driven by unrealized investment losses.
- Contributions (operating and non-operating) totaled $118.6 million, a decrease of $81.7 million (-40.8%) since FY08, driven by lower endowment gifts.
- The total endowment value (Academic only) decreased $1 billion (-18.9%) since June 30, 2008 to $4.4 billion.
- Plant assets, net of depreciation, of $2.4 billion were $70.1 million higher than June 30, 2008.
- Cash flow from operating activities totaled $207.7 million as of December 31, 2008 compared to $69.7 million in FY08 due primarily to $87.9 million of Stafford loans issued in FY08 and subsequently sold in October 2008 (FY09), of which $44.4 million had been issued as of December 2007 (FY08). No new Stafford loans were issued in FY09.
- Cash and equivalents increased $98.1 million (+33.3%) from $294.2 million on June 30, 2008.

HEALTH SYSTEM COMPONENT:

- Year-over-year adjusted admissions increased 2,052 (+3.6%) to 58,661.
- Total unrestricted net assets were $894.2 million as of December 31, 2008, a $128.5 million decrease from June 30, 2008 as a result of decreased investment performance.
- Total operating revenue of $1.4 billion for FY09 was an increase of 2.6% from FY08.
- Total operating expense for FY09 of $1.4 billion was $105.8 million (+8.4%) higher than the prior year.
- Excess of revenues over expenses from operations (net of SOM support) of $59.2 million is $69.9 million (-54.1%) less than the prior year due to slow activity in FY09.
- Non-operating loss totaled $187.7 million, as compared to non-operating income of $27.1 million in the prior year.
- Plant assets, net of depreciation, increased $104.2 million since June 30, 2008.
- Overall unrestricted cash, board designated funds and investments were $904.9 million on December 31, 2008, a decrease of $317.0 million from June 30, 2008.