Financial Report

UNIVERSITY OF PENNSYLVANIA

For the nine months ended March 31, 2009.
(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 $7.295 billion (unrestricted, temporarily restricted and permanently restricted), a decrease of $1.551 billion (-17.5%) since June 30, 2008.
- Net assets from operating activities increased $136.3 million, compared to a $259.7 million increase in FY08.
- Total operating revenue increased $102.4 million (+2.7%) from $3.748 billion in FY08 to $3.850 billion in FY09.
- Total operating expenses increased $225.8 million (+6.5%) from $3.488 billion in FY08 to $3.714 billion in FY09.
- Net assets from non-operating activities decreased $1.689 billion, as compared to a decrease of $177.9 million in the prior fiscal year, as a result of lower investment performance consistent with recent market volatility.
- The total endowment value as of March 31, 2009 is $4.690 billion, a $1.543 billion (-24.7%) decrease since the value of $6.233 billion as of June 30, 2008.
- Plant assets, net of depreciation, were $3.728 billion, a $248.2 million (+7.1%) increase since June 30, 2008.
- Cash flow from operating activities totaled $459.4 million, a 0.2% decrease from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased $1.314 billion (-17.9%) to $6.035 billion since June 30, 2008, primarily as a result of unrealized net losses on investments.
- The increase in net assets from operations was $52.3 million, compared to a $66.0 million increase for FY08.
- Total operating revenue increased $61.1 million (+3.7%) over FY 2008 to a total of $1.706 billion. There was a 10.9% increase in investment income, a 3.9% in net tuition and fees, and a 3.3% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $74.8 million (+4.7%) to a total of $1.654 billion, primarily due to increases in compensation and general wage increases effective July 1, 2008.
- Net assets from non-operating activities decreased $1.367 billion in FY09 versus a decrease of $124.5 million during FY08, primarily driven by unrealized investment losses.
• Contributions (operating and non-operating) totaled $173.4 million, a decrease of $114.3 million (-39.7%) since FY08, driven by lower endowment gifts and capital.
• The total endowment value (Academic only) decreased $1.302 billion (-24.2%) since June 30, 2008 to $4.070 billion.
• Plant assets, net of depreciation, of $2.465 billion were $99.6 million higher than June 30, 2008.
• Cash flow from operating activities totaled $ 339.5 million as of March 31, 2009 compared to $186.2 million in FY08 due primarily to $87.9 million of Stafford loans issued in FY08 and subsequently sold in October 2008 (FY09), of which $86.7 million had been issued as of March 2008 (FY08). No new Stafford loans were issued in FY09.
• Cash and equivalents increased $204.9 million (+69.7%) from $294.2 million on June 30, 2008.

HEALTH SYSTEM COMPONENT:

• Year-over-year adjusted admissions increased 2,374 (+2.7%) to 88,767.
• Total unrestricted net assets were $892.7 million as of March 31, 2009, a $130.0 million decrease from June 30, 2008 primarily as a result of investment performance.
• Total operating revenue of $2.175 billion for FY09 was an increase of 3.4% from FY08.
• Total operating expense for FY09 of $2.044 billion was $145.5 million (+7.7%) higher than the prior year.
• Excess of revenues over expenses from operations of $111.9 million is $73.2 million (-39.6%) less than the prior year due to non-recurring items of $30 million in FY08 and additional operating expenses related to the opening of the Perelman Center for Advanced Medicine and investments in quality initiatives including the physician/nurse unit leadership program.
• Non-operating loss totaled $176.3 million, as compared to non-operating income of $28.4 million in the prior year.
• Plant assets, net of depreciation, increased $148.6 million since June 30, 2008.
• Overall unrestricted cash, board designated funds and investments were $854.0 million on March 31, 2009, a decrease of $367.9 million from June 30, 2008.