Financial Report

UNIVERSITY OF PENNSYLVANIA

For the year ended June 30, 2009.
(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 decreased from $8.846 billion as of June 30, 2008, to $7.561 billion, a reduction of $1.285 billion (-14.5%) as of June 30, 2009.
- Net assets from operating activities increased $206.2 million, compared to a $361.7 million increase in FY08.
- Total operating revenue increased $128.8 million (+2.5%) from $5.092 billion in FY08 to $5.221 billion in FY09.
- Total operating expenses increased $284.3 million (+6.0%) from $4.731 billion in FY08 to $5.015 billion in FY09.
- Net assets from non-operating activities decreased $1.492 billion, as compared to a decrease of $228.1 million in the prior fiscal year, as a result of lower investment performance consistent with recent market volatility.
- The total endowment value for the year ended June 30, 2009 is $5.170 billion, a $1.042 billion (-16.7%) decrease since the value of $6.212 billion as of June 30, 2008.
- Expenditures for plant, property, and equipment increased from $565.3 million in FY08 to $585.3 million in FY09, an increase of $20.0 million (+3.5%) since June 30, 2008.
- Cash flow from operating activities totaled $531.7 million, a 2.1% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets decreased from $7.350 billion as of June 30, 2008 to $6.398 billion, a reduction of $952.1 million (-13.0%) as of June 30, 2009.
- The increase in net assets from operating activities totaled $77.7 million compared to $137.9 million increase for FY08.
- Total operating revenue increased $16.1 million (+0.7%) over FY 2008 to a total of $2.296 billion. This was primarily due to a 16.5% increase in endowment payout, a 2.0% increase in net tuition and fees, and a 1.3% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $76.3 million (+3.6%) to a total of $2.219 billion, due largely to increased salary and benefits expense, driven by the general wage increase and increases in medical costs, tuition and retirement benefits, and workers compensation costs.
Net assets from non-operating activities decreased $1.030 billion in FY09 versus a decrease of $97.8 million during FY08, primarily driven by unrealized investment losses.

Contributions (operating and non-operating) totaled $226.4 million, a decrease of $190.4 million (-45.7%) since FY08, driven by lower endowment and capital contributions.

The total endowment value (Academic only) decreased $888.6 million (-16.5%) since June 30, 2008 to $4.483 billion.

Expenditures for plant, property, and equipment increased from $243.6 million in FY08 to $283.0 million in FY09, a $39.4 increase (+16.2%) since June 30, 2008.

Cash flow from operating activities totaled $255.5 million compared to $104.7 million in FY08 due primarily to $87.9 million of Stafford loans issued in FY08 and sold in FY09.

Cash and equivalents increased $127.4 million (+43.3%) to $421.6 million from $294.2 million on June 30, 2008.

**HEALTH SYSTEM COMPONENT:**

- Total net assets decreased from $1.496 billion as of June 30, 2008 to $1.163 billion, a reduction of $333.3 million (-22.3%) as of June 30, 2009.
- Year-over-year adjusted admissions increased 3,594 (+3.10%) to 119,386 from 115,792 in June 30, 2008.
- Total unrestricted net assets were $774.4 million for the year ended June 30, 2009, a $248.3 million decrease from June 30, 2008, primarily as a result of the $227 million pension adjustment and investment performance.
- Total operating revenue of $2.968 billion for FY09 was an increase of 5.0% from FY08.
- Total operating expense for FY09 of $2.799 billion was $207.9 million (+8.0%) higher than the prior year.
- Excess of revenues over expenses from operations of $168.3 million is $66.5 million (-28.3%) less than the prior year.
- Non-operating loss totaled $101.3 million, as compared to non-operating income of $33.1 million in the prior year.
- Expenditures for plant, property, and equipment decreased from $351.9 million in FY08 to $280.0 million in FY09, a $71.9 decrease (-20.4%) since June 30, 2008.
- Overall unrestricted cash, board designated funds and investments were $1.007 billion as of June 30, 2009, a decrease of $214.6 million from June 30, 2008.