Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ended September 30, 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 increased from $7.561 billion as of June 30, 2009, to $8.068 billion, an increase of $507.5 million (+6.7%) as of September 30, 2009.
- Net assets from operating activities increased $38.5 million for the three months ended September 30, 2009, compared to a $3.4 million increase for the same period for FY09.
- Total operating revenue increased $94.5 million (+7.5%) for the three months ended September 30, 2009 as compared to the same period in FY09, to a total of $1.349 billion.
- Total operating expenses increased $59.4 million (+4.7%) for the three months ended September 30, 2009 as compared to the same period in FY09, to a total of $1.310 billion.
- Net assets from non-operating activities increased $469.0 million, as compared to a decrease of $500.7 million in the first quarter of the prior fiscal year, as a result of positive investment performance.
- The total endowment value as of September 30, 2009 is $5.602 billion, a $431 million (8.3%) increase since the value of $5.171 billion as of June 30, 2009.
- Expenditures for plant, property, and equipment decreased $82.4 million (-49.3%) from $167.0 million in the first quarter of FY09 to $84.6 million in the first quarter of FY10.
- Cash flow from operating activities totaled $135.1 million, a 0.7% increase from the prior fiscal year.

ACADEMIC COMPONENT:

- Total net assets increased from $6.398 billion as of June 30, 2009 to $6.755 billion, an increase of $357.5 million (+5.6%) over June 30, 2009.
- The decrease in net assets from operating activities totaled $18.9 million compared to an $8.4 million decrease for FY09.
- Total operating revenue increased $1.2 million (+0.2%) over FY09 to a total of $567.4 million. This was primarily due to Pennsylvania state budget impasse resulting in a $10.4 million reduction of revenue.
- Total operating expenses increased $11.7 million (+2.0%) over FY09 to a total of $586.3 million, 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 increased $376.4 million in the first three month of FY10 versus a decrease of $422.6 million during the same period in FY09.
• Contributions (operating and non-operating) totaled $26.5 million, a decrease of $12.6 million (-32.2%) since FY09, driven by lower endowment contributions.
• The total endowment value (Academic only) increased $367.8 million (+8.2%) since June 30, 2009 to $4.851 billion.
• Expenditures for plant, property, and equipment increased $16.1 million (+20.0%) from $80.6 million in the first quarter of FY09 to $96.7 million in the first quarter of FY10 driven by the Fisher Translational Research Building construction.
• Cash flow from operating activities totaled $86.9 million compared to $139.7 million in FY09 due primarily to timing of payroll tax withholding payments and the delay in Commonwealth Appropriation payments.
• Cash and equivalents increased $59.4 million (+14.1%) to $481.0 million from $421.6 million on June 30, 2009.

HEALTH SYSTEM COMPONENT:

• Total net assets increased by $150 million (+12.9%) since June 30, 2009.
• Year-over-year adjusted admissions increased 1,269 (+4.3%) to 30,895 as of September 30, 2009 from 29,626 as of September 30, 2008.
• Total unrestricted net assets were $895.5 million as of September 30, 2009, a $121.1 million increase from June 30, 2009.
• Total operating revenue increased $99.8 million (+14.4%) from $694.9 million as of September 30, 2008 to $794.6 as of September 30, 2009.
• Total operating expenses increased from $671.4 million as of September 30, 2008 to $719.2 million, an increase of $47.8 million (-7.1%) as of September 30, 2009.
• Excess of revenues over expenses from operations of $69.6 million as of September 30, 2009 is $51.6 million (+286.7%) higher than the prior year.
• Non-operating income totaled $65.9 million as of September 30, 2009, as compared to non-operating loss of $46.6 million in the prior year.
• Expenditures for plant, property, and equipment decreased from $101.1 million in June 30, 2009 to $37.2 million as of September 30, 2009, a $63.9 million decrease (-63.2%).
• Overall unrestricted cash, board designated funds and investments were $ 1.090 billion as of September 30, 2009, an increase of $82.3 million from June 30, 2009.