Financial Report

UNIVERSITY OF PENNSYLVANIA

For the year ended June 30, 2010.
(With comparison to the prior fiscal year, unless otherwise noted.)
(The following information represents the audited results for the period.)

Consolidated University Financial Performance (J. Horn)

- Total net assets increased from $7.561 billion as of June 30, 2009, to $8.229 billion as of June 30, 2010, an increase of $668.4 million (8.8%).
- Increase in net assets from operating activities totaled $260.5 million in FY 2010, compared to $206.2 million in FY 2009.
- Total operating revenue increased by 5.8% over the previous fiscal year, from $5.221 billion in FY 2009 to $5.524 billion in FY 2010.
- Total operating expenses increased by 4.9% over the previous fiscal year, from $5.015 billion in FY 2009 to $5.263 billion in FY 2010.
- Net assets increased from non-operating activities by $407.9 million in FY 2010, compared to a decrease of $1.492 billion in the prior fiscal year, as a result of improved investment performance.
- The total endowment value as of June 30, 2010 increased by 9.6%, from $5.171 billion as of June 30, 2009 to $5.669 billion.
- Expenditures for plant, property, and equipment decreased from $585.3 million in FY 2009 to $463.1 million in FY 2010, a decrease of $122.2 million (-20.9%) since June 30, 2009.
- Cash flow from operating activities totaled $454.2 million, an 8.2% increase over the prior fiscal year.

Academic Component Financial Performance (J. Horn)

- Total net assets increased from $6.398 billion as of June 30, 2009 to $6.884 billion as of June 30, 2010, an increase of $486.5 million (7.6%).
- Increase in net assets from operating activities totaled $63.9 million in FY 2010, compared to $77.7 million in FY 2009.
- Total operating revenue increased by 4.2% over the previous fiscal year, from $2.296 billion in FY 2009 to $2.392 billion in FY 2010. This was largely due to a 15.6% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased by 4.9% over the previous fiscal year, from $2.219 billion in FY 2009 to $2.328 billion in FY 2010, due in part by increased sponsored program activity, increases in medical benefit costs, retirement benefits, and long and short term disability and pension expense.
- Net assets increased from non-operating activities by $422.6 million in FY 2010, versus a decrease of $1.030 billion during FY 2009, primarily driven by gain on investments (both realized and unrealized).
• Contributions (operating and non-operating) totaled $219.0 million, a decrease of $7.4 million, or 3.2%, from FY 2009, driven by lower quasi-endowment and operating contributions.
• The total endowment value (Academic only) as of June 30, 2010 increased by 10.0%, from $4.483 billion as of June 30, 2009 to $4.933 billion.
• Expenditures for plant, property, and equipment increased 0.9%, from $283.0 million in FY 2009 to $285.7 million in FY 2010.
• Cash flow from operating activities totaled $73.2 million in FY 2010, compared to $138.6 million in FY 2009, due in part to $87.9 million of Stafford loans issued in FY 2008 and sold in FY 2009.
• Cash and equivalents as of June 30, 2010 decreased 2.7% to $410.0 million from $421.6 million on June 30, 2009. This reflects a $100 million investment of cash in the Intermediate Term Fund (ITF), which is invested in one- to three-year treasury notes.

Academic Component Budget Performance (B. Gibson)

• FY10 performance increased net assets by $63.9M and outperformed budget by $60.3M
• Total revenue was 3.4% better than budget, driven by strong performance in sponsored research
• Total expenditures were within 1% of budget, even with higher than budgeted research expenditures

Health System Performance (K. Kasper)

• Total net assets increased by 15.6%, from $1.163 billion as of June 30, 2009 to $1.345 billion as of June 30, 2010.
• Year-over-year adjusted admissions increased by 3,178 (2.7%), from 119,386 in FY 2009 to 122,564 in FY 2010.
• Total unrestricted net assets totaled $932.1 million for the year ended June 30, 2010, a $157.7 million increase from June 30, 2009, primarily due to improved operating and equity market performance.
• Total operating revenue increased by 6.6% over the previous fiscal year, from $2.967 billion in FY 2009 to $3.163 billion in FY 2010.
• Total operating expense increased by 5.2% over the previous fiscal year, from $2.774 billion in FY 2009 to $2.917 billion in FY 2010.
• Excess of revenues over expenses from operations totaled $225.2 million, $56.9 million (33.8%) higher than the prior year.
• Non-operating income totaled $108.3 million as of June 30, 2010, compared to a non-operating loss of $101.3 million in the prior fiscal year.
• Expenditures for plant, property, and equipment decreased 36.7%, from $280.0 million in FY 2009 to $177.3 million in FY 2010.
• Overall unrestricted cash, board designated funds and investments totaled $1.238 billion as of June 30, 2010, an increase of $230.5 million over the total at June 30, 2009.