Financial Report

UNIVERSITY OF PENNSYLVANIA

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

Consolidated University Financial Performance (S. Golding)

- Total net assets increased from $8.229 billion as of June 30, 2010, to $8.603 billion as of September 30, 2010, an increase of $374.0 million (4.5%).
- Net assets from operating activities increased $27.8 million in FY 2011 compared to $38.5 million increase for FY 2010.
- Total operating revenue increased from $1.349 billion to $1.407 billion, or $58.2 million (4.3%) for the three months ended September 30, 2010 as compared to the same period in FY 2010.
- Total operating expenses increased from $1.310 billion to $1.379 billion, or $68.8 million (5.3%) for the three months ended September 30, 2010 as compared to the same period in FY 2010.
- Net assets from nonoperating activities increased $346.2 million for the three months ended September 30, 2010, as compared to an increase of $469.0 million in the same period of the prior fiscal year.
- The total endowment value as of September 30, 2010 was $5.986 billion; a $317.5 million (5.6%) increase over the value of $5.669 billion as of June 30, 2010.
- Year-to-date expenditures for plant, property, and equipment decreased from $113.9 million in FY 2010 to $104.9 million, or $9.0 million (7.9%) in FY 2011.
- Cash flow from operating activities totaled $131.3 million in the three months in FY 2011, an 8.7% decrease over the prior fiscal year.

Academic Component Financial Performance (S. Golding)

- Total net assets increased by $283.1 million over June 30, 2010, from $6.884 billion to $7.167 billion, primarily due to positive investment performance.
- Decrease in net assets from operating activities totaled $3.4 million in FY 2011, compared to a $18.9 million decrease for FY 2010.
- Total operating revenue increased 8.6% over the prior fiscal year, from $567.4 million in FY 2010 to $615.9 million in FY 2011. This was largely due to a 10.6% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased 5.6% over the previous fiscal year, from $586.3 million in FY 2010 to $619.3 million in FY 2011, due in part to increased sponsored program activity, in addition to increases in medical benefit costs, retirement benefits, and long and short term disability.
- Net assets from nonoperating activities increased $286.5 million in the first three months of FY 2011 versus an increase of $376.4 million during FY 2010, primarily driven by strong investment performance.
• Contributions (operating and non-operating) totaled $30.1 million, an increase of $3.6 million, or 13.4%, from FY 2010, driven by endowment and capital contributions.
• The total endowment value (Academic only) as of September 30, 2010 increased by 5.5%, from $4.933 billion as of June 30, 2010 to $5.203 billion.
• Expenditures for plant, property, and equipment decreased 12.2%, from $96.7 million in FY 2010 to $84.8 million in FY 2011.
• Cash flow from operating activities totaled $97.2 million in FY 2011, compared to $95.5 million in FY 2010.
• Cash and cash equivalents increased 15.6% from $410.0 million as of June 30, 2010 to $473.9 million.

Academic Component Budget Performance (B. Gibson)

• Through the first quarter, the University is outperforming both the revenue and expenditure budgets.
• Operating revenue is $13 million better than budget, with particularly strong performance in net tuition and fees, sponsored research, and independent operations, offsetting under budget performance in operating contributions and other income.
• Operating expense is within $500,000 of budget, with positive performance in compensation and depreciation offsetting higher than budgeted expenditures in current expense and student aid, with the current expense variance driven by sponsored research expenditures.
• Overall, the University is showing a $3.4 million decrease in net assets compared to a budgeted decrease for the first quarter of $17 million, a positive variance of $13.6 million.

Health System Performance (K. Kasper)

• Total net assets increased by 6.7%, from $1.345 billion as of June 30, 2010 to $1.436 billion as of September 30, 2010.
• Year-over-year adjusted admissions increased by 91 (0.3%), from 30,895 as of September 30, 2009 to 30,986 as of September 30, 2010.
• Total unrestricted net assets were $1.007 billion as of September 30, 2010, a $74.4 million increase from June 30, 2010.
• Total operating revenue increased by $12.4 million (1.6%) from $794.6 million as of September 30, 2009 to $807.1 as of September 30, 2010.
• Total operating expenses increased by $35.8 million (4.9%) from $725.0 million as of September 30, 2009 to $760.8 million as of September 30, 2010.
• Excess of revenues over expenses from operations of $46.2 million as of September 30, 2010 is $23.4 million (33.6%) lower than the prior year.
• Non-operating income totaled $53.4 million as of September 30, 2010, as compared to non-operating income of $65.9 million in the prior year.
• Expenditures for plant, property, and equipment decreased from $37.2 million in September 30, 2009 to $22.9 million as of September 30, 2010, a $14.3 million decrease (38.4%).
• Overall unrestricted cash, board designated funds and investments were $1.265 billion as of September 30, 2010, an increase of $26.9 million from June 30, 2010.