Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ended December 31, 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 $9.008 billion as of December 31, 2010, an increase of $778.6 million (9.5%).
- Net assets from operating activities increased $120.7 million in FY 2011 compared to $139.7 million increase for FY 2010.
- Total operating revenue increased from $2.731 billion to $2.840 billion, or $109.4 million (4.0%) for the six months ended December 31, 2010 as compared to the same period in FY 2010.
- Total operating expenses increased from $2.591 billion to $2.719 billion, or $128.4 million (5.0%) for the six months ended December 31, 2010 as compared to the same period in FY 2010.
- Net assets from nonoperating activities increased $657.9 million for the six months ended December 31, 2010, as compared to an increase of $648.4 million in the same period of the prior fiscal year.
- The total endowment value as of December 31, 2010 was $6.256 billion; a $586.8 million (10.4%) increase over the value of $5.669 billion as of June 30, 2010.
- Year-to-date expenditures for plant, property, and equipment decreased from $248.1 million in FY 2010 to $191.7 million, or $56.3 million (22.7%) in FY 2011.
- Cash flow from operating activities totaled $163.3 million for the six months ended December 31, 2010, a 17.3% decrease over the same period in the prior fiscal year.

Academic Component Financial Performance (S. Golding)

- Total net assets increased from $6.884 billion as of June 30, 2010 to $7.479 billion as of December 31, 2010, an increase of $595.0 million (8.6%). This is primarily due to positive investment performance.
- Increase in net assets from operating activities totaled $37.2 million in FY 2011, compared to a $29.8 million increase for FY 2010.
- Total operating revenue and other support increased $67.3 million or 5.8% from FY2010 to a total of $1.236 billion. This was largely due to an 8.2% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $59.9 million or 5.3% over FY 2010 to a total of $1.199 billion. This is primarily due to increased sponsored program activity, in addition to increases in medical costs and retirement benefits, including early retirement program.
- Net assets from nonoperating activities increased $557.8 million in the first six months of FY 2011 compared to an increase of $527.1 million in FY 2010, primarily driven by strong investment performance.
- Contributions (operating and non-operating) totaled $113.5 million, an increase of $32.8 million or 40.7%, from FY 2010, driven by endowment and capital contributions.
- The total endowment value (Academic only) as of December 31, 2010 increased by 10.2%, from $4.933 billion as of June 30, 2010 to $5.436 billion.
- Expenditures for plant, property, and equipment increased 1.1%, from $160.1 million in FY 2010 to $161.9 million in FY 2011.
• Cash flow from operating activities totaled $81.9 million in FY 2011, compared to $41.8 million in FY 2010.
• Cash and cash equivalents increased $49.9 million since June 30, 2010 compared to an increase of $11.4 million for the same period for the prior fiscal year.

**Academic Component Budget Performance (B. Gibson)**

• Through the second quarter, operating revenue is showing a $26.8 million positive variance to budget led by strong performance in sponsored research and net tuition revenue.
• Operating expenditures are outperforming budget by $14 million, or 1.2%. Compensation, current expense, interest expense, and depreciation all show positive variances, offset by a negative variance in student aid.
• Overall, the University is showing a $37 million increase in net assets from operating activities as of December 31, 2010, compared to a budgeted decrease of $3.7 million, for a positive variance of $41 million.

**Health System Performance (K. Kasper)**

• Total net assets increased by 13.6%, from $1.345 billion as of June 30, 2010 to $1.528 billion as of December 31, 2010.
• Year-over-year adjusted admissions were consistent with prior year at 61,226 as of December 31, 2009 to 61,196 as of December 31, 2010.
• Total unrestricted net assets were $1.085 billion as of December 31, 2010, a $152.9 million increase from June 30, 2010.
• Total operating revenue increased by $46.5 million (2.9%) from $1.585 billion as of December 31, 2009 to $1.631 billion as of December 31, 2010.
• Total operating expenses increased by $68.5 million (4.7%) from $1.454 billion as of December 31, 2009 to $1.522 million as of December 31, 2010.
• Excess of revenues over expenses from operations of $108.8 million as of December 31, 2010 is $22.0 million (16.8%) lower than the prior year.
• Non-operating income totaled $97.3 million as of December 31, 2010, as compared to non-operating income of $97.3 in the prior year.
• Expenditures for plant, property, and equipment decreased from $107.8 million in December 31, 2009 to $51.3 million as of December 31, 2010, a $56.5 million decrease (52.4%).
• Overall unrestricted cash, board designated funds and investments were $1.318 billion as of December 31, 2010, an increase of $80.2 million from June 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.