Financial Report

UNIVERSITY OF PENNSYLVANIA

For the nine months ended March 31, 2011.
(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 $9.279 billion as of March 31, 2011, an increase of $1.050 billion (12.8%).
- Net assets from operating activities increased $185.8 million in FY 2011 compared to $172.8 million increase for FY 2010.
- Total operating revenue increased from $4.068 billion to $4.277 billion, or $208.5 million (5.1%) for the nine months ended March 31, 2011 as compared to the same period in FY 2010.
- Total operating expenses increased from $3.896 billion to $4.091 billion, or $195.4 million (5.0%) for the nine months ended March 31, 2011 as compared to the same period in FY 2010.
- Net assets from nonoperating activities increased $864.2 million for the nine months ended March 31, 2011, as compared to an increase of $789.2 million in the same period from the prior fiscal year.
- The total endowment value as of March 31, 2011 was $6.444 billion; a $774.6 million (13.7%) increase over the value of $5.669 billion as of June 30, 2010.
- Year-to-date expenditures for plant, property, and equipment decreased from $339.9 million in FY 2010 to $267.9 million, or $72.0 million (21.2%) in FY 2011.
- Cash flow from operating activities totaled $333.0 million for the nine months ended March 31, 2011, a 13.4% 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 $7.675 billion as of March 31, 2011, an increase of $790.7 million (11.5%). This is primarily due to positive investment performance.
- Increase in net assets from operating activities totaled $59.8 million in FY 2011, compared to a $43.2 million increase for FY 2010.
- Total operating revenue and other support increased $104.9 million or 6.0% from FY 2010 to a total of $1.855 billion. This was largely due to an 8.2% increase in sponsored program income, including indirect cost recovery.
- Total operating expenses increased $88.2 million or 5.2% over FY 2010 to a total of $1.795 billion. This is primarily due to general wage increases effective July 1, 2010 and sponsored program activity.
- Net assets from nonoperating activities increased $730.8 million in the first nine months of FY 2011 compared to an increase of $651.3 million in FY 2010, primarily driven by strong investment performance.
- Contributions (operating and non-operating) totaled $190.8 million, an increase of $57.6 million or 43.3%, from FY 2010, driven by endowment and capital contributions.
- The total endowment value (Academic only) as of March 31, 2011 increased by 13.4%, from $4.933 billion as of June 30, 2010 to $5.595 billion.
- Expenditures for plant, property, and equipment decreased 6.0%, from $225.7 million in FY 2010 to $212.0 million in FY 2011.
- Cash flow from operating activities totaled $166.0 million in FY 2011, compared to $164.1 million in FY 2010.
• Cash and cash equivalents increased $280.6 million since June 30, 2010 compared to an increase of $48.5 million for the same period for the prior fiscal year. This is primarily due to proceeds from the issuance of long-term debt and lower capital expenditures.

Academic Component Budget Performance (B. Gibson)

• Through the third quarter, the University is outperforming the Fiscal Year 2011 Operating Budget by $62.0 million.
• Operating revenue is 2.2% better than budget, led by strong performance in tuition, indirect cost recovery, and operating contributions.
• Operating expenditures are outperforming budget by 1.3%, led mostly by Compensation.
• Overall, the University is showing a $60 million increase in net assets from operating activities as of March 31, 2011, compared to a budgeted decrease of $2 million.

Health System Performance (K. Kasper)

• Total net assets increased by 19.3%, from $1.345 billion as of June 30, 2010 to $1.604 billion as of March 31, 2011.
• Year-over-year adjusted admissions were higher than prior year at 91,139 as of March 31, 2010 compared to 92,615 as of March 31, 2011.
• Total unrestricted net assets were $1.159 billion as of March 31, 2011, a $226.6 million increase from June 30, 2010.
• Total operating revenue increased by $109.4 million (4.6%) from $2.353 billion as of March 31, 2010 to $2.462 billion as of March 31, 2011.
• Total operating expenses increased by $107.2 million (4.9%) from $2.194 billion as of March 31, 2010 to $2.299 billion as of March 31, 2011.
• Excess of revenues over expenses from operations of $163.5 million as of March 31, 2011 is $2.2 million (1.4%) higher than the prior year.
• Non-operating income totaled $129.5 million as of March 31, 2011, as compared to non-operating income of $121.1 in the prior year.
• Expenditures for plant, property, and equipment decreased from $135.1 million in March 31, 2010 to $77.6 million as of March 31, 2011, a $57.5 million decrease (42.6%).
• Overall unrestricted cash, board designated funds and investments were $1.500 billion as of March 31, 2011, an increase of $262.3 million from June 30, 2010.