Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ended September 30, 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 decreased from $9.8 billion as of June 30, 2011, to $9.4 billion as of September 30, 2011, a decrease of $458 million (4.7%).
- Net assets from operating activities increased $72.5 million for the three month period ended September 30, 2011 compared to $27.8 million increase in the same period of the prior year.
- Total operating revenue increased from $1.4 billion to $1.53 billion, a $121 million (8.6%) increase for the three month period ended September 30, 2011 as compared to the same period in prior year.
- Total operating expenses increased from $1.38 billion to $1.46 billion, a $76 million (5.5%) increase for the three month period ended September 30, 2011 as compared to the same period in prior year.
- Net assets from non-operating activities decreased $531 million for the three month period ended September 30, 2011, as compared to an increase of $346 million in the same period in prior year, due to the downturn in equity markets.
- The total endowment value as of September 30, 2011 was $6.25 billion; a $336 million (5.1%) decrease from the value of $6.58 billion as of June 30, 2011.
- Year-to-date capital expenditures were $93.7 million for the three month period ended September 30, 2011 as compared to $104.9 million in the same period in prior year, a decrease of $11.2 million (10.7%).
- Cash flow from operating activities totaled $115.1 million for the three month period ended September 30, 2011, a 12.4% decrease from the same period in prior year.

Academic Component Financial Performance (S. Golding)

- Total net assets decreased from $8.1 billion as of June 30, 2011 to $7.7 billion as of September 30, 2011, a decrease of $402 million (4.9%), primarily due to the downturn in equity markets.
- Net assets from operating activities increased $26.1 million for the three month period ended September 30, 2011, compared to a $3.4 million decrease for the same period in prior year.
- Total operating revenue and other support increased $50 million (8.1%) from $616 million the prior year to $666 million this year to date.
- Total operating expenses increased $20.6 million (3.3%) over the same period in prior year, from $619 million to $640 million. This is primarily due to general wage increases effective July 1, 2011.
- Net assets from non-operating activities decreased $428 million for the three month period ended September 30, 2011 compared to an increase of $286.5 million for the same period in the prior year, primarily driven by the downturn in equity markets.
Contributions (operating and non-operating) totaled $79.7 million, an increase of $49.6 million (164.7%) from prior year, with both operating and non-operating contributions increasing. The total endowment value (Academic only) as of September 30, 2011 decreased by 4.9%, from $5.7 billion as of June 30, 2011 to $5.44 billion. Capital expenditures decreased 19.7%, from $84.8 million at September 30, 2010 to $68.2 million for the three month period ended September 30, 2011. Cash flow from operating activities totaled $131.6 million for the three month period ended September 30, 2011, compared to $97.2 million for the same period in prior year. Cash and cash equivalents decreased $46 million (8.4%) since June 30, 2011. This is primarily due to the investment of $150 million of operating cash into the AIF, offset by fall tuition receipts.

Academic Component Budget Performance (B. Gibson)

- Increase in net assets from operations of $26 million, a positive variance to budget of $33 million.
- Tuition and Fees, Contributions, and Sponsored Programs finished the quarter better than budget, contributing to an overall positive revenue variance of $39 million.
- Total Compensation and Independent Operations performed better than budget but were offset by higher than budgeted sponsored research current expense, resulting in an overall negative expenditure variance of $6 million.

Health System Performance (K. Kasper)

- Total net assets decreased by 3.3%, from $1.708 billion as of June 30, 2011 to $1.651 billion as of September 30, 2011.
- Quarter-to-quarter adjusted admissions were higher than prior year at 31,773 as of September 30, 2011 compared to 30,986 as of September 30, 2010.
- Total unrestricted net assets were $1.241 billion as of September 30, 2011, a $22.6 million decrease from June 30, 2011.
- Total operating revenue increased by $69.5 million (8.6%) from $807.0 million as of September 30, 2010 to $876.5 million as of September 30, 2011.
- Total operating expenses increased by $57.3 million (7.5%) from $760.8 million as of September 30, 2010 to $818.1 million as of September 30, 2011.
- Excess of revenues over expenses from operations of $58.4 million as of September 30, 2011 is $12.2 million (26.4%) higher than the same period in the prior year.
- Non-operating losses totaled $53.9 million as of September 30, 2011, as compared to non-operating income of $53.4 million for the same period of the prior year.
- Expenditures for plant, property and equipment increased from $22.9 million as of September 30, 2010 to $29.8 million as of September 30, 2011, a $6.9 million increase (30.1%).
- Overall unrestricted cash, board designated funds and investments were $1.494 billion as of September 30, 2011, a decrease of $121.7 million from June 30, 2011.