Financial Report

UNIVERSITY OF PENNSYLVANIA

For the nine months ended March 31, 2012.
(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 $9.8 billion as of June 30, 2011, to $10.1 billion as of March 31, 2012, an increase of $312 million (3.2%).
- Net assets from operating activities increased $190 million for the nine month period ended March 31, 2012 compared to $186 million increase in the same period of the prior year.
- Total operating revenue increased from $4.28 billion to $4.55 billion, a $276 million (6.5%) increase for the nine month period ended March 31, 2012 as compared to the same period in prior year.
- Total operating expenses increased from $4.09 billion to $4.36 billion, a $272 million (6.6%) increase for the nine month period ended March 31, 2012 as compared to the same period in prior year.
- Net assets from non-operating activities increased $122 million for the nine month period ended March 31, 2012, as compared to an increase of $864 million in the same period in prior year.
- Year-to-date capital expenditures were $247 million for the nine month period ended March 31, 2012 as compared to $268 million in the same period in prior year, a decrease of $21 million (-8.0%).
- Cash flow from operating activities totaled $213 million for the nine month period ended March 31, 2012, a $120 million decrease from the same period in prior year.

Academic Component Financial Performance (S. Golding)

- Total net assets increased from $8.1 billion as of June 30, 2011 to $8.3 billion as of March 31, 2012, an increase of $194.1 million (2.4%), due to positive operating and investment performance.
- Net assets from operating activities increased $69.5 million for the nine month period ended March 31, 2012, compared to a $59.8 million increase for the same period in prior year.
- Total operating revenue and other support increased $83.8 million (4.5%) from $1.85 billion the prior year to $1.94 billion this year to date primarily due to receipt of two large gifts in FY 2012.
- Total operating expenses increased $74.1 million (4.1%) over the same period in prior year, from $1.79 billion to $1.87 billion.
- Net assets from non-operating activities increased $125 million for the nine month period ended March 31, 2012 compared to an increase of $731 million for the same period in the prior year.
- Contributions (operating and non-operating) totaled $258.9 million, an increase of $68 million (35.7%) from prior year, with both operating and non-operating contributions increasing.
Capital expenditures decreased 21.7%, from $212 million at March 31, 2011 to $166 million for the nine month period ended March 31, 2012.

Cash flow from operating activities totaled $103.9 million for the nine month period ended March 31, 2012, compared to $166.0 million for the same period in prior year.

Cash and cash equivalents decreased only $32.3 million (-5.9%) since June 30, 2011 despite $150 million investment of cash into the AIF.

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

- Through the end of the third quarter the University showed a $70 million increase in net assets, $50 million better than budget.
- Although we are seeing the anticipated decline in sponsored research revenue as ARRA funding phases out, strong operating contributions and better than expected tuition revenue contributed to a positive revenue variance of $65 million (3.5%).
- Expenditures are $15 million higher than budget, a negative variance of less than 1%, with compensation savings partially offsetting higher than budgeted current expense.
- Based on year-to-date trends, we expect to outperform the FY2012 budget, with an increase in net assets of between $70 - $90 million, compared to a budgeted increase of $36 million.

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

- Total net assets increased by 6.9%, from $1.708 billion as of June 30, 2011 to $1.826 billion as of March 31, 2012.
- Year-over-year adjusted admissions were higher than prior year at 95,910 as of March 31, 2012 compared to 92,615 as of March 31, 2011.
- Total unrestricted net assets were $1.387 billion as of March 31, 2012, a $122.6 million increase from June 30, 2011.
- Total operating revenue increased by $194.7 million (7.9%) from $2.462 billion as of March 31, 2011 to $2.657 billion as of March 31, 2012.
- Total operating expenses increased by $200.0 million (8.7%) from $2.299 billion as of March 31, 2011 to $2.499 billion as of March 31, 2012.
- Excess of revenues over expenses from operations of $158.4 million as of March 31, 2012 is $5.2 million (3.1%) less than the same period in the prior year.
- Non-operating gains totaled $38.4 million as of March 31, 2012, as compared to non-operating income of $129.5 million for the same period of the prior year.
- Expenditures for plant, property and equipment increased from $77.6 million as of March 31, 2011 to $84.9 million as of March 31, 2012, a $7.3 million increase (9.4%).
- Overall unrestricted cash, board designated funds and investments were $1.619 billion as of March 31, 2012, an increase of $2.6 million from June 30, 2011.