Financial Report

UNIVERSITY OF PENNSYLVANIA

For the twelve months ended June 30, 2012.

(The following information represents the audited results for the period.)

Consolidated University Financial Performance (S. Golding)

- Total net assets decreased from $9.830 billion as of June 30, 2011, to $9.694 billion as of June 30, 2012, a decrease of $136 million (-1.4%).
- Net assets from operating activities increased $296.6 million in FY 2012 compared to a $478.8 million increase for FY 2011.
- Total operating revenue increased from $6.036 billion to $6.162 billion, or $126 million (2.1%) for the fiscal year ended June 30, 2012 as compared to FY 2011.
- Total operating expenses increased from $5.557 billion to $5.865 billion, or $308 million (5.5%) for the fiscal year ended June 30, 2012 as compared to FY 2011.
- Net assets from non-operating activities decreased -$433 million for the fiscal year ended June 30, 2012, as compared to an increase of $1.122 billion in the prior fiscal year.
- The total endowment value as of June 30, 2012 was $6.755 billion; a $173 million (2.6%) increase over the value of $6.582 billion as of June 30, 2011.
- Year-to-date expenditures for plant, property, and equipment decreased from $389.9 million in FY 2011 to $359.1 million, or $30.9 million (-7.9%) in FY 2012.
- Cash flow from operating activities totaled $335.8 million for the fiscal year ended June 30, 2012, a 15.5% decrease since the prior fiscal year.

Academic Component Financial Performance (S. Golding)

- Total net assets increased from $8.122 billion as of June 30, 2011 to $8.127 billion as of June 30, 2012, an increase of $5.5 million (0.1%).
- Increase in net assets from operating activities totaled $129.7 million in FY 2012, compared to a $290.8 million increase for FY 2011.
- Total operating revenue and other support decreased $66.1 million (-2.4%) from FY 2011 to a total of $2.654 billion due primarily to the University becoming the beneficiary of a charitable lead trust with a present value of $160.1 million in FY 2011.
- Total operating expenses increased $95.1 million (-3.9%) over FY 2011 to a total of $2.524 billion. This is primarily due to general wage increases effective July 1, 2011.
- Net assets from non-operating activities decreased -$124.1 million in FY 2012 compared to an increase of $946.9 million in FY 2011, primarily driven by investment performance.
- Contributions (operating and non-operating) totaled $378.6 million, a decrease of $98.6 million (-20.7%), from FY 2011, driven by operating contributions. University became the beneficiary of a charitable lead trust with a present value of $160.1 million in FY 2011.
• The total endowment value (Academic only) as of June 30, 2012 increased by 3.2%, from $5.719 billion as of June 30, 2011 to $5.901 billion.
• Expenditures for plant, property and equipment decreased 19.6%, from $270.9 million in FY 2011 to $217.7 million in FY 2012.
• Cash flow from operating activities totaled $14.6 million in FY 2012, compared to $75.9 million in FY 2011.
• Cash and cash equivalents increased $12.4 million since June 30, 2011.

Academic Component Budget Performance (B. Gibson)

• Increase in net assets from operations of $130 million was $94 million better than budget
• Tuition and Fees, Contributions, and Other Income exceeded budgeted revenue
• Expenditure budget showed positive variances in Compensation, Independent Operations, and Depreciation, with a negative variance in current expense primarily driven by onetime expenses
• On an RCM basis performance was $116M better than budget, net of the impact of the Century Bond issue

Health System Performance (K. Kasper)

• Total net assets decreased by 8.3%, from $1.708 billion as of June 30, 2011 to $1.566 billion as of June 30, 2012.
• Year-over-year adjusted admissions were higher than prior year at 127,895 as of June 30, 2012 compared to 124,512 as of June 30, 2011.
• Total unrestricted net assets were $1.139 billion as of June 30, 2012, a $124.5 million decrease from June 30, 2011.
• Total operating revenue increased by $196.7 million (5.8%) from $3.367 billion as of June 30, 2011 to $3.564 billion as of June 30, 2012.
• Total operating expenses increased by $215.8 million (6.9%) from $3.131 billion as of June 30, 2011 to $3.347 billion as of June 30, 2012.
• Excess of revenues over expenses from operations of $217.2 million as of June 30, 2012 is $19.1 million (8.1%) less than the prior year.
• Non-operating income totaled $29.9 million as of June 30, 2012, as compared to non-operating income of $154.6 million in the prior year.
• Expenditures for plant, property and equipment increased from $119.0 million in June 30, 2011 to $141.4 million as of June 30, 2012, a $22.3 million increase (18.8%).
• Overall unrestricted cash, board designated funds and investments were $1.792 billion as of June 30, 2012, an increase of $175.7 million from June 30, 2011.