Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ended September 30, 2012.

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

Consolidated University Financial Performance (S. Golding)

- Total net assets increased from $9.7 billion as of June 30, 2012, to $10.0 billion as of September 30, 2012, an increase of $270 million (2.8%).
- Net assets from operating activities increased $42.6 million for the three month period ended September 30, 2012 compared to $72.5 million increase in the same period in prior year.
- Total operating revenue increased from $1.48 billion to $1.52 billion, a $35 million (2.4%) increase for the three month period ended September 30, 2012 as compared to the same period in prior year.
- Total operating expenses increased from $1.41 billion to $1.47 billion, a $65 million (4.6%) increase for the three month period ended September 30, 2012 as compared to the same period in prior year.
- Net assets from non-operating activities increased $228 million for the three month period ended September 30, 2012, as compared to a decrease of $531 million in the same period in prior year.
- Year-to-date capital expenditures were $125.9 million for the three month period ended September 30, 2012 as compared to $93.7 million in the same period in prior year, an increase of $32.2 million (34.4%).
- Cash flow from operating activities totaled $191.5 million for the three month period ended September 30, 2012, a 66.4% increase 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, 2012 to $8.3 billion as of September 30, 2012, an increase of $213 million (2.6%).
- Increase in net assets from operating activities totaled $19.7 million compared to a $26.1 million increase for FY 2012.
- Total operating revenue and other support increased $4.3 million (0.6%) from FY 2012 to a total of $670 million.
- Total operating expenses increased $10.7 million (1.7%) over FY 2012 to a total of $651 million.
- Contributions (operating and non-operating) totaled $75.7 million, a decrease of $4.0 million (5.0%) from same three month period in prior year.
- Capital expenditures increased 26%, from $68 million at September 30, 2011 to $86 million for the three month period ended September 30, 2012.
• Cash flow from operating activities totaled $141.8 million for the three month period ended September 30, 2012, compared to $131.6 million for the same period in prior year.
• Cash and cash equivalents decreased $5.8 million since June 30, 2012 compared to September 30, 2011 decrease of $46.0 million since June 30, 2011.

Academic Component Budget Performance (B. Gibson)

• Increase in net assets from operations of $20 million, a positive variance to budget of $23 million.
• 1% growth in revenue due to strong operating contributions and tuition and fees offsetting the expected decline in sponsored program revenue, with a positive variance to budget of $11 million, or 2%.
• Operating contributions are up 15% compared to FY12, and 80% better than budget, due to two major gifts to the Perelman School of Medicine.
• 4% growth in compensation partially offset by a 6% decline in current expense; both compensation and current expense are outperforming budget, with a 2% positive variance of just over $11 million.

Health System Performance (K. Kasper)

• Total net assets increased by 3.7%, from $1.566 billion as of June 30, 2012 to $1.624 billion as of September 30, 2012.
• Quarter-to-quarter adjusted admissions were comparable to the prior year at 31,419 as of September 30, 2012 compared to 31,773 as of September 30, 2011.
• Total unrestricted net assets were $1.190 billion as of September 30, 2012, a $50.6 million increase from June 30, 2012.
• Total operating revenue increased by $29.4 million (3.5%) from $830.9 million as of September 30, 2011 to $860.3 million as of September 30, 2012.
• Total operating expenses increased by $52.4 million (6.8%) from $772.5 million as of September 30, 2011 to $824.9 million as of September 30, 2012.
• Excess of revenues over expenses from operations of $35.4 million as of September 30, 2012 is $23.0 million (39.4%) lower than the same period in the prior year.
• Non-operating income totaled $38.1 million as of September 30, 2012, as compared to non-operating losses of $53.9 million for the same period of the prior year.
• Expenditures for plant, property and equipment increased from $29.8 million as of September 30, 2011 to $39.9 million as of September 30, 2012, a $10.1 million increase (33.9%).
• Overall unrestricted cash, board designated funds and investments were $1.794 billion as of September 30, 2012, an increase of $2.1 million from June 30, 2012.