Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ended December 31, 2012.

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

Consolidated University Financial Performance (S. Golding)

- Total net assets were $10.3 billion as of December 31, 2012, an increase of $663 million over December 31, 2011 and $332 million above budget, driven largely by strong investment and operating performance.

- Net operating income for the first half of the fiscal year was $125 million, slightly higher than the first half of FY 2012, but $81 million above budgeted net income. Although total revenue was $58 million below budget, expenses were $139 million below budget.

- Total investments were $8.74 billion, of which the endowment comprises approximately $7.2 billion.

- Cash and invested cash totaled $3.36 billion as of December 31, 2012, compared to a budget of $3.09 billion and $2.64 billion the previous December 31. Cash alone was $1.11 billion, compared to a budget of $905 million and $841 the previous December 31.

Academic Component Financial Performance (S. Golding)

- Net operating income for the University (Academic Component) totaled $64 million, $35 million above the first six months of last year and $59 million above budget. Strong operating contributions, better than budgeted sponsored program direct revenue, and other income contributed to a $56 million (4%) positive revenue variance against budget, while expenditures were within $3 million of budget, with compensation savings offsetting higher-than-budgeted graduate student aid expense.

- Total contributions – pledges and new gifts, both operating and non-operating – totaled $262 million, an increase of $85 million (48%) over the prior year’s first six months, reflecting a successful culmination of the Making History campaign as well as donor concerns about potential fiscal cliff-induced tax changes.

- Year-to-date capital expenditures increased from $120 million last year as of December 31 to $164 million for the first six months of this fiscal year, with increased expenditures on the Smilow Center for Translational Research and the Singh Center for Nanotechnology. Expenditures remained below budget by $232 million.
Health System Performance (K. Kasper)

- Year-to-date net operating income ("operating margin") for UPHS totaled $79 million, $30 million below the prior year-to-date results, but $5 million above budget. Operating revenue increased by $60 million (3.6%) from $1.67 billion as of December 31, 2011 to $1.73 billion as of December 31, 2012. Expenses increased by $92 million (5.9%) from $1.55 billion as of December 31, 2011 to $1.65 billion as of December 31, 2012.

- Adjusted admissions of 30,996 in the second quarter were 1.3% below last year and 3.9% below budget. Inpatient admissions were 6% below budget, while outpatient activity in high intensity services was mixed.

- Capital expenditures increased from $57.4 million as of December 31, 2011 to $102.6 million as of December 31, 2012, a $45.2 million increase (78.7%).