

Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ended December 31, 2013.

(The following information represents the unaudited results for the period)

Consolidated University

- Total net assets were \$12.3 billion as of December 31, 2013, an increase of \$2.0 billion over December 31, 2012 and \$1.0 billion above budget, driven largely by strong investment performance and pension valuations.
- Net operating income for December 31, 2013, was \$130 million, \$5 million higher than December 31, 2012, and \$75 million above budgeted net income. Total revenue was \$56 million above budget and expenses were \$19 million below budget.
- Cash and invested cash totaled \$3.9 billion as of December 31, 2013, compared to a budget of \$3.4 billion and \$3.4 billion at December 31, 2012. Cash alone was \$1.2 billion, slightly above the budget of \$1.1 billion and \$1.1 billion as of December 31, 2012.

Academic Component

- Net operating income for the University (Academic Component) totaled \$5 million, \$59 million below the prior year but \$16 million above budget. Revenue was \$35 million (2.7%) above budget, while expenditures were \$19 million above budget.
- New contributions, both operating and non-operating, totaled \$168 million, a decrease of \$93 million (35.7%) over the prior fiscal year's first six months.
- Year-to-date capital expenditures decreased from \$164 million as of December 31, 2012, to \$113 million for December 30, 2013. Capital expenditures were \$46 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled \$149 million, \$83 million above the budget and \$70 million above the prior year-to-date results. Operating revenue increased by \$193 million (11.2%) from \$1.7 billion as of December 31, 2012 to \$1.9 billion as of December 31, 2013. Expenses increased by \$123 million (7.5%) from \$1.7 billion as of December 31, 2012 to \$1.8 billion as of December 31, 2013.
- Adjusted admissions of 71,213 through six months were higher than budget and the prior year by 9.2% and 14.1%, respectively. Inpatient admissions were consistent with the budget, while outpatient activity in high intensity services was mixed. Unbudgeted Chester County Hospital activity of 8,560 adjusted admissions and 4,036 inpatient admissions was included in the six month figures.
- Capital expenditures increased from \$103 million as of December 31, 2012 to \$128 million as of December 31, 2013, a \$25 million increase (24%). In addition, the Chester County Health System transaction resulted in a contribution of \$121 million in property, plant, and equipment.