

Financial Report

UNIVERSITY OF PENNSYLVANIA

For the nine months ended March 31, 2014.

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

Consolidated University

- Total net assets were \$12.5 billion as of March 31, 2014, an increase of \$1.8 billion over March 31, 2013 and \$1.2 billion above budget, driven largely by strong investment performance and pension valuations.
- Net operating income for March 31, 2014 was \$164 million, \$8 million lower than March 31, 2013, but \$145 million above budgeted net income. Total revenue was \$123 million above budget and expenses were \$22 million below budget.
- Cash and invested cash totaled \$3.9 billion as of March 31, 2014, compared to a budget of \$3.4 billion and \$3.6 billion at March 31, 2013. Cash alone was \$1.1 billion, compared to a budget of \$1.0 billion and \$1.2 billion as of March 31, 2013.

Academic Component

- Net operating income for the University (Academic Component) reflected a decrease of \$20 million, \$97 million below the prior year but \$10 million above budget. Revenue was \$46 million (2.4%) above budget, while expenditures were \$36 million above budget.
- New contributions, both operating and non-operating, totaled \$245 million, a decrease of \$87 million (26.2%) over the prior fiscal year's first nine months.
- Year-to-date capital expenditures decreased from \$217 million as of March 31, 2013, to \$173 million for March 31, 2014. Capital expenditures were \$38 million below budget.

Health System

- Year-to-date net operating income ("operating margin") for UPHS totaled \$226 million, \$126 million above the budget and \$101 million above the prior year-to-date results. Operating revenue increased by \$315 million (12.1%) from \$2.6 billion as of March 31, 2013 to \$2.9 billion as of March 31, 2014. Expenses increased by \$214 million (8.6%) from \$2.5 billion as of March 31, 2013 to \$2.7 billion as of March 31, 2014.

- Adjusted admissions of 108,274 through nine months were lower than budget by 4.8% but 16.0% above the prior year. Inpatient admissions were slightly lower than the budget, while outpatient activity in high intensity services was mixed. Chester County Hospital activity of 14,936 adjusted admissions and 7,255 inpatient admissions was included in the nine month figures.
- Capital expenditures increased from \$149 million as of March 31, 2013 to \$202 million as of March 31, 2014, a \$53 million increase (36%). In addition, the Chester County Health System transaction resulted in a contribution of \$121 million in property, plant, and equipment.