

Financial Report

UNIVERSITY OF PENNSYLVANIA

For the twelve months ended June 30, 2014

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

Consolidated University

- Total net assets were \$13.0 billion as of June 30, 2014, an increase of \$1.7 billion over June 30, 2013 and \$1.7 billion above budget, driven largely by strong investment performance.
- Net operating income for June 30, 2014 was \$262 million, \$33 million lower than June 30, 2013, but \$210 million above budgeted net income. Total revenue was \$502 million above budget and expenses were \$292 million above budget.
- Investment performance was strong with a June 30, 2014 AIF return of 17.5% versus budgeted 6.5% and 14.4% as of the prior fiscal year. Total investments were \$10.8 billion, of which the endowment comprises \$9.6 billion.
- Cash and invested cash totaled \$4.0 billion as of June 30, 2014, compared to a budget of \$3.2 billion and \$3.7 billion at June 30, 2013. Cash alone was \$1.1 billion, compared to a budget of \$0.8 billion and \$1.2 billion as of June 30, 2013.

Academic Component

- Net operating income for the University (Academic Component) reflected an increase of \$26 million, \$121 million below the prior year but \$46 million above budget. Revenue was \$82 million (3.1%) above budget, while expenditures were \$36 million (1.3%) above budget.
- New contributions, both operating and non-operating, totaled \$355 million, a decrease of \$85 million (19.3%) from the prior fiscal year.
- Capital expenditures decreased from \$273 million as of June 30, 2013 to \$234 million for June 30, 2014. Capital expenditures were \$31 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled \$292 million, \$146 million above the budget and \$106 million above the prior year-to-date results. Operating revenue increased by \$438 million (12.5%) from \$3.5 billion as of June 30, 2013 to \$3.9 billion as of June 30, 2014. Expenses increased by \$332 million (10.0%) from \$3.3 billion as of June 30, 2013 to \$3.6 billion as of June 30, 2014.
- Adjusted admissions of 147,113 through twelve months were lower than budget by 4.0% but 17.5% above the prior year. Inpatient admissions were slightly lower than budget, while outpatient activity in high intensity services was mixed. Chester County Hospital activity of 21,752 adjusted admissions and 10,525 inpatient admissions was included in the twelve month figures.
- Capital expenditures increased from \$202 million as of June 30, 2013 to \$335 million as of June 30, 2014, a \$133 million increase (65%). In addition, the Chester County Health System transaction resulted in a contribution of \$151 million in property, plant, and equipment.