Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ended December 31, 2014.

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

Consolidated University

- Total net assets were $13.1 billion as of December 31, 2014, an increase of $812 million over December 31, 2013 and $462 million above budget, driven largely by strong investment performance over the twelve month period, and in particular the fourth quarter of the fiscal year.

- Net operating income for December 31, 2014, was $190 million, $60 million higher than December 31, 2013, and $119 million above budgeted net income. Total revenue was $112 million above budget and expenses were $7 million below budget.

- Cash and invested cash totaled $4.0 billion as of December 31, 2014, compared to a budget of $3.8 billion and $3.9 billion at December 31, 2013. Cash alone was $1.1 billion, compared to a budget of $1.0 billion and $1.2 billion at December 31, 2013.

Academic Component

- Net operating income for the University (Academic Component) totaled $38 million, $33 million above the prior year and $37 million above budget. Revenue was $34 million (2.6%) above budget, while expenditures were $3 million (0.2%) below budget.

- Total contributions – pledges and new gifts, both operating and non-operating – totaled $152 million, a decrease of $17 million (10.0%) from the prior fiscal year’s first six months.

- Year-to-date capital expenditures increased from $113 million as of December 31, 2013, to $124 million for December 31, 2014. Capital expenditures were $26 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled $182 million, higher than the budget and the prior year by $88 million and $33 million, respectively. Operating revenue increased by $215 million (11.2%) from $1.919 billion as of December 31, 2013 to $2.134 billion as of December 31, 2014. Expenses increased by $182 million (10.3%) from $1.770 billion as of December 31, 2013 to $1.952 billion as of December 31, 2014. Both revenue and expense increases reflect the addition of Chester County Hospital and Health System.
• Adjusted admissions of 78,075 for the first 6 months were consistent with the budget and higher than the prior year by 9.4% (the latter reflecting the addition of Chester County). Inpatient admissions were lower than the budget by 2%, while outpatient activity in high intensity services was mixed.

• Capital expenditures increased from $128 million as of December 31, 2013 to $233 million as of December 31, 2014, a $105 million increase (82%).