Financial Report

UNIVERSITY OF PENNSYLVANIA

For the six months ended March 31, 2015.

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

Consolidated University

- Total net assets were $13.5 billion as of March 31, 2015, an increase of $1.0 billion over March 31, 2014 and $805 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 March 31, 2015, was $286 million, $122 million higher than March 31, 2014, and $234 million above budgeted net income. Total revenue was $213 million above budget and expenses were $21 million below budget.

- Cash and invested cash totaled $4.1 billion as of March 31, 2015, compared to a budget of $3.8 billion and $3.9 billion at March 31, 2014. Cash alone was $1.2 billion, compared to a budget of $1.0 billion and $1.1 billion at March 31, 2014.

Academic Component

- Net operating income for the University (Academic Component) totaled $60 million, $80 million above the prior year and $99 million above budget. Revenue was $77 million (3.8%) above budget, while expenditures were $22 million (1.1%) below budget.

- Total contributions – pledges and new gifts, both operating and non-operating – totaled $221 million, a decrease of $24 million (10.0%) from the prior fiscal year’s first nine months.

- Year-to-date capital expenditures increased from $173 million as of March 31, 2014, to $192 million for March 31, 2015. Capital expenditures were $33 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled $270 million, higher than the budget and the prior year by $139 million and $45 million, respectively. Operating revenue increased by $304 million (10.5%) from $1.919 billion as of March 31, 2014 to $3.216 billion as of March 31, 2015. Expenses increased by $260 million (9.7%) from $2.686 billion as of March 31, 2014 to $2.946 billion as of March 31, 2015. Both revenue and expense increases reflect the addition of Chester County Hospital and Health System.
• Adjusted admissions of 116,567 for the first nine months were consistent with the budget and higher than the prior year by 7.5% (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 $202 million as of March 31, 2014 to $356 million as of March 31, 2015, a $154 million increase (76%).