Financial Report

UNIVERSITY OF PENNSYLVANIA

For the three months ended March 31, 2016
(The following information represents the unaudited results for the period)

Consolidated University

- March 31, 2016 total net assets of $14.3 billion increased $804 million, or 5.9%, over March 31, 2015, driven largely by the integration of Lancaster General Health into the Health System and strong operating performance, but were $695 million, or 4.8%, below budget primarily due to the downturn in the financial markets.
- Net operating income of $350 million through March 31, 2016 was $63 million, or 22.2%, higher than March 31, 2015, and $173 million, or 49.5%, above budgeted net income. The integration of Lancaster General was the primary driver in the $1.1 billion and $1.0 billion respective increases in revenue and expense versus prior year. Relative to budget, revenue increased $174 million with expenses virtually flat.
- Cash and invested cash totaled $5.1 billion ($4.0 billion of which is included in the $12.1 billion investments above) at March 31, 2016, compared to a budget of $5.0 billion and $4.1 billion prior year. Cash and cash equivalents were $1.1 billion, compared to a budget of $0.9 billion and $1.2 billion at March 31, 2015.

Academic Component

- University (Academic Component) net operating income of $68 million was $8 million, or 12.8%, above the prior year and $77 million, or 113.1%, favorable versus budget. Revenue of $2.2 billion was $69 million, or 3.3%, above budget, while expenditures were $7 million, or 0.4%, below budget.
- Total contributions – pledges and new gifts, operating and non-operating – totaled $229 million, an increase of $8 million, or 3.8%, from the prior fiscal year’s first nine months.
- Year-to-date capital expenditures were $252 million, an increase of $60 million over the same period prior year. Notable projects include the New College House, Perelman Center for Political Science and Economics, and the Stephen A. Levin Building. Capital expenditures were $20 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled $334 million, higher than the budget and the prior year by $178 million and $65 million, respectively. Operating revenue increased by $1.02 billion (31.7%) from $3.22 billion as of March 31, 2015 to $4.24 billion as of March 31, 2016. Expenses increased by $955 million (32.4%) from $2.95 billion as of March 31, 2015 to $3.90 billion as of March 31, 2016. Both revenue and expense increases reflect the addition of Lancaster General Health.
- Adjusted admissions of 122,415 through nine months were slightly higher than the budget and the prior year by 3% and 5%, respectively. Inpatient admissions were consistent with the
budget while outpatient activity in high intensity services was mixed. (Both figures exclude Lancaster General Health.)

- Capital expenditures decreased from $356 million as of March 31, 2015 to $328 million as of March 31, 2016, a $19 million decrease (8%).