Financial Report

UNIVERSITY OF PENNSYLVANIA

For the twelve months ended June 30, 2016

Consolidated University

- Total net assets were $14.5 billion as of June 30, 2016, an increase of $1.02 billion over June 30, 2015 driven largely by the integration of Lancaster General Health into the Health System and strong operating performance; but were $835 million, or 5.4%, below budget primarily due to the downturn in the financial markets and increased pension liability.
- Net operating income of $436 million through June 30, 2016 was $39 million, or 9.8%, higher than June 30, 2015 and $199 million, or 84.0%, above budgeted net operating income. The integration of Lancaster General was the primary driver in the approximate $1.5 billion and $1.4 billion respective increases in revenue and expense versus prior year. Total revenue was $254 million, or 3.1%, above budget and expenses were $55 million, or 0.7%, above budget.
- Market volatility drove the June 30, 2016 AIF return of -1.4% which was below the budgeted and prior year returns of 7.5% and 7.4%, respectively. Total investments were $12.5 billion, of which the endowment comprises $10.7 billion.
- Cash and invested cash totaled $5.2 billion in fiscal year 2016, compared to a budget of $5.6 billion and $4.1 billion at June 30, 2015.

Academic Component

- Net operating income for the University (Academic Component) was $99 million, $21 million, or 17.5%, below the prior year and $89 million, or 890%, favorable to budget. Total revenue was $88 million, or 3.1%, above budget, while expenses were $1 million, or 0%, below budget.
- New contributions, both operating and non-operating, totaled $337 million, an increase of $17 million, or 5.2%, from the prior fiscal year.
- Capital expenditures increased from $266 million in fiscal year 2015 to $336 million in fiscal year 2016. Notable projects include the New College House, Stephen A. Levin Building, and Pennovation Works. Fiscal year 2016 capital expenditures were $28 million below budget.

Health System

- Year-to-date net operating income (“operating margin”) for UPHS totaled $419 million, $223 million above the budget and $74 million above the prior year-to-date results. Operating revenue increased by $1.376 billion (31.8%) from $4.3 billion in fiscal year 2015 to $5.7 billion in fiscal year 2016. Expenses increased by $1.302 billion (32.7%) from $4.0 billion in fiscal year 2015 to $5.3 billion in fiscal year 2016.
- Excluding Lancaster General Health System, adjusted admissions of 164,416 through twelve months were higher than budget and prior year by 3.7% and 4.7%, respectively. Inpatient admissions were consistent with the budget, while outpatient activity in high intensity services was mixed.
- Capital expenditures decreased from $523 million in fiscal year 2015 to $431 million in fiscal year 2016, a $92 million decrease (18%). Fiscal year 2016 capital expenditures were $140 million below budget with Lancaster General Health System.