Financial Report

UNIVERSITY OF PENNSYLVANIA

For the nine months ended March 31, 2018

Consolidated University
- Total net assets were $17.6 billion as of March 31, 2018, an increase of $2.1 billion over March 31, 2017, driven largely by strong investment and operating performance as well as the member substitution of Princeton HealthCare System. Total net assets were $1.1 billion above budget.
- The change in net assets from operations reflected an increase of $338 million through March 31, 2018, $115 million above prior year and $265 million above budgeted net operating income. Total revenue of $7.4 billion was $550 million, or 8.1%, above prior year and $375 million, or 5.4%, above budget. Expenses of $7.0 billion were $435 million, or 6.6%, above prior year and $110 million, or 1.6%, above budget. As noted below, prior year expenses include $86 million related to the decapitalization of library materials.
- Cash and invested cash, a portion of which is included in the investments noted above, totaled $6.6 billion as of March 31, 2018, compared to prior year of $5.5 billion and a budget of $5.5 billion.

Academic Component
- The change in net assets from operations for the University (Academic Component) reflected a $68 million increase versus a $53 million decrease in prior year and budgeted decrease of $39 million. Total revenue of $2.4 billion was $93 million, or 4.0%, above budget primarily due to sponsored program revenue that was $38 million, or 5%, higher than budget and the receipt of approximately $60 million of accelerated gift payments. Expenses were $13 million, or 0.5%, below budget. The prior year decrease in the change in net assets from operations was primarily due to the previously reported accounting change related to the decapitalization of the library materials.
- Operating and non-operating contributions totaled $314 million, an increase of $53 million, or 20.3%, above the prior year primarily due to the receipt of approximately $60 million of accelerated gift payments.
- Capital expenditures totaled $189 million as of March 31, 2018, $51 million, or 21.5%, below prior year and $77 million, or 28.9%, below budget. Spending was slower than forecasted on projects including Stemmler Hall ($4 million), Perelman Center for Political Science and Economics ($3 million), and the Wharton Academic Research Building ($7 million).

Health System
- On January 1, 2018, Princeton Healthcare Systems (PHCS) became part of the Health System by membership substitution resulting in a non-operating gain of $315 million.
- The change in net assets from operations reflected an increase of $281 million as of March 31, 2018, $4 million below the prior year but $120 million above budget. Operating revenue increased $384 million, or 8.4%, from $4.57 billion as of March 31, 2017 to $4.95 billion as of March 31, 2018, PHCS contributed $122 million of revenues to the increase. Expenses increased $389 million, or 9.1%, from $4.28 billion as of March 31, 2017 to $4.67 billion as of March 31, 2018, PHCS contributed $120 million of expenses to the increase.
- Adjusted admissions, excluding PHCS, of 178,906 through March 31, 2018 were slightly higher than the prior year and consistent with the budget. Inpatient admissions were 3.0% lower than budget while outpatient activity in high intensity services was mixed.
- Capital expenditures totaled $406 million as of March 31, 2018, which was $103 million below the budget but $52 million higher than the prior year.