Financial Report

UNIVERSITY OF PENNSYLVANIA

Forecasted results for the periods ending June 30, 2018 and June 30, 2019

Forecasted Results for the Fiscal Year Ending June 30, 2018

- Total net assets for the Consolidated University are forecasted to increase $1.5 billion to $17.8 billion ($12.2 billion Academic Component/$5.6 billion Health System) primarily due to strong operating and investment performance, and the member substitution of Penn Medicine Princeton Health.

- An increase in net assets from operations of $438 million is projected for the Consolidated University due to strong operating performance from both the Academic Component and the Health System. The Health System is projecting an increase in net assets from operations of $350 million before transfers to the Perelman School of Medicine (PSOM), and the Academic Component is projecting an increase in net assets from operations of $140 million. (Note numbers do not add due to eliminations and adjustments from hospital to university accounting.)

- Cash is projected to increase $359 million to $1.3 billion for the Consolidated University ($370 million Academic Component/$962 million Health System) due to strong Health System and Academic operating performance and approximately $480 million drawdown from the Health System 2017 debt issuance, offset by $50 million investment into the ITF and capital expenditures of $817 million.

Budget for the Fiscal Year Ending June 30, 2019

- Total net assets for the Consolidated University are budgeted to increase $800 million to $18.6 billion ($12.8 billion Academic Component/$5.8 billion Health System) primarily due to projected endowment return.

- An increase in net assets from operations of $167 million is budgeted for the Consolidated University. The Health System is budgeting an increase in net assets from operations of $250 million before transfers to PSOM, while the Academic Component is budgeting a decrease in net assets from operations of $18 million. (Note numbers do not add due to eliminations and adjustments from hospital to university accounting.) The Health System budgeted operating performance reflects expense inflation outstripping modest volume growth and some payer pressure, while the Academic Component reflects elevated expenses from two enterprise system implementations.

- Cash is projected to decrease $272 million to $1.06 billion for the Consolidated University ($487 million Academic Component/$573 million Health System) primarily due to planned capital expenditures of $1.31 billion, offset by $200 million forecasted Academic Component debt issuance, $118 million drawdown of Health System bond escrow, and the liquidation of $142 million in the Health System Intermediate Term Investment Fund in support of the ramp up in spending on the HUP Patient Pavilion.