Financial Report

UNIVERSITY OF PENNSYLVANIA

For the twelve months ended June 30, 2018

Consolidated University

- Total net assets were $18.6 billion as of June 30, 2018, an increase of $2.3 billion over June 30, 2017 and 13.8% above budget driven primarily by strong operating performance and investment returns as well as the member substitution of Princeton HealthCare System.
- The change in net assets from operations reflected an increase of $533 million through June 30, 2018; $190 million, or 55.3%, above June 30, 2017 and $402 million above budget. Total revenue of $10.1 billion was $900 million, or 9.8%, above prior year and $666 million, or 7.1%, above budget. Expenses of $9.6 billion were $710 million, or 8.0%, above prior year and $264 million, or 2.8%, above budget.
- The June 30, 2018 AIF return of 12.9% was above the budgeted return of 7.5% but below prior fiscal year return of 14.3%. Total investments were $15.7 billion, of which the endowment comprised approximately $13.8 billion.
- Fiscal year 2018 cash and invested cash totaled $6.2 billion, compared to prior year of $5.6 billion and a budget of $5.3 billion.

Academic Component

- The change in net assets from operations for the University (Academic Component) reflected a $180 million increase versus a $9 million decrease in prior year and budgeted decrease of $24 million. As a reminder, the prior year included an $86 million negative impact for the Academic Component from the decapitalization of library books. Total revenue was $165 million, or 5.2, above budget, while expenses were $40 million, or 1.2, below budget.
- Operating and non-operating contributions totaled $442 million, an increase of $17 million, or 4.0%, from the prior fiscal year.
- Capital expenditures decreased from $309 million in fiscal year 2017 to $253 million in fiscal year 2018. Notable projects include the Stemmler Hall renovations, Perelman Center for Political Science and Economics, Evans Building, and Hill College House. FY18 capital expenditures were $101 million below budget.

Health System

- The change in net assets from operations reflected an increase of $383 million for FY18, $137 million above the budget before contingency but $4 million below the prior year. Operating revenue increased $643 million, or 10.5%, from $6.1 billion in FY17 to $6.8 billion in FY18. Expenses increased $648 million, or 11.3%, from $5.8 billion in FY17 to $6.4 billion in FY18.
- Adjusted admissions of 259,824 through twelve months were higher than budget by 7.8% (equal to budget excluding Princeton) and higher than prior year by 10.4% (2.7% higher than prior year excluding Princeton).
- Capital expenditures increased from $473 million in FY17 to $616 million in FY18, a $144 million increase, or 30.5%. FY18 capital expenditures were $89 million below budget.