

Joint BAB/Sr. BA

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Finance Forward Case for Change



Finance Forward Vision

Finance Forward is the creation of a unified financial environment that *simplifies* operations, *safeguards* resources, and *fosters accountability* across the University.

Finance Forward Goals



Proactively identify and mitigate
financial risk



Gain administrative efficiencies
across the University

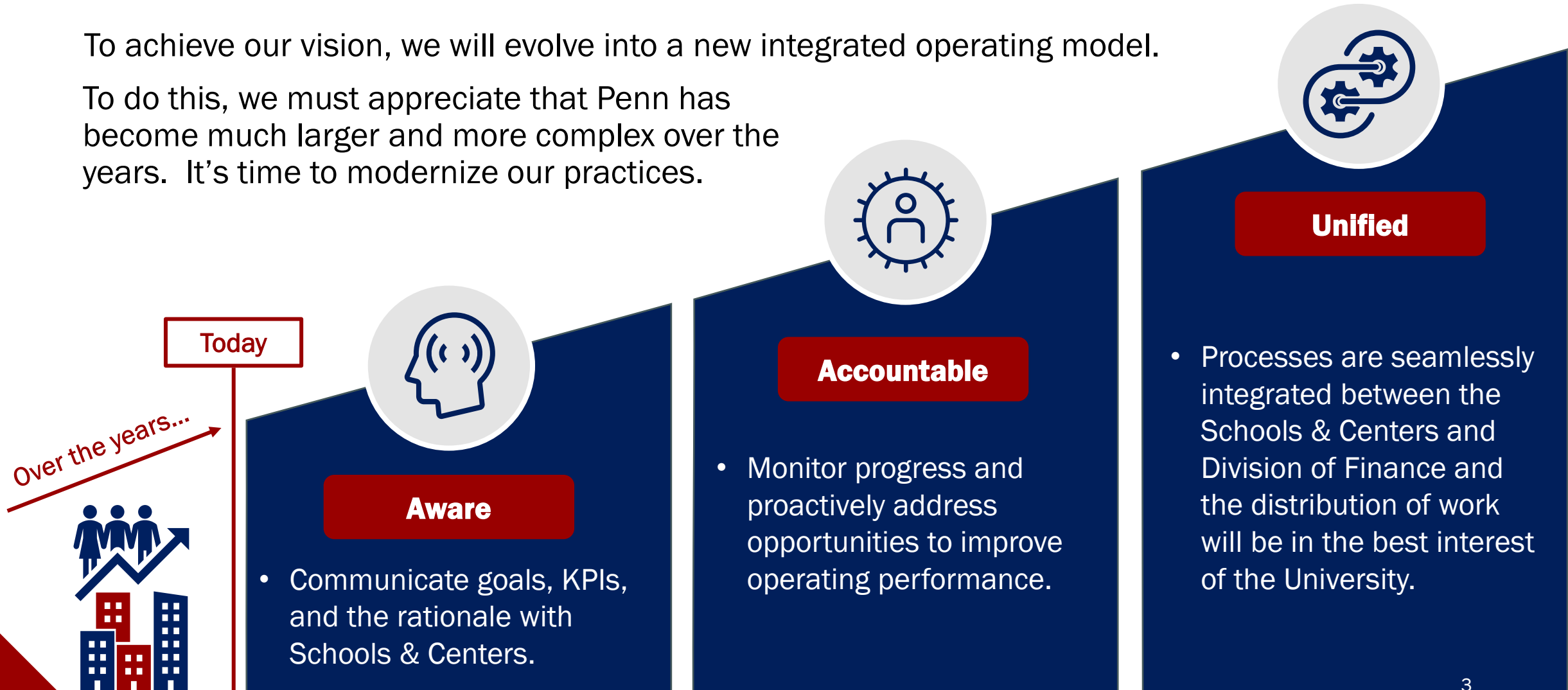


Make it easier to get work done
right, the first time

Evolution

To achieve our vision, we will evolve into a new integrated operating model.

To do this, we must appreciate that Penn has become much larger and more complex over the years. It's time to modernize our practices.



Key Projects

Finance Forward has identified and prioritized a portfolio of projects that will achieve the overall goals of the Program. Each project will be enabled by resources and capabilities to ensure success while helping build change resilience.

CURRENT PROJECTS INCLUDE:

School Compliance Dashboard

Implemented in 2024, the dashboard provides greater visibility across the University's compliance metrics.

Procure-to-Pay

The Procure-to-Pay project seeks to advance the overall procurement function to bring efficiencies into how the University sources, buys, and pays for products, services, travel, and other expenses.

Research Services/ PennERA

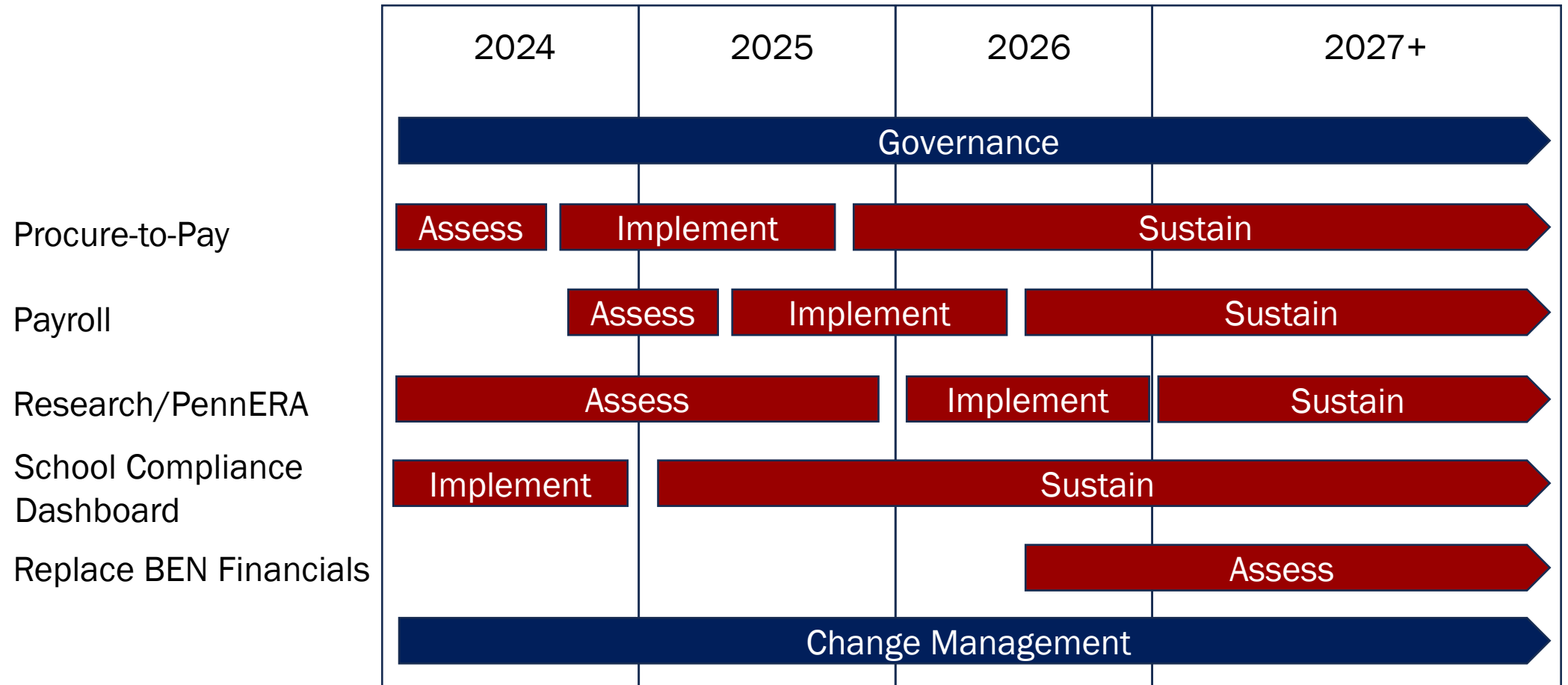
Evaluation of options for upgrading Penn's research lifecycle management system, focusing on the complete grant lifecycle, in partnership with the Vice Provost for Research Services.

Payroll

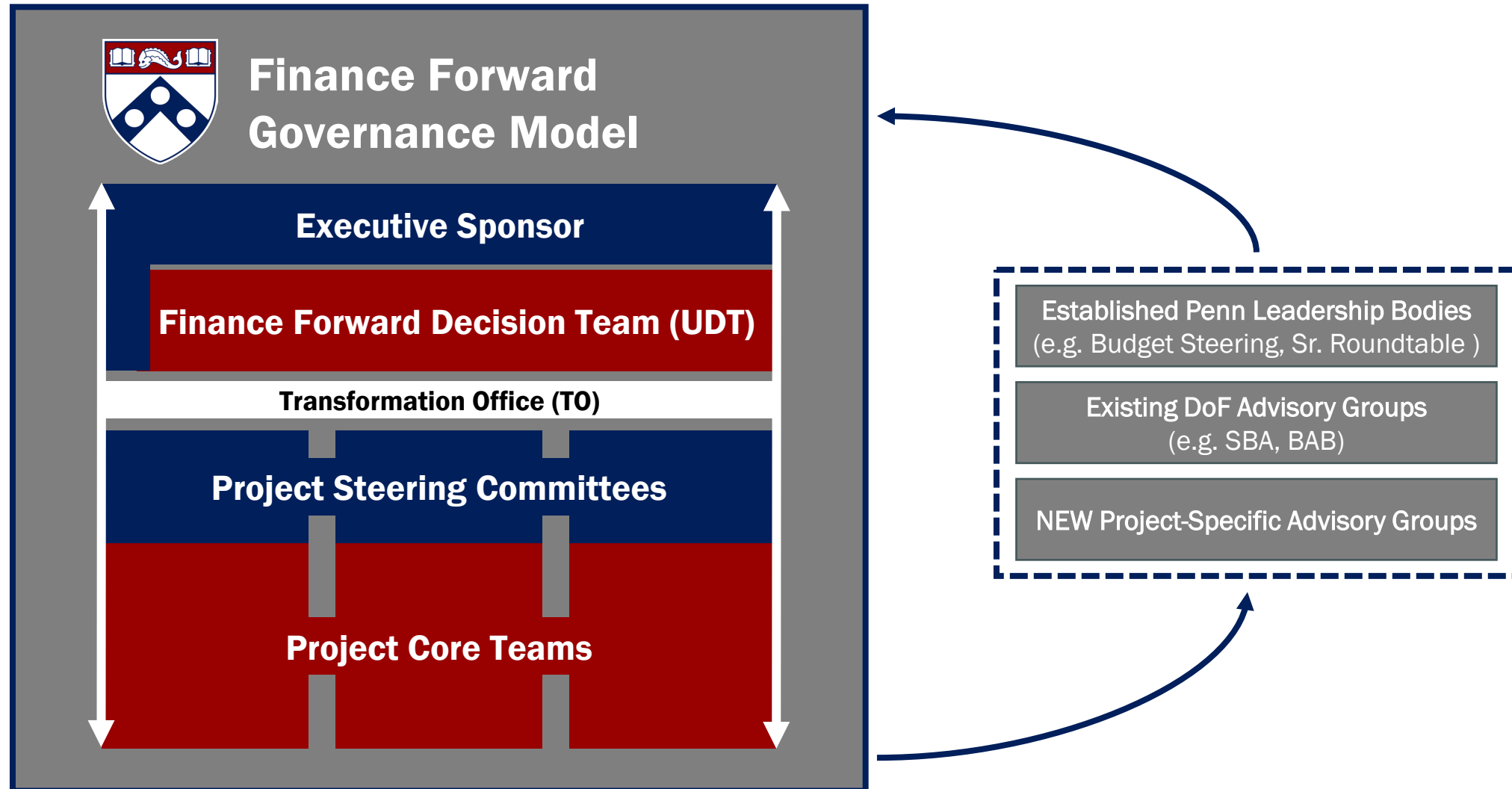
The Payroll initiative seeks to reduce errors and overpayments through process improvements and improved monitoring controls.

Finance Forward Timeline

Governance and Change Management remain paramount and continue across all phases of work:



Governance Model Visual



Fiscal Year 2024 Financial Summary



Consolidated University:

- Total net assets were \$31.0 billion as of June 30, 2024, an increase of \$1.2 billion, or 4.0% over June 30, 2023 and in line with budget.
- Change in net assets from operations was \$660 million, a \$479 million decrease compared to prior year, but \$52 million favorable to budget.
- Investments totaled \$24.4 billion, exceeding prior year by \$1.3 billion.
- Capital expenditures totaled \$1.1 billion, exceeding prior year expenditures by \$295 million, but trailing budget by \$161 million, or 15%.



Academic Component:

- Change in net assets from operations was \$306 million, a \$545 million decrease compared to prior year and \$26 million unfavorable to budget.
- Revenue of \$4.8 billion was \$140 million below prior year, but \$99 million favorable to budget. Expenses of \$4.5 billion were \$405 million above prior year and \$125 million unfavorable to budget.

Fiscal Year 2024 Financial Summary



STATEMENTS OF FINANCIAL POSITION

University of Pennsylvania - Consolidated Academic Component
(in thousands)

	June 30, 2024	June 30, 2023	Change Amount	%
Assets				
Cash and cash equivalents	\$ 1,584,562	\$ 2,341,867	\$ (757,305)	-32.3%
Accounts receivable, net of allowances of \$44,167 and \$28,951	347,920	388,824	(40,904)	-10.5%
Contributions receivable, net	338,742	438,249	(99,507)	-22.7%
Loans receivable, net of allowances of \$3,277 and \$2,908	48,718	53,022	(4,304)	-8.1%
Other assets	342,379	350,380	(8,001)	-2.3%
Investments, at fair value	18,182,487	16,898,948	1,283,539	7.6%
Due from related entities	39,127	36,198	2,929	8.1%
Property, plant and equipment, net	3,905,305	3,548,015	357,290	10.1%
Total assets	\$ 24,789,240	\$ 24,055,503	\$ 733,737	3.1%
Liabilities				
Accounts payable	\$ 88,028	\$ 97,544	\$ (9,516)	-9.8%
Accrued expenses and other liabilities	881,924	883,422	(1,498)	-0.2%
Deferred income	140,054	138,616	1,438	1.0%
Deposits and advances	178,751	217,594	(38,843)	-17.9%
Federal student loan advances	30,056	32,756	(2,700)	-8.2%
Accrued retirement benefits	29,270	26,542	2,728	10.3%
Debt obligations	1,821,913	1,862,172	(40,259)	-2.2%
Total liabilities	3,169,996	3,258,646	(88,650)	-2.7%
Net assets				
Unrestricted	11,110,779	10,719,747	391,032	3.6%
Temporarily restricted	5,346,071	5,136,704	209,367	4.1%
Permanently restricted	5,162,394	4,940,406	221,988	4.5%
Total net assets	21,619,244	20,796,857	822,387	4.0%
Total liabilities and net assets	\$ 24,789,240	\$ 24,055,503	\$ 733,737	3.1%

Fiscal Year 2024 Financial Summary



STATEMENTS OF ACTIVITIES

University of Pennsylvania - Consolidated Academic Component

For the years ended June 30, 2024 and 2023

(in thousands)

	As Reported				Adjusted			
	2024	2023	Amount	%	2024	2023	Amount	%
REVENUE AND OTHER SUPPORT								
Tuition and fees, net	\$ 1,361,865	\$ 1,329,806	\$ 32,059	2.4%	\$ 1,361,865	\$ 1,329,806	\$ 32,059	2.4%
Sponsored programs, total	1,408,679	1,333,422	75,257	5.6%	1,408,679	1,333,422	75,257	5.6%
Contributions and donor support	209,968	230,060	(20,092)	-8.7%	209,968	230,060	(20,092)	-8.7%
Investment income	940,082	875,339	64,743	7.4%	940,082	875,339	64,743	7.4%
Other income	912,533	1,204,414	(291,881)	-24.2%	710,033	646,714	63,319	9.8%
TOTAL REVENUE AND OTHER SUPPORT	4,833,127	4,973,041	(139,914)	-2.8%	4,630,627	4,415,341	215,286	4.9%
EXPENSES								
Salaries	2,042,787	1,866,964	175,823	9.4%	2,042,787	1,866,964	175,823	9.4%
Benefits	640,976	547,051	93,925	17.2%	640,976	547,051	93,925	17.2%
Other operating expenses	1,843,182	1,707,678	135,504	7.9%	1,823,582	1,707,678	115,904	6.8%
TOTAL EXPENSES	4,526,945	4,121,693	405,252	9.8%	4,507,345	4,121,693	385,652	9.4%
INCREASE IN NET ASSETS FROM OPERATIONS	306,182	851,348	(545,166)	-64.0%	123,282	293,648	(170,366)	-58.0%
NONOPERATING ACTIVITIES								
Return on investments, net	809,120	(180,075)	989,195	549.3%	809,120	(180,075)	989,195	549.3%
Pension, OPEB and other, net	29,719	39,997	(10,278)	-25.7%	29,719	39,997	(10,278)	-25.7%
Transfers (to) from Health System	(152,729)	6,154	(158,883)	-2581.8%	24,171	19,154	5,017	26.2%
Contributions and donor support	483,051	517,576	(34,525)	-6.7%	483,051	517,576	(34,525)	-6.7%
Net assets released from restrictions	(652,956)	(697,039)	44,083	-6.3%	(652,956)	(697,039)	44,083	-6.3%
TOTAL NONOPERATING ACTIVITIES	516,205	(313,387)	829,592	264.7%	693,105	(300,387)	993,492	330.7%
INCREASE IN TOTAL NET ASSETS	822,387	537,961	284,426	52.9%	816,387	(6,739)	823,126	12214.4%
Total net assets, beginning of year	20,796,857	20,258,896	537,961	2.7%	20,796,857	20,258,896	537,961	2.7%
TOTAL NET ASSETS, END OF YEAR	\$ 21,619,244	\$ 20,796,857	\$ 822,387	4.0%	\$ 21,613,244	\$ 20,252,157	\$ 1,361,087	6.7%