

TEMPLE UNIVERSITY HEALTH SYSTEM
Financial Summary
For the twelve months ended June 30, 2020

Temple University Health System Management Discussion and Analysis June 30, 2020

Overview

Temple University Health System (“TUHS”) reported a net income of \$95,007,000 for the year ended June 30, 2020 versus a budgeted net income of \$31,164,000 and a prior year net income of \$49,264,000 for favorable budget and year-over-year variances of \$63,843,000 and \$45,743,000, respectively. Operating income, which excludes investment income and unrealized gains on equity securities, was \$78,558,000 versus budgeted operating income of \$22,117,000 and prior year operating income of \$37,735,000 for favorable budget and year-over-year variances of \$56,441,000 and \$40,823,000, respectively.

June 2020 results were significantly impacted by the COVID-19 Pandemic (“Pandemic”) which drove decreases in patient volumes across all TUHS campuses as well as CARES Act Funding received from the government which can be used to offset revenue losses and/or expenses incurred to prepare for and treat COVID-19 patients. During the quarter ended June 30, 2020, \$90,102,000 of CARES Act funding was received and recognized in other revenue, with \$78,375,000 recognized at Temple University Hospital, Inc. (“TUH, Inc.”).

Actual versus Budget Summary

TUHS reported a net income of \$95,007,000 for the year ended June 30, 2020 versus a budgeted net income of \$31,164,000 for a favorable budget variance of \$63,843,000. These results were driven by favorable population health performance and investment income, partially offset by unfavorable Commonwealth funding and asset impairment. CARES Act Funding received was used to offset revenue losses and certain expenses incurred to treat COVID-19 patients. A new accounting standard adopted in fiscal year 2020 requires certain unrealized investment gains and losses to be recognized within net income. This new standard explains the variance in other investment income.

Effective July 1, 2019, Temple University (“TU”) transferred the assets and liabilities of its physician practice plan known as Temple University Physicians (“TUP”), to Temple Faculty Practice Plan, Inc. (“TFPP”), a newly-formed subsidiary of TUHS, and all clinical and related activities of the physician practice plan were assumed by TFPP as of that date. Accordingly, the University transferred the assets and liabilities of its wholly-owned professional liability insurance captive, Good Samaritan Insurance Co. Ltd., to the Health System’s wholly-owned professional liability insurance captive, TUHS Insurance Company, Ltd. (“TUHIC”), effective July 1, 2019, and all reinsurance rights, interest, duties, obligations, responsibilities, and liabilities previously reinsured by GSIC were assumed by TUHIC.

Healthcare Performance:

Inpatient revenues were \$8,527,000 favorable to budget through June, an increase of \$4,830,000 from the favorable variance of \$3,697,000 as of February. The June year-to-date results were primarily driven by a favorable variance of \$22,849,000 at TUH, Inc. partially offset by an unfavorable variance at American Oncologic Hospital (“AOH”) of (\$11,333,000). The favorable variance at TUH, Inc. was a result of above budget discharges of 1,571 partially offset by unfavorable CMI of (0.04). COVID-19 diagnosed patient admissions significantly contributed to the favorable inpatient discharges and revenue in Q4 despite significant lost volume in elective procedures, surgeries, and transplants. The unfavorable variance at AOH was due to below budget census patient days of (3,657) which were significantly impacted by the Pandemic.

Outpatient revenues were unfavorable to budget (\$102,032,000). Q4 losses as a result of the Pandemic significantly impacted the year-to-date results. TUH, Inc. was unfavorable to budget (\$86,498,000) driven by below budget outpatient registrations (59,598), ED visits (14,563) and outpatient surgeries (2,844). The outpatient pharmacy contributed (\$44,047,000) to the unfavorable variance at TUH, Inc., including an increase in the unfavorable variance in Q4 as a result of the Pandemic. AOH revenue was unfavorable (\$12,340,000). Below budget chemotherapy infusions (5,059) and radiation therapy procedures (844) drove an unfavorable variance of (\$18,347,000). Partially offsetting the unfavorable variance was favorable performance of the retail pharmacy and the East Norriton location which contributed favorable revenue of \$3,406,000 and \$2,054,000, respectively.

The remaining inpatient and outpatient revenue variances were related to the final results of Jeanes Hospital at January 31 prior to its merger with TUH, Inc.

Physician revenues were (\$36,654,000) unfavorable to budget driven primarily by lost procedures in Q4 as a result of the Pandemic. TFPP was unfavorable to budget (\$24,968,000) due to a shortfall in total visits (57,433) including a shortfall in surgical visits of (12,681). Temple Physicians, Inc. (“TPI”) was unfavorable to budget (\$7,406,000) due to a shortfall in non-urgent care visits of (25,698) and urgent care visits (11,227).

Supplies and pharmaceuticals expenses were \$35,475,000 favorable to budget, primarily due to TUH, Inc. outpatient pharmacy performance noted above which contributed drug savings of (\$15,877,000). Also contributing to the favorable variance was reduced OR, transplant and inpatient pharmacy costs associated with lost procedures in Q4, partially offset by costs associated with preparation for and treatment of COVID-19 patients including lab equipment and personal protective equipment.

Other investment income was \$5,685,000 favorable due to unrealized gains on equity securities, as noted above.

Net Commonwealth Funding:

Net Commonwealth funding was (\$13,378,000) unfavorable to budget primarily due to adjustments to the upper payment limit and below budget Hospital Quality Incentive payments related to preventable readmission scores and lower Pennsylvania State Assessment funding, partially offset by higher than anticipated Access to Care funding and the Philadelphia Reauthorization Assessment Payment.

Population Health Performance:

Population health activity consists partially of revenues earned through provider based pay-for-performance contracts coordinated by Temple Center for Population Health (“TCPH”). The second component of population health revenue is TUHS’s risk arrangements. Population health revenue was favorable to budget \$69,362,000 primarily driven by favorable results in TUHS’s risk arrangements.

Year over Year Summary

TUHS reported net income of \$95,007,000 for the year ended June 30, 2020 compared to a net income of \$49,264,000 in the prior year for a favorable variance of \$45,743,000.

Total net patient service revenue, excluding Commonwealth funding, increased by \$108,803,000, primarily due to TFPP physician revenues of \$136,858,000 which were not included in prior year results. Inpatient revenues increased by \$14,207,000 due to an increase in discharges at TUH, Inc. partially offset by lower census patient days at AOH. Outpatient revenues decreased (\$39,782,000), driven primarily by the impact of the Pandemic in Q4 which drove a decrease in procedures across TUHS as well as a (\$13,721,000) decrease in outpatient pharmacy performance at TUH, Inc.

Net Commonwealth funding decreased by (\$21,229,000) due primarily to adjustments to the upper payment limit partially offset by increases in the Philadelphia Reauthorization Assessment Payment and Access to Care Funding.

Population health revenue increased by \$50,487,000 due to an improvement in TUHS risk performance.

Operating expenses increased (\$232,752,000) overall compared to the prior year. Excluding TFPP expenses of \$240,990,000, which were not included in prior year results, as well as Commonwealth related expenses and asset impairment, operating expenses remained flat year-over-year. Salaries increased by (\$10,213,000) due to incentive payments to clinical staff related to the Pandemic. Insurance expense increased by (\$10,019,000) due to the reduction in professional liability support that was received by TFPP in previous years from TU. These unfavorable variances were offset by a decrease in professional fees of \$8,119,000, primarily due to a change in presentation of global payments to TFPP, and a decrease in purchased services and other expenses of \$10,976,000, primarily due to the reversal of a \$4,000,000 legal reserve as well as less spending in information systems and marketing.

Liquidity

Liquidity at June 30, 2020 was \$764,563,000 compared to liquidity at June 30, 2019 of \$444,110,000. The favorable variance of \$320,453,000 to June 30, 2019 was primarily due to the receipt of \$174,772,000 in payer cash advances and payroll tax deferrals that will be repaid during fiscal year 2021. \$91,207,000 of CARES Act funding was also received. Other drivers of the increase include timing of receipt of Commonwealth funding and the inclusion of TFPP’s liquidity in fiscal year 2020.

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the twelve months ended June 30, 2020
Actual versus Budget

Temple University Health System
Key Operating Indicators
For the twelve months ended June 30, 2020

UNAUDITED
CONFIDENTIAL

TUHS Consolidated

	YTD	%	YTD	%	Variance
	Actual		Budget		
Patient Discharges:					
Inpatient Acute Discharges	35,551	71.6%	34,409	68.7%	1,142
Behavioral Health Discharges	2,115	4.3%	2,111	4.2%	4
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	37,666	75.9%	36,520	72.9%	1,146
CDU Observation Discharges	1,976	4.0%	3,830	7.6%	(1,854)
Non-CDU Observation Discharges	10,010	20.2%	9,743	19.4%	267
Subtotal Observation Discharges	11,986	24.1%	13,573	27.1%	(1,587)
Total Discharges including Observations	49,652	100.0%	50,093	100.0%	(441)
Births	2,425		2,400		25
Case Mix Index - Total	1.89		1.92		(0.03)
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.54		5.58		0.04
Behavioral Health LOS	22.17		20.23		(1.94)
CDU Observation LOS	1.42		1.44		0.02
Non-CDU Observation LOS	1.59		1.56		(0.04)
Patient Days Including Observation	262,629		255,385		7,244
Census Patient Days Including Observation Cases	258,721		255,671		3,050
Average Daily Census Including Observation	707		699		8
Staffed Beds (% Occupancy including Observations)	79.63%		76.60%		3.04%

Temple University Health System
Key Operating Indicators
For the twelve months ended June 30, 2020

UNAUDITED
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TUHS Consolidated

	YTD Actual	%	YTD Budget	%	Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	14,589	38.7%	13,583	37.2%	1,006
Medicare	16,349	43.4%	16,062	44.0%	287
Blue Cross	3,714	9.9%	4,006	11.0%	(292)
Managed Care	2,161	5.7%	2,282	6.2%	(121)
Other	<u>853</u>	<u>2.3%</u>	<u>587</u>	<u>1.6%</u>	<u>266</u>
Total Acute Discharges- All Except Births	37,666	100.0%	36,520	100.0%	1,146
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	23,758		21,141		2,617
Percentage of Acute Inpatient Discharges (admitted from ED)	66.8%		61.4%		5.4%
ED Visits	164,997		180,200		(15,203)
OPERATING ROOM:					
Inpatient	9,965		11,281		(1,316)
Outpatient	<u>10,661</u>		<u>14,109</u>		<u>(3,448)</u>
Total Operations	<u><u>20,626</u></u>		<u><u>25,390</u></u>		<u><u>(4,764)</u></u>
Transplants	319		374		(55)
Total Outpatient Registrations	438,690		506,324		(67,634)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,740		9,824		84
Based on total adjusted hours including contracted services, excluding residents	9,168		9,330		162

Temple University Health System
Operating Statement
(In thousands)
For the twelve months ended June 30, 2020

TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Budget	Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	788,107	779,579	8,527
Outpatient	2	696,517	798,549	(102,032)
Physician revenue	3	213,653	250,307	(36,654)
Commonwealth reimbursement	4	297,636	297,441	195
Net patient service revenue before provision for doubtful accounts	5	1,995,913	2,125,877	(129,964)
Provision for doubtful accounts	6	1,055	(7,405)	8,460
Total Net Patient Service Revenue	7	1,996,968	2,118,472	(121,504)
Research Revenue	8	41,872	41,266	606
Population Health	9	97,437	28,075	69,362
Contribution Revenue	10	4,704	6,373	(1,669)
Other Revenue - F/S	11	126,627	59,133	67,494
Investment Income - Revenue	12	1,049	1,440	(391)
Total Revenues	13	2,268,657	2,254,758	13,899
EXPENSES:				
Salaries	14	965,464	946,178	(19,286)
Employee benefits	15	242,529	256,118	13,589
Professional fees	16	49,031	72,873	23,842
Faculty support	17	71,603	57,961	(13,642)
Supplies and pharmaceuticals	18	469,063	504,538	35,475
Purchased services and other expense	19	136,486	147,383	10,897
Maintenance	20	19,419	21,395	1,977
Utilities	21	22,359	24,271	1,912
Leases	22	19,705	24,641	4,936
Insurance	23	57,810	51,492	(6,318)
Depreciation and amortization	24	45,683	48,270	2,587
Interest	25	23,849	24,816	967
Assessment Programs	26	58,846	58,915	70
Asset impairment	27	14,519	0	(14,519)
Total Expenses	28	2,196,365	2,238,851	42,486
Healthcare Performance	29	72,292	15,907	56,385
Non preferred appropriations	30	6,265	6,210	55
Operating Income(Loss)	31	78,558	22,117	56,440
Other investment income	32	14,731	9,046	5,685
Non operating income (loss)	33	1,719	0	1,719
Net Income (Loss)	34	95,007	31,164	63,844

Temple University Health System
Operating Statement
(In thousands)
For the twelve months ended June 30, 2020

TUHS Consolidated

		Year-to-Date		
		Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	Line #			
Unrestricted unrealized gain/loss	35	888	0	888
Net asset released from restriction used for purchase of PPE	36	1,212	0	1,212
Transfers from (to) affiliates	37	0	0	0
Transfers from (to) non affiliates	38	(6,266)	(6,210)	(56)
Interfund Transfer	39	0	0	0
Other comprehensive income pension	40	(21,028)	0	(21,028)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	41	<u>69,813</u>	<u>24,954</u>	<u>44,860</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	42	9,170	0	9,170
Net assets released from restrictions	43	(9,195)	0	(9,195)
Net change in fair value of investments	44	139	0	139
Investment income (loss)	45	2,657	0	2,657
Change in value of beneficial interests	46	(5,719)	0	(5,719)
TOTAL INCREASE (DECREASE) IN THE NET ASSETS WITH DONOR RESTRICTIONS	47	<u>(2,947)</u>	<u>0</u>	<u>(2,947)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS		<u><u>66,866</u></u>	<u><u>24,954</u></u>	<u><u>41,913</u></u>

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the twelve months ended June 30, 2020
Year Over Year Comparison

Temple University Health System
Key Operating Indicators Year Over Year
For the twelve months ended June 30, 2020

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Patient Discharges:					
Inpatient Acute Discharges	35,551	71.6%	34,361	69.7%	1,190
Behavioral Health Discharges	2,115	4.3%	2,085	4.2%	30
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	<u>37,666</u>	<u>75.9%</u>	<u>36,446</u>	<u>74.0%</u>	<u>1,220</u>
CDU Observation Discharges	1,976	4.0%	3,372	6.8%	(1,396)
Non-CDU Observation Discharges	<u>10,010</u>	<u>20.2%</u>	<u>9,463</u>	<u>19.2%</u>	<u>547</u>
Subtotal Observation Discharges	<u>11,986</u>	<u>24.1%</u>	<u>12,835</u>	<u>26.0%</u>	<u>(849)</u>
Total Discharges including Observations	49,652	100.0%	49,281	100.0%	371
Births	2,425		2,331		94
Case Mix Index - Total	1.89		1.89		0.00
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.54		5.92		0.38
Behavioral Health LOS	22.17		18.82		(3.35)
CDU Observation LOS	1.42		1.43		0.00
Non-CDU Observation LOS	1.59		1.57		(0.02)
Patient Days Including Observation	262,629		262,251		378
Census Patient Days Including Observation Cases	258,721		265,693		(6,972)
Average Daily Census Including Observation	707		728		(21)
Staffed Beds (% Occupancy including Observations)	79.63%		80.18%		(0.55)%

Temple University Health System
Key Operating Indicators Year Over Year
For the twelve months ended June 30, 2020

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	14,589	38.7%	13,562	37.2%	1,027
Medicare	16,349	43.4%	16,170	44.4%	179
Blue Cross	3,714	9.9%	3,887	10.7%	(173)
Managed Care	2,161	5.7%	2,278	6.3%	(117)
Other	<u>853</u>	<u>2.3%</u>	<u>549</u>	<u>1.5%</u>	<u>304</u>
Total Acute Discharges- All Except Births	37,666	100.0%	36,446	100.0%	1,220
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	23,758		21,078		2,680
Percentage of Acute Inpatient Discharges (admitted from ED)	66.8%		61.3%		5.5%
ED Visits	164,997		171,994		(6,997)
OPERATING ROOM:					
Inpatient	9,965		11,041		(1,076)
Outpatient	<u>10,661</u>		<u>13,871</u>		<u>(3,210)</u>
Total Operations	<u>20,626</u>		<u>24,912</u>		<u>(4,286)</u>
Transplants	319		355		(36)
Total Outpatient Registrations	438,690		493,645		(54,955)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,740		8,729		(1,011)
Based on total adjusted hours including contracted services, excluding residents	9,168		8,223		(945)

Temple University Health System
 Operating Statement Year Over Year
 (In thousands)
 For the twelve months ended June 30, 2020

UNAUDITED
 CONFIDENTIAL

TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Prior Year Actual	Prior Year Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	788,107	773,899	14,207
Outpatient	2	696,517	736,300	(39,782)
Physician revenue	3	213,653	84,987	128,667
Commonwealth reimbursement	4	297,636	262,356	35,279
Net patient service revenue before provision for doubtful accounts	5	1,995,913	1,857,542	138,370
Provision for doubtful accounts	6	1,055	(4,657)	5,712
Total Net Patient Service Revenue	7	1,996,968	1,852,885	144,082
Research Revenue	8	41,872	42,561	(688)
Population Health	9	97,437	46,950	50,487
Contribution Revenue	10	4,704	7,723	(3,019)
Other Revenue - F/S	11	126,627	44,253	82,373
Investment Income - Revenue	12	1,049	710	339
Total Revenues	13	2,268,657	1,995,082	273,575
EXPENSES:				
Salaries	14	965,464	747,239	(218,225)
Employee benefits	15	242,529	208,591	(33,937)
Professional fees	16	49,031	47,684	(1,348)
Faculty support	17	71,603	160,645	89,042
Supplies and pharmaceuticals	18	469,063	472,947	3,883
Purchased services and other expense	19	136,486	126,297	(10,189)
Maintenance	20	19,419	19,226	(193)
Utilities	21	22,359	20,877	(1,483)
Leases	22	19,705	17,458	(2,247)
Insurance	23	57,810	21,179	(36,631)
Depreciation and amortization	24	45,683	47,535	1,852
Interest	25	23,849	24,144	295
Assessment Programs	26	58,846	48,909	(9,937)
Asset impairment	27	14,519	883	(13,636)
Total Expenses	28	2,196,365	1,963,612	(232,752)
Healthcare Performance	29	72,292	31,470	40,823
Non preferred appropriations	30	6,265	6,266	0
Operating Income(Loss)	31	78,558	37,735	40,822
Other investment income	32	14,731	11,128	3,603
Non operating income (loss)	33	1,719	400	1,319
Net Income (Loss)	34	95,007	49,264	45,744

Temple University Health System

Operating Statement Year Over Year

(In thousands)

For the twelve months ended June 30, 2020

TUHS Consolidated

UNAUDITED
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		Year-to-Date		
		Actual	Prior Year Actual	Prior Year Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Unrestricted unrealized gain/loss	35	888	6,931	(6,043)
Net asset released from restriction used for purchase of PPE	36	1,212	1,474	(262)
Transfers from (to) affiliates	37	0	0	0
Transfers from (to) non affiliates	38	(6,266)	(7,736)	1,470
Interfund Transfer	39	0	0	0
Other comprehensive income pension	40	(21,028)	(14,922)	(6,106)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	41	69,813	35,011	34,803
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	42	9,170	6,526	2,644
Net assets released from restrictions	43	(9,195)	(9,180)	(15)
Net change in fair value of investments	44	139	288	(149)
Investment income (loss)	45	2,657	2,649	8
Change in value of beneficial interests	46	(5,719)	1,744	(7,463)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	47	(2,947)	2,027	(4,975)
TOTAL INCREASE (DECREASE) IN NET ASSETS		66,866	37,038	29,828

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Statement of Cash Flows
For the twelve months ended June 30, 2020

Temple University Health System
TUHS Consolidated
Statement of Cash Flows
(In Thousands)
For the years ended June 30, 2020 and 2019

UNAUDITED
CONFIDENTIAL

	2020	2019		2020	2019
OPERATING ACTIVITIES:			INVESTING ACTIVITIES:		
Increase in net assets from continuing operations	\$ 66,865	\$ 37,039	Decrease in restricted assets	\$ 3,098	\$ 3,240
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			Purchases of property, plant and equipment	(17,760)	(16,029)
Net realized and unrealized gains on investments	(5,894)	(10,093)	Purchases of investments	(169,605)	(159,814)
Net realized and unrealized losses (gains) on beneficial interests in perpetual trusts and assets held by Episcopal Foundation and Fox Chase Cancer Center Foundation	5,718	(1,744)	Proceeds from sales of investments	222,872	157,960
Depreciation, amortization and accretion	45,352	46,909	Proceeds from sales of fixed assets	595	1,015
Intangible amortization	331	626	Cash acquired from asset transfer	28,138	-
Impairment on intangibles	13,071	834		<u>67,338</u>	<u>(13,628)</u>
Amortization of bond premium, discount, debt issuance costs, and underwriter's discount	(1,757)	(1,816)	Net cash provided by (used in) investing activities		
Allowance for doubtful accounts	(1,055)	4,657	FINANCING ACTIVITIES:		
Adjustment to funded status of pension and postretirement liabilities	20,008	14,870	Proceeds from contributions and investments restricted to property, plant and equipment and endowments	1,212	1,474
Adjustment to funded status of long-term liability disabilities	1,021	52	Repayment of long-term debt	(11,879)	(14,776)
Asset impairment	1,448	49	Repayment of capital lease obligations	(4,160)	(3,682)
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	(1,212)	(1,474)	Proceeds from issuance of long-term debt	-	6,227
Loss (gain) on disposal of fixed assets	573	(677)	Proceeds from line of credit	80,000	-
Perpetually restricted gifts and donations received	(2,651)	(910)	Repayment of line of credit	(80,000)	-
Net transfers to the University	6,266	7,736	Permanently restricted gifts and donations received	2,651	910
Changes in operating assets and liabilities:			Net transfers to the University	(6,266)	(7,736)
Patient accounts receivable	18,240	6,496		<u>(18,442)</u>	<u>(17,583)</u>
Other receivables	63,627	(96,349)	Net cash used in financing activities		
Pledges receivable — net	342	(239)	NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	365,172	37,874
Inventories and other current assets	(8,394)	(5,147)	CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of year	247,649	209,775
Expenditures reimbursable by research grants and awards	129	(3,236)		<u>247,649</u>	<u>209,775</u>
Other assets	(19,692)	(24,697)	CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of year	\$ 612,821	\$ 247,649
Accounts payable	(107,109)	71,353		<u>\$ 612,821</u>	<u>\$ 247,649</u>
Accrued expenses	24,102	29,484	Cash and cash equivalents	595,267	220,121
Estimated settlements with third-party payors	164,071	(2,368)	Restricted cash included in assets limited as to use	17,554	27,528
Self-insurance program receivables and liabilities	(2,016)	(4,540)	Total cash, cash equivalents, and restricted cash	<u>\$ 612,821</u>	<u>\$ 247,649</u>
Unexpended research grants and awards	305	2,923			
Other liabilities	34,587	(653)			
	<u>316,276</u>	<u>69,085</u>			
Net cash provided by operating activities					

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Balance Sheet
For the twelve months ended June 30, 2020

Temple University Health System

TUHS Consolidated
Balance Sheet
(In Thousands)
June

UNAUDITED
CONFIDENTIAL

	June FY20	June FY19
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	595,267	220,121
Patient accounts receivable, net	211,786	209,409
Other receivables , including current portion pledges	96,687	143,370
Due from affiliates - Short term	0	0
Due from Temple University	1,094	5,662
Expenditures reimbursable by research grants and awards	9,055	9,184
Inventory and other current assets	54,549	46,006
Current portion of assets limited as to use	20,774	29,734
Short term investments	129,877	181,387
Current portion of self-insurance assets	<u>12,579</u>	<u>10,075</u>
Total current assets	1,131,669	854,949
Total assets limited as to use, less current portion	171,148	128,444
Property, plant and equipment, net	260,038	283,975
Right of use operating lease assets	0	0
Long term investments	40,009	40,808
Due from affiliates	0	0
Self insurance assets	27,354	24,374
Estimated retroactive adjustments, third-party-payors	0	0
Goodwill and other intangibles, less accumulated amortization	3,574	16,976
Beneficial interest in perpetual trusts	40,765	41,596
Beneficial interest in the assets held by Episcopal Foundation	26,892	28,163
Beneficial interest in the Fox Chase Cancer Center Foundation	54,819	58,435
Other assets	<u>81,568</u>	<u>64,031</u>
TOTAL ASSETS	<u><u>1,837,836</u></u>	<u><u>1,541,752</u></u>

	June FY20	June FY19
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long-term debt	14,412	15,912
Lines of credit	0	0
Cash overdraft	0	0
Short term notes payable	0	0
Accounts payable	40,845	62,773
Accrued expenses	153,948	117,562
Due to affiliates	0	0
Interco payable TU-other	12,227	95,457
Current portion of accrued retirement benefits	0	0
Current portion of estimated retroactive adjustments, third-party payor	177,223	13,152
Current portion of self-insurance program liability	40,684	25,413
Unexpended research grants and awards	4,664	4,359
Other current liabilities	<u>49,417</u>	<u>50,015</u>
Total current liabilities	493,420	384,642
Long term debt	473,838	487,077
Long term due to affiliate	0	0
Right of use operating lease obligations	0	0
Estimated retroactive adjustments, third-party - payors	0	0
Self-insurance program-liability	193,842	116,878
Liability for insurance - non Temple University	0	881
Unfunded accumulated retirement benefits	51,500	31,448
Other long-term liabilities	<u>67,308</u>	<u>29,764</u>
Total liabilities	<u>1,279,908</u>	<u>1,050,690</u>
NET ASSETS:		
Without Donor Restrictions	395,639	325,826
With Donor Restrictions	<u>162,288</u>	<u>165,235</u>
Total net assets	<u>557,928</u>	<u>491,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,837,836</u></u>	<u><u>1,541,752</u></u>

**Temple University Health System Obligated Group
Financial Summary (Unaudited)
For the twelve months ended June 30, 2020**

Temple University Health System Obligated Group
Consolidated Statement of Operations (unaudited)

UNAUDITED
CONFIDENTIAL

(In Thousands)

For the twelve months ended June 30, 2020

	Actual	Budget	Variance
REVENUES:			
Net patient service revenue:			
Inpatient	788,107	779,579	8,527
Outpatient	696,517	798,549	(102,032)
Physician revenue	76,794	88,481	(11,686)
Commonwealth reimbursement	<u>260,924</u>	<u>252,466</u>	<u>8,458</u>
Net patient service revenue before provision for doubtful accounts	1,822,342	1,919,075	(96,733)
Provision for doubtful accounts	<u>1,055</u>	<u>(7,405)</u>	<u>8,460</u>
Total Net Patient Service Revenue	<u>1,823,397</u>	<u>1,911,671</u>	<u>(88,274)</u>
Research Revenue	41,872	41,266	606
Population Health	88,345	23,251	65,093
Contribution Revenue	4,704	6,373	(1,669)
Other Revenue - F/S	129,142	46,197	82,945
Investment Income - Revenue	<u>1,049</u>	<u>1,440</u>	<u>(391)</u>
Total Revenues	<u>2,088,508</u>	<u>2,030,198</u>	<u>58,311</u>
EXPENSES:			
Salaries	755,222	742,065	(13,157)
Employee benefits	205,307	221,093	15,786
Professional fees	47,401	45,912	(1,489)
Faculty support	148,515	111,110	(37,405)
Supplies and pharmaceuticals	460,379	494,149	33,769
Purchased services and other expense	167,634	184,683	17,049
Maintenance	18,931	20,716	1,785
Utilities	20,355	21,664	1,308
Leases	18,371	20,042	1,670
Insurance	31,113	21,334	(9,779)
Depreciation and amortization	45,153	47,989	2,836
Interest	23,819	24,762	943
Assessment Programs	58,846	58,915	70
Asset impairment	<u>14,519</u>	<u>0</u>	<u>(14,519)</u>
TOTAL EXPENSES	<u>2,015,566</u>	<u>2,014,435</u>	<u>(1,131)</u>
Healthcare Performance	72,942	15,763	57,179
Non preferred appropriations	<u>6,265</u>	<u>6,210</u>	<u>55</u>
Operating Income(Loss)	79,208	21,973	57,235
Other investment income	11,552	7,501	4,052
Excess of fair value of net assets acquired over consideration paid	0	0	0
Non operating income (loss)	<u>718</u>	<u>0</u>	<u>718</u>
Net Income (Loss)	91,478	29,473	62,004
Income (Loss) from Discontinued Operations	<u>0</u>	<u>0</u>	<u>0</u>
Net Income (Loss) after Discontinued Operations	91,478	29,473	62,004

Temple University Health System Obligated Group
Consolidated Statement of Operations (unaudited)

UNAUDITED
CONFIDENTIAL

(In Thousands)

For the twelve months ended June 30, 2020

	Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Unrestricted unrealized gain/loss	994	0	994
Net asset released from restriction used for purchase of PPE	1,212	0	1,212
Transfers from (to) affiliates	(5,470)	(1,470)	(4,000)
Transfers from (to) non affiliates	8,425	(6,210)	14,635
Interfund Transfer	0	0	0
Other comprehensive income pension	(15,691)	0	(15,691)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>80,947</u>	<u>21,793</u>	<u>59,154</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Contribution income	9,170	0	9,170
Net assets released from restrictions	(9,195)	0	(9,195)
Net change in fair value of investments	139	0	139
Investment income (loss)	2,657	0	2,657
Change in value of beneficial interests	(5,719)	0	(5,719)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(2,947)</u>	<u>0</u>	<u>(2,947)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>78,000</u>	<u>21,793</u>	<u>56,206</u>

Temple University Health System
Obligated Group
Balance Sheet (In Thousands)
June
Fiscal Year 2020

UNAUDITED
CONFIDENTIAL

	June FY20	June FY19		June FY20	June FY19	
ASSETS				LIABILITIES and NET ASSETS:		
CURRENT ASSETS:				CURRENT LIABILITIES:		
Cash and cash equivalents	542,509	203,008		Current portion of long-term debt	14,032	15,271
Patient accounts receivable, net	198,692	209,409		Lines of credit	0	0
Other receivables , including current portion pledges	82,110	138,127		Cash overdraft	0	0
Due from affiliates - Short term	17,146	2,200		Short term notes payable	0	0
Due from Temple University	1,094	5,662		Accounts payable	40,614	62,695
Expenditures reimbursable by research grants and awards	9,055	9,184		Accrued expenses	149,459	114,577
Inventory and other current assets	50,265	42,066		Due to affiliates	25,995	934
Current portion of assets limited as to use	18,499	29,176		Interco payable TU-other	12,227	95,457
Short term investments	106,259	152,676		Current portion of accrued retirement benefits	0	0
Current portion of self-insurance assets	<u>12,579</u>	<u>10,075</u>		Current portion of estimated retroactive adjustments, third-party payor	167,991	13,152
				Current portion of self-insurance program liability	19,654	17,088
Total current assets	1,038,207	801,584		Unexpended research grants and awards	4,664	4,359
				Other current liabilities	<u>43,535</u>	<u>46,186</u>
				Total current liabilities	478,173	369,719
Total assets limited as to use, less current portion	82,020	80,936		Long term debt	473,804	486,747
Property, plant and equipment, net	257,193	282,231		Long term due to affiliate	0	0
Right of use operating lease assets	0	0		Right of use operating lease obligations	0	0
Long term investments	33,399	34,220		Estimated retroactive adjustments, third-party - payors	0	0
Due from affiliates	0	0		Self-insurance program-liability	100,017	92,028
Self insurance assets	27,354	16,375		Liability for insurance - non Temple University	0	881
Estimated retroactive adjustments, third-party-payors	0	0		Unfunded accumulated retirement benefits	38,304	22,981
Goodwill and other intangibles, less accumulated amortization	3,574	16,976		Other long-term liabilities	<u>64,585</u>	<u>23,330</u>
Beneficial interest in perpetual trusts	40,765	41,596		Total liabilities	<u>1,154,884</u>	<u>995,686</u>
Beneficial interest in the assets held by Episcopal Foundation	26,892	28,163				
Beneficial interest in the Fox Chase Cancer Center Foundation	54,819	58,435		NET ASSETS:		
Other assets	<u>121,742</u>	<u>88,250</u>		Without Donor Restrictions	368,792	287,845
				With Donor Restrictions	<u>162,288</u>	<u>165,235</u>
				Total net assets	<u>531,081</u>	<u>453,081</u>
TOTAL ASSETS	<u><u>1,685,964</u></u>	<u><u>1,448,767</u></u>		TOTAL LIABILITIES AND NET ASSETS	<u><u>1,685,964</u></u>	<u><u>1,448,767</u></u>