

TEMPLE UNIVERSITY HEALTH SYSTEM
Financial Summary
For the nine months ended March 31, 2020

Temple University Health System Management Discussion and Analysis March 31, 2020

Overview

Temple University Health System (“TUHS”) reported a net loss of (\$7,577,000) for the nine months ended March 31, 2020 versus a budgeted net loss of (\$10,574,000) and a prior year net income of \$10,346,000 for a favorable budget variance of \$2,997,000 and an unfavorable year-over-year variance of (\$17,924,000). Operating income, which excludes unrealized losses on equity securities, was \$2,932,000 versus a budgeted operating loss of (\$17,289,000) and prior year operating income of \$3,170,000 for a favorable budget variance of \$20,221,000 and an unfavorable year-over-year variance of (\$238,000).

March 2020 results were significantly impacted by the COVID-19 pandemic which drove decreases in patient volumes across all TUHS campuses as well as large unrealized investment losses. For the eight months ended February 29, 2020, TUHS reported net income of \$21,325,000, which was \$39,738,000 favorable to budget and \$25,759,000 to prior year. Although the impact of the pandemic is ongoing, net income for the month of April 2020 was \$24,516,000, largely due to \$35,539,000 of CARES Act funding recognized and a partial recovery of investment values. TUHS has treated a significant percentage of COVID-19 cases in the region and continues to pursue additional reimbursement opportunities to support its vital role in pandemic response. TUHS has received total CARES Act funding of approximately \$90,000,000 to date.

Actual versus Budget Summary

TUHS reported a net loss of (\$7,577,000) for the nine months ended March 31, 2020 versus a budgeted net loss of (\$10,574,000) for a favorable budget variance of \$2,997,000. These results were driven by favorable population health performance and operating expenses, partially offset by below budget outpatient pharmacy performance and the impact of the COVID-19 pandemic which significantly affected net patient service revenue in March. 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, along with unfavorable market conditions, explains the variance in other investment income.

Effective July 1, 2019, Temple University 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.

Effective February 1, 2020, the Health System merged Jeanes Hospital (“JH”) into Temple University Hospital, Inc. (“TUH, Inc.”). The February and March 2020 results for Jeanes Campus are included within TUH, Inc.

Healthcare Performance:

Inpatient revenues were (\$4,389,000) unfavorable to the budget. The unfavorable variance of (\$6,774,000) at American Oncologic Hospital (“AOH”) was due to below budget census patient days of (2,208). The unfavorable variance of (\$2,988,000) at JH, through January 31, 2020, was due to unfavorable surgical volumes and CMI of (0.09). This unfavorable activity was partially offset by the favorable variance of \$5,373,000 at TUH, Inc. which was due to favorable discharge volumes of 1,165, partially offset by unfavorable payer mix and CMI of (0.05). Outpatient revenues were (\$37,935,000) unfavorable to budget due to below budget activity for the TUH, Inc. outpatient pharmacy, which also drove a favorable variance in supplies and pharmaceuticals expenses; unfavorable payer mix at TUH, Inc.; and unfavorable registration volumes at JH. These were partially offset by favorable retail pharmacy performance and radiation oncology treatments at AOH.

Physician revenues were (\$14,033,000) unfavorable to budget driven by less than anticipated revenue growth and below budget fee-for-service and capitation revenues.

Supplies and pharmaceuticals expenses were \$17,740,000 favorable to budget, primarily due to TUH, Inc. outpatient pharmacy performance noted above. Also contributing to the favorable variance was below budget acuity at TUH, Inc. and surgical volumes at JH.

Certain activities of TFPP are accounted for differently than was anticipated in the fiscal year 2020 budget. The budget variances in other revenue and professional fees were impacted by the presentation of these activities and these variances largely offset in consolidation.

Other investment income was (\$18,012,000) unfavorable due to unrealized losses on equity investments, as noted above.

Net Commonwealth Funding:

Net Commonwealth funding was \$2,751,000 favorable to budget primarily due to a higher than anticipated Philadelphia Reauthorization Assessment Payment, offset by below budget Hospital Quality Incentive payments related to preventable readmission scores and lower projected Pennsylvania Assessment funding.

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 by \$31,010,000 primarily driven by favorable results in TUHS’s risk arrangements.

Year over Year Summary

TUHS reported a net loss of (\$7,577,000) for the nine months ended March 31, 2020 compared to a net income of \$10,346,000 in the prior year for an unfavorable variance of (\$17,924,000).

Total net patient service revenue increased by \$144,473,000, primarily due to TFPP physician revenues of \$109,898,000 which were not included in prior year results. Inpatient revenues decreased by (\$2,820,000), primarily due to lower census patient days at AOH. Outpatient revenues were unfavorable (\$1,934,000), driven primarily by decreased outpatient pharmacy performance and lower registrations at TUH, Inc. partially offset by increased radiation oncology volumes and retail pharmacy activity at AOH.

Net Commonwealth funding increased by \$27,491,000 primarily due to \$27,278,000 of TFPP funding previously recorded by TUP prior to the transfer of its assets to TFPP.

Population health revenue increased by \$26,180,000 primarily due to an improvement in TUHS risk performance.

Operating expenses increased by (\$166,603,000) compared to the prior year period, primarily driven by TFPP expenses of \$191,544,000, which were not included in prior year results. Excluding TFPP and the impact of changes to faculty support, operating expenses increased by (\$17,000) compared to the prior year period. Supplies and pharmaceuticals expenses increased (\$13,718,000), primarily driven by higher chemotherapy drug costs at AOH. This was partially offset by a decrease in professional fees of \$6,283,000 primarily due to a change in the TUH Inc. presentation of global payments to TFPP, and a decrease in purchased services and other expenses of \$6,147,000 primarily due to the reversal of a \$4,000,000 legal reserve.

Liquidity

Liquidity at March 31, 2020 was \$449,170,000 compared to liquidity at June 30, 2019 of \$444,110,000. The favorable variance of \$5,060,000 to June 30, 2019 was primarily due to a draw on the line of credit in March 2020, done in preparation for the COVID-19 pandemic, and the inclusion of TFPP's liquidity in fiscal year 2020. These amounts were largely offset by timing of payments of accounts payable and payments to Temple University.

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the nine months ended March 31, 2020
Actual versus Budget

Temple University Health System
Key Operating Indicators
For the nine months ended March 31, 2020

UNAUDITED
CONFIDENTIAL

TUHS Consolidated

	YTD Actual	%	YTD Budget	%	Variance
Patient Discharges:					
Inpatient Acute Discharges	26,817	69.2%	25,844	68.7%	973
Behavioral Health Discharges	1,684	4.3%	1,586	4.2%	98
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	28,501	73.5%	27,430	72.9%	1,071
CDU Observation Discharges	1,861	4.8%	2,877	7.6%	(1,016)
Non-CDU Observation Discharges	8,418	21.7%	7,308	19.4%	1,110
Subtotal Observation Discharges	10,279	26.5%	10,185	27.1%	94
Total Discharges including Observations	38,780	100.0%	37,615	100.0%	1,165
Births	1,870		1,803		67
Case Mix Index - Total	1.88		1.92		(0.04)
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.56		5.59		0.03
Behavioral Health LOS	20.42		20.21		(0.20)
CDU Observation LOS	1.41		1.44		0.03
Non-CDU Observation LOS	1.58		1.56		(0.02)
Patient Days Including Observation	199,384		192,031		7,353
Census Patient Days Including Observation Cases	197,061		192,267		4,794
Average Daily Census Including Observation	717		699		17
Staffed Beds (% Occupancy including Observations)	80.63%		76.66%		3.97%

Temple University Health System
Key Operating Indicators
For the nine months ended March 31, 2020

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TUHS Consolidated

	YTD	%	YTD	%	Variance
	Actual		Budget		
Inpatient Acute Discharges - Payer Mix					
Medicaid	10,875	38.2%	10,220	37.3%	655
Medicare	12,727	44.7%	12,057	44.0%	670
Blue Cross	2,716	9.5%	2,999	10.9%	(283)
Managed Care	1,674	5.9%	1,714	6.2%	(40)
Other	509	1.8%	440	1.6%	69
Total Acute Discharges- All Except Births	28,501	100.0%	27,430	100.0%	1,071
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	17,151		15,843		1,308
Percentage of Acute Inpatient Discharges (admitted from ED)	64.0%		61.3%		2.7%
ED Visits	133,475		135,358		(1,883)
OPERATING ROOM:					
Inpatient	7,977		8,460		(483)
Outpatient	9,268		10,567		(1,299)
Total Operations	17,245		19,027		(1,782)
Transplants	263		281		(18)
Total Outpatient Registrations	364,834		377,593		(12,759)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,830		9,821		(9)
Based on total adjusted hours including contracted services, excluding residents	9,260		9,327		67

Temple University Health System
Operating Statement
(In thousands)
For the nine months ended March 31, 2020

TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Budget	Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	581,901	586,290	(4,389)
Outpatient	2	553,356	591,292	(37,935)
Physician revenue	3	171,217	185,250	(14,033)
Commonwealth reimbursement	4	152,127	149,376	2,751
Net patient service revenue before provision for doubtful accounts	5	1,458,602	1,512,208	(53,606)
Provision for doubtful accounts	6	609	(5,554)	6,162
Total Net Patient Service Revenue	7	1,459,210	1,506,654	(47,444)
Research Revenue	8	31,427	31,033	394
Population Health	9	53,433	22,423	31,010
Contribution Revenue	10	3,374	5,005	(1,631)
Other Revenue - F/S	11	29,130	44,296	(15,166)
Investment Income - Revenue	12	888	1,080	(191)
Total Revenues	13	1,577,463	1,610,491	(33,029)
EXPENSES:				
Salaries	14	710,071	707,843	(2,228)
Employee benefits	15	188,464	191,420	2,956
Professional fees	16	37,309	54,963	17,654
Faculty support	17	0	2	2
Supplies and pharmaceuticals	18	359,663	377,403	17,740
Purchased services and other expense	19	101,661	110,263	8,603
Maintenance	20	14,733	15,995	1,262
Utilities	21	16,070	18,458	2,388
Leases	22	14,817	18,479	3,662
Insurance	23	39,115	38,609	(506)
Depreciation and amortization	24	35,283	36,205	922
Interest	25	17,815	18,612	797
Assessment Programs	26	44,187	44,187	0
Total Expenses	27	1,579,188	1,632,438	53,250
Healthcare Performance	28	(1,725)	(21,946)	20,221
Non preferred appropriations	29	4,658	4,658	0
Operating Income(Loss)	30	2,932	(17,289)	20,221
Other investment income	31	(11,298)	6,715	(18,012)
Non operating income (loss)	32	788	0	788
Net Income (Loss)	33	(7,577)	(10,574)	2,997

Temple University Health System
Operating Statement
(In thousands)
For the nine months ended March 31, 2020

TUHS Consolidated

		Year-to-Date		
		Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Line #			
Unrestricted unrealized gain/loss	34	22	0	22
Net asset released from restriction used for purchase of PPE	35	1,088	0	1,088
Transfers from (to) affiliates	36	(8)	0	(8)
Transfers from (to) non affiliates	37	(1,599)	(6,210)	4,611
Other comprehensive income pension	38	217	0	217
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	39	<u>(7,857)</u>	<u>(16,784)</u>	<u>8,927</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	40	5,987	0	5,987
Net assets released from restrictions	41	(7,876)	0	(7,876)
Net change in fair value of investments	42	(1,657)	0	(1,657)
Investment income (loss)	43	2,012	0	2,012
Change in value of beneficial interests	44	<u>(12,321)</u>	<u>0</u>	<u>(12,321)</u>
TOTAL INCREASE (DECREASE) IN THE NET ASSETS WITH DONOR RESTRICTIONS	45	<u>(13,854)</u>	<u>0</u>	<u>(13,854)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS		<u><u>(21,711)</u></u>	<u><u>(16,784)</u></u>	<u><u>(4,927)</u></u>

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the nine months ended March 31, 2020
Year Over Year Comparison

Temple University Health System
Key Operating Indicators Year Over Year
For the nine months ended March 31, 2020

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Patient Discharges:					
Inpatient Acute Discharges	26,817	69.2%	25,749	70.2%	1,068
Behavioral Health Discharges	1,684	4.3%	1,560	4.3%	124
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	28,501	73.5%	27,309	74.5%	1,192
CDU Observation Discharges	1,861	4.8%	2,516	6.9%	(655)
Non-CDU Observation Discharges	8,418	21.7%	6,832	18.6%	1,586
Subtotal Observation Discharges	10,279	26.5%	9,348	25.5%	931
Total Discharges including Observations	38,780	100.0%	36,657	100.0%	2,123
Births	1,870		1,791		79
Case Mix Index - Total	1.88		1.90		(0.02)
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.56		6.04		0.48
Behavioral Health LOS	20.42		17.31		(3.10)
CDU Observation LOS	1.41		1.44		0.03
Non-CDU Observation LOS	1.58		1.56		(0.02)
Patient Days Including Observation	199,384		196,933		2,451
Census Patient Days Including Observation Cases	197,061		201,639		(4,578)
Average Daily Census Including Observation	717		736		(19)
Staffed Beds (% Occupancy including Observations)	80.63%		81.14%		(0.52)%

Temple University Health System
Key Operating Indicators Year Over Year
For the nine months ended March 31, 2020

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	10,875	38.2%	10,155	37.2%	720
Medicare	12,727	44.7%	12,067	44.2%	660
Blue Cross	2,716	9.5%	2,971	10.9%	(255)
Managed Care	1,674	5.9%	1,714	6.3%	(40)
Other	509	1.8%	402	1.5%	107
Total Acute Discharges- All Except Births	28,501	100.0%	27,309	100.0%	1,192
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	17,151		15,711		1,440
Percentage of Acute Inpatient Discharges (admitted from ED)	64.0%		61.0%		2.9%
ED Visits	133,475		128,630		4,845
OPERATING ROOM:					
Inpatient	7,977		8,371		(394)
Outpatient	9,268		10,404		(1,136)
Total Operations	17,245		18,775		(1,530)
Transplants	263		280		(17)
Total Outpatient Registrations	364,834		367,443		(2,609)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,830		8,759		(1,071)
Based on total adjusted hours including contracted services, excluding residents	9,260		8,261		(1,000)

Temple University Health System

Operating Statement Year Over Year
(In thousands)

For the nine months ended March 31, 2020

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TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Prior Year Actual	Prior Year Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	581,901	584,721	(2,820)
Outpatient	2	553,356	555,291	(1,934)
Physician revenue	3	171,217	66,273	104,944
Commonwealth reimbursement	4	152,127	117,131	34,996
Net patient service revenue before provision for doubtful accounts	5	1,458,602	1,323,416	135,186
Provision for doubtful accounts	6	609	(8,679)	9,287
Total Net Patient Service Revenue	7	1,459,210	1,314,737	144,473
Research Revenue	8	31,427	32,314	(887)
Population Health	9	53,433	27,253	26,180
Contribution Revenue	10	3,374	3,675	(301)
Other Revenue - F/S	11	29,130	32,588	(3,458)
Investment Income - Revenue	12	888	488	400
Total Revenues	13	1,577,463	1,411,057	166,406
EXPENSES:				
Salaries	14	710,071	561,752	(148,320)
Employee benefits	15	188,464	158,535	(29,929)
Professional fees	16	37,309	36,119	(1,190)
Faculty support	17	0	70,591	70,591
Supplies and pharmaceuticals	18	359,663	338,975	(20,689)
Purchased services and other expense	19	101,661	91,027	(10,634)
Maintenance	20	14,733	14,276	(458)
Utilities	21	16,070	15,730	(340)
Leases	22	14,817	13,074	(1,743)
Insurance	23	39,115	19,751	(19,364)
Depreciation and amortization	24	35,283	37,900	2,617
Interest	25	17,815	18,102	287
Assessment Programs	26	44,187	36,681	(7,505)
Asset impairment	27	0	74	74
Total Expenses	28	1,579,188	1,412,585	(166,603)
Healthcare Performance	29	(1,725)	(1,529)	(197)
Non preferred appropriations	30	4,658	4,699	(42)
Operating Income(Loss)	31	2,932	3,170	(238)
Other investment income	32	(11,298)	6,776	(18,074)
Non operating income (loss)	33	788	400	388
Net Income (Loss)	34	(7,577)	10,346	(17,924)

Temple University Health System

Operating Statement Year Over Year

(In thousands)

For the nine months ended March 31, 2020

TUHS Consolidated

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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	22	241	(218)
Net asset released from restriction used for purchase of PPE	36	1,088	1,111	(23)
Transfers from (to) affiliates	37	(8)	0	(8)
Transfers from (to) non affiliates	38	(1,599)	(7,246)	5,647
Interfund Transfer	39	0	33	(33)
Other comprehensive income pension	40	217	251	(35)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	41	(7,857)	4,737	(12,594)
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	42	5,987	4,061	1,926
Net assets released from restrictions	43	(7,876)	(6,617)	(1,259)
Net change in fair value of investments	44	(1,657)	(143)	(1,514)
Interfund Transfer	45	0	(33)	33
Investment income (loss)	46	2,012	2,044	(32)
Change in value of beneficial interests	47	(12,321)	(1,424)	(10,897)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	48	(13,854)	(2,113)	(11,741)
TOTAL INCREASE (DECREASE) IN NET ASSETS		(21,711)	2,624	(24,335)

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Statement of Cash Flows
For the nine months ended March 31, 2020

Temple University Health System

TUHS Consolidated

Statement of Cash Flows

(In Thousands)

For the nine months ended March 31, 2020 and 2019

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	2020	2019		2020	2019
OPERATING ACTIVITIES:			INVESTING ACTIVITIES:		
(Decrease) increase in net assets from continuing operations	\$ (21,711)	\$ 2,624	Decrease in restricted assets	\$ 25,705	\$ 13,954
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:			Purchases of property, plant and equipment	(9,874)	(10,762)
Net realized and unrealized losses (gains) on investments	17,780	(1,330)	Purchases of investments	(118,874)	(82,197)
Net realized and unrealized losses on beneficial interests in perpetual trusts and assets held by Episcopal Foundation and Fox Chase Cancer Center Foundation	12,320	1,424	Proceeds from sales of investments	171,056	75,340
Depreciation, amortization and accretion	35,035	37,411	Proceeds from sales of fixed assets	80	309
Intangible amortization	248	489	Cash acquired from asset transfer	28,138	-
Impairment on intangibles	-	74			
Amortization of bond premium, discount, debt issuance costs, and underwriter's discount	(1,318)	(1,363)	Net cash provided by (used in) investing activities	96,231	(3,356)
Allowance for doubtful accounts	(609)	8,679	FINANCING ACTIVITIES:		
Adjustment to funded status of pension and postretirement liabilities	(217)	(251)	Proceeds from contributions and investments restricted to property, plant and equipment and endowments	1,088	1,111
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	(1,088)	(1,111)	Repayment of long-term debt	(10,564)	(13,489)
Loss (gain) on disposal of fixed assets	6	(246)	Repayment of capital lease obligations	(3,099)	(2,735)
Perpetually restricted gifts and donations received	(700)	(702)	Proceeds from line of credit	40,000	-
Net transfers to the University	1,599	7,246	Proceeds from issuance of long-term debt	-	4,440
Changes in operating assets and liabilities:			Perpetually restricted gifts and donations received	700	702
Patient accounts receivable	5,637	(19,395)	Net transfers to the University	(1,599)	(7,246)
Other receivables	50,178	(41,364)			
Pledges receivable — net	(183)	503	Net cash provided by (used in) financing activities	26,526	(17,217)
Inventories and other current assets	(6,863)	(8,483)			
Expenditures reimbursable by research grants and awards	812	(3,811)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	78,955	(68,081)
Other assets	(15,125)	(15,208)			
Accounts payable	(99,953)	(30,331)	CASH AND CASH EQUIVALENTS — Beginning of year	220,121	187,401
Accrued expenses	9,519	17,663			
Estimated settlements with third-party payors	(12,401)	(10,671)	CASH AND CASH EQUIVALENTS — End of quarter	\$ 299,076	\$ 119,320
Self-insurance program receivables and liabilities	(20,062)	(2,737)			
Unexpended research grants and awards	(1,020)	2,885			
Other liabilities	4,314	10,497			
Net cash used in operating activities	(43,802)	(47,508)			

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Balance Sheet
For the nine months ended March 31, 2020

Temple University Health System

TUHS Consolidated
Balance Sheet
(In Thousands)
March

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	March FY20	June FY19
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	299,076	220,121
Patient accounts receivable, net	223,943	209,409
Other receivables , including current portion pledges	108,001	143,370
Due from affiliates - Short term	0	0
Due from Temple University	1,597	5,662
Expenditures reimbursable by research grants and awards	8,372	9,184
Inventory and other current assets	53,018	46,006
Current portion of assets limited as to use	8,617	29,734
Short term investments	109,493	181,387
Current portion of self-insurance assets	<u>20,320</u>	<u>10,075</u>
 Total current assets	 832,438	 854,949
 Total assets limited as to use, less current portion	 161,658	 128,444
Property, plant and equipment, net	262,350	283,975
Right of use operating lease assets	0	0
Long term investments	41,531	40,808
Due from affiliates	0	0
Self insurance assets	31,627	24,374
Estimated retroactive adjustments, third-party-payors	0	0
Goodwill and other intangibles, less accumulated amortization	16,728	16,976
Beneficial interest in perpetual trusts	38,956	41,596
Beneficial interest in the assets held by Episcopal Foundation	28,163	28,163
Beneficial interest in the Fox Chase Cancer Center Foundation	48,755	58,435
Other assets	<u>79,156</u>	<u>64,031</u>
 TOTAL ASSETS	 <u>1,541,362</u>	 <u>1,541,752</u>

	March FY20	June FY19
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long-term debt	14,847	15,912
Lines of credit	40,000	0
Cash overdraft	0	0
Short term notes payable	0	0
Accounts payable	34,504	62,773
Accrued expenses	139,365	117,562
Due to affiliates	0	0
Interco payable TU-other	24,326	95,457
Current portion of accrued retirement benefits	0	0
Current portion of estimated retroactive adjustments, third-party payor	751	13,152
Current portion of self-insurance program liability	55,899	25,413
Unexpended research grants and awards	3,339	4,359
Other current liabilities	<u>63,014</u>	<u>50,015</u>
Total current liabilities	376,045	384,642
 Long term debt	 474,966	 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	167,807	116,878
Liability for insurance - non Temple University	881	881
Unfunded accumulated retirement benefits	30,433	31,448
Other long-term liabilities	<u>21,880</u>	<u>29,764</u>
Total liabilities	<u>1,072,012</u>	<u>1,050,690</u>
NET ASSETS:		
Without Donor Restrictions	317,969	325,826
With Donor Restrictions	<u>151,381</u>	<u>165,235</u>
Total net assets	<u>469,350</u>	<u>491,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,541,362</u>	<u>1,541,752</u>

**Temple University Health System Obligated Group
Financial Summary (Unaudited)
For the nine months ended March 31, 2020**

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

UNAUDITED
CONFIDENTIAL

(In Thousands)

For the nine months ended March 31, 2020

	Actual	Budget	Variance
REVENUES:			
Net patient service revenue:			
Inpatient	581,901	586,290	(4,389)
Outpatient	553,356	591,292	(37,936)
Physician revenue	61,318	65,984	(4,666)
Commonwealth reimbursement	124,849	115,645	9,204
Net patient service revenue before provision for doubtful accounts	1,321,424	1,359,210	(37,787)
Provision for doubtful accounts	609	(5,554)	6,162
Total Net Patient Service Revenue	1,322,032	1,353,657	(31,624)
Research Revenue	31,428	31,033	394
Population Health	47,497	18,622	28,875
Contribution Revenue	3,374	5,005	(1,631)
Other Revenue - F/S	32,559	34,675	(2,116)
Investment Income - Revenue	888	1,080	(191)
Total Revenues	1,437,778	1,444,072	(6,294)
EXPENSES:			
Salaries	558,121	556,478	(1,644)
Employee benefits	160,637	165,446	4,809
Professional fees	35,666	34,727	(939)
Faculty support	45,633	39,904	(5,729)
Supplies and pharmaceuticals	352,603	369,579	16,976
Purchased services and other expense	124,114	138,323	14,209
Maintenance	14,376	15,485	1,110
Utilities	14,553	16,502	1,949
Leases	13,779	15,031	1,251
Insurance	16,571	16,001	(570)
Depreciation and amortization	35,050	35,994	944
Interest	17,794	18,571	777
Assessment Programs	44,187	44,187	0
Asset impairment	0	0	0
TOTAL EXPENSES	1,433,084	1,466,227	33,143
Healthcare Performance	4,694	(22,155)	26,849
Non preferred appropriations	4,658	4,658	0
Operating Income(Loss)	9,352	(17,497)	26,849
Other investment income	(8,530)	5,556	(14,086)
Excess of fair value of net assets acquired over consideration paid	0	0	0
Non operating income (loss)	139	0	139
Net Income (Loss)	960	(11,942)	12,902
Income (Loss) from Discontinued Operations	0	0	0
Net Income (Loss) after Discontinued Operations	960	(11,942)	12,902

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

UNAUDITED
CONFIDENTIAL

(In Thousands)

For the nine months ended March 31, 2020

	Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Unrestricted unrealized gain/loss	128	0	128
Net asset released from restriction used for purchase of PPE	1,088	0	1,088
Transfers from (to) affiliates	(5,111)	(1,103)	(4,008)
Transfers from (to) non affiliates	13,092	(6,210)	19,302
Interfund Transfer	0	0	0
Other comprehensive income pension	217	0	217
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>10,374</u>	<u>(19,254)</u>	<u>29,629</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Contribution income	5,987	0	5,987
Net assets released from restrictions	(7,876)	0	(7,876)
Net change in fair value of investments	(1,657)	0	(1,657)
Interfund Transfer	0	0	0
Investment income (loss)	2,012	0	2,012
Change in value of beneficial interests	(12,321)	0	(12,321)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(13,854)</u>	<u>0</u>	<u>(13,854)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>(17,334)</u>	<u>(19,254)</u>	<u>1,921</u>

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

UNAUDITED
CONFIDENTIAL

	March FY20	June FY19
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	249,795	203,008
Patient accounts receivable, net	208,227	209,409
Other receivables , including current portion pledges	93,476	138,127
Due from affiliates - Short term	7,700	2,200
Due from Temple University	1,382	5,662
Expenditures reimbursable by research grants and awards	8,372	9,184
Inventory and other current assets	47,559	42,066
Current portion of assets limited as to use	3,577	29,176
Short term investments	89,660	152,676
Current portion of self-insurance assets	<u>20,320</u>	<u>10,075</u>
 Total current assets	 730,069	 801,584
 Total assets limited as to use, less current portion	 79,821	 80,936
Property, plant and equipment, net	259,265	282,231
Right of use operating lease assets	0	0
Long term investments	34,807	34,220
Due from affiliates	0	0
Self insurance assets	31,610	16,375
Estimated retroactive adjustments, third-party-payors	0	0
Goodwill and other intangibles, less accumulated amortization	16,728	16,976
Beneficial interest in perpetual trusts	38,956	41,596
Beneficial interest in the assets held by Episcopal Foundation	28,163	28,163
Beneficial interest in the Fox Chase Cancer Center Foundation	48,755	58,435
Other assets	<u>106,109</u>	<u>88,250</u>
 TOTAL ASSETS	 <u><u>1,374,283</u></u>	 <u><u>1,448,767</u></u>

	March FY20	June FY19
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long-term debt	14,129	15,271
Lines of credit	40,000	0
Cash overdraft	0	0
Short term notes payable	0	0
Accounts payable	33,201	62,695
Accrued expenses	118,250	114,577
Due to affiliates	11,420	934
Interco payable TU-other	5,618	95,457
Current portion of accrued retirement benefits	0	0
Current portion of estimated retroactive adjustments, third-party payor	751	13,152
Current portion of self-insurance program liability	27,333	17,088
Unexpended research grants and awards	3,339	4,359
Other current liabilities	<u>59,185</u>	<u>46,186</u>
Total current liabilities	313,225	369,719
 Long term debt	 475,044	 486,747
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	93,944	92,028
Liability for insurance - non Temple University	881	881
Unfunded accumulated retirement benefits	22,413	22,981
Other long-term liabilities	<u>19,176</u>	<u>23,330</u>
Total liabilities	<u>924,682</u>	<u>995,686</u>
NET ASSETS:		
Without Donor Restrictions	298,220	287,845
With Donor Restrictions	<u>151,381</u>	<u>165,235</u>
Total net assets	<u>449,601</u>	<u>453,081</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>1,374,283</u></u>	 <u><u>1,448,767</u></u>