

TEMPLE UNIVERSITY HEALTH SYSTEM
Financial Summary
For the six months ended December 31, 2019

Temple University Health System Management Discussion and Analysis December 31, 2019

Overview

Temple University Health System (“TUHS”) reported net income of \$13,767,000 for the six months ended December 31, 2019 versus a budgeted net loss of (\$15,031,000) and a prior year net loss of (\$21,154,000) for a favorable budget variance of \$28,798,000 and a favorable year-over-year variance of \$34,921,000.

Actual versus Budget Summary

TUHS reported net income of \$13,767,000 for the six months ended December 31, 2019 versus a budgeted net loss of (\$15,031,000) for a favorable budget variance of \$28,798,000. These results were driven by favorable population health performance, inpatient revenues, and operating expenses, partially offset by below budget physician and Commonwealth supplemental revenues. Outpatient pharmacy performance drove offsetting variances in outpatient revenue and supplies and pharmaceuticals expenses.

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.

Healthcare Performance:

Inpatient revenues were \$4,890,000 favorable to the budget. The favorable variance of \$8,850,000 at Temple University Hospital, Inc. (“TUH, Inc.”) was due to favorable discharge volumes of 1,047, partially offset by an unfavorable CMI of (0.08). The unfavorable variance of (\$3,415,000) at American Oncologic Hospital (“AOH”) was due to below budget census patient days of (861). Outpatient revenues were (\$13,907,000) 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 Jeanes Hospital (“JH”). These were somewhat offset by favorable chemotherapy infusion and radiation oncology treatments at AOH.

Physician revenues were (\$10,920,000) unfavorable to budget driven by less than anticipated revenue growth and below budget fee-for-service and capitation revenues.

Supplies and pharmaceuticals expenses were \$16,480,000 favorable to budget, primarily due to TUH, Inc. outpatient pharmacy performance noted above. Also contributing to the favorable variances 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.

Net Commonwealth Funding:

Net Commonwealth funding was (\$6,672,000) unfavorable to budget primarily as a result of lower than anticipated Pennsylvania Assessment funding and delayed approval of the Philadelphia Assessment Reauthorization Payment. The Hospital Quality Incentive payments related to preventable readmission scores for TUH, Inc. and JH were also lower than anticipated.

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 \$21,365,000 primarily driven by favorable results in TUHS’s risk arrangements.

Year over Year Summary

TUHS reported net income of \$13,767,000 for the six months ended December 31, 2019 compared to a net loss of (\$21,154,000) in the prior year for a favorable variance of \$34,921,000.

Total net patient service revenue increased by \$116,988,000, primarily due to TFPP physician revenues of \$71,962,000 which were not included in prior year results. Inpatient revenues also increased by \$12,268,000, primarily due to increased discharge volumes. Outpatient revenues were favorable driven primarily by higher gross charges and retail pharmacy activity at AOH.

Net Commonwealth funding increased by \$18,365,000 primarily due to \$19,050,000 of TFPP funding previously recorded by TUP prior to the transfer of its assets to TFPP.

Population health revenue increased by \$22,746,000 primarily due to an improvement in TUHS risk performance.

Operating expenses increased by (\$104,684,000) compared to the prior year period, primarily driven by TFPP expenses of \$130,464,000, which were not included in prior year results. Excluding TFPP and the impact of changes to faculty support, operating expenses decreased by \$8,926,000 compared to the prior year period. Insurance expense decreased by \$6,416,000 due to professional liability claims experience. Salaries decreased by \$5,503,000, driven by reductions at the Parent and TUH, Inc. These amounts were partially offset by increased supplies and pharmaceuticals expenses of (\$7,662,000), primarily driven by higher chemotherapy drug costs at AOH.

Liquidity

Liquidity at December 31, 2019 was \$397,296,000 compared to liquidity at June 30, 2019 of \$444,110,000. The unfavorable variance of (\$46,814,000) to June 30, 2019 was primarily related to timing of payments of accounts payable and payments to Temple University, partially offset by market performance of investments.

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the six months ended December 31, 2019
Actual versus Budget

Temple University Health System
Key Operating Indicators
For the six months ended December 31, 2019

UNAUDITED
CONFIDENTIAL

TUHS Consolidated

	YTD	%	YTD	%	Variance
	Actual		Budget		
Patient Discharges:					
Inpatient Acute Discharges	18,255	69.7%	17,237	68.8%	1,018
Behavioral Health Discharges	1,120	4.3%	1,061	4.2%	59
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	19,375	74.0%	18,298	73.0%	1,077
CDU Observation Discharges	1,377	5.3%	1,925	7.7%	(548)
Non-CDU Observation Discharges	5,444	20.8%	4,842	19.3%	602
Subtotal Observation Discharges	6,821	26.0%	6,767	27.0%	54
Total Discharges including Observations	26,196	100.0%	25,065	100.0%	1,131
Births	1,281		1,206		75
Case Mix Index - Total	1.85		1.92		(0.08)
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.49		5.60		0.11
Behavioral Health LOS	22.23		20.29		(1.94)
CDU Observation LOS	1.36		1.44		0.08
Non-CDU Observation LOS	1.58		1.56		(0.02)
Patient Days Including Observation	135,554		128,320		7,234
Census Patient Days Including Observation Cases	133,044		128,212		4,832
Average Daily Census Including Observation	723		697		26
Staffed Beds (% Occupancy including Observations)	81.70%		76.40%		5.29%

Temple University Health System
Key Operating Indicators
For the six months ended December 31, 2019

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TUHS Consolidated

	YTD Actual	%	YTD Budget	%	Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	7,488	38.6%	6,832	37.3%	656
Medicare	8,580	44.3%	8,033	43.9%	547
Blue Cross	1,787	9.2%	1,997	10.9%	(210)
Managed Care	1,172	6.0%	1,143	6.2%	29
Other	<u>348</u>	<u>1.8%</u>	<u>293</u>	<u>1.6%</u>	<u>55</u>
Total Acute Discharges- All Except Births	19,375	100.0%	18,298	100.0%	1,077
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	11,588		10,570		1,018
Percentage of Acute Inpatient Discharges (admitted from ED)	63.5%		61.3%		2.2%
ED Visits	90,319		90,290		29
OPERATING ROOM:					
Inpatient	5,453		5,644		(191)
Outpatient	<u>6,349</u>		<u>6,998</u>		<u>(649)</u>
Total Operations	<u><u>11,802</u></u>		<u><u>12,642</u></u>		<u><u>(840)</u></u>
Transplants	172		186		(14)
Total Outpatient Registrations	251,364		251,535		(171)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,859		9,821		(38)
Based on total adjusted hours including contracted services, excluding residents	9,291		9,327		36

Temple University Health System
Operating Statement
(In thousands)
For the six months ended December 31, 2019

TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Budget	Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	396,884	391,995	4,890
Outpatient	2	372,863	386,770	(13,907)
Physician revenue	3	110,983	121,903	(10,920)
Commonwealth reimbursement	4	93,009	99,681	(6,672)
Net patient service revenue before provision for doubtful accounts	5	973,740	1,000,349	(26,609)
Provision for doubtful accounts	6	420	(3,701)	4,122
Total Net Patient Service Revenue	7	974,160	996,647	(22,487)
Research Revenue	8	21,032	20,843	189
Population Health	9	32,721	11,356	21,365
Contribution Revenue	10	2,127	3,340	(1,213)
Other Revenue - F/S	11	19,162	29,621	(10,459)
Investment Income - Revenue	12	547	720	(173)
Total Revenues	13	1,049,748	1,062,527	(12,779)
EXPENSES:				
Salaries	14	472,545	470,595	(1,950)
Employee benefits	15	124,924	126,700	1,776
Professional fees	16	23,114	36,828	13,713
Faculty support	17	0	1	1
Supplies and pharmaceuticals	18	234,705	251,185	16,480
Purchased services and other expense	19	69,956	72,916	2,961
Maintenance	20	9,725	10,585	860
Utilities	21	10,617	12,282	1,665
Leases	22	9,633	12,318	2,686
Insurance	23	25,820	25,727	(93)
Depreciation and amortization	24	23,469	24,139	670
Interest	25	11,891	12,409	518
Assessment Programs	26	29,458	29,458	0
Total Expenses	27	1,045,856	1,085,144	39,288
Healthcare Performance	28	3,892	(22,617)	26,509
Non preferred appropriations	29	3,105	3,105	0
Operating Income(Loss)	30	6,997	(19,512)	26,509
Other investment income	31	6,230	4,481	1,749
Non operating income (loss)	32	540	0	540
Net Income (Loss)	33	13,767	(15,031)	28,798

Temple University Health System
Operating Statement
(In thousands)
For the six months ended December 31, 2019

TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Unrestricted unrealized gain/loss	34	10,272	0	10,272
Net asset released from restriction used for purchase of PPE	35	1,068	0	1,068
Transfers from (to) affiliates	36	0	0	0
Transfers from (to) non affiliates	37	(495)	0	(495)
Other comprehensive income pension	38	145	0	145
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	39	24,757	(15,031)	39,787
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	40	3,109	0	3,109
Net assets released from restrictions	41	(5,242)	0	(5,242)
Net change in fair value of investments	42	794	0	794
Investment income (loss)	43	1,390	0	1,390
Change in value of beneficial interests	44	4,051	0	4,051
TOTAL INCREASE (DECREASE) IN THE NET ASSETS WITH DONOR RESTRICTIONS	45	4,101	0	4,101
TOTAL INCREASE (DECREASE) IN NET ASSETS		28,857	(15,031)	43,888

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the six months ended December 31, 2019
Year Over Year Comparison

Temple University Health System
Key Operating Indicators Year Over Year
For the six months ended December 31, 2019

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Patient Discharges:					
Inpatient Acute Discharges	18,255	69.7%	16,930	70.7%	1,325
Behavioral Health Discharges	1,120	4.3%	1,088	4.5%	32
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	<u>19,375</u>	<u>74.0%</u>	<u>18,018</u>	<u>75.2%</u>	<u>1,357</u>
CDU Observation Discharges	1,377	5.3%	1,588	6.6%	(211)
Non-CDU Observation Discharges	<u>5,444</u>	<u>20.8%</u>	<u>4,353</u>	<u>18.2%</u>	<u>1,091</u>
Subtotal Observation Discharges	<u>6,821</u>	<u>26.0%</u>	<u>5,941</u>	<u>24.8%</u>	<u>880</u>
Total Discharges including Observations	26,196	100.0%	23,959	100.0%	2,237
Births	1,281		1,182		99
Case Mix Index - Total	1.85		1.90		(0.05)
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	5.49		6.07		0.58
Behavioral Health LOS	22.23		15.68		(6.55)
CDU Observation LOS	1.36		1.42		0.05
Non-CDU Observation LOS	1.58		1.53		(0.05)
Patient Days Including Observation	135,554		130,269		5,285
Census Patient Days Including Observation Cases	133,044		134,067		(1,023)
Average Daily Census Including Observation	723		729		(6)
Staffed Beds (% Occupancy including Observations)	81.70%		80.35%		1.34%

Temple University Health System
Key Operating Indicators Year Over Year
For the six months ended December 31, 2019

TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	7,488	38.6%	6,740	37.4%	748
Medicare	8,580	44.3%	7,848	43.6%	732
Blue Cross	1,787	9.2%	1,998	11.1%	(211)
Managed Care	1,172	6.0%	1,126	6.2%	46
Other	<u>348</u>	<u>1.8%</u>	<u>306</u>	<u>1.7%</u>	<u>42</u>
Total Acute Discharges- All Except Births	19,375	100.0%	18,018	100.0%	1,357
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	11,588		10,349		1,239
Percentage of Acute Inpatient Discharges (admitted from ED)	63.5%		61.1%		2.4%
ED Visits	90,319		86,053		4,266
OPERATING ROOM:					
Inpatient	5,453		5,567		(114)
Outpatient	<u>6,349</u>		<u>6,852</u>		<u>(503)</u>
Total Operations	<u>11,802</u>		<u>12,419</u>		<u>(617)</u>
Transplants	172		190		(18)
Total Outpatient Registrations	251,364		246,054		5,310
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,859		8,812		(1,047)
Based on total adjusted hours including contracted services, excluding residents	9,291		8,308		(983)

Temple University Health System

Operating Statement Year Over Year

(In thousands)

For the six months ended December 31, 2019

UNAUDITED
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TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Prior Year Actual	Prior Year Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	396,884	384,616	12,268
Outpatient	2	372,863	366,031	6,832
Physician revenue	3	110,983	44,181	66,803
Commonwealth reimbursement	4	93,009	68,971	24,038
Net patient service revenue before provision for doubtful accounts	5	973,740	863,798	109,941
Provision for doubtful accounts	6	420	(6,627)	7,047
Total Net Patient Service Revenue	7	974,160	857,172	116,988
Research Revenue	8	21,032	21,358	(326)
Population Health	9	32,721	9,975	22,746
Contribution Revenue	10	2,127	1,931	196
Other Revenue - F/S	11	19,162	21,089	(1,927)
Investment Income - Revenue	12	547	324	222
Total Revenues	13	1,049,748	911,850	137,898
EXPENSES:				
Salaries	14	472,545	376,253	(96,292)
Employee benefits	15	124,924	107,636	(17,288)
Professional fees	16	23,114	23,062	(52)
Faculty support	17	0	46,260	46,260
Supplies and pharmaceuticals	18	234,705	222,244	(12,461)
Purchased services and other expense	19	69,956	58,925	(11,030)
Maintenance	20	9,725	9,243	(482)
Utilities	21	10,617	10,283	(335)
Leases	22	9,633	8,392	(1,240)
Insurance	23	25,820	17,246	(8,574)
Depreciation and amortization	24	23,469	25,764	2,296
Interest	25	11,891	12,079	188
Assessment Programs	26	29,458	23,785	(5,673)
Total Expenses	27	1,045,856	941,172	(104,684)
Healthcare Performance	28	3,892	(29,322)	33,214
Non preferred appropriations	29	3,105	3,102	3
Operating Income(Loss)	30	6,997	(26,220)	33,217
Other investment income	31	6,230	4,665	1,565
Non operating income (loss)	32	540	400	140
Net Income (Loss)	33	13,767	(21,154)	34,921

Temple University Health System

Operating Statement Year Over Year

(In thousands)

For the six months ended December 31, 2019

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	34	10,272	(13,266)	23,538
Net asset released from restriction used for purchase of PPE	35	1,068	562	506
Transfers from (to) affiliates	36	0	96	(96)
Transfers from (to) non affiliates	37	(495)	(735)	240
Other comprehensive income pension	38	145	161	(16)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	39	<u>24,757</u>	<u>(34,337)</u>	<u>59,094</u>
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	40	3,109	2,676	433
Net assets released from restrictions	41	(5,242)	(4,264)	(978)
Net change in fair value of investments	42	794	(1,139)	1,933
Investment income (loss)	43	1,390	1,419	(29)
Change in value of beneficial interests	44	<u>4,051</u>	<u>(7,864)</u>	<u>11,915</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	45	<u>4,101</u>	<u>(9,173)</u>	<u>13,274</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS		<u><u>28,857</u></u>	<u><u>(43,510)</u></u>	<u><u>72,367</u></u>

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Statement of Cash Flows
For the six months ended December 31, 2019

Temple University Health System

TUHS Consolidated

Statement of Cash Flows

(In Thousands)

For the six months ended December 31, 2019 and 2018

UNAUDITED
CONFIDENTIAL

	2019	2018		2019	2018
OPERATING ACTIVITIES:			INVESTING ACTIVITIES:		
Increase (decrease) in net assets from continuing operations	\$ 28,857	\$ (43,510)	Decrease in restricted assets	\$ 11,666	\$ 6,223
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:			Purchases of property, plant and equipment	(5,916)	(6,156)
Net realized and unrealized (gains) losses on investments	(11,293)	10,115	Purchases of investments	(55,979)	(43,777)
Net realized and unrealized (gains) losses on beneficial interests in perpetual trusts and assets held by Episcopal Foundation and Fox Chase Cancer Center Foundation	(4,051)	7,865	Proceeds from sales of investments	57,767	38,360
Depreciation, amortization and accretion	23,303	25,438	Proceeds from sales of fixed assets	70	260
Intangible amortization	166	326	Cash acquired from asset transfer	28,138	-
Amortization of bond premium, discount, debt issuance costs, and underwriter's discount	(879)	(908)			
Allowance for doubtful accounts	(420)	6,627	Net cash provided by (used in) investing activities	35,746	(5,090)
Adjustment to funded status of pension and postretirement liabilities	(145)	(161)	FINANCING ACTIVITIES:		
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	(1,068)	(562)	Proceeds from contributions and investments restricted to property, plant and equipment and endowments	1,068	562
Loss (gain) on disposal of fixed assets	12	(234)	Repayment of long-term debt	(9,203)	(12,200)
Perpetually restricted gifts and donations received	(692)	(466)	Repayment of capital lease obligations	(2,047)	(1,789)
Net transfers to the University	495	735	Proceeds from issuance of long-term debt	-	2,571
Changes in operating assets and liabilities:			Permanently restricted gifts and donations received	692	466
Patient accounts receivable	(6,163)	(2,013)	Net transfers to the University	(495)	(735)
Other receivables	37,066	(37,824)	Net cash used in financing activities	(9,985)	(11,125)
Pledges receivable — net	597	635	NET DECREASE IN CASH AND CASH EQUIVALENTS		
Inventories and other current assets	(11,680)	(10,909)		(55,517)	(68,976)
Expenditures reimbursable by research grants and awards	277	(3,054)	CASH AND CASH EQUIVALENTS — Beginning of year		
Other assets	(13,707)	(7,781)		220,121	187,401
Accounts payable	(115,140)	(27,424)	CASH AND CASH EQUIVALENTS — End of quarter		
Accrued expenses	10,841	23,308		\$ 164,604	\$ 118,425
Estimated settlements with third-party payors	(10,785)	(8,455)			
Self-insurance program receivables and liabilities	(17,264)	(4,898)			
Unexpended research grants and awards	(818)	3,379			
Other liabilities	11,213	17,010			
Net cash used in operating activities	(81,278)	(52,761)			

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Balance Sheet
For the six months ended December 31, 2019

Temple University Health System

TUHS Consolidated
Balance Sheet
(In Thousands)
December

UNAUDITED
CONFIDENTIAL

	December FY20	June FY19
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	164,604	220,121
Patient accounts receivable, net	235,554	209,409
Other receivables , including current portion pledges	120,218	143,370
Due from affiliates - Short term	0	0
Due from Temple University	1,715	5,662
Expenditures reimbursable by research grants and awards	8,907	9,184
Inventory and other current assets	57,835	46,006
Current portion of assets limited as to use	18,759	29,734
Short term investments	194,876	181,387
Current portion of self-insurance assets	<u>16,229</u>	<u>10,075</u>
Total current assets	818,695	854,949
Total assets limited as to use, less current portion	162,134	128,444
Property, plant and equipment, net	268,233	283,975
Right of use operating lease assets	0	0
Long term investments	41,033	40,808
Due from affiliates	0	0
Self insurance assets	30,710	24,374
Estimated retroactive adjustments, third-party-payors	0	0
Goodwill and other intangibles, less accumulated amortization	16,810	16,976
Beneficial interest in perpetual trusts	42,268	41,596
Beneficial interest in the assets held by Episcopal Foundation	28,163	28,163
Beneficial interest in the Fox Chase Cancer Center Foundation	61,814	58,435
Other assets	<u>77,738</u>	<u>64,031</u>
TOTAL ASSETS	<u><u>1,547,599</u></u>	<u><u>1,541,752</u></u>

	December FY20	June FY19
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long-term debt	15,064	15,912
Lines of credit	0	0
Cash overdraft	0	0
Short term notes payable	0	0
Accounts payable	33,377	62,773
Accrued expenses	140,687	117,562
Due to affiliates	0	0
Interco payable TU-other	8,524	95,457
Current portion of accrued retirement benefits	0	0
Current portion of estimated retroactive adjustments, third-party payor	2,367	13,152
Current portion of self-insurance program liability	51,808	25,413
Unexpended research grants and awards	3,541	4,359
Other current liabilities	<u>64,739</u>	<u>50,015</u>
Total current liabilities	320,106	384,642
Long term debt	477,465	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	171,686	116,878
Liability for insurance - non Temple University	881	881
Unfunded accumulated retirement benefits	31,544	31,448
Other long-term liabilities	<u>25,998</u>	<u>29,764</u>
Total liabilities	<u><u>1,027,680</u></u>	<u><u>1,050,690</u></u>
NET ASSETS:		
Without Donor Restrictions	350,583	325,826
With Donor Restrictions	<u>169,336</u>	<u>165,235</u>
Total net assets	<u><u>519,919</u></u>	<u><u>491,061</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1,547,599</u></u>	<u><u>1,541,752</u></u>

**Temple University Health System Obligated Group
Financial Summary (Unaudited)
For the six months ended December 31, 2019**

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

UNAUDITED
CONFIDENTIAL

(In Thousands)

For the six months ended December 31, 2019

	Actual	Budget	Variance
REVENUES:			
Net patient service revenue:			
Inpatient	394,900	391,995	2,906
Outpatient	372,160	386,770	(14,610)
Physician revenue	41,708	43,417	(1,709)
Commonwealth reimbursement	73,959	77,194	(3,235)
Net patient service revenue before provision for doubtful accounts	882,727	899,375	(16,648)
Provision for doubtful accounts	420	(3,701)	4,122
Total Net Patient Service Revenue	883,147	895,673	(12,526)
Research Revenue	21,032	20,844	188
Population Health	29,190	9,311	19,879
Contribution Revenue	2,127	3,340	(1,213)
Other Revenue - F/S	21,421	23,315	(1,895)
Investment Income - Revenue	547	720	(173)
Total Revenues	957,463	953,204	4,260
EXPENSES:			
Salaries	369,743	369,475	(268)
Employee benefits	106,266	109,334	3,068
Professional fees	22,096	23,317	1,221
Faculty support	29,406	26,602	(2,804)
Supplies and pharmaceuticals	229,846	245,926	16,081
Purchased services and other expense	84,794	91,690	6,895
Maintenance	9,470	10,245	775
Utilities	9,588	10,977	1,388
Leases	8,998	10,022	1,023
Insurance	10,774	10,668	(106)
Depreciation and amortization	23,314	23,998	684
Interest	11,875	12,382	507
Assessment Programs	29,458	29,458	0
TOTAL EXPENSES	945,628	974,093	28,465
Healthcare Performance	11,835	(20,890)	32,725
Non preferred appropriations	3,105	3,105	0
Operating Income(Loss)	14,940	(17,785)	32,725
Other investment income	5,555	3,708	1,846
Excess of fair value of net assets acquired over consideration paid	0	0	0
Non operating income (loss)	107	0	107
Net Income (Loss)	20,602	(14,076)	34,678
Income (Loss) from Discontinued Operations	0	0	0
Net Income (Loss) after Discontinued Operations	20,602	(14,076)	34,678

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 Consolidated Statement of Operations (unaudited)

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(In Thousands)

For the six months ended December 31, 2019

	Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Unrestricted unrealized gain/loss	8,675	0	8,675
Net asset released from restriction used for purchase of PPE	1,068	0	1,068
Transfers from (to) affiliates	(612)	(735)	123
Transfers from (to) non affiliates	14,196	0	14,196
Other comprehensive income pension	145	0	145
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>44,073</u>	<u>(14,811)</u>	<u>58,884</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Contribution income	3,109	0	3,109
Net assets released from restrictions	(5,242)	0	(5,242)
Net change in fair value of investments	794	0	794
Investment income (loss)	1,390	0	1,390
Change in value of beneficial interests	4,051	0	4,051
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>4,101</u>	<u>0</u>	<u>4,101</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>52,274</u>	<u>(14,811)</u>	<u>67,085</u>

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

UNAUDITED
CONFIDENTIAL

	December FY20	June FY19		December FY20	June FY19
ASSETS				LIABILITIES and NET ASSETS:	
CURRENT ASSETS:				CURRENT LIABILITIES:	
Cash and cash equivalents	136,101	203,008		Current portion of long-term debt	14,347
Patient accounts receivable, net	219,385	209,409		Lines of credit	0
Other receivables , including current portion pledges	99,297	138,127		Cash overdraft	0
Due from affiliates - Short term	6,352	2,200		Short term notes payable	0
Due from Temple University	1,443	5,662		Accounts payable	30,426
Expenditures reimbursable by research grants and awards	8,907	9,184		Accrued expenses	124,134
Inventory and other current assets	51,365	42,066		Due to affiliates	10,075
Current portion of assets limited as to use	17,336	29,176		Interco payable TU-other	5,289
Short term investments	163,829	152,676		Current portion of accrued retirement benefits	0
Current portion of self-insurance assets	<u>16,229</u>	<u>10,075</u>		Current portion of estimated retroactive adjustments, third-party payor	2,367
				Current portion of self-insurance program liability	23,242
Total current assets	720,245	801,584		Unexpended research grants and awards	3,541
				Other current liabilities	<u>60,910</u>
Total assets limited as to use, less current portion	83,010	80,936		Total current liabilities	274,330
Property, plant and equipment, net	265,113	282,231		Long term debt	477,381
Right of use operating lease assets	0	0		Long term due to affiliate	0
Long term investments	34,420	34,220		Right of use operating lease obligations	0
Due from affiliates	0	0		Estimated retroactive adjustments, third-party - payors	0
Self insurance assets	29,693	16,375		Self-insurance program-liability	94,339
Estimated retroactive adjustments, third-party-payors	0	0		Liability for insurance - non Temple University	881
Goodwill and other intangibles, less accumulated amortization	16,810	16,976		Unfunded accumulated retirement benefits	23,251
Beneficial interest in perpetual trusts	42,268	41,596		Other long-term liabilities	<u>23,304</u>
Beneficial interest in the assets held by Episcopal Foundation	28,163	28,163		Total liabilities	893,485
Beneficial interest in the Fox Chase Cancer Center Foundation	61,814	58,435		NET ASSETS:	
Other assets	<u>113,203</u>	<u>88,250</u>		Without Donor Restrictions	331,918
				With Donor Restrictions	<u>169,336</u>
TOTAL ASSETS	<u>1,394,740</u>	<u>1,448,767</u>		Total net assets	<u>501,254</u>
				TOTAL LIABILITIES AND NET ASSETS	<u>1,394,740</u>
					<u>1,448,767</u>