

Year-End Report

Temple University Health System, Inc.

Twelve Months Ended
June 30, 2022 and 2021

UNAUDITED

Index

Notice to Readers	3
Overview of Temple University Health System, Inc. and Affiliates	4
TUHS Consolidated Financial Statements	
Consolidated Balance Sheets	6
Consolidated Statements of Operations and Changes in Net Assets	8
Consolidated Statements of Cash Flows	10
Management's Discussion and Analysis of Consolidated Operations and Financial Performance	12
Consolidated Key Statistics and Inpatient Payor Mix	15
Supplemental Consolidating Financial Statements	16

Notice to Readers

Forward Looking Information:

This year-end report may contain certain disclosures, which contain “forward looking statements” within the meaning of the Federal securities laws. Forward looking statements include all statements that do not relate solely to historical or current fact and can be identified by the use of words such as “estimate,” “anticipate,” “expect,” “likely,” “may,” “might,” “project,” and similar words or expressions. These forward looking statements are based on the current plans and expectations of Temple University Health System, Inc. (“TUHS”) as of the date of this report and are subject to a number of known and unknown risks and uncertainties inherent in the operation of health care facilities, many of which are beyond TUHS’ control. Actual actions and results may differ materially from the forward looking statements. TUHS disclaims any obligation, and makes no promise, to update any such forward looking statements or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward looking statement, whether as a result of changes in underlying factors, to reflect new information, as a result of the occurrence of events or developments or otherwise.

Year-End Financial and Operating Information:

The financial and operating information provided in this year-end report has been prepared on the accrual basis of accounting from records maintained by TUHS. All transactions have been included in the accounting records for financial reporting information in conformity with accounting principles generally accepted in the United States (“GAAP”). All financial data in the Consolidated Statement of Operations and Changes in Net Assets and the Consolidated Statement of Cash Flows covering the twelve months ended June 30, 2022, and the Consolidated Balance Sheet as of June 30, 2022, are unaudited. The Consolidated Statement of Operations and Changes in Net Assets and the Consolidated Statement of Cash Flows covering the twelve months ended June 30, 2021, and the Consolidated Balance Sheet as of June 30, 2021 have been extracted from the audited financial statements. All statistical data presented is unaudited. Accordingly, the data does not include all of the information and footnotes required by GAAP for complete financial statements. These year-end financial statements should be read in conjunction with the audited financial statements as of and for the year ended June 30, 2022.

Non-GAAP Disclosures:

Certain financial data and ratios displayed throughout this year-end report are calculated using financial measures that are not considered GAAP. These financial data and ratios are not intended to conform to GAAP, but are displayed to provide more meaningful analysis.

Obligated Group:

The Temple University Health System Obligated Group (“TUHS Obligated Group”) consists of Temple University Health System, Inc., Temple University Hospital, Inc., Temple Physicians, Inc., Temple Health System Transport Team, Inc., American Oncologic Hospital, Institute for Cancer Research, Fox Chase Cancer Center Medical Group, Inc., and Fox Chase Network, Inc. Each TUHS Obligated Group member, as co-obligor and not as guarantor, jointly and severally covenants to pay the principal and interest on all outstanding TUHS Obligated Group obligations, including parity debt. The total amount of debt outstanding, including the current portion of long-term debt, under the TUHS Obligated Group was \$426.5 million and \$475.8 million as of June 30, 2022 and June 30, 2021, respectively.

Overview of Temple University Health System, Inc. and Affiliates

TUHS is a Pennsylvania nonprofit corporation of which Temple University—Of The Commonwealth System of Higher Education is its sole member. TUHS was incorporated in August 1995 and serves principally to coordinate the activities and plans of its health care subsidiaries and affiliates in Philadelphia and the surrounding area. The subsidiaries and affiliates of TUHS (collectively, with TUHS, referred to as the “Health System”), all of which operate in Philadelphia and the surrounding area, include the following:

- Temple University Hospital, Inc. (“TUH”), a nonprofit corporation, operating an 879-bed acute care teaching hospital at three inpatient campuses and additional outpatient locations in Philadelphia and Montgomery Counties, with TUHS as its sole member;
- Temple University Health System Foundation (“TUHSF”), a nonprofit corporation formed to support the health-care-related activities of TUHS, with TUH as its sole member;
- Episcopal Hospital (“Episcopal”), a nonprofit corporation, providing clinical outpatient health care services, with TUHS as its sole member;
- Temple Health System Transport Team, Inc. (“T3”), a nonprofit corporation, is a critical care air and ground ambulance company, with TUHS as its sole member;
- Temple Physicians, Inc. (“TPI”), a nonprofit corporation formed to develop and acquire community-based primary care practices located in the service area of TUHS, with TUHS as its sole member;
- TUHS Insurance Company, Ltd. (“TUHIC”), a captive insurance company established to reinsure the professional liability claims of certain subsidiaries of TUHS. TUHS is the beneficial owner of TUHIC which is domiciled in Bermuda;
- American Oncologic Hospital d/b/a The Hospital of Fox Chase Cancer Center (“AOH”), a nonprofit corporation, is a 100 licensed bed specialty hospital that provides advanced inpatient and outpatient care to cancer patients, with TUHS as its sole member;
- Institute for Cancer Research d/b/a the Research Institute of Fox Chase Cancer Center (“ICR”), a nonprofit corporation, is primarily engaged in basic research, including programs in cancer biology, developmental therapeutics, immune cell development and host disease, cancer epigenetics, and cancer prevention and control and is a National Cancer Institute designated Comprehensive Cancer Center, with AOH as its sole member;
- Fox Chase Cancer Center Medical Group, Inc. (“MGI”), a nonprofit corporation, employs and provides physician services to the Fox Chase family of organizations, with AOH as its sole member;
- Fox Chase Network, Inc. (“Network”), a nonprofit corporation, provides cancer related clinical and administrative services to cancer programs of community hospitals and physicians, with AOH as its sole member;

- Fox Chase, Ltd. (“Limited”), a business corporation that holds minority interests in joint ventures with area hospitals, with AOH as its sole stockholder;
- Temple Center for Population Health, LLC (“TCPH”), a Pennsylvania limited liability company, participating in accountable care, coordinated care, shared savings, bundled payment programs and other similar programs or initiatives with or implemented by governmental payers, commercial payers and other parties, with TUHS as its sole member;
- Temple Faculty Practice Plan, Inc. (“TFPP”), a nonprofit corporation, provides teaching and physician services to the TUHS hospitals, with TUHS as its sole member; and
- Temple Health Subsidiaries, Inc. (“THS”), a business corporation formed to participate in for-profit joint ventures, the sole shareholder of which is TUH.

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2022 AND 2021

(In thousands)

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 462,566	\$ 533,231
Patient accounts receivable—net of allowance for doubtful accounts	265,101	258,505
Other receivables—net of allowance for doubtful accounts of \$486 and \$967 in 2022 and 2021, respectively	84,287	99,354
Inventories and other current assets	56,943	56,062
Current portion of assets limited as to use	26,197	27,735
Investments	521,567	371,327
Current portion of workers' compensation fund	6,893	6,070
Current portion of self-insurance program receivables	6,500	2,000
Expenditures reimbursable by research grants and awards	7,040	10,668
Total current assets	<u>1,437,094</u>	<u>1,364,952</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and land improvements	13,808	13,808
Buildings	502,991	499,026
Fixed and movable equipment	595,292	578,851
Construction-in-progress	23,741	3,784
	<u>1,135,832</u>	<u>1,095,469</u>
Less accumulated depreciation	<u>818,892</u>	<u>810,176</u>
Net property, plant and equipment	<u>316,940</u>	<u>285,293</u>
OPERATING LEASE RIGHT-OF-USE ASSETS	24,160	21,382
ASSETS LIMITED AS TO USE	137,793	174,580
INVESTMENTS	154,060	74,537
WORKERS' COMPENSATION FUND	2,318	2,601
SELF-INSURANCE PROGRAM RECEIVABLES	45,451	40,423
GOODWILL AND OTHER INTANGIBLES	924	2,768
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	121,464	142,011
OTHER ASSETS	49,941	103,408
TOTAL ASSETS	<u>\$ 2,290,145</u>	<u>\$ 2,211,955</u>

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2022 AND 2021

(In thousands)

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 17,028	\$ 13,016
Current portion of operating lease liabilities	4,157	4,389
Accounts payable	89,546	102,460
Accrued expenses	137,464	159,684
Current portion of estimated settlements with third-party payers	38,711	99,784
Current portion of self-insurance program liabilities	85,675	55,350
Unexpended research grants and awards	2,395	4,198
Other current liabilities	<u>80,668</u>	<u>106,805</u>
Total current liabilities	<u>455,644</u>	<u>545,686</u>
LONG-TERM DEBT	409,467	462,779
OPERATING LEASE LIABILITIES	21,082	17,974
ESTIMATED SETTLEMENTS WITH THIRD-PARTY PAYERS	-	30,356
SELF-INSURANCE PROGRAM LIABILITIES	259,180	243,754
ACCRUED POSTRETIREMENT BENEFITS	12,251	10,982
OTHER LONG-TERM LIABILITIES	<u>130,534</u>	<u>112,130</u>
Total liabilities	<u>1,288,158</u>	<u>1,423,661</u>
NET ASSETS:		
Without donor restrictions	829,386	603,239
With donor restrictions	<u>172,601</u>	<u>185,055</u>
Total net assets	<u>1,001,987</u>	<u>788,294</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,290,145</u>	<u>\$ 2,211,955</u>

(Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(In thousands)

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and other support without donor restrictions:		
Total patient service revenue	\$ 2,418,600	\$ 2,210,042
Research revenue	36,889	43,641
Contribution revenue	4,325	4,226
Other revenue	84,924	139,522
Investment income	299	145
Net assets released from restrictions used for operations	<u>6,038</u>	<u>7,291</u>
Revenues and other support without donor restrictions	<u>2,551,075</u>	<u>2,404,867</u>
Expenses:		
Salaries	1,103,608	1,010,564
Employee benefits	270,618	254,996
Professional fees	147,989	145,525
Supplies and pharmaceuticals	523,197	489,828
Purchased services and other	207,990	197,806
Maintenance and utilities	50,177	39,565
Leases	14,468	16,737
Insurance	96,071	88,469
Depreciation and amortization	46,506	43,700
Interest	21,192	23,465
Asset impairment	1,564	524
(Gain) loss on disposal of fixed assets	90	(520)
Gain on lease modification	<u>(122)</u>	<u>(639)</u>
Expenses	<u>2,483,348</u>	<u>2,310,020</u>
Operating income	<u>67,727</u>	<u>94,847</u>
Other income—net:		
Investment income	(65,139)	59,014
Gain on sale of equity method investment	234,591	-
Other—net	<u>(6,561)</u>	<u>11,180</u>
Other income—net	<u>162,891</u>	<u>70,194</u>
Excess of revenues and other support over expenses	<u>230,618</u>	<u>165,041</u>

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(In thousands)

	2022	2021
Excess of revenues and other support over expenses	\$ 230,618	\$ 165,041
Other changes in net assets without donor restrictions:		
Net transfers to the University	(5,950)	(6,259)
Net assets released from restrictions used for purchase of property, plant and equipment	1,020	2,499
Net change in fair value of investments	(16,733)	(2,787)
Adjustment to funded status of pension and postretirement liabilities	16,253	47,260
Other change in net assets	939	(601)
Increase in net assets without donor restrictions	<u>226,147</u>	<u>205,153</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contribution income	13,228	6,344
Net assets released from restrictions	(7,058)	(9,790)
Net change in fair value of investments	(2,725)	3,494
Investment income	4,648	3,184
Change in beneficial interest in assets held by others	(20,547)	19,535
Increase (decrease) in net assets with donor restrictions	<u>(12,454)</u>	<u>22,767</u>
INCREASE IN NET ASSETS	213,693	227,920
NET ASSETS—Beginning of year	<u>788,294</u>	<u>560,374</u>
NET ASSETS—End of year	<u>\$ 1,001,987</u>	<u>\$ 788,294</u>

(Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2022 AND 2021 (In thousands)

	2022	2021
OPERATING ACTIVITIES:		
Increase in net assets	\$ 213,693	\$ 227,920
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized losses (gains) on investments	96,456	(54,505)
Net realized and unrealized losses (gains) on beneficial interests in assets held by others	20,547	(19,535)
Depreciation, amortization and accretion	46,506	43,700
Impairment on intangibles	1,564	524
Amortization of bond premium, discount, debt issuance costs and underwriter's discount	(2,026)	(1,704)
Allowance for doubtful accounts	(527)	(267)
Adjustment to funded status of pension, postretirement and long-term disability liabilities	(17,192)	(47,419)
Loss of extinguishment of long-term debt	9,650	-
Net assets released from restrictions used for purchase of property, plant and equipment	(1,020)	(2,499)
Loss (gain) on disposal of fixed assets	90	(520)
Gain on lease modification	(122)	(639)
Perpetually restricted gifts and donations received	(2,787)	516
Net transfers to the University	5,950	6,259
Gain on insurance recovery	(4,767)	(5,880)
Gain on sale of equity method investment	(234,591)	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(6,069)	(46,452)
Other receivables	15,067	(1,573)
Inventories and other current assets	(881)	(1,513)
Expenditures reimbursable by research grants and awards	3,628	(1,613)
Other assets	(10,221)	(21,840)
Accounts payable and accrued expenses	(26,609)	46,558
Estimated settlements with third-party payors	(91,429)	(47,083)
Self-insurance program receivables and liabilities	36,223	53,581
Unexpended research grants and awards	(1,803)	(466)
Net change in operating lease right-of-use assets and liabilities	98	(664)
Other liabilities	10,581	108,580
Net cash provided by operating activities	<u>60,009</u>	<u>233,466</u>

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(In thousands)

	2022	2021
INVESTING ACTIVITIES:		
Decrease (increase) in assets limited as to use and workers' compensation fund	\$ 12,383	\$ (14,189)
Purchases of property, plant and equipment	(85,254)	(53,808)
Purchases of investments	(562,283)	(363,948)
Proceeds from sales of investments	266,819	142,755
Proceeds from sale of equity method investment	298,279	-
Proceeds from sales of property, plant and equipment	58	1,509
Proceeds from insurance recovery	<u>4,767</u>	<u>8,134</u>
Net cash used in investing activities	<u>(65,231)</u>	<u>(279,547)</u>
FINANCING ACTIVITIES:		
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	1,020	2,499
Repayment of long-term debt	(21,892)	(10,605)
Repayment of finance lease liabilities	(3,305)	(4,426)
Repurchase of bonds	(219,210)	-
Proceeds from issuance of long-term debt	186,460	-
Perpetually restricted gifts and donations received	2,787	(516)
Net transfers to the University	<u>(5,950)</u>	<u>(6,259)</u>
Net cash used in financing activities	<u>(60,090)</u>	<u>(19,307)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(65,312)	(65,388)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of year	<u>547,433</u>	<u>612,821</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	<u>\$ 482,121</u>	<u>\$ 547,433</u>
Cash and cash equivalents	\$ 462,566	\$ 533,231
Restricted cash included in assets limited as to use	<u>19,555</u>	<u>14,202</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 482,121</u>	<u>\$ 547,433</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Cash paid for interest		
	<u>\$ 27,756</u>	<u>\$ 25,299</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:		
Amounts recorded for purchases of property and equipment in excess of amounts paid	<u>\$ 8,163</u>	<u>\$ 16,687</u>
Cost of assets acquired through finance leases	<u>\$ 1,023</u>	<u>\$ 4,280</u>

(Concluded)

Management’s Discussion and Analysis of Consolidated Operations and Financial Performance

Overview

Temple University Health System (“TUHS”) reported a net income of \$230,618,000 for the fiscal year ended June 30, 2022 versus net income of \$165,041,000 as of June 30, 2021 and budgeted net income of \$50,427,000, resulting in a favorable year-over-year variance of \$65,577,000 and budget variance of \$180,191,000.

Operating income, which excludes investment income, changes in market value of equity securities, and other non-operating income, was \$67,727,000 versus operating income of \$94,847,000 as of June 30, 2021 and budgeted operating income of \$31,786,000 resulting in an unfavorable year-over-year variance of (\$26,991,000) and a favorable budget variance of \$35,941,000. \$43,845,000 of Provider Relief Funds (“PRF”) were recognized year-to-date in other revenue at Temple University Hospital, Inc. (“TUH, Inc.”) compared to \$70,742,000 in the prior year.

Other investment income (loss) was unfavorable to budget (\$80,516,000) due to decreases in the market value of equity securities. Non-Operating income was favorable to budget \$224,768,000 due to the gain on sale of HPP.

Year over Year Summary

TUHS reported operating income of \$67,727,000 versus prior year operating income of \$94,847,000 resulting in an unfavorable year-over-year variance of (\$26,991,000). Despite an increase in net patient service revenue of \$209,084,000, a decrease in population health revenue of (\$31,182,000) due to the sale of HPP, other revenue of (\$25,042,000) due to less CAREs funding recognized in FY22 and an increase in operating expenses of \$173,327,000 drove the decrease year-over-year.

Total net patient service revenue, excluding Commonwealth funding, increased by \$106,091,000, due to increases in outpatient revenue \$108,499,000 and physician revenue 19,433,000, partially offset by a decrease in inpatient revenue of (\$21,845,000). Key operating indicators versus the prior year were as follows:

<i>TUHS Consolidated</i>	Actual	Prior Yr	V	V%
<i>Inpatient</i>				
Inpatient Discharges	36,220	40,235	(4,015)	-10.0%
CMI	1.97	1.90	0.07	3.7%
ED Inpatient Discharges	24,977	28,850	(3,873)	-13.4%
Inpatient Surgeries	9,719	10,201	(482)	-4.7%
Transplants	346	298	48	16.1%
<i>Outpatient</i>				
Outpatient Surgeries	13,104	12,126	978	8.1%
ED Visits	155,673	151,641	4,032	2.7%
Outpatient Registrations (Excl. HBB)	420,562	415,748	4,814	1.2%
HBB Clinic Registrations	223,066	170,081	52,985	31.2%
Physician Visits	948,289	888,625	59,664	6.7%

Net Commonwealth Funding:

Net Commonwealth funding increased by \$105,770,000 primarily due to the receipt of new fiscal year 2021 opioid use disorder funding that was not approved until early fiscal year 2022, along with receipt of additional DSH funding and one-time COVID DSH payments.

Population Health Performance:

Population health revenue decreased by (\$31,182,000) due to a decrease in revenue from TUHS’s risk sharing arrangements, primarily driven by the sale of HPP.

Other revenue decreased (\$25,042,000) versus the prior year primarily due to higher Provider Relief Funds recognized in fiscal year 2021.

Operating expenses increased \$173,327,000 year-over-year. Salaries increased \$93,044,000, driven by higher nursing costs associated with increased agency usage and overtime as well as annual salary increases. Employee benefits increased \$15,621,000 due to higher medical, prescription, and retirement expenses. Professional fees increased \$7,986,000 due to an increase in IT spending and recruiting costs. Supplies and pharmaceuticals increased by \$33,369,000, primarily related to increased outpatient pharmacy volumes.

For the year ended June 30, 2022, TUHS cancer services contributed operating income of \$79,380,000 compared to prior year of \$55,792,000, an increase of \$23,588,000. This was primarily driven by Bone Marrow Transplant (“BMT”) program performance, infusion treatments and retail outpatient pharmacy.

Actual versus Budget Summary

TUHS reported operating income of \$67,727,000 versus budgeted operating income of \$31,786,000 resulting in a favorable budget variance of \$35,941,000. These results were driven by favorable net patient service revenue, increased Commonwealth reimbursement, partially offset by above budget operating expenses, primarily increased labor costs due to industry wide shortages.

Healthcare Operations Performance:

Outpatient revenue was favorable to budget \$37,947,000 primarily as a result of the \$29,899,000 variance at TUH, Inc. TUH, Inc. outpatient revenue was above budget due to above budget surgeries as well as performance of the specialty and retail pharmacies. Favorable outpatient infusion volumes and revenue cycle performance were also significant drivers. While outpatient registrations, excluding Hospital Based visits (“HBB”) were below budget, the variance was primarily related to low-dollar lab and radiology procedures. Key operating indicators versus budget were as follows:

<i>TUH, Inc.</i>	Actual	Budget	V	V%
Outpatient Surgeries	9,764	9,255	509	5.5%
Outpatient Registrations (Excl. HBB)	420,562	467,371	(46,809)	-10.0%
HBB Clinic Registrations	223,066	201,197	21,869	10.9%

In addition to TUH, Inc., outpatient revenue was favorable to budget \$8,048,000 at American Oncologic Hospital and Affiliates, (AOH, Inc.). Surgical procedures were above budget 6.7% and radiation oncology procedures were above budget 2.8%, with favorable patient mix also driving revenue above budget.

Inpatient revenue was slightly behind budget at (\$2,596,000) or (0.4%), primarily as a result of the (\$2,699,000) or (5.8%) variance at AOH, Inc. The variance at AOH, Inc. was driven primarily by surgical procedures which

were below budget (7.0%). TUH, Inc. inpatient revenue was tracking budget despite unfavorable discharges and surgeries, driven by favorable CMI and BMT program performance:

<i>TUH, Inc.</i>	Actual	Budget	V	V%
Inpatient Discharges	32,732	34,084	(1,352)	-4.0%
CMI	1.98	1.96	0.02	1.0%
ED Inpatient Discharges	24,977	25,764	(787)	-3.1%
Inpatient Surgeries	7,990	8,944	(954)	-10.7%
Transplants	346	327	19	5.8%

Operating expenses were above budget (\$102,932,000). Salaries expenses were above budget (\$56,955,000) due primarily to nursing costs driven by an increased use of agency and overtime due to national labor shortages. Insurance expense was above budget (\$29,348,000) due to unfavorable claims experience. Professional fees were also above budget (\$15,199,000) primarily due to nursing direct hire placement and legal fees. Unfavorable salaries and professional fees expenses were partially offset by below budget employee benefits expenses \$11,919,000, driven by lower core benefits and defined contribution retirement plan expenses.

For the year ended June 30, 2022, TUHS cancer services contributed operating income of \$79,380,000 compared to a budget of \$51,328,000 for a positive budget variance of \$28,052,000. This was primarily driven by infusion treatments, BMT performance and retail pharmacy.

Net Commonwealth Funding:

Net Commonwealth funding was favorable to budget \$71,014,000 primarily driven increased disproportionate share (“DSH”) funding as well as one-time COVID DSH payments.

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 unfavorable to budget by (\$11,631,000), primarily driven by unfavorable results in TUHS’s risk arrangements driven by an earlier than anticipated closing of the sale of HPP as well as lower than budgeted performance post sale.

Other revenue was favorable to budget \$46,445,000 due to CARES Act Funding recognized of \$43,845,000.

Liquidity

Liquidity at June 30, 2022 was \$1,125,919,000 compared to \$973,907,000 at June 30, 2021 for an increase of \$152,013,000. The proceeds from HPP contributed to an increase of \$229,764,000 in investments. Operating cash increased \$31,247,000 over June 30, 2021 as a result of strong operations as well as Opioid Use Disorder (OUD) and COVID DSH funding received from the Commonwealth. These amounts were partially offset by \$96,070,000 of Medicare advances and \$12,927,000 in payroll tax deferrals that were repaid as well as \$85,254,000 spent towards capital improvements.

Days cash on hand at June 30, 2022 was 170 days compared to 157 at June 30, 2021.

Consolidated Key Statistics

Data for the Health System utilization for the fiscal years ended June 30, 2019, 2020, 2021, and 2022 are presented in the following table:

	Fiscal Year Ended June 30,			
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Discharges	36,446	37,666	41,772	37,753
Discharged Patient Days	242,585	243,867	253,271	264,736
Census Patient Days	247,608	241,963	262,031	266,840
Discharged Length of Stay	5.9	5.5	5.5	6.1
Observation Discharges	12,835	11,986	8,704	10,644
Emergency Department Visits	171,994	164,997	151,641	155,673
Admissions from ED	21,078	23,758	28,850	24,977
% Admissions from ED	57.8%	63.1%	69.1%	66.2
Inpatient Surgeries	11,041	9,965	10,201	9,719
Outpatient Surgeries	13,871	10,661	12,126	13,104
Case Mix Index	1.89	1.89	1.90	1.97
Births – Discharges	2,331	2,425	2,211	1,927
Cardiology Procedures	6,202	5,799	7,347	6,041
Total Transplants	355	319	298	346
Total Outpatient Registrations	493,645	455,375	587,209	658,745
MRI/CT Procedures	39,505	39,993	44,409	47,396
Radiation Procedures	27,411	28,022	25,304	30,274

Inpatient Payor Mix

The following table summarizes payor mix by discharge for TUHS hospitals:

PAYOR MIX BY DISCHARGE						
	Fiscal Year Ended June 30,					
	<u>2020</u>		<u>2021</u>		<u>2022</u>	
Medicaid*	14,589	39%	17,840	43%	16,022	43%
Medicare*	16,349	43%	17,406	42%	15,566	41%
Blue Cross	3,714	10%	3,900	9%	3,411	9%
Managed Care	2,161	6%	2,181	5%	2,343	6%
Other	853	2%	445	1%	411	1%
Totals	37,666	100.0%	41,772	100.0%	37,753	100.0%

* Includes Managed Care.

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION

AS OF JUNE 30, 2022

(In thousands)

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company	Obligated Group Eliminations	Obligated Group Consolidated
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 269,938	\$ 5,007	\$ 15,857	\$ 24,909	\$ 1,008	\$ 6,399	\$ 808	\$ 46,423	\$ -	\$ 370,349
Patient accounts receivable—net of allowance for doubtful accounts	217,389	-	24,618	171	-	3,287	-	-	-	245,465
Other receivables—net of allowance for doubtful accounts	62,251	2,481	2,018	557	15	29	175	2,447	-	69,973
Inventories and other current assets	40,581	640	5,818	-	-	357	1	9,262	-	56,659
Current portion of assets limited as to use	15	684	492	-	-	-	-	22,279	-	23,470
Investments	428,888	7,071	44,795	-	-	-	-	13,133	-	493,887
Current portion of workers' compensation fund	6,492	182	175	19	-	25	-	-	-	6,893
Current portion of self-insurance program receivables	-	-	-	-	-	-	-	6,500	-	6,500
Expenditures reimbursable by research grants and awards	-	6,063	977	-	-	-	-	-	-	7,040
Due from affiliates—current portion	21,063	7,855	12,298	10,302	66	4,344	177	49,132	(86,268)	18,969
Total current assets	1,046,617	29,983	107,048	35,958	1,089	14,441	1,161	149,176	(86,268)	1,299,205
PROPERTY, PLANT AND EQUIPMENT:										
Land and land improvements	8,953	1,221	3,394	-	-	-	-	9	-	13,577
Buildings	419,356	24,345	31,489	-	-	4,967	-	8,055	-	488,212
Fixed and movable equipment	410,911	26,684	54,318	168	-	4,815	1,864	81,709	-	580,469
Construction-in-progress	17,516	568	355	-	-	-	-	5,302	-	23,741
	856,736	52,818	89,556	168	-	9,782	1,864	95,075	-	1,105,999
Less accumulated depreciation	639,828	26,898	46,771	149	-	9,250	1,361	67,338	-	791,595
Net property, plant and equipment	216,908	25,920	42,785	19	-	532	503	27,737	-	314,404
OPERATING LEASE RIGHT-OF USE ASSETS	2,334	-	2,105	-	-	1,732	6	17,672	-	23,849
ASSETS LIMITED AS TO USE	9,807	22,222	10,222	28	-	46	-	24,192	-	66,517
INVESTMENTS	132,609	320	7,314	-	-	-	-	5,262	-	145,505
WORKERS' COMPENSATION FUND	48	405	1,631	63	-	-	171	-	-	2,318
SELF-INSURANCE PROGRAM RECEIVABLES	14,869	-	334	4,740	-	9,614	-	45,451	(29,557)	45,451
INVESTMENT IN TUHIC	-	-	-	-	-	-	-	28,697	-	28,697
GOODWILL AND OTHER INTANGIBLES	-	366	30	-	528	-	-	-	-	924
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	55,243	60,310	5,911	-	-	-	-	-	-	121,464
DUE FROM AFFILIATES	-	-	-	-	-	-	-	317,965	(317,965)	-
OTHER ASSETS	36,225	8,129	1,066	132	-	137	-	4,259	-	49,948
TOTAL ASSETS	\$ 1,514,660	\$ 147,655	\$ 178,446	\$ 40,940	\$ 1,617	\$ 26,502	\$ 1,841	\$ 620,411	\$ (433,790)	\$ 2,098,282

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM
SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION
AS OF JUNE 30, 2022
(In thousands)

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$ 11,140	\$ 13,905	\$ 14,266	\$ -	\$ 2,571	\$ 50,335	\$ -	\$ 92,217	\$ -	\$ 462,566
Patient accounts receivable—net of allowance for doubtful accounts	-	-	-	-	-	19,636	-	19,636	-	265,101
Other receivables net of allowance for doubtful accounts	140	1,834	238	-	1,289	10,813	-	14,314	-	84,287
Inventories and other current assets	-	16	-	-	146	122	-	284	-	56,943
Current portion of assets limited as to use	-	2,727	-	-	-	-	-	2,727	-	26,197
Investments	2,664	-	25,016	-	-	-	-	27,680	-	521,567
Current portion of workers' compensation fund	-	-	-	-	-	-	-	-	-	6,893
Current portion of self-insurance program receivables	-	-	-	-	-	-	-	-	-	6,500
Expenditures reimbursable by research grants and awards	-	-	-	-	-	-	-	-	-	7,040
Due from affiliates—current portion	684	-	-	4	1,709	20,462	(323)	22,536	(41,505)	-
Total current assets	14,628	18,482	39,520	4	5,715	101,368	(323)	179,394	(41,505)	1,437,094
PROPERTY, PLANT AND EQUIPMENT:										
Land and land improvements	231	-	-	-	-	-	-	231	-	13,808
Buildings	12,868	-	-	-	-	1,911	-	14,779	-	502,991
Fixed and movable equipment	533	-	-	-	-	14,290	-	14,823	-	595,292
Construction-in-progress	-	-	-	-	-	-	-	-	-	23,741
	13,632	-	-	-	-	16,201	-	29,833	-	1,135,832
Less accumulated depreciation	12,174	-	-	-	-	15,123	-	27,297	-	818,892
Net property, plant and equipment	1,458	-	-	-	-	1,078	-	2,536	-	316,940
OPERATING LEASE RIGHT-OF-USE ASSETS	-	-	-	-	-	311	-	311	-	24,160
ASSETS LIMITED AS TO USE	-	71,215	-	-	-	61	-	71,276	-	137,793
INVESTMENTS	931	-	7,564	60	-	-	-	8,555	-	154,060
WORKERS' COMPENSATION FUND	-	-	-	-	-	-	-	-	-	2,318
SELF-INSURANCE PROGRAM RECEIVABLES	-	-	-	-	-	7,109	-	7,109	(7,109)	45,451
INVESTMENT IN TUHIC	-	-	-	-	-	-	-	-	(28,697)	-
GOODWILL AND OTHER INTANGIBLES	-	-	-	-	-	-	-	-	-	924
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	28,124	-	-	-	-	-	-	28,124	(28,124)	121,464
DUE FROM AFFILIATES	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS	-	-	-	-	-	(7)	-	(7)	-	49,941
TOTAL ASSETS	\$ 45,141	\$ 89,697	\$ 47,084	\$ 64	\$ 5,715	\$ 109,920	\$ (323)	\$ 297,298	\$ (105,435)	\$ 2,290,145

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION

AS OF JUNE 30, 2022

(In thousands)

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company	Obligated Group Eliminations	Obligated Group Consolidated
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES:										
Current portion of long-term debt	\$ 2,951	\$ 136	\$ 544	\$ -	\$ -	\$ 11	\$ -	\$ 13,368	\$ -	\$ 17,010
Current portion of operating lease liabilities	487	-	1,080	-	-	693	7	1,760	-	4,027
Accounts payable	64,610	4,032	5,972	230	-	122	10	11,808	-	86,784
Accrued expenses	60,761	5,420	13,602	9,218	-	4,563	222	58,971	(29,557)	123,200
Current portion of estimated settlements with third-party payers	3,974	-	34,737	-	-	-	-	-	-	38,711
Current portion of self-insurance program liabilities	35,523	182	371	1,046	-	1,779	-	6,573	-	45,474
Unexpended research grants and awards	-	1,550	845	-	-	-	-	-	-	2,395
Due to affiliates—current portion	44,852	15,942	20,942	9,306	195	2,873	492	14,529	(86,268)	22,863
Other current liabilities	45,217	189	7,802	360	-	1,673	-	19,281	-	74,522
Total current liabilities	258,375	27,451	85,895	20,160	195	11,714	731	126,290	(115,825)	414,986
LONG-TERM DEBT	5,893	212	696	-	-	28	-	402,625	-	409,454
OPERATING LEASE LIABILITIES	1,807	-	1,179	-	-	1,081	-	16,832	-	20,899
SELF-INSURANCE PROGRAM LIABILITIES	87,016	142	2,639	8,606	-	11,520	63	45,658	-	155,644
ACCRUED POSTRETIREMENT BENEFITS	6,797	643	1,132	339	-	-	-	-	-	8,911
DUE TO AFFILIATES	234,881	19,468	63,616	-	-	-	-	-	(317,965)	-
OTHER LONG-TERM LIABILITIES	123,772	1,460	1,244	528	-	351	-	311	-	127,666
Total liabilities	718,541	49,376	156,401	29,633	195	24,694	794	591,716	(433,790)	1,137,560
NET ASSETS (DEFICIT):										
Without donor restrictions	729,684	10,124	4,034	11,307	1,422	1,808	1,047	28,695	-	788,121
With donor restrictions	66,435	88,155	18,011	-	-	-	-	-	-	172,601
Total net assets (deficit)	796,119	98,279	22,045	11,307	1,422	1,808	1,047	28,695	-	960,722
TOTAL LIABILITIES AND NET ASSETS	\$ 1,514,660	\$ 147,655	\$ 178,446	\$ 40,940	\$ 1,617	\$ 26,502	\$ 1,841	\$ 620,411	\$ (433,790)	\$ 2,098,282

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION

AS OF JUNE 30, 2022

(In thousands)

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES:										
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18	\$ -	\$ 18	\$ -	\$ 17,028
Current portion of operating lease liabilities	-	-	-	-	-	130	-	130	-	4,157
Accounts payable	54	-	-	-	-	2,708	-	2,762	-	89,546
Accrued expenses	1	77	-	-	-	18,880	-	18,958	(4,694)	137,464
Current portion of estimated settlements with third-party payers	-	-	-	-	-	-	-	-	-	38,711
Current portion of self-insurance program liabilities	-	25,069	-	-	-	15,132	-	40,201	-	85,675
Unexpended research grants and awards	-	-	-	-	-	-	-	-	-	2,395
Due to affiliates—current portion	404	1,092	36	68	1,775	15,590	(323)	18,642	(41,505)	-
Other current liabilities	1	-	-	-	2,469	3,676	-	6,146	-	80,668
Total current liabilities	460	26,238	36	68	4,244	56,134	(323)	86,857	(46,199)	455,644
LONG-TERM DEBT	-	-	-	-	-	13	-	13	-	409,467
OPERATING LEASE LIABILITIES	-	-	-	-	-	183	-	183	-	21,082
SELF-INSURANCE PROGRAM LIABILITIES	2,416	34,763	-	-	-	68,773	-	105,952	(2,416)	259,180
ACCRUED POSTRETIREMENT BENEFITS	3,340	-	-	-	-	-	-	3,340	-	12,251
DUE TO AFFILIATES	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES	31,059	-	-	-	-	(67)	-	30,992	(28,124)	130,534
Total liabilities	37,275	61,001	36	68	4,244	125,036	(323)	227,337	(76,739)	1,288,158
NET ASSETS (DEFICIT):										
Without donor restrictions	7,866	28,696	47,048	(4)	1,471	(15,116)	-	69,961	(28,696)	829,386
With donor restrictions	-	-	-	-	-	-	-	-	-	172,601
Total net assets (deficit)	7,866	28,696	47,048	(4)	1,471	(15,116)	-	69,961	(28,696)	1,001,987
TOTAL LIABILITIES AND NET ASSETS	\$ 45,141	\$ 89,697	\$ 47,084	\$ 64	\$ 5,715	\$ 109,920	\$ (323)	\$ 297,298	\$ (105,435)	\$ 2,290,145

(Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

**SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(In thousands)**

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company	TUHS Obligated Group Eliminations	Obligated Group Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:										
Revenues and other support without donor restrictions:										
Total net patient service revenue	\$ 1,905,596	\$ -	\$ 223,882	\$ (388)	\$ -	\$ 46,893	\$ -	\$ -	\$ -	\$ 2,175,983
Research revenue	-	39,468	-	-	-	-	-	-	(2,579)	36,889
Contribution revenue	1,153	1,909	1,263	-	-	-	-	-	-	4,325
Other revenue	79,583	1,664	3,900	31,688	(454)	22,202	3,469	184,407	(217,802)	108,657
Investment income	-	-	-	-	-	-	-	299	-	299
Net assets released from restrictions used for operations	314	5,092	632	-	-	-	-	-	-	6,038
Revenues and other support without donor restrictions	1,986,646	48,133	229,677	31,300	(454)	69,095	3,469	184,706	(220,381)	2,332,191
Expenses:										
Salaries	563,299	44,491	92,198	58,532	436	43,088	3,859	64,352	-	870,255
Employee benefits	152,599	13,528	23,621	8,977	114	10,003	1,024	18,291	-	228,157
Professional fees	219,539	2,653	17,440	(35,276)	(150)	8,541	103	25,907	(40,428)	198,329
Supplies and pharmaceuticals	442,939	7,937	43,921	227	1	2,833	83	17,884	11	515,836
Purchased services and other	326,684	3,370	40,371	(2,570)	(15)	6,597	805	20,458	(156,042)	239,658
Maintenance and utilities	34,930	4,807	3,174	28	1	1,008	112	4,081	54	48,195
Leases	8,702	216	2,561	4	12	3,211	158	3,039	(3,223)	14,680
Insurance	50,519	191	1,856	6,287	1	6,674	29	57	-	65,614
Depreciation and amortization	30,834	2,864	4,975	13	106	355	60	6,916	-	46,123
Interest	16,732	1,030	3,761	-	-	37	4	20,380	(20,753)	21,191
Asset impairment	-	1,564	-	-	-	-	-	-	-	1,564
(Gain) loss on disposal of fixed assets	29	-	-	-	-	-	-	49	-	78
Gain on lease modification	(122)	-	-	-	-	-	-	-	-	(122)
Expenses	1,846,684	82,651	233,878	36,222	506	82,347	6,237	181,414	(220,381)	2,249,558
Operating income (loss)	139,962	(34,518)	(4,201)	(4,922)	(960)	(13,252)	(2,768)	3,292	-	82,633
Other income—net:										
Investment income (loss)	(53,329)	(55)	(1,937)	62	-	142	(1)	(6,996)	-	(62,114)
Gain on sale of equity method investment	234,591	-	-	-	-	-	-	-	-	234,591
Other income (loss)	2,070	(41)	(81)	(16)	-	-	-	(4,269)	-	(2,337)
Other income—net	183,332	(96)	(2,018)	46	-	142	(1)	(11,265)	-	170,140
Excess (deficiency) of revenues and other support over expenses from continuing operations	323,294	(34,614)	(6,219)	(4,876)	(960)	(13,110)	(2,769)	(7,973)	-	252,773

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

**SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(In thousands)**

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:										
Revenues and other support without donor restrictions:										
Total net patient service revenue	\$ 270	\$ -	\$ -	\$ -	\$ 4,944	\$ 240,923	\$ (730)	\$ 245,407	\$ (2,790)	\$ 2,418,600
Research revenue	-	-	-	-	-	-	-	-	-	36,889
Contribution revenue	-	-	-	-	-	-	-	-	-	4,325
Other revenue	2,811	26,614	-	-	137	58,485	(16)	88,031	(111,764)	84,924
Investment income	-	-	-	-	-	-	-	-	-	299
Net assets released from restrictions used for operations	-	-	-	-	-	-	-	-	-	6,038
Revenues and other support without donor restrictions	<u>3,081</u>	<u>26,614</u>	<u>-</u>	<u>-</u>	<u>5,081</u>	<u>299,408</u>	<u>(746)</u>	<u>333,438</u>	<u>(114,554)</u>	<u>2,551,075</u>
Expenses:										
Salaries	971	-	-	-	2,725	231,071	-	234,767	(1,414)	1,103,608
Employee benefits	793	2,622	-	-	891	40,894	-	45,200	(2,739)	270,618
Professional fees	7	-	-	-	412	(38,151)	(16)	(37,748)	(12,592)	147,989
Supplies and pharmaceuticals	128	-	-	-	4	7,229	-	7,361	-	523,197
Purchased services and other	100	331	-	2	1,045	36,879	(730)	37,627	(69,295)	207,990
Maintenance and utilities	421	-	-	-	8	1,553	-	1,982	-	50,177
Leases	-	-	-	-	-	4,641	-	4,641	(4,853)	14,468
Insurance	215	17,486	-	-	-	30,242	-	47,943	(17,486)	96,071
Depreciation and amortization	124	-	-	-	-	259	-	383	-	46,506
Interest	-	-	-	-	-	1	-	1	-	21,192
Asset impairment	-	-	-	-	-	-	-	-	-	1,564
(Gain) loss on disposal of fixed assets	-	-	-	-	-	12	-	12	-	90
Gain on lease modification	-	-	-	-	-	-	-	-	-	(122)
Expenses	<u>2,759</u>	<u>20,439</u>	<u>-</u>	<u>2</u>	<u>5,085</u>	<u>314,630</u>	<u>(746)</u>	<u>342,169</u>	<u>(108,379)</u>	<u>2,483,348</u>
Operating income (loss)	<u>322</u>	<u>6,175</u>	<u>-</u>	<u>(2)</u>	<u>(4)</u>	<u>(15,222)</u>	<u>-</u>	<u>(8,731)</u>	<u>(6,175)</u>	<u>67,727</u>
Other income—net:										
Investment income (loss)	(365)	(3,842)	(3,234)	-	3	571	-	(6,867)	3,842	(65,139)
Gain on sale of equity method investment	-	-	-	-	-	-	-	-	-	234,591
Other income (loss)	(6,443)	-	-	-	-	2,219	-	(4,224)	-	(6,561)
Other income—net	<u>(6,808)</u>	<u>(3,842)</u>	<u>(3,234)</u>	<u>-</u>	<u>3</u>	<u>2,790</u>	<u>-</u>	<u>(11,091)</u>	<u>3,842</u>	<u>162,891</u>
Excess (deficiency) of revenues and other support over expenses from continuing operations	<u>(6,486)</u>	<u>2,333</u>	<u>(3,234)</u>	<u>(2)</u>	<u>(1)</u>	<u>(12,432)</u>	<u>-</u>	<u>(19,822)</u>	<u>(2,333)</u>	<u>230,618</u>

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

**SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(In thousands)**

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians, Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company	Obligated Group Eliminations	Obligated Group Consolidated
Excess (deficiency) of revenues and other support over expenses	\$ 323,294	\$ (34,614)	\$ (6,219)	\$ (4,876)	\$ (960)	\$ (13,110)	\$ (2,769)	\$ (7,973)	\$ -	\$ 252,773
Other changes in net assets without donor restrictions:										
Transfers (to) from affiliates/the University	(65,055)	37,077	(3,462)	564	700	5,500	2,500	14,755	-	(7,421)
Net assets released from restrictions used for purchase of property and equipment	463	359	198	-	-	-	-	-	-	1,020
Net change in fair value of investments	(8,381)	(984)	(3,845)	-	-	-	-	(3,524)	-	(16,734)
Adjustment to funded status of pension and postretirement liabilities	9,990	316	579	173	-	-	-	-	-	11,058
Other change in net assets	564	57	110	25	-	52	-	76	-	884
Increase (decrease) in net assets without donor restrictions	260,875	2,211	(12,639)	(4,114)	(260)	(7,558)	(269)	3,334	-	241,580
NET ASSETS WITH DONOR RESTRICTIONS:										
Contribution income	3,711	7,109	2,408	-	-	-	-	-	-	13,228
Net assets released from restrictions	(777)	(5,451)	(830)	-	-	-	-	-	-	(7,058)
Net change in fair value of investments	(598)	(1,446)	(681)	-	-	-	-	-	-	(2,725)
Investment income (loss)	174	3,895	579	-	-	-	-	-	-	4,648
Change in beneficial interest in assets held by others	(8,501)	(10,786)	(1,260)	-	-	-	-	-	-	(20,547)
Increase (decrease) in net assets with donor restrictions	(5,991)	(6,679)	216	-	-	-	-	-	-	(12,454)
INCREASE (DECREASE) IN NET ASSETS	254,884	(4,468)	(12,423)	(4,114)	(260)	(7,558)	(269)	3,334	-	229,126
NET ASSETS (DEFICIT)—Beginning of year	541,235	102,747	34,468	15,421	1,682	9,366	1,316	25,361	-	731,596
NET ASSETS (DEFICIT)—End of year	\$ 796,119	\$ 98,279	\$ 22,045	\$ 11,307	\$ 1,422	\$ 1,808	\$ 1,047	\$ 28,695	\$ -	\$ 960,722

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

**SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022
(In thousands)**

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
Excess (deficiency) of revenues and other support over expenses	\$ (6,486)	\$ 2,333	\$ (3,234)	\$ (2)	\$ (1)	\$ (12,432)	\$ (19,822)	\$ (2,333)	\$ 230,618
Other changes in net assets without donor restrictions:									
Transfers (to) from affiliates/the University	-	(10,000)	-	-	-	1,471	(8,529)	10,000	(5,950)
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-	-	1,020
Net change in fair value of investments	-	(2,097)	-	-	1	-	(2,096)	2,097	(16,733)
Adjustment to funded status of pension and postretirement liabilities	5,195	-	-	-	-	-	5,195	-	16,253
Other change in net assets	-	-	-	-	-	55	55	-	939
Increase (decrease) in net assets without donor restrictions	(1,291)	(9,764)	(3,234)	(2)	-	(10,906)	(25,197)	9,764	226,147
NET ASSETS WITH DONOR RESTRICTIONS:									
Contribution income	-	-	-	-	-	-	-	-	13,228
Net assets released from restrictions	-	-	-	-	-	-	-	-	(7,058)
Net change in fair value of investments	-	-	-	-	-	-	-	-	(2,725)
Investment income (loss)	-	-	-	-	-	-	-	-	4,648
Change in beneficial interest in assets held by others	-	-	-	-	-	-	-	-	(20,547)
Increase (decrease) in net assets with donor restrictions	-	-	-	-	-	-	-	-	(12,454)
INCREASE (DECREASE) IN NET ASSETS	(1,291)	(9,764)	(3,234)	(2)	-	(10,906)	(25,197)	9,764	213,693
NET ASSETS (DEFICIT)—Beginning of year	9,157	38,460	50,282	(2)	1,471	(4,210)	95,158	(38,460)	788,294
NET ASSETS (DEFICIT)—End of year	\$ 7,866	\$ 28,696	\$ 47,048	\$ (4)	\$ 1,471	\$ (15,116)	\$ 69,961	\$ (28,696)	\$ 1,001,987

(Concluded)