

TEMPLE UNIVERSITY HEALTH SYSTEM
Financial Summary
For the nine months ended March 31, 2022

Temple University Health System Management Discussion and Analysis March 31, 2022

Overview

Temple University Health System (“TUHS”) reported a net income of \$325,672,000 for the nine months ended March 31, 2022 versus a budgeted net income of \$31,257,000 resulting in a favorable budget variance of \$294,415,000. Operating income, which excludes investment income, changes in market value of equity securities, and other non-operating income, was \$91,628,000 versus budgeted operating income of \$17,273,000 resulting in a favorable budget variance of \$74,355,000. \$28,702,000 of Provider Relief Funds (“PRF”) were recognized year-to-date in other revenue at Temple University Hospital, Inc. (“TUH, Inc.”). Net income, excluding the gain on sale of Health Partners Plans, Inc. (“HPP”), was \$94,481,000.

Other investment income (loss) was unfavorable to budget (\$18,403,000) due to decreases in the market value of equity securities. Non-Operating income was favorable to budget \$238,463,000 due to the sale of HPP.

Actual versus Budget Summary

TUHS reported operating income of \$91,628,000 versus a budgeted operating income of \$17,273,000 for a favorable variance of \$74,355,000. These results were driven by favorable net patient service revenue, PRF revenue and the timing of recognition of Commonwealth reimbursement, partially offset by above budget operating expenses.

Healthcare Operations Performance:

Outpatient revenues were favorable to budget \$41,175,000 primarily as a result of the \$34,477,000 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 procedures. Key operating indicators versus budget were as follows:

<i>TUH, Inc.</i>	Actual	Budget	V	V%
Outpatient Surgeries	7,137	6,892	245	3.6%
Outpatient Registrations (Excl. HBB)	321,183	347,434	(26,251)	-7.6%
HBB Clinic Registrations	166,654	150,411	16,243	10.8%

In addition to TUH, Inc., outpatient revenue was favorable to budget \$6,698,000 at American Oncologic Hospital and Affiliates, (AOH, Inc.). Surgical procedures were above budget 7.4%, chemo infusions were above budget 19% and while radiation oncology procedures were slightly below budget at (0.6%), favorable patient mix drove revenue above budget.

Inpatient revenues were 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. 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	24,978	25,908	(930)	-3.6%
CMI	1.98	1.96	0.02	1.0%
ED Inpatient Discharges	19,097	19,595	(498)	-2.5%
Inpatient Surgeries	6,014	6,685	(671)	-10.0%
Transplants	256	254	2	0.8%

Operating expenses were unfavorable to budget (\$46,538,000). Salaries expenses were above budget (\$32,355,000) due primarily to nursing costs driven by increased use of agency and overtime due to national labor shortages. Professional fees were also above budget (\$6,397,000) 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 \$6,813,000, driven by lower core benefits and defined contribution retirement plan expenses.

Through March 31, 2022, TUHS cancer services contributed EBIDA of \$62,722,000 compared to a budget of \$35,979,000 for a positive budget variance of \$26,743,000.

Net Commonwealth Funding:

Net Commonwealth funding was favorable to budget \$67,380,000 primarily driven by recognition of \$54,049,000 of disproportionate share (“DSH”) funding that is budgeted in June. If the budget was spread evenly over twelve months, DSH funding would be favorable to budget \$31,680,000 as of March 31, 2022. Additionally, one-time COVID DSH payments were received for both fiscal year 2021 and 2022.

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 (\$14,243,000), 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 \$25,877,000 due to CARES Act Funding recognized of \$28,702,000.

Year over Year Summary

TUHS reported operating income of \$91,628,000 for the nine months ended March 31, 2022 compared to operating income of \$63,022,000 in the prior year. The increase of \$28,606,000 versus the prior year was primarily driven by increased outpatient revenues, Commonwealth funding, and physician revenues, partially offset by increased operating expenses.

Total net patient service revenue, excluding Commonwealth funding, increased by \$104,636,000, due to increases in outpatient revenue \$97,441,000 and physician revenue 17,689,000, partially offset by a decrease in inpatient revenue of (\$10,888,000).

Key operating indicators versus the prior year were as follows:

<i>TUHS Consolidated</i>	Actual	Prior Yr	V	V%
<i>Inpatient</i>				
Inpatient Discharges	27,570	30,078	(2,508)	-8.3%
CMI	1.97	1.91	0.06	3.1%
ED Inpatient Discharges	19,097	21,674	(2,577)	-11.9%
Inpatient Surgeries	7,327	7,621	(294)	-3.9%
Transplants	256	229	27	11.8%
<i>Outpatient</i>				
Outpatient Surgeries	9,634	8,877	757	8.5%
ED Visits	117,471	111,179	6,292	5.7%
Outpatient Registrations (Excl. HBB)	336,297	307,998	28,299	9.2%
HBB Clinic Registrations	166,654	116,434	50,220	43.1%
Physician Visits	818,352	759,838	58,514	7.7%

Net Commonwealth Funding:

Net Commonwealth funding increased by \$72,235,000 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 opioid funding related to fiscal year 2022.

Population Health Performance:

Population health revenue decreased by (\$15,780,000) due to a decrease in revenue from TUHS's risk sharing arrangements.

Other revenue increased \$5,150,000 versus the prior year primarily due to higher Provider Relief Funds recognized in fiscal year 2022.

Operating expenses increased \$136,808,000 year-over-year. Salaries increased \$69,584,000, driven by higher nursing costs associated with increased agency usage and overtime as well as annual salary increases. Employee benefits increased \$12,005,000 due to higher medical, prescription, and retirement expenses. Professional fees increased \$9,746,000 due to an increase in IT spending. Supplies and pharmaceuticals increased by \$21,177,000, primarily related to increased outpatient pharmacy volumes.

Liquidity

Liquidity at March 31, 2022 was \$1,170,406,000 compared to \$888,469,000 at March 31, 2021 and \$973,907,000 at June 30, 2021. The increase of \$281,937,000 versus March 31, 2021 was primarily a result of the sale of HPP, strong operating performance, and increased Commonwealth funding during the past twelve months. These amounts were offset by \$93,620,000 of Medicare advances that were repaid and \$12,927,000 in payroll tax deferrals that were repaid. The increase of \$196,499,000 versus June 30, 2021 is primarily due to the sale of HPP, Opioid Use Disorder (OUD) and COVID funding received from the Commonwealth, partially offset by repayments of COVID related Medicare advances and employer payroll tax deferrals. Days cash on hand (“DCOH”) at March 31, 2022 was 190 days compared to 157 at June 30, 2021 and 148 at March 31, 2021.

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the nine months ended March 31, 2022
Actual versus Budget

Temple University Health System
Key Operating Indicators
For the nine months ended March 31, 2022

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TUHS Consolidated

	YTD	%	YTD	%	Variance
	Actual		Budget		
Patient Discharges:					
Inpatient Acute Discharges	27,570	75.4%	28,751	74.5%	(1,181)
Behavioral Health Discharges	1,157	3.2%	1,584	4.1%	(427)
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	28,727	78.6%	30,335	78.6%	(1,608)
CDU Observation Discharges	-	-	-	-	-
Non-CDU Observation Discharges	7,831	21.4%	8,252	21.4%	(421)
Subtotal Observation Discharges	7,831	21.4%	8,252	21.4%	(421)
Total Discharges including Observations	36,558	100.0%	38,587	100.0%	(2,029)
Births	1,481		1,667		(186)
Case Mix Index - Total	1.97		1.95		0.02
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	6.14		5.68		(0.46)
Behavioral Health LOS	27.26		20.24		(7.02)
CDU Observation LOS	-		-		-
Non-CDU Observation LOS	1.70		1.51		(0.19)
Patient Days Including Observation	214,082		207,796		6,286
Census Patient Days Including Observation Cases	214,862		205,179		9,683
Average Daily Census Including Observation	784		749		35
Staffed Beds (% Occupancy including Observations)	86.62%		82.72%		3.91%

Temple University Health System
Key Operating Indicators
For the nine months ended March 31, 2022

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TUHS Consolidated

	YTD	%	YTD	%	Variance
	Actual		Budget		
Inpatient Acute Discharges - Payer Mix					
Medicaid	12,379	43.1%	11,797	38.9%	582
Medicare	11,730	40.8%	13,378	44.1%	(1,648)
Blue Cross	2,611	9.1%	2,956	9.7%	(345)
Managed Care	1,811	6.3%	1,705	5.6%	106
Other	196	0.7%	499	1.6%	(303)
Total Acute Discharges- All Except Births	28,727	100.0%	30,335	100.0%	(1,608)
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	19,097		19,595		(498)
Percentage of Acute Inpatient Discharges (admitted from ED)	69.3%		68.2%		1.1%
ED Visits	117,471		122,527		(5,056)
OPERATING ROOM:					
Inpatient	7,327		8,067		(740)
Outpatient	9,634		9,218		416
Total Operations	16,961		17,285		(324)
Transplants	256		254		2
Total Outpatient Registrations	502,951		550,702		(47,751)
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,898		10,220		322
Based on total adjusted hours including contracted services, excluding residents	9,323		9,630		307

Temple University Health System
Operating Statement
(In thousands)
For the nine months ended March 31, 2022

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TUHS Consolidated

	Line #	Year-to-Date		
		Actual	Budget	Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	685,997	688,594	(2,596)
Outpatient	2	623,927	582,752	41,175
Physician revenue	3	182,585	177,103	5,482
Commonwealth reimbursement	4	<u>332,371</u>	<u>201,615</u>	<u>130,756</u>
Net patient service revenue before provision for doubtful accounts	5	1,824,880	1,650,064	174,817
Provision for doubtful accounts	6	<u>613</u>	<u>(86)</u>	<u>698</u>
Total Net Patient Service Revenue	7	1,825,493	1,649,978	175,515
Research Revenue	8	29,454	31,851	(2,397)
Population Health	9	13,223	27,466	(14,243)
Contribution Revenue	10	3,111	3,898	(787)
Other Revenue - F/S	11	49,093	23,216	25,877
Investment Income - Revenue	12	<u>257</u>	<u>311</u>	<u>(55)</u>
Total Revenues	13	<u>1,920,631</u>	<u>1,736,721</u>	<u>183,910</u>
EXPENSES:				
Salaries	14	816,030	783,675	(32,355)
Employee benefits	15	204,806	211,620	6,813
Professional fees	16	48,171	41,774	(6,397)
Faculty support	17	63,077	60	(63,017)
Supplies and pharmaceuticals	18	388,716	379,876	(8,841)
Purchased services and other expense	19	106,493	109,193	2,700
Maintenance	20	19,696	18,116	(1,580)
Utilities	21	16,015	17,031	1,016
Leases	22	10,811	10,622	(189)
Insurance	23	56,905	49,976	(6,929)
Depreciation and amortization	24	37,202	36,247	(955)
Interest	25	17,023	17,561	538
Assessment Programs	26	<u>44,057</u>	<u>43,699</u>	<u>(358)</u>
Total Expenses	27	<u>1,829,003</u>	<u>1,719,448</u>	<u>(109,555)</u>
Operating Income(Loss)	29	91,628	17,273	74,355
Other investment income	30	(6,867)	11,536	(18,403)
Non operating income (loss)	31	<u>240,911</u>	<u>2,448</u>	<u>238,463</u>
Net Income (Loss)	32	<u>325,672</u>	<u>31,257</u>	<u>294,415</u>

Temple University Health System
 Operating Statement
 (In thousands)
 For the nine months ended March 31, 2022

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TUHS Consolidated

		Year-to-Date		
		Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	Line #			
Unrestricted unrealized gain/loss	33	(9,595)	0	(9,595)
Net asset released from restriction used for purchase of PPE	34	905	0	905
Transfers from (to) affiliates	35	0	0	0
Other comprehensive income pension	36	242	0	242
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	37	317,224	31,257	285,967
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	38	11,240	0	11,240
Net assets released from restrictions	39	(4,579)	0	(4,579)
Net change in fair value of investments	40	(425)	0	(425)
Investment income (loss)	41	3,405	0	3,405
Change in value of beneficial interests	42	(5,204)	0	(5,204)
TOTAL INCREASE (DECREASE) IN THE NET ASSETS WITH DONOR RESTRICTIONS	43	4,437	0	4,437
TOTAL INCREASE (DECREASE) IN NET ASSETS		321,661	31,257	290,404

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Financial Management Report
For the nine months ended March 31, 2022
Year Over Year Comparison

Temple University Health System
Key Operating Indicators Year Over Year
For the nine months ended March 31, 2022

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TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Patient Discharges:					
Inpatient Acute Discharges	27,570	75.4%	30,078	80.1%	(2,508)
Behavioral Health Discharges	<u>1,157</u>	<u>3.2%</u>	<u>1,138</u>	<u>3.0%</u>	<u>19</u>
Subtotal Acute Discharges (Med/Surg & Behavioral Hlth.)	<u>28,727</u>	<u>78.6%</u>	<u>31,216</u>	<u>83.1%</u>	<u>(2,489)</u>
CDU Observation Discharges	-	-	503	1.3%	(503)
Non-CDU Observation Discharges	<u>7,831</u>	<u>21.4%</u>	<u>5,823</u>	<u>15.5%</u>	<u>2,008</u>
Subtotal Observation Discharges	<u>7,831</u>	<u>21.4%</u>	<u>6,326</u>	<u>16.9%</u>	<u>1,505</u>
Total Discharges including Observations	36,558	100.0%	37,542	100.0%	(984)
Births	1,481		1,682		(201)
Case Mix Index - Total	1.97		1.91		0.06
PATIENT LENGTH OF STAY - ALL EXCEPT BIRTHS					
Inpatient Acute Discharges	6.14		5.48		(0.66)
Behavioral Health LOS	27.26		22.79		(4.47)
CDU Observation LOS	-		1.52		1.52
Non-CDU Observation LOS	1.70		1.53		(0.17)
Patient Days Including Observation	214,082		200,471		13,611
Census Patient Days Including Observation Cases	214,862		204,308		10,554
Average Daily Census Including Observation	784		746		39
Staffed Beds (% Occupancy including Observations)	86.62%		82.96%		3.66%

Temple University Health System
Key Operating Indicators Year Over Year
For the nine months ended March 31, 2022

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TUHS Consolidated

	Year-to-Date				
	Actual	%	Prior Year Actual	%	Prior Year Variance
Inpatient Acute Discharges - Payer Mix					
Medicaid	12,379	43.1%	13,174	42.2%	(795)
Medicare	11,730	40.8%	13,096	42.0%	(1,366)
Blue Cross	2,611	9.1%	2,948	9.4%	(337)
Managed Care	1,811	6.3%	1,677	5.4%	134
Other	196	0.7%	321	1.0%	(125)
Total Acute Discharges- All Except Births	28,727	100.0%	31,216	100.0%	(2,489)
EMERGENCY DEPARTMENT:					
Inpatient Discharges (admitted from ED)	19,097		21,674		(2,577)
Percentage of Acute Inpatient Discharges (admitted from ED)	69.3%		72.1%		(2.8)%
ED Visits	117,471		111,179		6,292
OPERATING ROOM:					
Inpatient	7,327		7,621		(294)
Outpatient	9,634		8,877		757
Total Operations	16,961		16,498		463
Transplants	256		229		27
Total Outpatient Registrations	502,951		424,432		78,519
FULL TIME EQUIVALENTS - TOTAL HEALTH SYSTEM					
Based on total paid hours	9,898		9,669		(230)
Based on total adjusted hours including contracted services, excluding residents	9,323		9,071		(252)

Temple University Health System
Operating Statement Year Over Year
(In thousands)
For the nine months ended March 31, 2022

UNAUDITED
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TUHS Consolidated

		Year-to-Date		
	Line #	Actual	Prior Year Actual	Prior Year Variance
REVENUES:				
Net patient service revenue:				
Inpatient	1	685,997	696,886	(10,888)
Outpatient	2	623,927	526,486	97,441
Physician revenue	3	182,585	164,896	17,689
Commonwealth reimbursement	4	332,371	248,237	84,134
Net patient service revenue before provision for doubtful accounts	5	1,824,880	1,636,505	188,376
Provision for doubtful accounts	6	613	218	395
Total Net Patient Service Revenue	7	1,825,493	1,636,723	188,770
Research Revenue	8	29,454	32,831	(3,377)
Population Health	9	13,223	29,002	(15,780)
Contribution Revenue	10	3,111	2,581	530
Other Revenue - F/S	11	49,093	43,943	5,150
Investment Income - Revenue	12	257	106	151
Total Revenues	13	1,920,631	1,745,186	175,445
EXPENSES:				
Salaries	14	816,030	746,446	(69,584)
Employee benefits	15	204,806	192,801	(12,005)
Professional fees	16	48,171	38,425	(9,746)
Faculty support	17	63,077	53,046	(10,031)
Supplies and pharmaceuticals	18	388,716	367,540	(21,177)
Purchased services and other expense	19	106,493	98,553	(7,940)
Maintenance	20	19,696	15,112	(4,584)
Utilities	21	16,015	14,539	(1,476)
Leases	22	10,811	10,635	(175)
Insurance	23	56,905	51,728	(5,177)
Depreciation and amortization	24	37,202	33,709	(3,493)
Interest	25	17,023	17,441	417
Assessment Programs	26	44,057	42,189	(1,868)
Total Expenses	27	1,829,003	1,682,164	(146,839)
Operating Income(Loss)	29	91,628	63,022	28,606
Other investment income	30	(6,867)	41,251	(48,118)
Non operating income (loss)	31	240,911	3,693	237,218
Net Income (Loss)	32	325,672	107,966	217,706

Temple University Health System
Operating Statement Year Over Year
(In thousands)
For the nine months ended March 31, 2022

UNAUDITED
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TUHS Consolidated

		Year-to-Date		
		Actual	Prior Year Actual	Prior Year Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Unrestricted unrealized gain/loss	33	(9,595)	(2,064)	(7,530)
Net asset released from restriction used for purchase of PPE	34	905	1,993	(1,088)
Transfers from (to) affiliates	35	0	0	0
Interfund Transfer	36	0	17	(17)
Other comprehensive income pension	37	242	176	65
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	38	317,224	108,088	209,137
NET ASSETS WITH DONOR RESTRICTIONS				
Contribution income	39	11,240	4,111	7,130
Net assets released from restrictions	40	(4,579)	(8,109)	3,530
Net change in fair value of investments	41	(425)	2,779	(3,203)
Investment income (loss)	42	3,405	2,246	1,159
Change in value of beneficial interests	43	(5,204)	8,089	(13,294)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	44	4,437	9,115	(4,678)
TOTAL INCREASE (DECREASE) IN NET ASSETS		321,661	117,203	204,459

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Statement of Cash Flows
For the nine months ended March 31, 2022

Temple University Health System

TUHS Consolidated

Statement of Cash Flows

(In Thousands)

For the nine months ended March 31, 2022 and 2021

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	2022	2021		2022	2021
OPERATING ACTIVITIES:			INVESTING ACTIVITIES:		
Increase in net assets from continuing operations	\$ 321,661	\$ 117,203	Decrease in restricted assets	\$ 16,511	\$ 29,041
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:			Purchases of property, plant and equipment	(54,951)	(21,095)
Net realized and unrealized gains on investments	(39,622)	(40,169)	Purchases of investments	(418,426)	(61,567)
Net realized and unrealized losses (gains) on beneficial interests in perpetual trusts and assets held by Episcopal Foundation and Fox Chase Cancer Center Foundation	5,204	(8,089)	Proceeds from sales of investments	176,783	42,667
Depreciation, amortization and accretion	36,992	33,476	Proceeds from sale of equity method investment	298,279	-
Intangible amortization	210	233	Proceeds from sales of fixed assets	53	1,190
Amortization of bond premium, discount, debt issuance costs, and underwriter's discount	(1,239)	(1,277)	Cash acquired from asset transfer		
Allowance for doubtful accounts	(613)	(218)			
Adjustment to funded status of pension and postretirement liabilities	(159)	(176)	Net cash provided by (used in) investing activities	18,249	(9,764)
Adjustment to funded status of long-term disability liabilities	(83)	-	FINANCING ACTIVITIES:		
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	(905)	(1,993)	Proceeds from contributions and investments restricted to property, plant and equipment and endowments	905	1,993
Gain on disposal of fixed assets	(84)	(108)	Repayment of long-term debt	(8,362)	(9,388)
Perpetually restricted gifts and donations received	(3,325)	553	Repayment of capital lease obligations	(2,626)	(3,626)
Gain on sale of equity method investment	(231,191)	-	Refunding of equipment loans	(5,135)	-
Changes in operating assets and liabilities:			Proceeds from issuance of long-term debt	5,135	-
Patient accounts receivable	(13,785)	(56,097)	Perpetually restricted gifts and donations received	3,325	(553)
Other receivables	(194,649)	(149,892)			
Pledges receivable — net	(1,421)	396	Net cash used in financing activities	(6,758)	(11,574)
Inventories and other current assets	(30,774)	(17,882)	NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Expenditures reimbursable by research grants and awards	981	(1,104)		(83,063)	88,074
Other assets	(7,327)	(7,707)	CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — Beginning of year		
Accounts payable	57,836	62,154		547,433	612,821
Accrued expenses	9,628	30,291	CASH, CASH EQUIVALENTS, AND RESTRICTED CASH — End of quarter		
Estimated settlements with third-party payors	(63,848)	(21,570)		\$ 464,370	\$ 700,895
Self-insurance program receivables and liabilities	(13,340)	(179)	Cash and cash equivalents		
Unexpended research grants and awards	(1,920)	707		448,513	678,715
Net change in operating lease right-of-use assets and liabilities	(24)	-	Restricted cash included in assets limited as to use		
Other liabilities	77,243	170,860		15,857	22,180
			Total cash, cash equivalents, and restricted cash		
				\$ 464,370	\$ 700,895
Net cash (used in) provided by operating activities	(94,554)	109,412			

TEMPLE UNIVERSITY HEALTH SYSTEM
Consolidated Balance Sheet
For the nine months ended March 31, 2022

Temple University Health System

TUHS Consolidated
Balance Sheet
(In Thousands)
March

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	March FY22	June FY21
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	448,513	533,231
Patient accounts receivable, net	272,903	258,505
Other receivables , including current portion pledges	294,018	97,784
Due from affiliates - Short term	0	0
Due from Temple University	1,056	1,570
Expenditures reimbursable by research grants and awards	9,687	10,668
Inventory and other current assets	86,836	53,470
Current portion of assets limited as to use	10,976	27,735
Short term investments	591,176	371,327
Current portion of self-insurance assets	<u>11,280</u>	<u>8,070</u>
Total current assets	1,726,445	1,362,361
Total assets limited as to use, less current portion	167,703	174,580
Property, plant and equipment, net	296,716	287,885
Right of use operating lease assets	20,072	21,382
Long term investments	144,733	74,537
Due from affiliates	0	0
Self insurance assets	38,883	43,024
Estimated retroactive adjustments, third-party-payors	0	0
Goodwill and other intangibles, less accumulated amortization	4,555	2,768
Beneficial interest in perpetual trusts	49,383	46,185
Beneficial interest in the assets held by Episcopal Foundation	32,490	32,490
Beneficial interest in the Fox Chase Cancer Center Foundation	57,410	63,336
Other assets	<u>28,827</u>	<u>92,590</u>
TOTAL ASSETS	<u><u>2,567,217</u></u>	<u><u>2,201,138</u></u>

	March FY22	June FY21
LIABILITIES and NET ASSETS:		
CURRENT LIABILITIES:		
Current portion of long-term debt	17,532	13,016
Lines of credit	0	0
Cash overdraft	0	0
Short term notes payable	0	0
Accounts payable	61,815	77,636
Accrued expenses	169,312	159,684
Due to affiliates	0	0
Interco payable TU-other	91,688	24,824
Current portion of accrued retirement benefits	0	0
Current portion of estimated retroactive adjustments, third-party payor	66,292	99,784
Current portion of self-insurance program liability	58,560	55,350
Unexpended research grants and awards	2,278	4,198
Other current liabilities	<u>156,593</u>	<u>111,194</u>
Total current liabilities	624,070	545,685
Long term debt	446,036	462,779
Long term due to affiliate	0	0
Right of use operating lease obligations	16,838	17,974
Estimated retroactive adjustments, third-party - payors	0	30,356
Self-insurance program-liability	223,687	243,754
Liability for insurance - non Temple University	2,586	0
Unfunded accumulated retirement benefits	(880)	166
Other long-term liabilities	<u>144,924</u>	<u>112,130</u>
Total liabilities	<u><u>1,457,261</u></u>	<u><u>1,412,844</u></u>
NET ASSETS:		
Without Donor Restrictions	920,463	603,239
With Donor Restrictions	<u>189,493</u>	<u>185,056</u>
Total net assets	<u><u>1,109,956</u></u>	<u><u>788,294</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u><u>2,567,217</u></u></u>	<u><u><u>2,201,138</u></u></u>

**Temple University Health System Obligated Group
Financial Summary (Unaudited)
For the nine months ended March 31, 2022**

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

(In Thousands)

For the nine months ended March 31, 2022

UNAUDITED
CONFIDENTIAL

	Actual	Budget	Variance
REVENUES:			
Net patient service revenue:			
Inpatient	685,997	688,594	(2,596)
Outpatient	623,927	582,752	41,175
Physician revenue	33,528	33,391	137
Commonwealth reimbursement	<u>302,746</u>	<u>171,990</u>	<u>130,756</u>
Net patient service revenue before provision for doubtful accounts	1,646,198	1,476,727	169,471
Provision for doubtful accounts	<u>613</u>	<u>(67)</u>	<u>680</u>
Total Net Patient Service Revenue	1,646,811	1,476,660	170,151
Research Revenue	29,454	31,851	(2,397)
Population Health	11,683	26,008	(14,324)
Contribution Revenue	3,111	3,898	(787)
Other Revenue - F/S	67,340	41,276	26,064
Investment Income - Revenue	<u>257</u>	<u>311</u>	<u>(55)</u>
Total Revenues	<u>1,758,656</u>	<u>1,580,004</u>	<u>178,652</u>
EXPENSES:			
Salaries	643,781	611,755	(32,027)
Employee benefits	172,343	178,168	5,825
Professional fees	43,067	37,471	(5,596)
Faculty support	102,646	36,571	(66,075)
Supplies and pharmaceuticals	383,764	374,665	(9,098)
Purchased services and other expense	132,310	134,251	1,942
Maintenance	19,530	17,780	(1,750)
Utilities	14,673	15,414	740
Leases	11,684	10,287	(1,396)
Insurance	38,803	32,606	(6,197)
Depreciation and amortization	36,761	35,904	(857)
Interest	17,022	17,536	514
Assessment Programs	<u>44,057</u>	<u>43,699</u>	<u>(358)</u>
TOTAL EXPENSES	<u>1,660,439</u>	<u>1,546,106</u>	<u>(114,333)</u>
Operating Income(Loss)	98,217	33,898	64,319
Other investment income	(7,990)	9,655	(17,645)
Excess of fair value of net assets acquired over consideration paid	0	0	0
Non operating income (loss)	<u>239,157</u>	<u>1,030</u>	<u>238,127</u>
Net Income (Loss)	329,385	44,583	284,801
Income (Loss) from Discontinued Operations	<u>0</u>	<u>0</u>	<u>0</u>
Net Income (Loss) after Discontinued Operations	329,385	44,583	284,801

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

(In Thousands)

For the nine months ended March 31, 2022

UNAUDITED
CONFIDENTIAL

	Actual	Budget	Variance
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Unrestricted unrealized gain/loss	(9,595)	0	(9,595)
Net asset released from restriction used for purchase of PPE	905	0	905
Transfers from (to) affiliates	(1,102)	(1,103)	0
Interfund Transfer	0	0	0
Other comprehensive income pension	242	0	242
TOTAL INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>319,834</u>	<u>43,481</u>	<u>276,353</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Contribution income	11,240	0	11,240
Net assets released from restrictions	(4,579)	0	(4,579)
Net change in fair value of investments	(425)	0	(425)
Interfund Transfer	0	0	0
Investment income (loss)	3,405	0	3,405
Change in value of beneficial interests	(5,204)	0	(5,204)
TOTAL INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>4,437</u>	<u>0</u>	<u>4,437</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS	<u>324,271</u>	<u>43,481</u>	<u>280,790</u>

**Temple University Health System
Obligated Group
Balance Sheet (In Thousands)
March
Fiscal Year 2022**

UNAUDITED
CONFIDENTIAL

	March FY22	June FY21		March FY22	June FY21
ASSETS			LIABILITIES and NET ASSETS:		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	360,547	455,762	Current portion of long-term debt	17,508	12,975
Patient accounts receivable, net	252,686	246,733	Lines of credit	0	0
Other receivables , including current portion pledges	279,134	83,995	Cash overdraft	0	0
Due from affiliates - Short term	23,161	34,440	Short term notes payable	0	0
Due from Temple University	1,056	1,570	Accounts payable	59,960	75,624
Expenditures reimbursable by research grants and awards	9,687	10,668	Accrued expenses	154,350	149,045
Inventory and other current assets	84,498	52,930	Due to affiliates	21,309	39,649
Current portion of assets limited as to use	9,641	20,996	Interco payable TU-other	90,544	24,824
Short term investments	559,099	338,931	Current portion of accrued retirement benefits	0	0
Current portion of self-insurance assets	<u>11,280</u>	<u>8,070</u>	Current portion of estimated retroactive adjustments, third-party payor	66,292	99,784
			Current portion of self-insurance program liability	27,034	23,823
Total current assets	1,590,790	1,254,095	Unexpended research grants and awards	2,278	4,198
			Other current liabilities	<u>151,509</u>	<u>109,865</u>
			Total current liabilities	590,784	539,786
Total assets limited as to use, less current portion	89,586	87,446	Long term debt	446,020	462,748
Property, plant and equipment, net	294,158	285,276	Long term due to affiliate	0	0
Right of use operating lease assets	19,709	20,827	Right of use operating lease obligations	16,634	17,675
Long term investments	136,736	67,098	Estimated retroactive adjustments, third-party - payors	0	30,356
Due from affiliates	0	0	Self-insurance program-liability	125,273	140,240
Self insurance assets	38,883	43,024	Liability for insurance - non Temple University	2,586	0
Estimated retroactive adjustments, third-party-payors	0	0	Unfunded accumulated retirement benefits	(1,892)	(1,606)
Goodwill and other intangibles, less accumulated amortization	4,555	2,768	Other long-term liabilities	<u>141,873</u>	<u>109,223</u>
Beneficial interest in perpetual trusts	49,383	46,185	Total liabilities	1,321,279	1,298,422
Beneficial interest in the assets held by Episcopal Foundation	32,490	32,490	NET ASSETS:		
Beneficial interest in the Fox Chase Cancer Center Foundation	57,410	63,336	Without Donor Restrictions	866,374	546,540
Other assets	<u>63,445</u>	<u>127,471</u>	With Donor Restrictions	<u>189,493</u>	<u>185,056</u>
			Total net assets	1,055,867	731,596
TOTAL ASSETS	<u>2,377,145</u>	<u>2,030,017</u>	TOTAL LIABILITIES AND NET ASSETS	<u>2,377,145</u>	<u>2,030,017</u>