

**Temple University —
Of The Commonwealth System of
Higher Education and its Subsidiaries**

**Consolidated Financial Statements and Supplemental
Schedules as of and for the Years Ended June 30, 2023
and 2022, and Independent Auditor's Report**



**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

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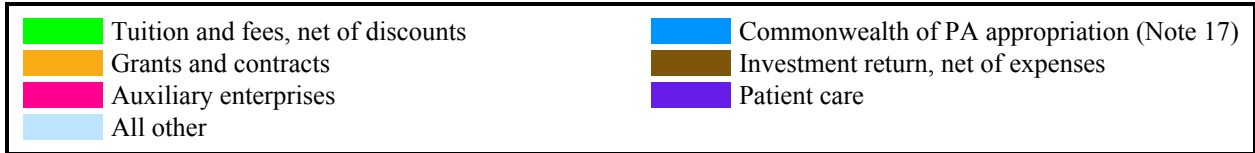
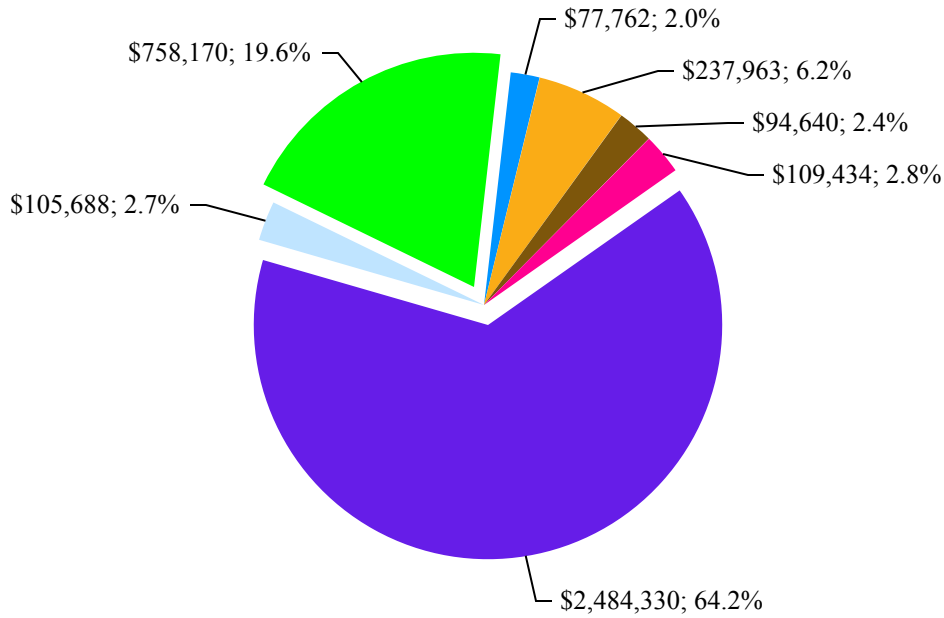
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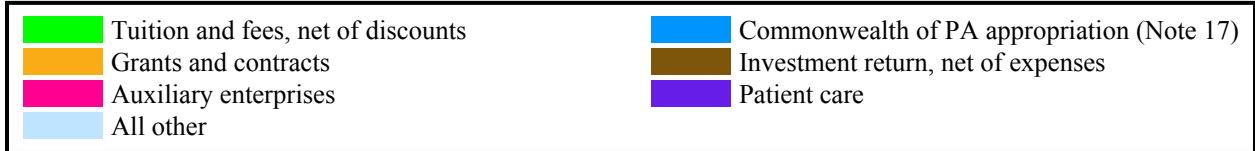
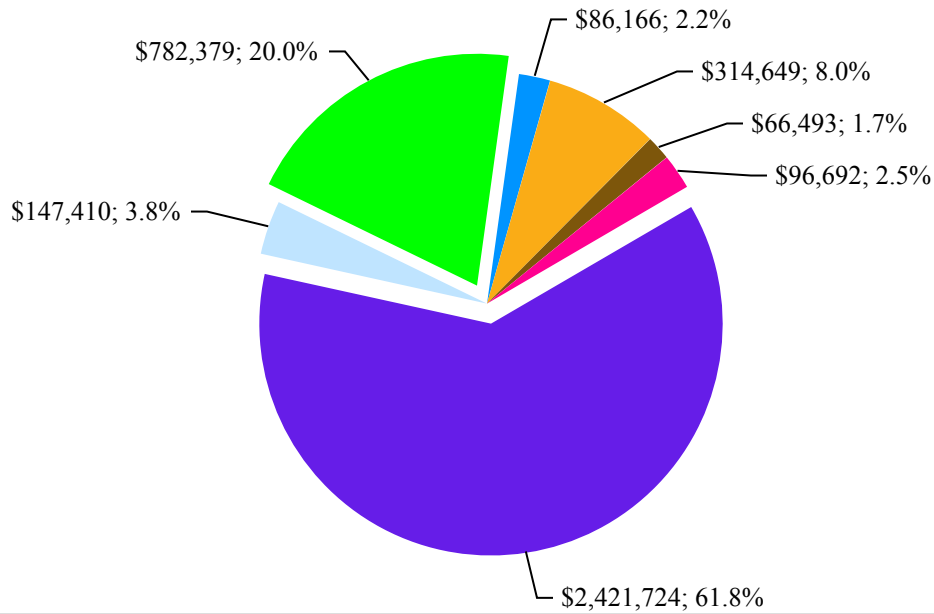
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**Temple University —
Of The Commonwealth System of Higher Education and its Subsidiaries
Summary of Financial Statements
(dollars in thousands)**

Fiscal 2023 Operating Revenues Without Donor Restrictions by Source: \$3,867,987

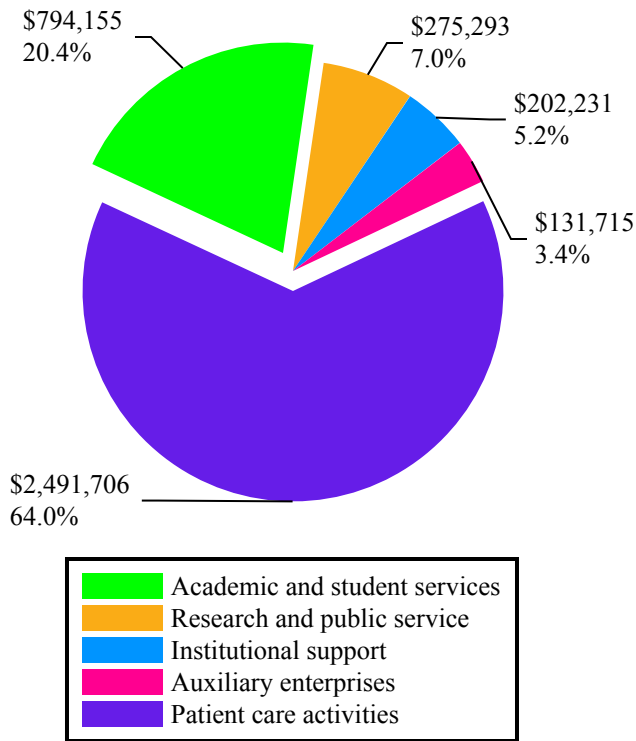


Fiscal 2022 Operating Revenues Without Donor Restrictions by Source: \$3,915,513

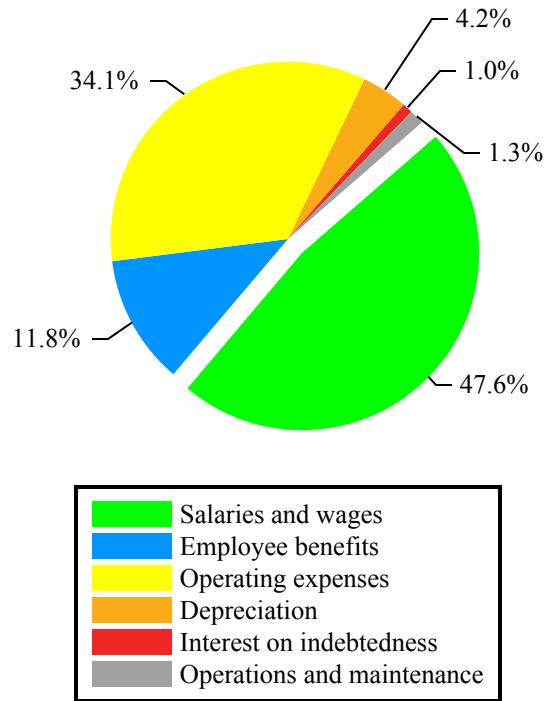


Temple University —
 Of The Commonwealth System of Higher Education and its Subsidiaries
 Summary of Financial Statements
 (dollars in thousands)

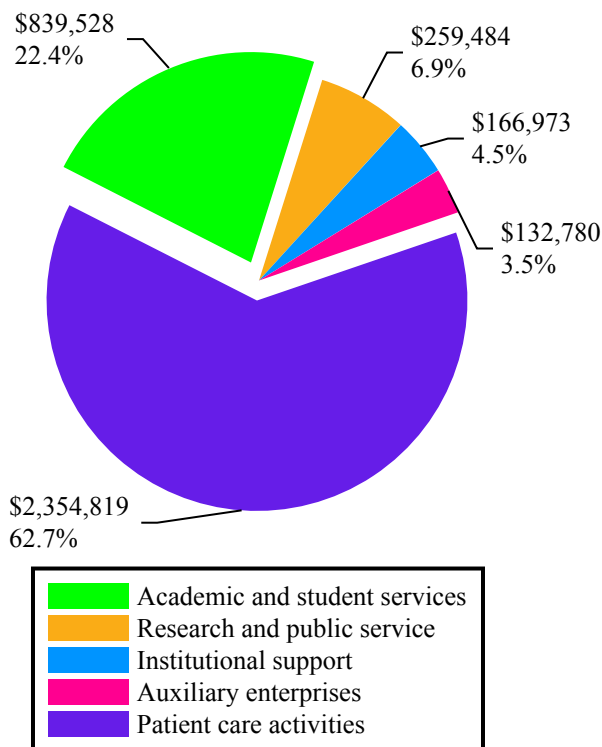
Fiscal 2023 Operating Expenses by Function: \$3,895,100



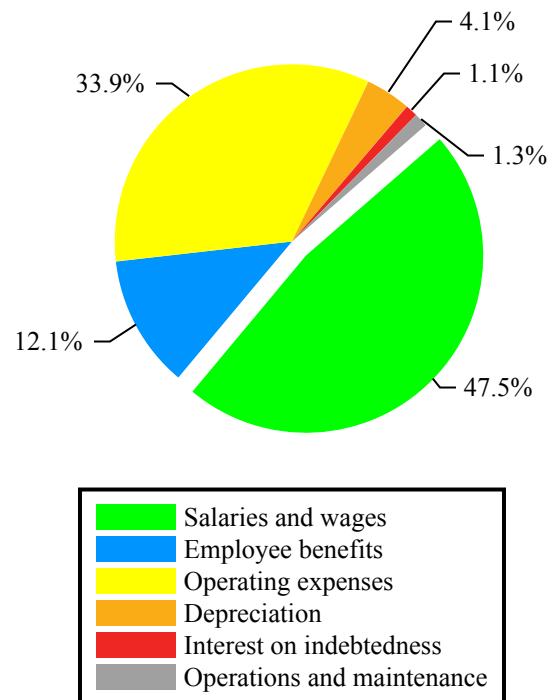
Fiscal 2023 Operating Expenses by Natural Expense Type (Excluding Recoveries)



Fiscal 2022 Operating Expenses by Function: \$3,753,584



Fiscal 2022 Operating Expenses by Natural Expense Type (Excluding Recoveries)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Temple University – Of The Commonwealth System of Higher Education
Philadelphia, Pennsylvania

Opinion

We have audited the consolidated financial statements of Temple University – Of The Commonwealth System of Higher Education and subsidiaries ("Temple"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Temple as of June 30, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Temple and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Temple's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Temple's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Temple's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules on pages S-1 through S-3 are presented for the purpose of additional analysis of the financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the financial statements. These supplemental schedules are the responsibility of Temple's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

October 27, 2023

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Consolidated Balance Sheets
(in thousands)

	June 30, 2023	June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 506,047	\$ 772,010
Investments and self-insurance trust funds	1,403,204	1,285,285
Accounts, loans, and contributions receivable, net	583,167	519,007
Inventories and other assets	76,244	66,996
Deposits with trustees	19,873	20,328
Total current assets	2,588,535	2,663,626
Non-current assets:		
Accounts, loans, and contributions receivable, net	166,206	129,332
Endowment, investments, and self-insurance trust funds	1,137,694	1,073,947
Deposits with trustees	24,538	24,046
Other assets	130,600	92,925
Property, plant, and equipment, net	1,882,570	1,883,357
Operating lease right-of-use assets	87,307	94,429
Intangible assets, net	660	924
Funds held in trust by others	158,954	153,599
Total non-current assets	3,588,529	3,452,559
Total assets	\$ 6,177,064	\$ 6,116,185
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 496,864	\$ 552,992
Deferred revenue	105,337	91,605
Current portion of long-term debt, net	42,483	44,536
Current portion of accrued pensions and postretirement benefits	338	377
Total current liabilities	645,022	689,510
Non-current liabilities:		
Accrued expenses and other liabilities	461,534	413,725
Deferred revenue	16,594	13,814
Long-term debt, net	930,919	972,252
Operating lease liabilities	77,317	83,254
Refundable federal student loans	30,707	34,217
Accrued pensions and postretirement benefits	18,553	15,594
Total non-current liabilities	1,535,624	1,532,856
Total liabilities	2,180,646	2,222,366
Net assets:		
Without donor restrictions	3,202,917	3,166,444
With donor restrictions	793,501	727,375
Total net assets	3,996,418	3,893,819
Total liabilities and net assets	\$ 6,177,064	\$ 6,116,185

See accompanying notes to the consolidated financial statements.

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Consolidated Statement of Activities

For the Year Ended June 30, 2023

(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Tuition and fees, net of discounts of \$154,590	\$ 758,170	\$ —	\$ 758,170
Commonwealth of Pennsylvania appropriation (Note 17)	77,762	—	77,762
Grants and contracts (federal, state, local, and private)	237,963	—	237,963
Contributions for operations and endowments	25,858	39,296	65,154
Investment return, net of expenses	94,640	5,375	100,015
Sales of educational activities	14,158	—	14,158
Auxiliary enterprises	109,434	—	109,434
Patient care activities	2,484,330	—	2,484,330
Other sources	55,871	2	55,873
Net assets released from restrictions	9,801	(9,801)	—
Total revenues	3,867,987	34,872	3,902,859
Expenses:			
Educational and general:			
Academic and student services	794,155	—	794,155
Research and public service	275,293	—	275,293
Institutional support	202,231	—	202,231
Total educational and general	1,271,679	—	1,271,679
Auxiliary enterprises	131,715	—	131,715
Patient care activities	2,491,706	—	2,491,706
Total expenses	3,895,100	—	3,895,100
(Deficit) excess of revenues over expenses	(27,113)	34,872	7,759
Other changes in net assets:			
Investment return, net of expenses	30,833	26,108	56,941
Commonwealth grants for property, plant, and equipment (PP&E)	1,950	9,758	11,708
Contributions for PP&E	1	538	539
Loss on disposal of PP&E, net	(5,765)	—	(5,765)
Actuarial change in accrued pensions and postretirement benefits	2,873	—	2,873
Other components of net periodic postretirement benefit cost	16,294	—	16,294
Currency translation adjustment and foreign exchange realized gain, net	423	—	423
Other	11,827	—	11,827
Net assets released from restrictions for PP&E	5,150	(5,150)	—
Total other changes in net assets	63,586	31,254	94,840
Change in net assets	36,473	66,126	102,599
Net assets, beginning of year	3,166,444	727,375	3,893,819
Net assets, end of year	\$ 3,202,917	\$ 793,501	\$ 3,996,418

See accompanying notes to the consolidated financial statements.

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Consolidated Statement of Activities

For the Year Ended June 30, 2022

(in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Tuition and fees, net of discounts of \$148,826	\$ 782,379	\$ —	\$ 782,379
Commonwealth of Pennsylvania appropriation (Note 17)	86,166	—	86,166
Grants and contracts (federal, state, local, and private)	314,649	—	314,649
Contributions for operations and endowments	23,030	33,529	56,559
Investment return, net of expenses	66,493	5,059	71,552
Sales of educational activities	12,897	—	12,897
Auxiliary enterprises	96,692	—	96,692
Patient care activities	2,421,724	—	2,421,724
Other sources	101,275	—	101,275
Net assets released from restrictions	10,208	(10,208)	—
Total revenues	3,915,513	28,380	3,943,893
Expenses:			
Educational and general:			
Academic and student services	839,528	—	839,528
Research and public service	259,484	—	259,484
Institutional support	166,973	—	166,973
Total educational and general	1,265,985	—	1,265,985
Auxiliary enterprises	132,780	—	132,780
Patient care activities	2,354,819	—	2,354,819
Total expenses	3,753,584	—	3,753,584
Excess of revenues over expenses	161,929	28,380	190,309
Other changes in net assets:			
Investment return, net of expenses	(191,128)	(77,872)	(269,000)
Commonwealth grants for property, plant, and equipment (PP&E)	—	6,234	6,234
Contributions for PP&E	3	(72)	(69)
Loss on extinguishment of debt	(9,650)	—	(9,650)
Loss on disposal of PP&E, net	(731)	—	(731)
Actuarial change in accrued pensions and postretirement benefits	31,471	—	31,471
Other components of net periodic postretirement benefit cost	12,691	—	12,691
Currency translation adjustment and foreign exchange realized gain, net	(196)	—	(196)
Gain on sale of equity method investment (Note 25)	234,591	—	234,591
Other	2,298	—	2,298
Net assets released from restrictions for PP&E	1,818	(1,818)	—
Total other changes in net assets	81,167	(73,528)	7,639
Change in net assets	243,096	(45,148)	197,948
Net assets, beginning of year	2,923,348	772,523	3,695,871
Net assets, end of year	\$ 3,166,444	\$ 727,375	\$ 3,893,819

See accompanying notes to the consolidated financial statements.

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 102,599	\$ 197,948
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Currency translation adjustment and foreign exchange realized (gain) loss, net	(423)	196
Provision for bad debts	15,439	3,108
Depreciation	164,009	155,066
Amortization and accretion	(2,297)	(1,423)
Impairment of intangibles	—	1,564
Realized and unrealized (gain) loss on investments, net	(90,518)	229,238
Actuarial change in accrued pensions and postretirement benefits	(2,873)	(31,471)
Loss on extinguishment of debt	—	9,650
Loss on disposal of property, plant, and equipment (PP&E) and assets held for sale, net	5,765	731
Gain on lease modification	—	(122)
Noncash contributions received	(13,564)	(2,747)
Proceeds from sale of noncash contributions	13,564	2,747
Contributions, grants, and investment income restricted for PP&E and long-term investment	(38,957)	(20,623)
Gain on insurance recovery	(11,827)	(6,943)
Gain on sale of equity method investment	—	(234,591)
Equity method investment loss	7,430	—
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(85,079)	(3,290)
Inventories and other assets	(7,412)	(13,749)
Accounts payable and accrued expenses	(45,177)	(35,332)
Deferred revenue	16,695	(29,574)
Accrued pensions and postretirement benefits	(7,843)	(9,156)
Net change in operating lease right of use assets / liabilities	958	202
Net cash provided by operating activities	<u>20,489</u>	<u>211,429</u>
Cash flows from investing activities:		
Purchases of investments, deposits with trustees, and self-insurance trust funds	(1,147,993)	(1,263,157)
Sales and maturities of investments, deposits with trustees, and self-insurance trust funds	1,070,977	941,401
Net change in short-term investments	(18,963)	(18,835)
Proceeds from insurance recovery	10,258	8,502
Purchases of PP&E	(162,431)	(182,345)
Proceeds from sales of PP&E and assets held for sale	79	58
Proceeds from sale of equity method investment	—	301,600
Loans to students	(3,890)	(5,065)
Proceeds from collections on student loans	10,409	9,218
Purchase of equity method investment	(16,800)	—
Increase in receivable from equity method investment	(19,000)	—
Net cash used in investing activities	<u>(277,354)</u>	<u>(208,623)</u>
Cash flows from financing activities:		
investment	38,957	20,623
Refundable federal student loans	(3,511)	(6,060)
Change in split interest agreements	(38)	(1,237)
Proceeds from long-term debt, net of bond issuance cost of \$1,035	—	186,460
Repayment of long-term debt	(44,737)	(49,407)
Repurchase of bonds	—	(219,210)
Net cash used in financing activities	<u>(9,329)</u>	<u>(68,831)</u>
Effect of exchange rate changes on cash and cash equivalents	100	(741)
Net change in cash, cash equivalents, and restricted cash	<u>(266,094)</u>	<u>(66,766)</u>
Cash, cash equivalents, and restricted cash, beginning of the year	791,565	858,331
Cash, cash equivalents, and restricted cash, end of the year	<u>\$ 525,471</u>	<u>\$ 791,565</u>
Cash and cash equivalents	\$ 506,047	\$ 772,010
Restricted cash included in investments	19,424	19,555
Total cash, cash equivalents, and restricted cash	<u>\$ 525,471</u>	<u>\$ 791,565</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 43,744	\$ 51,600
PP&E acquired through finance leases	4,945	1,023
Amounts accrued related to PP&E	16,881	14,219

See accompanying notes to the consolidated financial statements.

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Notes to Consolidated Financial Statements
June 30, 2023 and 2022
(dollars in thousands)

1. Description of Business and Operations

Founded in 1884, Temple University — Of The Commonwealth System of Higher Education (the “University”) is a comprehensive state-related research university with its headquarters and largest campus located in Philadelphia, Pennsylvania. The University provides education and training services to approximately 35,700 students at the undergraduate, graduate, and postdoctoral/professional levels, and performs research, training, and other services under grants, contracts, and similar agreements with sponsoring organizations, including federal, state, and local sponsors. The University offers more than 600 academic programs in 17 schools and colleges, including programs in art; business; education; engineering; law; liberal arts; media and communications; music and dance; science and technology; social work; sport, tourism, and hospitality management; theater, film, and media arts; and various health professions, including dentistry; medicine; pharmacy; podiatric medicine; and public health. The University has eight campuses; including six campuses across Pennsylvania and international campuses in Rome (Italy) and Tokyo (Japan), and offers study abroad programs in various locations. The University is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

As a state-related institution, the University receives annual operating and capital non-preferred appropriations from the Commonwealth of Pennsylvania (the “Commonwealth”). Non-preferred appropriations require a two-thirds vote of each chamber of the Commonwealth's General Assembly for passage. The General Assembly is not obligated to appropriate funds to the University, and there is no guarantee that funding from the Commonwealth will continue consistent with historical levels or at levels requested by the University. The annual operating and capital appropriations from the Commonwealth were \$158,206 and \$99,000, respectively, in 2023 and \$158,206 and \$74,000, respectively, in 2022. In addition to the annual appropriations, the Commonwealth also provides funding for sponsored programs as well as patient care activities provided by the University’s health system (see Notes 17 and 18).

The University is the sole member of its subsidiary Temple University Health System, Inc. (“TUHS”). The University and TUHS are collectively referred to herein as “Temple”. See the accompanying supplemental schedule for a complete listing of Temple’s subsidiary organizations. A summary of Temple’s active and recently active subsidiaries and clinical faculty practice plan is as follows:

Temple’s Active Subsidiaries as of June 30, 2023

Temple University Health System, Inc. (“TUHS”)	A Pennsylvania nonprofit corporation dedicated to providing access to quality patient care and supporting excellence in medical education and research, of which the University is the sole member. TUHS was incorporated in August 1995 and serves principally to coordinate the activities and plans of its health care subsidiaries in Philadelphia and the surrounding area. TUHS’ subsidiaries and affiliates include a network of hospitals and outpatient centers, a comprehensive physician network of primary care and specialty practices, ambulatory services, various research entities, a foundation to support the health-care related activities of TUHS, and a captive insurance company established to reinsure the professional liability claims of certain subsidiaries of TUHS. See the accompanying supplemental schedules for a complete listing of TUHS’ subsidiaries.
Temple Educational Support Services, Ltd. (“TESS”)	A limited liability company organized and incorporated under the laws of Japan. TESS was established in December 1995 to operate the University’s Japan campus and is a wholly-owned subsidiary of the University.
Temple University School of Podiatric Medicine, Inc. (“TUSPM”)	A Pennsylvania nonprofit corporation that holds the real estate associated with the University’s School of Podiatric Medicine.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation — The consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*. The accompanying consolidated financial statements include the accounts of Temple and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Temple is required to classify its net assets into two categories based on the existence or absence of donor-imposed restrictions: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions. Descriptions of the two net asset categories are as follows:

Net Assets without Donor Restrictions — Net assets not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Temple reports donor-restricted support whose restrictions are met in the same reporting period as support within *Net assets without donor restrictions*. All expenses from operations are reported as a reduction of *Net assets without donor restrictions*, since the use of restricted contributions in accordance with donors’ stipulations results in the release of the restriction.

Net Assets with Donor Restrictions — Net assets subject to donor-imposed restrictions, which are donor stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. Net assets subject to donor-imposed restrictions include contributions for which donor-imposed restrictions have not been met (primarily future capital projects), donor restricted endowment funds, charitable remainder unitrusts, pooled income funds, gift annuities, and pledges receivable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to *Net assets without donor restrictions* and reported in the consolidated statements of activities as *Net assets released from restrictions*.

Cash, Cash Equivalents, and Restricted Cash — Temple considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Temple maintains cash balances in financial institutions, which exceed federal depository insurance limits. Management believes that credit risks related to these deposits are minimal. Cash equivalents that are not traded on an active exchange are carried at cost, which approximates fair value.

Endowment and Investments — Endowment and investments (collectively referred to as “investments”) are comprised of the assets of Temple’s endowment, certain donor restricted funds, funds designated by the board of trustees to be invested as endowments, certain funds set aside to retire long-term debt, other plant-related funds, and other funds without donor restrictions held for operating purposes. These investments vary as to their level of liquidity, with differing requirements for notice prior to redemption or withdrawal. Investments established for donor and board-designated endowments, investments pledged as collateral, and certain investments set aside to retire long-term debt are classified as non-current assets. All other investments are classified as current assets (see Notes 3, 10, 11, and 14).

Temple reports investments including debt and equity securities at fair value. Temple also invests in various limited partnerships, hedge funds, and other investment funds whose fair value is measured at net asset value per share as determined by the respective fund managers and financial information provided by the

investment entities. This financial information includes assumptions and methods that are reviewed by Temple. Because these investments are not readily marketable, the estimated fair values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material.

Temple has adopted, for endowments and funds designated by the board of trustees to be invested as endowments, a spending rule based on a percentage of the fair value of such investments, computed as a moving average over the prior twelve quarters. For these investments, the spending rule amount is reported as *Investment return* in revenues with the excess or shortfall of total return over the spending rule amount reported as *Investment return* in *Other changes in net assets* in the consolidated statements of activities. For all other investments, interest and dividend income is reported as *Investment return* in revenues and realized and unrealized gains or losses are reported as *Investment return* in *Other changes in net assets* in the consolidated statements of activities (see Notes 3 and 11).

Investment return, net of external and direct internal investment expenses, is reported as increases to net assets without donor restrictions or assets with donor restrictions based upon the existence or absence of donor-imposed restrictions.

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Derivatives — The University enters into derivative financial instruments, principally futures contracts, to manage equity price risk. Futures contracts are recorded as contractual commitments on a trade-date basis and are carried at fair value based on closing exchange quotations. The fair value of derivative financial instruments at the reporting date generally reflects the amount the University would receive or pay to terminate the contract at the reporting date. Changes in fair value are recorded as *Investment return* in *Other changes in net assets*. The University does not designate any derivative instruments as hedging instruments (see Note 3).

Self-Insurance Trust Funds — Temple self-insures or maintains deductibles under its various insurance policies for property, casualty, automobile, general liability, medical malpractice, workers' compensation, certain health and welfare, and other claims. Self-insurance trust funds include assets that are designated for payments of workers' compensation risk retained by Temple. Provisions are made for estimated losses (claims made and claims incurred but not reported) generally based on actuarial methods, which include discounting of certain loss provisions (see Note 3).

Accounts, Loans, and Contributions Receivable — Accounts, loans, and contributions receivable are reported at their net realizable value. The allowance for doubtful accounts is based upon management's judgment including such factors as historical collection history, type of receivable, and periodic assessment of individual accounts. Temple writes-off receivables when they are determined to be uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Temple does not accrue interest on these amounts (see Note 4).

Inventories and Other Assets — Inventories are stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out, or average cost method. Inventories at June 30, 2023 and 2022, totaled \$44,115 and \$40,689, respectively, and are included in *Inventories and other assets* in the consolidated balance sheets. *Inventories and other assets* also include prepaid expenses, and advances. *Other assets, non-*

current include pension and postretirement plans that are in an over-funded position, which totaled \$80,101 and \$65,958 at June 30, 2023 and 2022, respectively (see Note 5).

Deposits with Trustees — Deposits with trustees include assets held in escrow by designated bond trustees for debt service payments and construction or enhancement of property, plant, and equipment (see Note 6).

Property, Plant, and Equipment — Property, plant, and equipment are recorded at cost less accumulated depreciation. Property, plant, and equipment gifted to Temple are recorded at the fair value at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Leasehold improvements are depreciated over the shorter of the estimated useful life of the leasehold improvements or the lease term. Land is not depreciated. Depreciation for equipment commences once it is placed in service and depreciation for buildings and leasehold improvements commences once they are ready for their intended use (see Note 7).

Estimated useful lives of property, plant, and equipment are as follows:

	Useful Life
Land improvements	8 - 20 years
Buildings	20 - 40 years
Building improvements	15 - 40 years
Furniture, fixtures, and equipment	3 - 20 years
Library books	10 years

Cost of maintenance and repairs is charged to expense as incurred. Upon retirement or other disposition, the cost of the asset and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of activities.

Long-Lived Assets — Temple reviews long-lived assets, such as property, plant, and equipment, for impairment whenever events or changes indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their expected undiscounted future cash flows. If such assets are considered to be impaired, the impairment is measured by the amount the carrying value exceeds the fair value of the assets. On September 1, 2021, a tornado that was a byproduct of Hurricane Ida (the “Storm”), struck the center of the University’s Ambler Campus; with remnants of the Storm also causing damage to the University’s boathouse located along the Schuylkill River. The Storm resulted in impairments to long-lived assets located at both locations totaling \$1,558. No impairment of long-lived assets occurred in 2023.

Goodwill and Other Intangibles — Goodwill and indefinite-lived intangible assets are not amortized, but are evaluated for impairment annually, or when indicators of a potential impairment are present. Temple’s annual impairment assessment date is June 30. The annual assessment for impairment of goodwill and indefinite-lived intangible assets is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. In 2022, based on the results of Temple’s assessment, impairments of indefinite-lived intangible assets totaled \$1,564. In 2023, there were no indicators of potential impairment of indefinite-lived intangible assets.

The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed on a straight-line basis over the estimated periods benefited. Intangibles with contractual terms are generally amortized over their respective legal or contractual lives. When certain events or changes in operating conditions occur, an impairment assessment is performed and the lives of intangible assets with

determinable lives may be adjusted and impairment charges recorded. In 2023 and 2022, there were no indicators of potential impairment of intangible assets with determinable useful lives (see Note 23).

Leases — Temple determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control and obtain substantially all of the economic benefits from an identified asset, and provides Temple with the right to direct the use of the identified asset for a period of time in exchange for consideration. Operating leases are included in *Operating lease right-of-use assets*, *Operating lease liabilities (non-current)*, and *Accounts payable and accrued expenses (current)*. Operating lease right-of-use (“ROU”) assets represent Temple’s right to use an underlying asset for the lease term. Operating lease liabilities represent Temple’s obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. If a lease agreement does not provide an implicit rate, based on the information available at the commencement date, Temple uses its incremental borrowing rate in determining the present value of lease payments. The rate implicit on Temple’s leases were not readily available and, as such, Temple used the incremental borrowing rate when measuring all leases. Temple determines its incremental borrowing rate based on the approximate rate at which Temple would borrow, on a collateralized basis over a similar term. The determination of the incremental borrowing rate includes numerous assumptions such as credit standing, lease term, amount of borrowing, and location of leased assets. Certain real estate leases include options to extend or terminate agreements. Options to extend or terminate the lease are considered in determining the lease term only when it is reasonably certain that the option will be exercised (see Note 9). Lease expense for lease payments is recognized on a straight-line basis over the lease term. Temple elected the practical expedient that allows lessees to choose not to separate lease and non-lease components and is applying this expedient to all real estate leases and all embedded equipment leases related to consumable purchase agreements. Certain lease agreements for real estate include payments based on actual common area maintenance and other expenses, such as insurance and taxes. These variable lease payments are recognized within operating expenses, but are not included in the calculation of right-of-use asset or liability balances. Additionally, Temple elected to not recognize lease assets and lease liabilities for all leases with a term of 12 months or less; such lease payments are recognized as expense on a straight-line basis over the lease term. Temple’s operating leases are primarily for facility space, automobiles, and office equipment. Temple’s finance leases are included in *Property, plant, and equipment, net*, and *Long-term debt* in the consolidated balance sheet (See Note 9).

Funds Held in Trust by Others — Temple is the irrevocable beneficiary of the income from certain perpetual trusts administered by third parties. Temple’s beneficial interest is reported at the fair value of the underlying trust assets. Because the trusts are perpetual and the original corpus cannot be used, these funds are reported as donor-restricted net assets. As Temple does not have the ability to redeem funds held in trust by others, these assets are categorized as Level 3 assets (see Note 10).

Asset Retirement Obligations — Temple recognizes the fair value of an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. When the liability is initially recorded, Temple capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability are recognized by increasing or decreasing the carrying amount of the asset retirement obligation liability. Changes due solely to the passage of time (accretion of the discounted liability) are recognized as an increase in the carrying amount of the liability and as an operating expense in the statement of activities. The capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statement of activities (see Note 8).

Defined Benefit Pension and Other Postretirement Plans — Temple recognizes the over-funded or under-funded status of its defined benefit pension and other postretirement plans as an asset or liability in its balance sheets and recognizes changes in the funded status of the plans that arise during the period, but are not recognized as components of net periodic benefit cost, as *Actuarial change in accrued pensions and postretirement benefits* in the consolidated statements of activities (see Note 5).

Fair Value Measurements — Temple categorizes its assets and liabilities measured at fair value into a three-level hierarchy, based on the priority of the inputs to the respective valuation techniques, with assets that are measured using the net asset value per share practical expedient being excluded from the fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset's or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. Temple's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels (see Note 10).

The carrying values of short-term assets and liabilities, including cash equivalents (not traded on an active exchange), accounts receivable, and accounts payable, approximate their fair values. Investments, self-insurance trust funds, and deposits with trustees are carried at their estimated fair value (see Notes 3 and 10). The fair value of long-term debt is estimated based upon discounted cash flows at current market rates for instruments with similar remaining terms, which Temple considers Level 2 inputs (see Notes 9 and 10). Contribution receivables are recorded at the present value of expected future cash flows (see Note 4). Considerable judgment is necessary to interpret market data and develop estimated fair values. Accordingly, the estimates presented are not necessarily indicative of the amounts at which these instruments could be purchased, sold, or settled.

A reasonable estimate of the fair value of loans receivable from students under government loan programs and refundable federal student loans could not be made because the loans are not readily salable. These loans are recorded at cost, less an allowance for doubtful accounts (see Note 4).

Revenue Recognition — Temple's revenues primarily consist of tuition and fees, auxiliary enterprises, Commonwealth appropriations, grants and contracts, contributions, and patient care activities. Revenue recognition accounting policies for Temple's primary revenue sources are as follows (see Note 18 for additional revenue disclosures):

Tuition and Fees — Tuition and fees are recognized ratably on a daily straight-line basis over the academic period as the University satisfies its performance obligation (e.g., as instruction is provided to students). The University's transaction price is determined based on established fixed tuition rates based on student residency (in-state or out-of-state) and the school or college in which they enroll, net of financial assistance provided directly by the University. Such financial assistance is recorded as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student. Financial assistance provided to students was \$154,590 in 2023 and \$148,826 in 2022.

Auxiliary Enterprises — Auxiliary services exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary services is that they are managed as essentially self-supporting activities. Revenues from auxiliary enterprises include revenues from

contracts with customers to provide student housing and dining facilities, ticket sales for athletic and community events, other athletic department revenues, parking services, and other miscellaneous activities.

The University's transaction price for housing and meal plans is determined based on established fixed rates based on the dorms students chose to live in (e.g., residence halls and room type) and the meal plan type they elect. Payments for housing services are due approximately two weeks subsequent to the start of the academic term (consistent with tuition). Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered. For ticket sales, revenue is recognized after the event occurs and for other auxiliary services (e.g., event parking, programs, merchandise, concessions) revenue is recognized at a point in time.

Commonwealth of Pennsylvania Appropriation — The University receives annual operating and capital appropriations from the Commonwealth. Operating appropriations are provided to support the general operations of the University, which, along with additional support provided by the University, allows for a reduction in tuition rates for Pennsylvania resident students. Funds are required to be spent in accordance with applicable laws and revenue is recognized ratably over the fiscal year as the funds are expended. Capital appropriations are provided to fund certain approved capital projects in support of the University's mission. Revenue from Commonwealth capital funding is recognized on an expense reimbursement basis and is classified as "with donor restrictions" until the capital project is completed and placed in service, at such time the net assets are released from restrictions.

Strategic Support Assessment — On an annual basis, the University charges TUHS a strategic support assessment ("SSA") in support of the Lewis Katz School of Medicine ("LKSOM") for its mission of research and education, and the associated benefit to TUHS and the patients it serves. The amount of the SSA and payment terms are determined annually as part of the annual budget process. The revenue, recorded by the University, and the equal expense, recorded by TUHS, are eliminated in consolidation. The SSA is comprised primarily of the share of appropriation used to support matching funds under the Commonwealth of PA Medical Assistance Program (see Note 17).

Grants, Contracts, and Contributions — Temple receives sponsored program funding from various governmental, corporate, and private sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of Temple, the funding organization's mission, or the public at large.

Revenues from exchange transactions are recognized as performance obligations are satisfied, which in some cases are as related costs are incurred. Revenues from non-exchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional non-exchange transactions are recognized when the barrier is satisfied. In addition, Temple has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized. Funds received in advance (for an exchange transaction prior to the performance obligation being satisfied; or for a contribution non-exchange transaction, prior to the condition being achieved) are recorded as *Deferred revenue* on the consolidated balance sheets.

In 2023 and 2022, sponsored programs revenue earned from federal, state, local, and private sources totaled \$237,963 and \$314,649, respectively. Federal funding includes student and institutional Coronavirus-19

(“COVID-19”) Higher Education Emergency Relief Funds (“HEERF”) of \$78,229 in 2022. No HEERF funds were recorded in 2023 (see Note 24). Indirect costs recovered on federally sponsored programs are generally based on predetermined reimbursement rates, which are stated as a percentage and distributed based on the modified total direct costs incurred. The University negotiates its federal indirect rate with its cognizant federal agency. Indirect costs recovered on all other grants and contracts are based on rates negotiated with the respective sponsors. Funds received from federal sources are subject to audit in accordance with compliance standards.

Patient Care Activities — Patient care activities provided by Temple are invoiced daily, from which revenue is recognized at a point in time as patient services are provided. *Patient care activities* include revenues from TUHS as well as clinical activities provided by the University.

Patient care activities revenue is recognized at the amount that reflects the consideration to which Temple expects to be entitled in exchange for providing patient care. These amounts are due from Medicare and Medicaid, managed care health plans, commercial payors, patients, and others. Reimbursement is primarily based on the payment terms of contractual arrangements, such as predetermined rates per visit or procedure, per diem rates, or discounted fee-for-service rates. Generally, Temple bills the patients and third-party payers several days after the services are performed and/or the patient is discharged. In addition, Temple receives medical assistance payments for the reimbursement of services for charity and uncompensated care services. The federal funding of such costs is subject to an upper payment limit and retrospective settlement.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. Temple recognizes revenues for performance obligations satisfied over a period of time based on actual charges incurred in relation to total expected (or actual) charges. Temple believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in TUHS receiving inpatient acute care services. TUHS measures performance obligations from admission to the point where there are no further services required for the patient, which is generally the time of discharge. Temple recognizes revenues for performance obligations satisfied at a point in time, which generally relates to patients receiving outpatient services, when: (a) services are provided; and (b) Temple does not believe the patient requires additional services. The patient care activities provided by the University are for outpatient type services. The University recognizes revenues for performance obligations satisfied at a point in time, which generally relates to patients receiving outpatient services, when services are provided.

Temple estimates the transaction price for patients based on gross charges for services provided, reduced by explicit price concessions which include contractual adjustments provided to third-party payers and discounts provided to uninsured patients in accordance with Temple’s policy. Temple determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical collection experience. Revenues are also adjusted for implicit price concessions. Implicit price concessions are determined based on historical collection experience. The implicit price concessions included in estimating the transaction price represent the difference between amounts remaining to be paid and the amounts Temple generally expects to collect based on its historical experience. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to patient service revenue in the period of change and are accrued on an estimated basis in the period the related services are rendered. Adjustments may also occur in future periods as final settlements are determined.

Because Temple’s patient service obligations generally relate to contracts with duration of less than one year, Temple has elected to apply the optional exemption and, therefore, is not required to disclose the

aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Generally, patients who are covered by third-party payors are responsible for related co-payments, coinsurance and deductibles, which vary in amount. Temple also provides services to uninsured patients and offers uninsured patients a discount from standard charges. Temple estimates the transaction price for patients with co-pays, co-insurance and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under Temple's uninsured discount programs, the discount offered to certain uninsured patients is recognized as a contractual discount, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual discounts recorded, are further reduced to their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to *Patient care activities* revenue in the period of the change.

Consistent with Temple's mission, care is provided to patients regardless of their ability to pay. Temple provides care without charge, or at a standard rate discounted for uninsured patients that is not related to published charges, to patients who meet certain criteria under Temple's charity care policy. Some patients qualify for charity care based on federal poverty guidelines or their financial condition being such that requiring payment would impose a hardship on the patient. Because Temple does not pursue collection of amounts determined to qualify as charity care, they are not reported as *Patient care activities* revenue. Temple has determined that it has provided sufficient explicit price concessions for these accounts (see Notes 18, 21, and 22).

In assessing collectability, Temple uses a combination of contract specific adjustments (such as high dollar and long length-of-stay accounts) as well as a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. This portfolio approach is being used as Temple has a large volume of similar contracts with similar classes of customers. Temple reasonably expects that the effect of applying a portfolio approach would not differ materially from considering each contract separately. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. As a result, aggregating all of the contracts (which are at the patient level) by the particular payer or group of payers will result in the recognition of the same amount of revenue as applying the analysis at the individual patient level.

Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts Temple has with commercial payers typically provide for retroactive audit and review of claims. Revenue includes an estimate of variable consideration for retroactive revenue adjustments due to settlements of audits, reviews and investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered or when known by Temple and adjusted in future periods as final settlements or changes in estimates are determined. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term.

Temple engages in various contracts with insurance companies where Temple is at risk for the total cost of care to an attributed patient population as well as contracts that provide for pay-for-performance incentives. The value of these agreements is estimated and included in net patient service revenue.

Advertising — Temple charges the costs of advertising to expense as incurred. Advertising expense was \$23,390 and \$20,925 in 2023 and 2022, respectively.

Other Changes in Net Assets — Temple considers all realized and unrealized gains and losses on investments, net of the endowment payout under Temple’s spending formula, as *Other changes in net assets*. *Other changes in net assets* also includes interest and dividends on endowments and funds designated by the board of trustees to be invested as endowments; activity related to property, plant, and equipment (including grants and contributions, gains (losses) on disposals, and net assets released from restrictions); gains (losses) on extinguishment of debt; actuarial changes in accrued pensions and postretirement benefits; other components of net periodic benefit cost (see Note 5); gains on insurance recoveries; and foreign currency adjustments.

Income Taxes — With the exception of TUHIC (Temple’s captive insurance company domiciled in Bermuda), TESS (operator of the University’s Japan campus), and certain inactive subsidiaries (see supplemental schedule), substantially all of the individual members of Temple are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Temple files U.S. federal, state, and local information returns and no returns are currently under examination. The statute of limitations on Temple’s U.S. federal information returns remains open for three years following the year they are filed.

U.S. GAAP requires that a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. Temple does not believe its consolidated financial statements include any uncertain tax positions that would require disclosure.

Functional Expense Allocation — Temple’s operation and maintenance of plant expenses (“O&M”) and depreciation expense (excluding depreciation related to auxiliary and library books) are allocated to the functional expense classifications based upon the proportionate share of expenses (excluding O&M and depreciation) reported in each functional classification in the statement of activities. Depreciation related to auxiliary fixed assets (e.g., dormitories, parking garages, and athletics) is fully allocated to *Auxiliary enterprises expense* and depreciation related to library books is fully allocated to academic support expense included in *Academic and student services* in the statement of activities (see Note 19).

Contributions from Related Parties — During the years ended June 30, 2023 and 2022, there were contributions from members of the Board of Trustees that did not have a material impact on the consolidated financial statements.

Use of Estimates — The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Temple’s critical estimates and assumptions include revenue recognition; adequacy of allowance for accounts, loans, and contribution receivable; the valuation of assets and liabilities recorded at fair value; valuation of claim based liabilities and conditional asset retirement obligations; useful lives for depreciation and amortization; impairment of intangible assets; incremental borrowing rate used in determining the present value of lease payments; estimated settlements with third-party payors; state Medicaid audit settlements; and accounting for pension and other postretirement benefits. Actual results could differ materially from these estimates.

Recently Issued Accounting Pronouncements — Recently issued accounting pronouncements that are applicable to Temple’s consolidated financial statements are as follows:

Standard	Description	Adoption
Standards that were adopted during fiscal years 2023 and 2022:		
<p>Leases</p> <p>ASU 2021-09 (Topic 842)</p>	<p>Provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The standard allows lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The standard requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Temple did not elect the practical expedient allowed by ASU 2021-09.</p>	<p>Immediate (for entities that already adopted Topic 842)</p> <p>Retrospective or modified retrospective application (consistent with ASC 842 election).</p>
<p>Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets</p> <p>ASU 2020-07 (Topic 958)</p>	<p>Provides new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure rules for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. Not-for-profits are required to present donated nonfinancial assets separately in the statement of activities from contributions of cash or other financial assets. A not-for-profit organization has to disclose more details about the donated nonfinancial asset it received by category in footnotes. Temple did not have significant contributions of nonfinancial assets. The new standard did not have a material impact on Temple’s combined financial statements.</p>	<p>July 1, 2021 (annual periods)</p> <p>July 1, 2022 (interim periods)</p> <p>Retrospective application</p>
<p>Compensation - Retirement Benefits - Defined Benefit Plans -General (Subtopic 715-20)</p> <p>ASU 2018-14 (Topic 715)</p>	<p>Improves the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. Specifically, the amendments remove disclosures that no longer are considered cost beneficial, clarify the specific requirements of disclosures, and add disclosure requirements identified as relevant.</p> <p>ASU 2018-14 adds requirements for an entity to disclose the following: (i) the weighted-average interest crediting rates used in the entity’s cash balance pension plans and other similar plans, (ii) a narrative description of the reasons for significant gains and losses affecting the benefit obligation for the period, and (iii) an explanation of any other significant changes in the benefit obligation or plan assets that are not otherwise apparent in the other disclosures required by ASC 715.</p> <p>The ASU removes guidance that currently requires the following disclosures: (i) amounts in accumulated other comprehensive income expected to be recognized as part of net periodic benefit cost over the next year, (ii) information about benefits covered by related-party insurance and annuity contracts and significant transactions between the plan and related parties, and (iii) for nonpublic entities with Level 3 plan assets in the fair value hierarchy measured on a recurring basis, a reconciliation of the opening balances to the closing balances. (However, those entities would still need to disclose transfers of plan assets into and out of Level 3 and any purchases of Level 3 assets by the plan.)</p> <p>ASU 2018-14 also clarifies the guidance on defined benefit plans to require disclosure of (i) the projected benefit obligation (“PBO”) and fair value of plan assets for pension plans with PBOs in excess of plan assets (the same disclosure with reference to the accumulated postretirement benefit obligation rather than the PBO is required for other postretirement benefit plans) and (ii) the accumulated benefit obligation (“ABO”) and fair value of plan assets for pension plans with ABOs in excess of plan assets.</p> <p>The adoption of ASU 2018-14 did not have a material impact on Temple’s consolidated financial statements. The clarifications and changes required by the new standard are reflected in the accompanying pensions and postretirement benefits disclosures (see Note 5).</p>	<p>July 1, 2021 (annual periods)</p> <p>Retrospective application</p>

3. Endowment, Investments, and Self-Insurance Trust Funds

The carrying values of investments, including the endowment (see Note 11), at June 30, 2023 and 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Investments (including endowment):		
Money market funds	\$ 77,546	\$ 67,879
Corporate bonds, notes, and other debt securities	382,002	383,847
U.S. government and agency securities	457,027	386,625
Municipal bonds	3,149	6,100
Fixed income funds	115,543	107,229
Equity funds and securities	1,002,069	904,675
Futures contracts	1,561	(5,798)
Commodity funds	15,989	13,744
Private equity funds	76,278	60,921
Real estate funds	104,031	121,452
Multi-strategy hedge funds	258,437	271,444
Opportunistic funds	30,879	25,946
Other	3,130	2,475
Total investments	<u>\$ 2,527,641</u>	<u>\$ 2,346,539</u>

The University utilizes an outsourced chief investment officer (“OCIO”) for its investment management responsibilities related to the University’s endowment, pension plans, and postretirement plan assets. The private equity asset allocation, which has a target allocation of 15% of the endowment assets and 10% of the postretirement plan assets, commenced funding in 2018 and is expected to take approximately five to seven years from inception to fully execute, resulting in an overweight position in U.S. equities at June 30, 2023 and 2022.

The carrying values of self-insurance trust funds at June 30, 2023 and 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Self-insurance trust funds:		
Money market funds	\$ 1,602	\$ 1,495
U.S. government securities	11,655	11,198
Total self-insurance trust funds	<u>\$ 13,257</u>	<u>\$ 12,693</u>

Investment return reported in the statements of activities for the years ended June 30, 2023 and 2022 is as follows:

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Investment income:		
Interest and dividends	\$ 66,438	\$ 31,790
Realized gains, net	44,220	33,083
Change in unrealized gains (losses), net	46,298	(262,321)
Total investment income (loss)	<u>\$ 156,956</u>	<u>\$ (197,448)</u>

Derivatives:

Futures Contracts — A futures contract is a contractual agreement to make or take delivery of a standardized quantity of a type of commodity or financial instrument at a specified future date in accordance with the terms specified by a regulated futures exchange. The University uses equity index futures contracts to manage equity price risk. Losses in value may arise from changes in the value of the underlying instrument or if there is an illiquid secondary market for the futures contracts.

Upon entering into a futures contract, the University is required to deposit either cash or securities in an amount equal to a certain percentage of the nominal value of the contract (“initial margin”). Pursuant to the futures contract, the University agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the futures contracts. Such receipts or payments are known as “variation margin” which are settled daily. Any variation margin unsettled at period-end is recorded as an unrealized gain (loss) in *Investment return in Other changes in net assets* in the statements of activities. The University recognizes a realized gain or loss when the contract is closed. Futures contracts expose the University to off-balance sheet market and liquidity risk. The University is exposed to market risk to the extent that adverse changes occur in the fair values of the underlying securities or indices. This market risk is in excess of the amount recognized in the statement of assets and liabilities. Liquidity risk represents the possibility that the University might not be able to rapidly adjust the size of its futures position in times of high volatility and financial stress at a reasonable price.

The University has credit risk associated with counterparty nonperformance. However, credit risk associated with exchange-traded contracts are typically perceived to be less because exchanges typically provide clearing house arrangements in which the collective credit of the managers of the exchange is pledged to support the financial integrity of the exchange. Margins, which may be subject to loss in the event of a default, are generally required in exchange trading and further mitigate credit risk. All of the futures contracts held by the University at June 30, 2023 and 2022 were exchange traded contracts.

At June 30, 2023 and 2022, the University had the following open futures subject to equity price risk, for which U.S. Treasury notes were pledged as collateral (see Note 14):

	Number of Contracts	Notional Amount	Variation Margin Unrealized Gain (Loss)
June 30, 2023			
Equity price futures contracts, not designated as hedging instruments, included in:			
Endowment	639	\$ 94,265	\$ 1,561
Postretirement benefits plan assets	113	14,758	209
Pension plans assets	48	5,421	(13)
June 30, 2022			
Equity price futures contracts, not designated as hedging instruments, included in:			
Endowment	716	\$ 89,191	\$ (5,798)
Postretirement benefits plan assets	150	17,928	(261)
Pension plans assets	45	5,346	(139)

4. Accounts, Loans, and Contributions Receivable

Accounts receivable, net of allowances are as follows:

	June 30, 2023	June 30, 2022
Students	\$ 48,749	\$ 49,895
Patients	334,761	268,130
Health care programs	71,480	55,535
Grants and contracts	82,380	94,150
Commonwealth construction	5,968	12,116
Recoveries from insurance providers	98,409	56,818
Other	48,672	32,239
Accounts receivable, gross	690,419	568,883
Less: Allowance for doubtful patient accounts	(1,248)	(2,150)
Less: Allowance for doubtful students, grants, contracts, and other accounts	(29,067)	(17,510)
Total accounts receivable, net	<u>\$ 660,104</u>	<u>\$ 549,223</u>

Loans to students are disbursed based on financial need and consist of loans granted by the University under federal government loan programs and loans granted from institutional resources. Upon the earlier of graduation or no longer having full-time student status, the students have a grace period, which varies by loan type, until repayment of loans is required.

The availability of funds for loans under federal government revolving loan programs is dependent on reimbursements to the pool from repayments on outstanding loans. At June 30, 2023 and 2022, funds advanced by the federal government totaled \$30,707 and \$34,217, respectively. Interest and fees collected are included in the revolving loan funds available for students. Federal loan funds are ultimately refundable to the government and are classified as liabilities in the consolidated balance sheets. Outstanding loans canceled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government.

Loans to students are shown net of allowances as follows:

	June 30, 2023	June 30, 2022
Federal government loan programs:		
Perkins loan program*	\$ 11,566	\$ 18,659
Health professional and disadvantaged student loans	24,422	23,946
Nursing student loans	251	152
Federal government loan programs	36,239	42,757
Institutional loan programs	824	972
Student loans receivable, gross	37,063	43,729
Less: Allowance for doubtful federal government loan programs	(7,419)	(10,574)
Less: Allowance for doubtful institutional loan programs	(288)	(292)
Total student loans receivable, net	<u>\$ 29,356</u>	<u>\$ 32,863</u>

* On September 30, 2017, the Federal Perkins Loan program was not renewed in Congress, thus effectively ending the loan program. Previously loaned funds will continue to be collected, however, no new loans are being originated.

Student loans are considered past due when payment has not been received in over 30 days. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. Further, the University does not evaluate the credit quality of the student loans receivable after the initial approval and calculation of the loans. Institutional loan balances are written off when they are deemed to be permanently uncollectible.

The aging of student loans receivable is as follows:

	June 30, 2023	June 30, 2022
30 days or less past due	\$ 27,047	\$ 29,893
31 through 89 days past due	947	1,328
90 days and greater past due	1,362	1,642
Total student loans receivable, net	<u>\$ 29,356</u>	<u>\$ 32,863</u>

Contributions receivable are unconditional promises to give, restricted by donors for scholarships, capital acquisitions, and other operating purposes. They are expected to be realized in the following periods:

	June 30, 2023	June 30, 2022
In one year or less	\$ 9,714	\$ 13,612
One to five years	20,186	22,050
Greater than five years	43,470	45,760
Contributions receivable, gross	73,370	81,422
Less: Allowance for doubtful contributions	(4,537)	(4,957)
Less: Present value discount	(8,920)	(10,212)
Total contributions receivable, net	59,913	66,253
Less: Current portion of contribution receivable, net	(7,256)	(11,800)
Non-current portion of contribution receivable, net	<u>\$ 52,657</u>	<u>\$ 54,453</u>

Changes to net contributions receivable during the years ended June 30, 2023 and 2022 are as follows:

	Year Ended June 30,	
	2023	2022
Balance, beginning of the year	\$ 66,253	\$ 74,903
New pledges	6,641	7,795
Collection of pledges	(12,919)	(15,886)
Pledges written off	(1,774)	(1,349)
Change in allowance	420	399
Change in discount to present value	1,292	391
Balance, end of the year	<u>\$ 59,913</u>	<u>\$ 66,253</u>

The discount rates used to calculate the present value discount are tied to U.S. Government treasury notes in effect at the time of contribution. Discount rates for durations between 1 and 30 years were between 3.81% and 5.40% for contributions made during the year ended June 30, 2023, and between 2.80% and 3.38% for contributions made during the year ended June 30, 2022.

Temple also receives bequest intentions and certain other conditional promises to give. These intentions and conditional promises to give are not included in the consolidated financial statements.

5. Pensions and Postretirement Benefits

Temple sponsors various postretirement programs, which include defined benefit pension plans (three plans sponsored by the University and, through June 29, 2022, six plans sponsored by TUHS, which were subsequently merged into a single defined benefit plan on June 30, 2022), three retiree health benefits pre-funding plans, referred to below as “postretirement benefits” (one plan sponsored by the University and two plans sponsored by TUHS), and defined contribution plans. Participation in these plans is based on prescribed eligibility requirements. Certain TUHS employees also participate in the University’s defined benefit plan. During 2022, TUHS offered participants in its defined benefit pension plan a lump sum payment option in settlement of its outstanding benefit obligations. The settlements offered resulted in an increase in benefit payments and settlement costs. No lump sum window or settlement charge occurred during the year ended June 30, 2023.

Temple makes contributions to its defined benefit pension plans that comply with the funding provisions of the Internal Revenue Code. Employees participating in the pension plans are eligible to begin receiving benefit payments upon retirement, provided age and service requirements have been met. In 2001, two of the University’s defined benefit pension plans were frozen, with no future accruals. The third pension plan sponsored by the University remains active for two collectively bargained groups of employees. In 2008, the remaining TUHS sponsored defined benefit plans were closed to new participants; only certain grandfathered employees are eligible to participate in the TUHS sponsored defined benefit pension plans.

The postretirement benefits plans are postretirement trusts established for the purpose of providing medical and prescription drug coverage to eligible retirees. Eligible active employees could elect to pre-pay a portion of their future medical costs. Contributions for a period of ten years were required in order to be eligible to retire and receive benefits on or after the age of 62. This plan had a series of sunset dates beginning in 1999 through June 30, 2003. No employees hired or rehired on or after the earlier of their respective sunset date or June 30, 2003 are eligible to participate in the postretirement benefits plan.

Defined contribution retirement plans are offered to all full-time faculty and staff, with the exception of the two collectively bargained groups that participate in the active defined benefit pension plan. Deposits to the defined contribution plans are provided through contributions made by Temple and its employees into participant managed accounts. Temple’s contributions to participants’ accounts are based on a defined percentage of the participants’ elected contributions, base wages, and length of service. Temple’s contributions to the defined contribution plans in 2023 and 2022 were \$86,066 and \$80,976, respectively.

Certain union employees are covered by multi-employer pension plans to which Temple contributes. A contributor to a multi-employer plan is liable, upon termination of the plan or its withdrawal from the plan, for its share of the plan’s unfunded vested liabilities. Until either event occurs, Temple’s share, if any, of the unfunded vested liabilities cannot be determined. At present, Temple has no plans to withdraw from the multi-employer pension plans. Pension expense for these plans was \$12,081 and \$10,969 in 2023 and 2022, respectively.

The activity of the defined benefit pension and postretirement benefit plans for the years ended June 30, 2023 and 2022 is as follows:

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 184,470	\$ 253,693	\$ 302,723	\$ 366,806
Service cost	2,778	2,800	8,716	11,479
Interest cost	7,800	5,411	13,496	9,097
Plan participant contributions	255	224	1,258	1,316
Actuarial gain	(6,271)	(42,604)	(15,536)	(70,059)
Benefits paid	(11,562)	(34,788)	(16,520)	(15,916)
Plan expenses	(2,534)	(3,339)	—	—
Settlement	—	3,073	—	—
Benefit obligation, end of year	<u>\$ 174,936</u>	<u>\$ 184,470</u>	<u>\$ 294,137</u>	<u>\$ 302,723</u>
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 175,783	\$ 247,265	\$ 361,397	\$ 389,954
Actual return on plan assets	1,430	(33,579)	17,225	(17,491)
Employer contributions	—	—	3,552	3,534
Plan participant contributions	255	224	1,258	1,316
Benefits paid	(11,562)	(34,788)	(16,520)	(15,916)
Plan expenses	(2,534)	(3,339)	—	—
Fair value of plan assets, end of year	<u>\$ 163,371</u>	<u>\$ 175,783</u>	<u>\$ 366,912</u>	<u>\$ 361,397</u>
Funded status:				
Funded status, end of year	<u>\$ (11,565)</u>	<u>\$ (8,687)</u>	<u>\$ 72,775</u>	<u>\$ 58,674</u>

The accumulated benefit obligation for the pension plans at June 30, 2023 and 2022 was \$173,737 and \$183,271, respectively.

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
The funded status recognized in the balance sheets:				
Assets, non-current	\$ 5,222	\$ 4,786	\$ 74,879	\$ 61,172
Liabilities, current	—	—	(338)	(377)
Liabilities, non-current	(16,787)	(13,473)	(1,766)	(2,121)
Net amount recognized, funded status	<u>\$ (11,565)</u>	<u>\$ (8,687)</u>	<u>\$ 72,775</u>	<u>\$ 58,674</u>
Accumulated amounts recognized in net assets without donor restrictions:				
Unrecognized net loss (gain)	\$ 62,064	\$ 64,330	\$ (88,353)	\$ (87,746)
Net amount recognized	<u>\$ 62,064</u>	<u>\$ 64,330</u>	<u>\$ (88,353)</u>	<u>\$ (87,746)</u>

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
Changes in plan assets and benefit obligations recognized in other changes in net assets:				
Actuarial (gain) loss	\$ (876)	\$ 5,968	\$ (10,699)	\$ (27,765)
Amortization of net actuarial (loss) gain	(1,390)	(4,281)	10,092	5,769
Recognition of settlement loss	—	(11,009)	—	—
Total recognized in other changes in net assets	<u>\$ (2,266)</u>	<u>\$ (9,322)</u>	<u>\$ (607)</u>	<u>\$ (21,996)</u>

The amortization of any prior service cost and unrecognized net loss is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the pension plans or the expected average future service to retirement under the postretirement benefit plan.

Temple uses the full yield curve (or spot rate) approach to estimate the service and interest costs related to Temple's pensions and postretirement benefits plans. Such approach estimates service and interest costs by applying specific spot rates along the yield curve to determine the benefit obligation of relevant projected cash outflows (as opposed to applying an average rate). The full yield curve approach (compared to an average rate approach) provides a more precise measurement of service and interest costs by aligning the timing of the plans' liability cash flows to the corresponding spot rate on the yield curve.

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
Components of net periodic cost:				
Operating expenses:				
Service cost	\$ 2,778	\$ 2,800	\$ 8,716	\$ 11,479
Other changes in net assets:				
Interest cost	7,800	5,411	13,496	9,097
Expected return on plan assets	(6,825)	(11,916)	(22,063)	(24,805)
Amortization of net actuarial loss (gain)	1,390	4,281	(10,083)	(5,768)
Settlement	—	11,009	(9)	—
Net periodic cost (including settlement expense)	<u>\$ 5,143</u>	<u>\$ 11,585</u>	<u>\$ (9,943)</u>	<u>\$ (9,997)</u>

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
Weighted-average assumptions used to determine the benefit obligations at end of year:				
Discount rate(s)	5.12%-5.15%	4.55%-4.80%	5.14%	4.76%
Expected long-term rate of return on plan assets	4.50%-5.40%	3.60%-3.75%	6.90%	6.25%
Rate of compensation increase	2.50%	2.50%	N/A	N/A
Assumed health care cost trend rates (pre-65 / post-65):				
Health care cost trend rate assumed for next year	N/A	N/A	7.17% / 7.56%	6.86% / 6.97%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.45% / 4.44%	4.45% / 4.44%
Year that ultimate rate is reached	N/A	N/A	2032 / 2032	2030 / 2030

	Pensions		Postretirement Benefits	
	2023	2022	2023	2022
Weighted-average assumptions used to determine net periodic cost at beginning of year:				
Discount rate(s) for benefit obligations	4.72%-4.80%	2.31%-3.04%	4.76%	2.85%
Discount rate(s) for service cost	4.96%	3.41%	4.98%	3.41%
Discount rate(s) for interest cost	4.37%-4.5%	1.58%-2.35%	4.47%	2.20%
Expected long-term rate of return on plan assets	3.60%-3.75%	3.75%-6.50%	6.25%	6.50%
Rate of compensation increase	2.5%	2.50%-3.00%	N/A	N/A
Assumed health care cost trend rates (pre-65 / post-65):				
Health care cost trend rate assumed for current year	N/A	N/A	7.40% / 7.93%	7.06% / 7.21%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.45% / 4.44%	4.45% / 4.44%
Year that ultimate rate is reached	N/A	N/A	2032 / 2032	2030 / 2030

Plan Assets and Expected Return — The long-term investment strategy for assets held in the pension and postretirement benefits plans is to meet present and future benefit obligations to all participants and beneficiaries; cover reasonable expenses incurred to provide such benefits; and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk. The expected return on plan assets equals a weighted-average of the individual expected returns for each asset category in the plans' portfolio. The target and actual asset allocation as of June 30, 2023 and 2022 is as follows (see Note 10 for plan asset fair value disclosures):

Asset class:	Pensions			Postretirement Benefits		
	Target*	2023	2022	Target*	2023	2022
Equity funds and securities	0%-25%	9 %	27 %	70%	65 %	69 %
Fixed income and cash	75%-100%	91 %	73 %	30%	35 %	31 %

* Target allocation are as of June 30, 2023 and exclude the impact of the portable alpha overlay strategies. At June 30, 2023, The University's pension plans have an asset allocation target of 25% equity and 75% fixed income and the TUHS pension plans have an asset allocation target of 100% fixed income. Effective June 30, 2022, the TUHS sponsored pension plans were merged into a single defined benefit plan; with its asset allocation being transitioned to fully fixed income securities.

Expected Cash Flows — The following table shows expected cash flows of the pension and postretirement benefits plans:

	Pensions		Postretirement Benefits	
Expected contributions for next fiscal year:				
Employer	\$	—	\$	338
Employee		N/A		1,300
Estimated future benefit payments reflecting expected future service for fiscal years ending June 30:				
2024	\$	13,313	\$	16,801
2025		12,492		17,415
2026		12,625		17,914
2027		12,798		18,667
2028		12,893		19,126
2029 through 2033		64,401		98,451

Other Plans — The actuarial present value of accumulated plan benefits related to a non-active group annuity pension plan has neither been determined nor included above because a guarantee of payment to the plan's beneficiaries has been made by The Equitable Life Assurance Society of America. This plan had total net assets available for benefits of \$821 and \$926 at June 30, 2023 and 2022, respectively.

6. Deposits with Trustees

Temple has on deposit with trustees amounts established for debt repayment. These deposits are primarily invested in U.S. Government securities and money market funds (see Note 9 for a description of debt issuances and Note 10 for fair value disclosures).

The fair values of deposits with trustees by debt issuance at June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Debt Repayment Funds:		
PAID, Second Series of 2016 (University)*	\$ 2	\$ —
PAID, First Series of 2015 (University)*	14	—
PHEFA, First Series of 2010B (University)*	10	1
THHEFAP, First Series of 2022 (TUHS)	4,023	1,790
THHEFAP, First Series of 2017 (TUHS)	40,362	42,583
Total deposits with trustees	<u>\$ 44,411</u>	<u>\$ 44,374</u>

* June 30, 2023 and 2022 amounts represent interest earned on deposits.

7. Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2023 and 2022 is summarized as follows:

	June 30, 2023	June 30, 2022
Land and land improvements	\$ 141,408	\$ 136,410
Buildings and building improvements	2,696,332	2,647,491
Furniture, fixtures, equipment, and library books	1,368,536	1,340,811
Construction in progress	64,672	57,187
Property, plant, and equipment, gross	<u>4,270,948</u>	<u>4,181,899</u>
Less: Accumulated depreciation	<u>(2,388,378)</u>	<u>(2,298,542)</u>
Total property, plant, and equipment, net	<u>\$ 1,882,570</u>	<u>\$ 1,883,357</u>

Depreciation expense was \$164,009 and \$155,066 in 2023 and 2022, respectively.

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8. Asset Retirement Obligations

Temple has recognized liabilities for conditional asset retirement obligations, primarily related to asbestos remediation in certain University facilities, which are included in *Accrued expenses and other liabilities* in Temple's consolidated balance sheets. Changes to the asset retirement obligation liability during the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Balance, beginning of the year	\$ 19,290	\$ 19,314
Liabilities incurred	88	—
Accretion expense	775	793
Revision of estimated cash flows	2,138	—
Liabilities settled	(2,443)	(734)
Foreign currency translation	(20)	(83)
Balance, end of the year	<u>\$ 19,828</u>	<u>\$ 19,290</u>

The fair value at June 30, 2023 and 2022 of \$19,828 and \$19,290, respectively, was calculated using the expected cash flow (expected present value) valuation method with the following Level 3 inputs: years to abatement ranging from 1 to 15 years and 1 to 16 years, respectively, an inflation factor of 2.00% to 4.50% (both years), a credit-adjusted risk free rate of 4.63% to 7.00% (both years), and a contractor market risk premium of 5.00% to 5.70% in 2023 and 5.00% in 2022.

9. Debt and Leases

Long-term debt consists of the following at June 30, 2023 and 2022:

	Maturity	Interest Rate†	Effective Rate 2023	June 30,	
				2023	2022
Long-term debt:					
University bond issuances:					
Revenue Bonds, First Series of 2020, issued at par	April 1, 2042	0.85%-3.18%	2.48%	\$ 164,210	\$ 171,295
PAID Revenue Bonds, First Series of 2016, including unamortized premium of \$3,527 and \$4,626, respectively	April 1, 2029	5.00%	3.62%	82,352	94,656
PAID Revenue Bonds, Second Series of 2016, including unamortized premium of \$8,617 and \$9,308, respectively	April 1, 2036	5.00%	3.73%	86,727	87,418
PAID Revenue Bonds, First Series of 2015, including unamortized premium of \$8,861 and \$9,477, respectively	April 1, 2045	5.00%	4.11%	114,191	116,592
PHEFA Revenue Bonds, First Series B of 2010, issued at par	April 1, 2040	5.37%-6.29%	4.07%	111,070	115,610
Total University bond issuances				<u>558,550</u>	<u>585,571</u>

	Maturity	Interest Rate†	Effective Rate 2023	June 30,	
				2023	2022
TUHS bond issuances:					
THHEFAP Hospital Revenue Bonds, Series 2022, including unamortized premium of \$21,161 and \$22,608, respectively	July 1, 2041	4.00%-5.00%	3.30%	187,051	188,498
THHEFAP Hospital Revenue Bonds, Series 2017, including unamortized premium of \$13,609 and \$15,832, respectively	July 1, 2034	5.00%	3.70%	218,129	233,447
Total TUHS bond issuances				405,180	421,945
Other long-term debt:					
PENNVEST (Pennsylvania Infrastructure Investment Authority)	May 1, 2039	1.00%-1.29%	1.00%	5,471	5,787
Loans payable (TESS)	Various	0.30%	0.30%	1,270	1,567
Equipment financing arrangements (TUHS)	December 31, 2024	2.86%		2,623	4,310
Finance leases				9,017	7,087
Deferred financing costs				(8,709)	(9,479)
Total long-term debt, net of deferred financing costs				973,402	1,016,788
Less: Current maturities of long-term debt				(42,483)	(44,536)
Non-current maturities of long-term debt, net of deferred financing costs				\$ 930,919	\$ 972,252

† Stated interest rate remaining through maturity. All bonds have an interest rate mode of fixed.

University Bond Issuances:

Revenue Bonds, First Series of 2020 — On June 25, 2020, the University issued \$176,690 of Temple University Federally Taxable Revenue Bonds, First Series of 2020 (“First Series of 2020 Bonds”) with stated interest rates ranging from 0.80% to 3.18%. The proceeds from the sale of the First Series of 2020 Bonds, together with other available funds, were used for the following items: (i) advance refund, on a taxable basis, a portion of the Pennsylvania Higher Educational Facilities Authority (“PHEFA”) Temple University First Series of 2012 previously issued on behalf of the University and (ii) paying costs of issuing the First Series of 2020 Bonds. The First Series of 2020 Bonds require annual principal payments of varying amounts beginning April 1, 2021 and ending on April 1, 2042. The First Series of 2020 Bonds are subject to redemption prior to their stated maturities at the option of the University, in whole or in part, on any date at the make-whole redemption price. The make-whole redemption price is the greater of (i) 100% of the principal amount of the bonds to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the bonds to be redeemed. The First Series of 2020 Bonds are secured by a pledge of gross revenues of the University, excluding all revenues of TUHS. Interest expense on the First Series of 2020 Bonds during the years ended June 30, 2023 and 2022 was \$4,181 and \$4,212, respectively.

PAID Revenue Bonds, First Series of 2016 — In fiscal 2016, the University, via the Philadelphia Authority for Industrial Development (“PAID”) issued \$134,080 of PAID Temple University Revenue Bonds, First Series of 2016 (“First Series of 2016 Bonds”) with a stated interest rate of 5.00%. The proceeds from the sale of the First Series of 2016 Bonds, together with other available funds, were used for the following items: (i) capital projects of the University, (ii) refunding a portion of the PHEFA Temple University Revenue Bonds,

First Series of 2006, and (iii) paying costs of issuing the First Series of 2016 Bonds. The First Series of 2016 Bonds require annual principal payments of varying amounts beginning April 1, 2016 and ending on April 1, 2029, with a first option call date of April 1, 2025. The First Series of 2016 Bonds are secured by a pledge of gross revenues of the University, excluding all revenues of TUHS. Interest expense on the First Series of 2016 Bonds during the years ended June 30, 2023 and 2022 was \$3,309 and \$3,736, respectively.

PAID Revenue Bonds, Second Series of 2016 — In fiscal 2016, the University, via PAID issued \$78,110 of PAID Temple University Revenue Bonds, Second Series of 2016 (“Second Series of 2016 Bonds”) with a stated interest rate of 5.00%. The proceeds from the sale of the Second Series of 2016 Bonds, together with other available funds, were used for the following items: (i) refunding the outstanding portion of PHEFA’s Temple University Revenue Bonds, First Series of 2006, and (ii) paying costs of issuing the Second Series of 2016 Bonds. The Second Series of 2016 Bonds require principal payments of varying amounts beginning April 1, 2030 and ending on April 1, 2036, with a first option call date of April 1, 2025. The Second Series of 2016 Bonds are secured by a pledge of gross revenues of the University, excluding all revenues of TUHS. Interest expense on the Second Series of 2016 Bonds during the years ended June 30, 2023 and 2022 was \$3,237 and \$3,264, respectively.

PAID Revenue Bonds, First Series of 2015 — In fiscal 2016, the University, via PAID issued \$130,440 of PAID Temple University Revenue Bonds, First Series of 2015 (“First Series of 2015 Bonds”) with stated interest rates ranging from 2.00% to 5.00%. The proceeds from the sale of the First Series of 2015 Bonds, together with other available funds, were used for the following items: (i) capital projects of the University, (ii) refunding a portion of PHEFA’s Temple University Revenue Bonds, First Series of 2006, and (iii) paying costs of issuing the First Series of 2015 Bonds. The First Series of 2015 Bonds require annual principal payments of varying amounts beginning April 1, 2016 and ending on April 1, 2045, with a first option call date of April 1, 2025. The First Series of 2015 Bonds are secured by a pledge of gross revenues of the University, excluding all revenues of TUHS. Interest expense on the First Series of 2015 Bonds during the years ended June 30, 2023 and 2022 was \$4,727 and \$4,839, respectively.

PHEFA Revenue Bonds, First Series of 2012 — In fiscal 2012, the University, via PHEFA issued \$200,000 of PHEFA Temple University Revenue Bonds, First Series of 2012 (“First Series of 2012 Bonds”) with stated interest rates ranging from 1.00% to 5.00%. The proceeds from the sale of the First Series of 2012 Bonds, together with other available funds, were used for the following items: (i) capital projects of the University and (ii) paying costs of issuing the First Series of 2012 Bonds. The First Series of 2020 Bonds provided for the advance refunding of \$160,175 aggregate principal amount of the First Series of 2012 Bonds, which had maturities ranging from April 2023 through April 2042. There were two non-refunded bond CUSIP numbers from the First Series of 2012 Bonds, one of which required a principal payment of \$4,395 on April 1, 2021, and the other requiring a principal payment of \$4,615 on April 1, 2022; after which the First Series of 2012 Bonds were fully satisfied. The First Series of 2012 Bonds were secured by a pledge of gross revenues of the University, excluding all revenues of TUHS. Interest expense on the First Series of 2012 Bonds during the years ended June 30, 2023 and 2022 was \$0 and \$28, respectively.

PHEFA Revenue Bonds, First Series B of 2010 — In fiscal 2010, the University, via PHEFA issued \$143,590 of PHEFA Temple University Revenue Bonds, Federally Taxable Build America Bonds, First Series B of 2010 (“First Series B of 2010 Bonds”) with stated interest rates ranging from 4.21% to 6.29%. The proceeds from the sale of the First Series B of 2010 Bonds, together with other available funds, were used for the following items: (i) capital projects of the University and (ii) paying costs of issuing the First Series B of 2010 Bonds. The First Series B of 2010 Bonds require annual principal payments of varying amounts beginning April 1, 2016 and ending on April 1, 2040, with an optional redemption at any time upon payment of the redemption price. The First Series A of 2010 Bonds are secured by a pledge of gross revenues of the

University, excluding all revenues of TUHS. Interest expense on the First Series B of 2010 Bonds during the years ended June 30, 2023 and 2022 was \$4,759 and \$4,935, respectively.

TUHS Bond Issuances:

THHEFAP Hospital Revenue Bonds, Series 2022 — In fiscal 2022, TUHS, via the Hospitals and Higher Education Facilities Authority of Philadelphia (“THHEFAP”) issued \$165,890 of THHEFAP Hospital Revenue Bonds, Series 2020. The proceeds of the Bonds were used to defease the Authority’s outstanding Revenue Bond Series A of 2012, which is recorded as a non-operating loss in other income.

THHEFAP Hospital Revenue Bonds, Series 2017 — In fiscal 2018, TUHS, via THHEFAP issued \$235,240 of THHEFAP Hospital Revenue Bonds, Series 2017. The proceeds of the Bonds were used to defease the Authority’s outstanding Revenue Bond Series A and B of 2007 and Revenue Bond Series B of 2012.

The TUHS bond issuances are generally collateralized by the assets and gross revenues of the TUHS Obligated Group. The TUHS Obligated Group includes TUHS, 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.

Interest expense on TUHS long-term debt during the years ended June 30, 2023 and 2022 was \$17,129 and \$23,465, respectively.

Temple has complied with all financial debt covenants during the years ended June 30, 2023 and 2022.

Other Long-term Debt:

PENNVEST Debt Obligation — In June 2017, the University and the Pennsylvania Infrastructure Investment Authority (“PENNVEST”) entered into an agreement for PENNVEST to provide financing totaling \$6,748 for the construction of certain storm water improvements, including a green roof assembly and green roof landscaping on the University’s library. Construction commenced in fiscal 2018 and the library project was completed and placed into service in the first quarter of fiscal year 2021. During the year ended June 30, 2020 and 2019, the University borrowed \$1,644 and \$5,104, respectively, against the obligation. The stated interest rate is 1.00% for years 1 through 5 and 1.29% for years 6 through maturity (May 1, 2039). Interest expense during the years ended June 30, 2023 and 2022 was \$56 and \$60, respectively.

Loans Payable (TESS) — In September 2019, TESS obtained two unsecured bank loans totaling \$2,792. The bank loans were in equal amounts of \$1,396 from Mizuho Bank, Ltd. (the “Mizuho Loan”) and Sumitomo Mitsui Banking Corporation (the “SMBC Loan”). Proceeds from the bank loans were used to fund TESS’ campus relocation in Tokyo, Japan. The Mizuho Loan matures in June 2029 and the SMBC Loan matures in September 2029; and both Loans accrue interest at 0.3 %. Interest expense on the two bank loans during the years ended June 30, 2023 and 2022 was \$4 and \$6, respectively.

Lines of Credit — TUHS has a \$100,000 line of credit (the “TUHS JPM Line of Credit”) with JPMorgan Chase Bank, N.A. (“JPM”) that expires in October 2023. Amounts borrowed accrue interest at the secured overnight financing rate (“SOFR”) plus 85 basis points. No amount was borrowed or outstanding at any time during 2023 or 2022.

From July 1, 2021, through April 27, 2022, the University had a \$100,000 revolving line of credit (the "JPM Line of Credit") and a \$7,500 unsecured line of credit (the "JPM Unsecured Line of Credit") from JPMorgan Chase Bank, N.A. ("JPM"). Both the JPM Line of Credit and the JPM Unsecured Line of Credit had a term of

one-year with an automatic renewal option. In April 2022, the JPM Line of Credit and the JPM Unsecured Line of Credit were renewed with a maturity date of April 27, 2023. The JPM Unsecured Line of Credit remained at \$7,500, however, the revolving line of the JPM Line of Credit was reduced to \$50,000; with an accordion feature added permitting certain increases to the revolving commitment up to an additional maximum principal amount of \$50,000. In April 2023, the JPM Line of Credit and JPM Unsecured Line of Credit were renewed (amounts unchanged) with a maturity date of April 26, 2024. Through April 27, 2022, amounts borrowed accrued interest at a rate equal to the one-month London Interbank Offered Rate (“LIBOR”) plus 45 basis points. With the transition from the LIBOR benchmark, effective April 28, 2022 through April 27, 2023, amounts borrowed accrued interest at the secured overnight financing rate (“SOFR”) plus 45 basis points; with an unused fee on the JPM Line of Credit of five basis points. Effective April 28, 2023 through April 26, 2024, amounts borrowed against the JPM Line of Credit accrue interest at SOFR plus 60 basis points; with an unused fee of 10 basis points. Amounts pledged against the JPM Unsecured Line of Credit accrue interest at 60 basis points, with no unused fee. The JPM Line of Credit is secured by a subordinated gross revenue pledge of the University and is cross-defaulted to the University's covenants in the various bond documents. The JPM Line of Credit can be used to fund seasonal working capital requirements, fund capital expenditure bridge financing, and fund general corporate purposes. During the years ended June 30, 2023 and 2022, no amount under the JPM Line of Credit or JPM Unsecured Line of Credit was outstanding, drawn, or pledged as collateral. Interest expense on the JPM Line of Credit (related to undrawn capacity) during the years ended June 30, 2023 and 2022 was \$34 and \$51, respectively.

Interest — Total interest expense incurred, net of capitalized interest, was \$37,438 and \$44,598 for the years ended June 30, 2023 and 2022, respectively. Temple capitalizes interest cost on qualifying assets. There was no capitalized interest at June 30, 2023 or 2022.

Fair Value and Maturity — As of June 30, 2023 and 2022, the fair value of Temple’s bond issuances (excluding net unamortized premium of \$55,775 and \$61,851, respectively, deferred financing costs of \$8,709 and \$9,479, respectively, and accrued interest of \$14,837 and \$13,472, respectively) with a principal value of \$907,955 and \$945,665, respectively, was approximately \$902,848 and \$1,039,111, respectively. The fair value was determined based upon discounted cash flows at current market rates for instruments with similar remaining terms. Temple considers these valuation inputs to be Level 2 inputs in the fair value hierarchy (see Note 10). The market prices utilized reflect the rate that Temple would have to pay to a credit-worthy third-party to assume its obligation and do not reflect an additional liability to Temple.

Long-term debt matures in varying amounts through 2045. The aggregate amounts of principal payments are as follows:

2024	\$	38,861
2025		41,876
2026		42,633
2027		44,343
2028		45,126
Thereafter		704,480
Total principal payments		<u>917,319</u>
Deferred financing costs		(8,709)
Unamortized premium and discount, net		55,775
Finance leases		9,017
Total long-term debt, net of deferred financing costs	\$	<u><u>973,402</u></u>

Leases:

Temple reports its leases in accordance with FASB ASC 842 – *Leases*, which defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (the underlying asset) for a period of time in exchange for consideration. Both finance leases and operating leases create a right-of-use asset and a liability measured at the present value of the lease payments, with the corresponding right-of-use asset being adjusted for any prepaid (accrued) rent, lease incentives, and initial direct costs.

Temple leases certain facilities and equipment with initial terms in excess of one year. Leases with an initial term of 12-months or less are not recorded on the consolidated balance sheet; Temple recognizes lease expense for these leases on a straight-line basis over the lease term. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase/renewal option that is reasonably certain of exercise. There are no material restrictions or covenants imposed by Temple’s leases. See Note 2 for a summary of Temple’s lease accounting policy.

The right-of-use assets and lease liabilities under Temple’s finance and operating leases as of June 30, 2023 and 2022 are as follows:

Leases	June 30, 2023		June 30, 2022	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Assets:				
Right-of-use assets	\$ 21,329	\$ 124,876	\$ 11,153	\$ 121,457
Accumulated amortization on finance leases and periodic reduction of ROU assets on operating leases	(12,174)	(37,569)	(4,269)	(27,028)
Right-of-use assets, net	<u>\$ 9,155</u>	<u>\$ 87,307</u>	<u>\$ 6,884</u>	<u>\$ 94,429</u>
Balance sheet classification (non-current)	PP&E	Operating lease right-of-use assets	PP&E	Operating lease right-of-use assets
Liabilities:				
Current portion of lease liability, balance	\$ 2,758	\$ 12,244	\$ 2,378	\$ 12,473
Non-current portion of lease liability, balance	6,259	77,316	4,709	83,254
Lease liabilities	<u>\$ 9,017</u>	<u>\$ 89,560</u>	<u>\$ 7,087</u>	<u>\$ 95,727</u>
Current portion of lease liabilities, classification	Long-term debt, current	AP and accrued expenses	Long-term debt, current	AP and accrued expenses
Non-current portion of lease liabilities, classification	Long-term debt, non-current	Operating lease liabilities	Long-term debt, non-current	Operating lease liabilities

A summary of the components of lease expense for the year ended June 30, 2023 and 2022 is as follows:

	Natural Expense Type	2023	2022
Operating lease cost:			
Fixed rent expense	Operating expenses	\$ 14,446	\$ 14,851
Finance lease cost:			
Amortization of ROU assets	Depreciation	2,545	2,739
Interest expense (on lease liability)	Interest	235	274
Short-term lease cost	Operating expenses	8,981	8,722
Variable lease cost	Operating expenses	4,015	4,518
Total lease cost		<u>\$ 30,222</u>	<u>\$ 31,104</u>

A maturity analysis of the future lease payments under finance and operating leases (with initial terms excess of one year) at June 30, 2023 is as follows:

Maturity of Lease Liabilities	Finance Leases	Operating Leases
2024	\$ 3,049	\$ 13,632
2025	2,512	13,121
2026	2,020	12,010
2027	1,194	11,564
2028	697	7,309
Thereafter	240	41,314
Obligation, gross	9,712	98,950
Liability accretion	(695)	(9,390)
Total obligation, net of liability accretion	<u>\$ 9,017</u>	<u>\$ 89,560</u>

Supplemental lease information as of June 30, 2023 and 2022 is as follows:

	June 30, 2023		June 30, 2022	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Lease-Term and Discount Rates				
Weighted average remaining lease-term (years)	3.99	12.36	3.58	13.17
Weighted average discount rates	3.77 %	1.72 %	3.30 %	1.50 %

Supplemental Cash Flow Information	June 30, 2023		June 30, 2022	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows [§]	\$ 235	\$ 13,248	\$ 274	\$ 14,447
Financing cash flows from finance leases [†]	3,016	N/A	3,447	N/A
Right-of-use assets obtained in exchange for new and modified finance and operating lease liabilities [‡]	4,944	7,387	1,023	29,528

[§] Payments arising from operating leases and the interest portion of finance leases are presented within operating activities in the combined statements of cash flows.

[†] Principal payments of lease liabilities arising from finance leases are included in Repayment of long-term debt and principal payments on finance leases in the financing section of the combined statements of cash flows.

[‡] 2022 balance includes extension of TUCC lease (see below).

As most of Temple's leases do not provide an implicit rate, the incremental borrowing rate, which is based on information available at the lease commencement date, is used to determine the present value of future lease payments. Temple's incremental borrowing rate applicable to the lease, is determined by estimating what it would cost Temple to borrow a collateralized amount equal to the total lease payments over the lease term based on the contractual terms of the lease and the location of the leased asset. The incremental borrowing rate on July 1, 2020 is used for operating leases that commenced prior to July 1, 2020 (the effective date of ASC 842).

Temple Japan — The University's Japan Campus leases facilities space with a lease term of 20 years (terminating on July 31, 2039). After the first ten years from commencement, the University may terminate the agreement, provided a three years notice is given to the lessor. At this time, the University has no intent to terminate the lease prior to July 31, 2039. At June 30, 2023 and 2022, the present value of lease payments related to this operating lease totaled \$28,406 and \$31,937, respectively.

Temple Rome — The University's Rome Campus leases facilities space with a lease term of 18 years (terminating on June 30, 2034). The University may terminate the lease, at any time, provided a six-month notice is given to the lessor. At June 30, 2023 and 2022, the present value of lease payments related to this operating lease totaled \$4,565 and \$4,930, respectively.

Temple University Center City — The University leases facilities space in Center-City Philadelphia, for its Temple University Center City ("TUCC") Campus. During 2022, the TUCC lease was renewed through 2027 and includes two separate three-year extension options, at the discretion of the University, that extend the lease through June 30, 2033. At June 30, 2023 and 2022, the present value of lease payments related to this operating lease totaled \$13,925 and \$17,880, respectively.

Related Party Lease Transactions — The University enters into various lease arrangements with TUHS, primarily for the use of facilities. During 2023 and 2022, lease payments to TUHS totaled \$68 and \$151, respectively, and lease payments collected from TUHS totaled \$1,151 and \$1,033, respectively.

TUHS has certain consumable agreements in which a vendor provides certain equipment at no additional cost in exchange for a commitment to purchase a minimum quantity of consumable products. These agreements

are considered embedded finance leases. At June 30, 2023 and 2022, ROU assets related to these agreements totaled \$1,529 and \$3,527, respectively, (included in *Property, plant, and equipment, net*), and lease liabilities totaled \$1,585 and \$3,587, respectively, (\$1,354 and \$2,029, respectively, included in *Accounts payable and accrued expenses, current* and \$231 and \$1,558, respectively, included in *Accrued expenses and other liabilities, non-current*). During the years ended June 30, 2023 and 2022, amortization of the leased assets totaled \$1,998 and \$2,130, respectively, interest on the lease liabilities totaled \$66 and \$117, respectively. During the year ended June 30, 2023, operating cash flows totaled \$66 and financing cash flows totaled \$2,029. A maturity analysis of future lease payments under these consumable agreements as of June 30, 2023 is as follows:

2024	\$	1,374
2025		233
2026		—
2027		—
2028		—
Thereafter		—
Obligation, gross		1,607
Liability accretion		(22)
Total obligation, net of liability accretion	\$	1,585

10. Fair Value Measurements

Temple applies the provisions of FASB ASC 820, *Fair Value Measurement*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

A financial asset or liability classification is determined based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy consists of the following three levels:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that Temple can access at the measurement date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets primarily consist of money market funds, U.S. treasury securities, equity securities, exchange traded futures contracts, and equity and fixed income mutual funds.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 2 assets primarily consist of corporate bonds and notes, U.S. government agency securities, municipal bonds, and certain equity and fixed income funds.

Level 3 — Unobservable inputs based on management's own assumptions used to measure assets and liabilities at fair value or assets that management does not have the ability to redeem. Level 3 inputs include values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting Temple's own assumptions. Level 3 assets consist of perpetual trusts administered by third parties for which Temple does not have the ability to manage or redeem.

Investments for which fair value is measured using the net asset value per share practical expedient are not included within the fair value hierarchy.

The following tables provide the financial assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2023 and 2022:

June 30, 2023	Level 1	Level 2	Level 3	Total
Investments (including endowment):				
Money market funds	\$ 76,595	\$ 951	\$ —	\$ 77,546
Corporate bonds, notes, and other debt securities	—	382,002	—	382,002
U.S. government and agency securities	364,190	92,837	—	457,027
Municipal bonds	—	3,149	—	3,149
Fixed income funds	74,511	—	—	74,511
Equity funds and securities	711,632	—	—	711,632
Futures contracts [§]	1,561	—	—	1,561
Real estate funds	—	320	—	320
Other	—	40	—	40
Total investments in fair value hierarchy	<u>\$ 1,228,489</u>	<u>\$ 479,299</u>	<u>\$ —</u>	<u>1,707,788</u>
Investments measured at NAV				816,763
Investments carried at equity				3,090
Total investments				<u>\$ 2,527,641</u>
Self-insurance trust funds:				
Money market funds	\$ 1,602	\$ —	\$ —	\$ 1,602
U.S. government securities	11,655	—	—	11,655
Total self-insurance trust funds	<u>\$ 13,257</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 13,257</u>
Deposits with trustees:				
Money market funds	\$ 25,558	\$ —	\$ —	\$ 25,558
U.S. government securities	5,443	13,410	—	18,853
Total deposits with trustees	<u>\$ 31,001</u>	<u>\$ 13,410</u>	<u>\$ —</u>	<u>\$ 44,411</u>
Funds held in trust by others:				
Funds held in trust by others	\$ —	\$ —	\$ 76,604	\$ 76,604
Beneficial interest in assets held by Episcopal Foundation	—	—	29,621	29,621
Beneficial interest in the Fox Chase Cancer Center Foundation	—	—	52,729	52,729
Total funds held in trust by others	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 158,954</u>	<u>\$ 158,954</u>

[§] Futures contracts are valued at the net unrealized appreciation (depreciation) on the instrument (see Note 3).

June 30, 2023	Level 1	Level 2	Level 3	Total
Pension plans:				
Money market funds	\$ 31,996	\$ —	\$ —	\$ 31,996
Corporate bonds and notes	—	20,207	—	20,207
U.S. government and agency securities	22,395	563	—	22,958
Municipal bonds	—	1,193	—	1,193
Collateralized mortgage obligations	—	1,059	—	1,059
Equity funds	167	—	—	167
Total pension plans in fair value hierarchy	<u>\$ 54,558</u>	<u>\$ 23,022</u>	<u>\$ —</u>	77,580
Pension plans measured at NAV				85,791
Total pension plans				<u>\$ 163,371</u>
Postretirement plans:				
Money market funds	\$ 14,394	\$ —	\$ —	\$ 14,394
U.S. government securities	75,767	—	—	75,767
Total postretirement plans in fair value hierarchy	<u>\$ 90,161</u>	<u>\$ —</u>	<u>\$ —</u>	90,161
Postretirement plans measured at NAV				276,751
Total postretirement plans				<u>\$ 366,912</u>

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June 30, 2022	Level 1	Level 2	Level 3	Total
Investments (including endowment):				
Money market funds	\$ 66,885	\$ 994	\$ —	\$ 67,879
Corporate bonds, notes, and other debt securities	—	383,847	—	383,847
U.S. government and agency securities	312,006	74,619	—	386,625
Municipal bonds	—	6,100	—	6,100
Fixed income funds	67,435	—	—	67,435
Equity funds and securities	640,993	—	—	640,993
Futures contracts [§]	(5,798)	—	—	(5,798)
Real estate funds	—	320	—	320
Other	—	28	—	28
Total investments in fair value hierarchy	<u>\$ 1,081,521</u>	<u>\$ 465,908</u>	<u>\$ —</u>	<u>1,547,429</u>
Investments measured at NAV				796,663
Investments carried at equity				2,447
Total investments				<u>\$ 2,346,539</u>
Self-insurance trust funds:				
Money market funds	\$ 1,495	\$ —	\$ —	\$ 1,495
U.S. government securities	11,198	—	—	11,198
Total self-insurance trust funds	<u>\$ 12,693</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,693</u>
Deposits with trustees:				
Money market funds	\$ 25,730	\$ —	\$ —	\$ 25,730
U.S. government securities	5,247	13,397	—	18,644
Total deposits with trustees	<u>\$ 30,977</u>	<u>\$ 13,397</u>	<u>\$ —</u>	<u>\$ 44,374</u>
Funds held in trust by others:				
Funds held in trust by others	\$ —	\$ —	\$ 73,268	\$ 73,268
Beneficial interest in assets held by Episcopal Foundation	—	—	28,124	28,124
Beneficial interest in the Fox Chase Cancer Center Foundation	—	—	52,207	52,207
Total funds held in trust by others	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 153,599</u>	<u>\$ 153,599</u>

§ Futures contracts are valued at the net unrealized appreciation (depreciation) on the instrument (see Note 3).

June 30, 2022	Level 1	Level 2	Level 3	Total
Pension plans:				
Money market funds	\$ 5,898	\$ —	\$ —	\$ 5,898
Corporate bonds and notes	—	19,848	—	19,848
U.S. government and agency securities	22,740	—	—	22,740
Municipal bonds	—	1,358	—	1,358
Collateralized mortgage obligations	—	2,049	—	2,049
Equity funds	155	—	—	155
Total pension plans in fair value hierarchy	<u>\$ 28,793</u>	<u>\$ 23,255</u>	<u>\$ —</u>	52,048
Pension plans measured at NAV				123,735
Total pension plans				<u>\$ 175,783</u>
Postretirement plans:				
Money market funds	\$ 14,758	\$ —	\$ —	\$ 14,758
U.S. government securities	60,212	—	—	60,212
Equity funds and securities	5,575	—	—	5,575
Total postretirement plans in fair value hierarchy	<u>\$ 80,545</u>	<u>\$ —</u>	<u>\$ —</u>	80,545
Postretirement plans measured at NAV				280,852
Total postretirement plans				<u>\$ 361,397</u>

Temple assesses the valuation hierarchy for each asset or liability measured on an annual basis. From time to time, assets or liabilities will be transferred within the fair value hierarchy as a result of changes in, among other things, inputs used, liquidity, or valuation methodologies.

Except for \$135 of additional funds held in trusts by obtained during 2023, which are classified as Level 3 assets, during the years ended June 30, 2023 and 2022, there were no transfers into or out of Level 3, nor were there any purchases or sales of Level 3 assets.

Information for investments whose fair value is estimated using its net asset value (“NAV”) practical expedient (or its equivalent) at June 30, 2023 and 2022 is as follows:

June 30, 2023	Fair Values			Redemption	
	Investments / Endowment	Pensions	Post- retirement	Frequency	Notice Period
Commodity funds	\$ 15,989	\$ —	\$ 7,322	Daily	2 days
Multi-strategy hedge funds	258,437	6,959	73,544	Quarterly- Annual	45-90 days
Private equity	76,278	—	30,832	Illiquid	N/A
Real estate funds	103,711	—	13,979	Quarterly	45-90 days [^]
Fixed income funds	41,032	71,015	37,004	Daily- Quarterly	2-90 days
Equity funds	290,437	7,817	98,814	Daily- Monthly	1-90 days
Opportunistic funds	30,879	—	15,256	Quarterly- Illiquid	60 days- N/A
Total value	<u>\$ 816,763</u>	<u>\$ 85,791</u>	<u>\$ 276,751</u>		

June 30, 2022	Fair Values			Redemption	
	Investments / Endowment	Pensions	Post- retirement	Frequency	Notice Period
Commodity funds	\$ 13,744	\$ —	\$ 6,702	Daily	2 days
Multi-strategy hedge funds	271,444	9,249	83,322	Quarterly- Annual	45-90 days
Private equity	60,921	—	25,045	Illiquid	N/A
Real estate funds	121,132	—	16,842	Quarterly	45-90 days [^]
Fixed income funds	39,794	76,015	35,925	Daily- Quarterly	30-90 days
Equity funds	263,682	38,471	99,873	Daily- Monthly	1-30 days
Opportunistic funds	25,946	—	13,143	Quarterly- Illiquid	60 days- N/A
Total value	<u>\$ 796,663</u>	<u>\$ 123,735</u>	<u>\$ 280,852</u>		

[^] Subject to fund liquidity.

Unfunded commitments at June 30, 2023 and 2022 are as follows:

	June 30, 2023			June 30, 2022		
	Endowment	Post- retirement	Total	Endowment	Post- retirement	Total
Private equity	\$ 90,602	\$ 31,863	\$ 122,465	\$ 50,879	\$ 20,107	\$ 70,986
Real estate funds	51	2,648	2,699	51	—	51
Opportunistic funds	10,197	5,014	15,211	10,577	5,231	15,808
Unfunded commitments	<u>100,850</u>	<u>39,525</u>	<u>140,375</u>	<u>\$ 61,507</u>	<u>\$ 25,338</u>	<u>\$ 86,845</u>

Commodity funds include investments in both long and short commodity derivatives in a unitized fund structure.

Multi-strategy hedge funds include hedge fund-of-funds that invest in the commingled funds of hedge fund managers. Funds are allowed to take both long and short positions, use leverage and derivatives, and invest in many markets. Hedge funds may make equity, credit/fixed income, rate, and currency investments. Strategies employed may include long/short, event-driven, arbitrage, and macro.

Private equity investments include private partnerships, funds and/or other special purpose vehicles that invest in a range of strategies including, venture capital, growth equity, leveraged buyouts, credit-oriented opportunities, mezzanine and distressed debt, and special situations. Investments fund “start-up” companies or the buyout of existing companies or divisions within a company. Investments include domestic or international and encompass private and public securities. These funds can never be redeemed and these investments typically require capital lock-ups of 10 years or more.

Real estate funds include investments in public or private partnerships, funds and/or special purpose vehicles that make private real estate investments located within or outside the United States. Major sectors within this space include apartments, office properties, regional properties, industrial properties, and hotels, but may include land, medical facilities, self-storage and other real property investments. Investments may include

equity, debt, or both and may encompass “core”, “value-added”, or “opportunistic” opportunities. Investments are typically structured as partnerships.

Fixed income funds include investments made in commingled funds or fund-of-funds that invest in sovereign and government debt securities, corporate debt securities, U.S. Treasury Inflation-Protected securities. These funds generally seek long-term capital appreciation and provide a hedge against inflation.

Equity funds include investments made in commingled funds or fund-of-funds that invest in U.S., international, and global equity securities through a variety of active strategies. The funds generally seek long-term capital appreciation.

Opportunistic funds include investments with attractive risk/return characteristics based on a particular market environment. These investments include strategies such as private credit, distressed debt, and direct lending.

11. Endowment Funds

Temple’s endowment consists of a portfolio of actively managed individual funds established for a variety of purposes, including providing a funding source for (i) operations; (ii) scholarships and awards; (iii) academic leadership funds; and (iv) the master facility plan. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Board-Designated Endowment Funds — Board-designated endowment funds are quasi-endowment funds created by the Board of Trustees by designating a portion of Temple’s net assets without donor restrictions to be invested to provide income for an intended purpose. Board-designated endowment fund assets are recognized in net assets without donor restrictions.

Interpretation of Relevant Law — ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and improves disclosure about an organization’s endowment funds regardless of whether the organization is subject to UPMIFA. The Commonwealth has not adopted UPMIFA, but rather has enacted Pennsylvania Act 141. The Board of Trustees has interpreted Commonwealth of Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Temple classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of Temple has interpreted the relevant law as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Temple considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Temple has interpreted the relevant law to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with the relevant law, Temple considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (i) the duration and preservation of the fund; (ii) the purposes of the organization

and the donor-restricted endowment fund; (iii) general economic conditions; (iv) the possible effect of inflation and deflation; (v) the expected total return from income and the appreciation of investments; (vi) other resources of the organization; and (vii) the investment policies of Temple.

Underwater Endowment — From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original value or the level that the donor requires Temple to retain as a fund of perpetual duration. When donor-restricted endowment deficiencies exist, they are classified as a reduction of donor-restricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred subsequent to the investment of contributions (often shortly after the investment of newly established endowments) and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Underwater endowments at June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Underwater endowments:		
Number of underwater donor-restricted endowments	97	139
Original gift value	\$ 20,392	\$ 25,070
Fair value	19,144	22,959
Endowment deficiencies	<u>\$ (1,248)</u>	<u>\$ (2,111)</u>

Endowment Investment Policy — Temple has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this approach, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the total of the amount drawn annually for operations plus the rate of inflation and investment management fees. Temple expects its endowment funds, over time, to provide an average real rate of return, net of investment management fees, of approximately 5.00% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, Temple relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Temple targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy — Annually, the Board of Trustees approves a spending rule distribution percentage that is consistent with the long-term preservation of the real value of the assets, but in no event shall the percentage be less than 2.00% nor more than 7.00% per year. In 2023 and 2022, the spending rule limited the spending of endowment resources to 4.25% for the University and 4.50% for TUHS of the average fair value of endowment funds for the prior twelve fiscal quarters. To the extent that current yield is inadequate to meet the spending rule, a portion of cumulative realized net gains is available for current use. These endowment funds include scholarship funds, awards funds, academic leadership funds, and master facility funds. The draw to operations under the spending policy for the years ended June 30, 2023 and 2022 totaled \$36,876 and \$33,505, respectively.

Temple's endowment balances, including board-designated endowment funds, by net asset classification at June 30, 2023 and 2022 are as follows:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 311,619	\$ —	\$ 311,619
Donor-restricted endowment funds:*			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	437,910	437,910
Accumulated investment gains	—	106,774	106,774
Term endowment funds	—	14,442	14,442
Total endowment funds	<u>\$ 311,619</u>	<u>\$ 559,126</u>	<u>\$ 870,745</u>

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 299,074	\$ —	\$ 299,074
Donor-restricted endowment funds:*			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	412,173	412,173
Accumulated investment gains	—	87,496	87,496
Term endowment funds	—	13,962	13,962
Total endowment funds	<u>\$ 299,074</u>	<u>\$ 513,631</u>	<u>\$ 812,705</u>

* Excludes donor restricted funds held in trust by others of \$76,604 at June 30, 2023 and \$73,268 at June 30, 2022 (see Notes 10 and 15).

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The changes in Temple's endowment assets (excluding changes in funds held in trust by others, see Notes 10 and 15) for the years ended June 30, 2023 and 2022 are as follows:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 299,074	\$ 513,631	\$ 812,705
Investment return:			
Net investment income	17	8,191	8,208
Net realized gain	16,829	26,364	43,193
Net unrealized gain	7,246	11,352	18,598
Total investment return	24,092	45,907	69,999
Contributions and transfers:			
Donor contributions	466	23,795	24,261
Board-designated endowment	—	—	—
Other	190	466	656
Total contributions and transfers	656	24,261	24,917
Appropriation of endowment assets for expenditure (spending rule)	(12,203)	(24,673)	(36,876)
Endowment net assets, end of the year	<u>\$ 311,619</u>	<u>\$ 559,126</u>	<u>\$ 870,745</u>

June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 329,900	\$ 543,266	\$ 873,166
Investment return:			
Net investment (loss) income	(56)	475	419
Net realized gain	15,318	23,420	38,738
Net unrealized loss	(34,009)	(51,857)	(85,866)
Total investment return	(18,747)	(27,962)	(46,709)
Contributions and transfers:			
Donor contributions	261	19,559	19,820
Board-designated endowment	4	—	4
Other	37	(108)	(71)
Total contributions and transfers	302	19,451	19,753
Appropriation of endowment assets for expenditure (spending rule)	(12,381)	(21,124)	(33,505)
Endowment net assets, end of the year	<u>\$ 299,074</u>	<u>\$ 513,631</u>	<u>\$ 812,705</u>

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12. Liquidity and Availability of Resources

Temple's financial assets and liquidity resources available within one year of the consolidated balance sheet date for general expenses (e.g., operating expenses and scheduled payments on debt) are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Financial assets:		
Cash and cash equivalents	\$ 506,047	\$ 772,010
Investments (excluding purpose designated funds)	1,392,328	1,270,910
Accounts, loans, and contributions receivable, net (excluding donor restricted receivables)	564,395	500,406
Appropriation of board-designated endowment assets for general operating expenditures in the following year (estimate based on the fiscal year-end fair values and board approved spending rate for the subsequent year)	7,931	7,628
Total financial assets available within one year to fund general expenses	<u>2,470,701</u>	<u>2,550,954</u>
Liquidity resources (Note 9):		
Revolving line of credit (undrawn) (University)	50,000	50,000
Revolving line of credit (undrawn) (TUHS)	100,000	75,000
Unsecured line of credit (undrawn and unpledged) (University)	7,500	7,500
Total financial assets and liquidity resources available within one year	<u>\$ 2,628,201</u>	<u>\$ 2,683,454</u>

Temple's endowment funds consist of donor-restricted and board-designated endowment funds. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 11, for fiscal year 2023 and 2022 the Board of Trustees approved distribution of 4.25% to 4.50% of the average fair value for the prior 12 fiscal quarters, for a total spending rule appropriation of \$36,876 and \$33,505, respectively.

Temple's cash flows have seasonal variations during the year, primarily attributable to the collection of tuition, the timing of receipts of the Commonwealth appropriation, and the collection of donor contributions, which are typically more concentrated at calendar and fiscal year-end. As part of Temple's liquidity management, Temple structures its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, Temple invests cash in excess of daily requirements in cash equivalents and short-term investments. To help manage unanticipated liquidity needs, at June 30, 2023 and 2022, Temple has committed lines of credit in excess of \$150,000 and \$130,000, respectively, available to be drawn. Additionally, at June 30, 2023 and 2022, Temple's board-designated endowment totaled \$311,619 and \$299,074, respectively, of which \$186,607 and \$179,489, respectively, has been board-designated to support general operations. Although Temple does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. However, both the board-designated endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available. Temple also has unfunded commitments on alternative investments (see Note 9 for line of credit availability, Note 10 for investments, and Note 11 for endowments).

As discussed in Note 24, through June 30, 2022, Temple received federal provider relief funds and advanced payments from various Coronavirus relief acts totaling \$522,992 (of which \$86,927 was received in 2022, \$157,525 in 2021, and \$278,540 in 2020). These funds resulted in an increase in cash and cash equivalents at

June 30, 2022; all advanced amounts requiring repayment have been fully repaid as of June 30, 2023 (see Note 24).

13. Commitments and Contingencies

From time to time, claims are made against Temple based on a variety of theories of liability, including without limitation alleged negligence, acts of discrimination, medical malpractice, breach of contract, or disagreements arising from the interpretation of laws or regulations. In the opinion of management, after consultation with legal counsel, and subject to the disclosure below, the ultimate disposition of these matters is not expected to have a material adverse effect on Temple's future financial position or changes in its net assets.

On May 5, 2020, a putative class action complaint was filed against the University in the United States District Court for the Eastern District of Pennsylvania claiming that the decision to close campus and transition to distance education in response to the COVID-19 pandemic deprived students of the benefits of in-person instruction, access to campus facilities, student activities, and other benefits and services. The complaint alleges that plaintiffs have been deprived of certain opportunities and benefits during approximately 45% of the spring 2020 semester for which they paid and seeks disgorgement of a portion of tuition and a pro-rata amount of fees paid for the spring 2020 semester. The complaint is similar to many other lawsuits filed against colleges and universities in the United States since late March 2020. The University intends to vigorously defend this matter.

Under its hospital affiliation agreement with Chestnut Hill Hospital, TUHS has committed to making additional capital contributions any time a capital call is approved by the Chestnut Hill Hospital board of directors. See Note 21 for further discussion of the Chestnut Hill Hospital affiliation.

See Note 9 for commitments under finance and operating leases, Note 10 for unfunded investment commitments, and Note 14 for assets pledged as collateral.

14. Pledged Assets

At June 30, 2023 and 2022, TUHIC had restricted cash of \$617 and \$506, respectively, and non-current investments in fixed income securities of \$73,853 and \$73,815, respectively, held in trust in order to secure TUHIC's liabilities under certain reinsurance contracts.

At June 30, 2023 and 2022, the University had \$6,512 and \$5,103, respectively, of non-current investments in fixed income securities pledged as collateral under futures contracts (see Note 3). In addition, at June 30, 2023 and 2022, the University had \$304 and \$421, respectively, of postretirement benefits plan assets and \$58 and \$274, respectively, of pension plan assets in fixed income securities pledged as collateral under futures contracts (see Notes 3 and 5).

See Note 9 for amounts pledged as collateral under Temple's bond issuances, lines of credit, and letters and credit and Note 10 for unfunded investment commitments.

15. Net Assets

A summary of Temple's net assets is as follows:

	June 30, 2023	June 30, 2022
Net Assets:		
Without donor restrictions	\$ 3,202,917	\$ 3,166,444
With donor restrictions:		
Term endowments, life income funds, and accumulated endowment gains	121,216	101,458
Contributions for instruction, research, and support	50,536	43,433
Contributions for property, plant, and equipment	24,671	16,499
Corpus of contributions for endowments	437,910	412,173
Corpus of contributions for student loans	214	213
Funds held in trust by others	76,604	73,268
Beneficial interest in Episcopal Foundation	29,621	28,124
Beneficial interest in Fox Chase Cancer Center Foundation	52,729	52,207
Total net assets with donor restrictions	793,501	727,375
Total net assets	<u>\$ 3,996,418</u>	<u>\$ 3,893,819</u>

16. Accounts Payable and Other Accrued Expenses

Accounts payable and other accrued expenses at June 30, 2023 and 2022 consist of the following:

	June 30, 2023	June 30, 2022
Accounts payable	\$ 166,173	\$ 178,204
Accrued interest payable	14,837	13,472
Accrued payroll	49,222	46,605
Accrued vacation	46,238	42,977
Claim based liabilities, professional (Note 13), worker's compensation, general liability, and health and welfare benefits	391,187	372,131
Conditional asset retirement obligation (Note 8)	19,828	19,290
Student and other deposits	5,079	3,295
Payroll tax deferral (Note 24)	—	28,687
Employee retention credits (Note 24)	43,600	
Operating lease liabilities (current portion)	12,245	12,473
Estimated settlements with third-party payers (Note 24)	8,799	38,711
Other	201,190	210,872
Total accounts payable and other accrued expenses	958,398	966,717
Less: Current portion	(496,864)	(552,992)
Non-current, accounts payable and other accrued expenses	<u>\$ 461,534</u>	<u>\$ 413,725</u>

17. Commonwealth of Pennsylvania Grants and Other Support

Temple receives support from the Commonwealth primarily in the form of appropriations (operations and capital), grants and contracts, and medical assistance supplemental funding. Medical assistance supplemental funding is to provide access to health care services, including care for the uninsured and indigent population of Pennsylvania (see Note 18). Patient care supplemental funding provided by the Commonwealth is included in *Patient care activities* revenue in the consolidated statements of activities. There is no guarantee that funding from the Commonwealth will continue consistent with historical levels or at levels requested by Temple. Under certain circumstances, Temple could be required to repay certain of the support received from the Commonwealth.

Support received from the Commonwealth during 2023 and 2022 is as follows:

	Year Ended June 30,	
	2023	2022
Commonwealth of Pennsylvania support:		
Patient care related:		
Access to care and state and local hospital assessment programs, net	\$ 351,268	\$ 398,840
Academic Health Center funding	6,233	6,323
Total patient care support	<u>357,501</u>	<u>405,163</u>
Non-patient care related:		
Appropriation	158,206	158,206
Share of appropriation used to support matching funds under the Commonwealth of PA Medical Assistance Program*	(80,444)	(72,040)
Appropriation, net	<u>77,762</u>	<u>86,166</u>
Grants and contracts	22,555	17,695
Grants for property, plant, and equipment	11,708	6,234
Total non-patient care support	<u>112,025</u>	<u>110,095</u>
Total Commonwealth of Pennsylvania support	<u>\$ 469,526</u>	<u>\$ 515,258</u>

* Amount recorded in *Patient care activities* revenue by TUHS.

Academic Health Center funding from the Commonwealth is transferred from TUHS to the University to support allowable academic health center costs. Such funding is included in *Transfer from TUHS* in the consolidated statements of activities (and eliminated in consolidation).

18. Revenue

Tuition revenue is recognized in the fiscal year in which the academic programs are delivered. Undergraduate and graduate students who adjust their course load or withdraw completely within the “drop/add period”, typically the first two weeks of the academic term, are entitled to receive a full credit for all charges and a refund for any payments made in accordance with the University’s “drop/add” policy. Professional students do not have a formal “drop/add” period and all course load adjustments for professional students are at the discretion of the University. Payments for tuition are due approximately two weeks subsequent to the start of the academic term.

When students enroll or register for classes, a contract exists between the University and the student. For professional students, this typically occurs prior to fiscal year-end for the subsequent academic year. As professional students do not have discretion over the “drop/add” process, the University considers such

contract an indication of the professional student’s financial responsibility for the tuition and fees associated with those courses and a contractual agreement to the related payment terms. For non-professional students, the contract is considered cancellable until the “drop/add” period has ended, therefore, revenue and any deferred revenue contract obligation is recorded subsequent to the “drop/add” period (or if cash is received in advance of performance obligation).

The University offers two summer sessions. Summer I is provided in fiscal quarter four and Summer II spans fiscal years. Because the academic term for Summer II spans two reporting periods, a portion of the payments for Summer II (approximately 90%) are included in deferred revenue at June 30.

Temple’s revenues primarily consist of tuition and fees, auxiliary enterprises, Commonwealth appropriations, grants and contracts, contributions, and patient care activities. Revenue recognition by revenue source is as follows (see Note 2 for additional revenue disclosures):

Revenue Source	Revenue Recognition
Tuition and fees	Ratably over the academic term
Commonwealth operating appropriation	Ratably over the fiscal year
Commonwealth capital appropriation	Expense reimbursement
Grants and Contracts (exchange transaction)	As performance obligations are satisfied
Contributions (non-exchange transaction)	When the barrier (condition) is satisfied. If no barrier and no right of return/release exist, then recognized when received.
Patient care activities	As services are provided
Auxiliary enterprises:	
Housing	Ratably over the academic term
Meal Plans	Ratably over the academic term
Ticket sales	After event occurs
Parking passes	Ratably over the parking permit period
Other (e.g., event parking, programs, merchandise, concessions)	Point-of-sale

Deferred Revenue — Deferred revenue primarily includes payments received prior to the start of the academic term. The following table depicts activities for deferred revenue during the years ended June 30, 2023 and 2022.

	Tuition and Fees			Sponsored Contracts (Exchange)	Auxiliary Contract Liabilities	Deferred Rent	Other Deferred Revenues	Total
	Summer II (Undergrad/ Grad/ Professional)	Fall Semester (Undergrad/ Grad)	Fall Semester Professional Students					
Balance at June 30, 2021	\$ 17,313	\$ 3,231	\$ 17,869	\$ 33,032	\$ 14,322	\$ 2,564	\$ 47,314	\$135,645
Revenue Recognized in 2022	(14,371)	(3,231)	(17,869)	(33,032)	(3,490)	(730)	(47,315)	(120,038)
Cash received and contracts entered into in advance of performance	16,203	224	17,830	40,237	4,101	1	11,216	89,812
Balance at June 30, 2022	19,145	224	17,830	40,237	14,933	1,835	11,215	105,419
Revenue Recognized in 2023	(19,145)	(224)	(17,830)	(40,237)	(3,549)	(1,180)	(11,215)	(93,380)
Cash received and contracts entered into in advance of performance	17,288	272	18,888	55,921	6,228	1,424	9,871	109,892
Balance at June 30, 2023	<u>\$ 17,288</u>	<u>\$ 272</u>	<u>\$ 18,888</u>	<u>\$ 55,921</u>	<u>\$ 17,612</u>	<u>\$ 2,079</u>	<u>\$ 9,871</u>	<u>\$121,931</u>

The current portion of *Deferred revenue* of \$105,337 at June 30, 2023 will be recognized as revenue in fiscal 2024 in accordance with the revenue recognition policies described above and in Note 2.

Temple has elected the optional exemption to not disclose amounts where the performance obligation is part of a contract that has an original expected duration of one year or less. Temple expects to recognize substantially all revenue on these remaining performance obligations over the next twelve months.

Disaggregation of Revenue — In the fall semester of academic years 2023 and 2022, approximately 66% and 68%, respectively, of the University's students are residents of the Commonwealth, and approximately 34% and 32%, respectively, are from outside of Pennsylvania. The following tables provide the disaggregation of revenues at June 30, 2023 and 2022 for *Tuition and fees*, *Grants and contracts*, *Auxiliary enterprises*, and *Patient care activities*.

Revenues from *Tuition and fees*, during the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Tuition and fees revenues:		
Undergraduate students	\$ 566,915	\$ 581,422
Graduate students	119,267	126,459
Professional	146,714	148,273
Continuing education	6,822	5,637
Temple's Japan campus	27,950	23,539
Fees	45,092	45,875
Total tuition and fee revenues	912,760	931,205
Less: Discounts	(154,590)	(148,826)
Total tuition and fees revenues, net of discounts	<u>\$ 758,170</u>	<u>\$ 782,379</u>

Revenues from *Grants and contracts*, during the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Grants and contracts revenues:		
Federal [^]	\$ 133,681	\$ 221,815
Commonwealth of Pennsylvania	23,183	17,695
Local	4,470	5,272
Private	76,629	69,867
Total grants and contracts revenues	<u>\$ 237,963</u>	<u>\$ 314,649</u>

[^] Federal grants include Higher Education Emergency Relief Funds totaling \$0 and \$78,229, respectively (see Note 24).

Revenues from *Auxiliary enterprises*, during the years ended June 30, 2023 and 2022 were as follows:

	2023	2022
Auxiliary enterprises revenues:		
Housing	\$ 53,794	\$ 46,325
Meal plans	23,192	19,270
General activity fee	2,805	3,009
Athletics	11,735	10,840
Parking service	6,287	6,073
Liacouras Center	3,166	2,623
Other (primarily includes food services, bookstore, and TU Press)	8,455	8,552
Total auxiliary enterprises revenues	<u>\$ 109,434</u>	<u>\$ 96,692</u>

Revenues from *Patient care activities* recognized by major payor sources based on primary insurance designation during the years ended June 30, 2023 and 2022 were as follows:

	2023			2022		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient care activities:						
Medicare	\$ 410,142	\$ 356,831	\$ 766,973	\$ 390,424	\$ 327,716	\$ 718,140
Medicaid	262,964	173,227	436,191	299,361	173,668	473,029
Commercial	196,818	392,997	589,815	205,216	391,374	596,590
Self-pay	645	8,687	9,332	1,125	6,545	7,670
Other	377,749	304,270	682,019	378,630	247,665	626,295
Total patient care activities*	\$ 1,248,318	\$ 1,236,012	\$ 2,484,330	\$ 1,274,756	\$ 1,146,968	\$ 2,421,724

* *Physician revenue is included in outpatient revenue in the above table.*

19. Expenses by Functional and Natural Classification

Expenses are presented by functional classification in alignment with the overall service mission of Temple. Temple's primary service missions are academic instruction, research, and patient care. Each functional classification displays all expenses related to the underlying operations by natural classification. Natural expenses attributable to more than one functional expense category are allocated using reasonable cost allocation techniques. Operation and maintenance of plant expenses ("O&M") and depreciation expense (excluding depreciation related to auxiliary and library books) are allocated to the functional expense classifications based upon the proportionate share of expenses (excluding O&M and depreciation) reported in each functional classification. Depreciation related to auxiliary fixed assets (e.g., dormitories, parking garages, and athletics) is fully allocated to *Auxiliary enterprises expense* and depreciation related to library books is fully allocated to *Academic support expense*. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt.

Functional expense categories are as follows:

Academic and Student Services:

Instruction: Expenses for all activities that are part of the University's instruction program and include expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction; and regular, special, and extension sessions.

Academic Support: Expenses incurred to provide support services for the University's primary missions of instruction, research, and public service and includes expenses related to providing services that directly assist the academic functions of the University.

Student Services: Expenses incurred for activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenses for student services administration; social and cultural development; counseling and career guidance; financial aid administration; student admissions; maintenance of student records; and student health services.

Student aid: Grants-in-aid, trainee stipends, tuition and fee waivers, and prizes to students.

Research and Public Service:

Research: Expenses for activities specifically organized to produce research, whether commissioned by an agency external to Temple or separately budgeted by an organizational unit within Temple.

Public Service: Expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the University. These activities include community service programs (excluding instructional activities) and cooperative extension services.

Institutional Support: Expenses for central, executive-level activities concerned with management and long-range planning for the entire University. Institutional support includes executive management, fiscal operations, general administration, and public relations/development.

Auxiliary Enterprises: Expenses relating to the operation of auxiliary enterprises. Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity. Auxiliary enterprises include residence halls, food services, intercollegiate athletics, University stores, faculty clubs, and parking.

Patient Care Activities: Primarily includes expenses associated with TUHS, as well as expenses from the University's medicine, podiatry and dental programs.

Expenses by functional and natural classification for the year ended June 30, 2023 and 2022 are as follows:

2023	Academic and Student Services	Research and Public Service	Institutional Support	Operations and Maintenance	Auxiliary Enterprises	Patient Care Activities	Total Expenses
Salaries and wages	\$ 442,218	\$ 123,389	\$ 82,419	\$ 33,500	\$ 26,518	\$ 1,145,496	\$ 1,853,540
Employee benefits	113,688	31,062	22,471	9,392	6,839	276,254	459,706
Operating expenses	121,340	84,389	79,804	56,371	62,832	923,919	1,328,655
Allocations and cost recoveries:							
Depreciation	58,942	17,235	13,719	163	24,169	49,781	164,009
Interest on indebtedness	7,645	1,151	776	(218)	11,357	16,727	37,438
Operations and maintenance	50,770	18,065	13,257	(78,677)	—	48,337	51,752
TUHS cost recovery	(448)	2	(10,215)	(20,531)	—	31,192	—
Total operating expenses	\$ 794,155	\$ 275,293	\$ 202,231	\$ —	\$ 131,715	\$ 2,491,706	3,895,100
Other components of net periodic postretirement benefit cost							(16,294)
Total							\$ 3,878,806

2022	Academic and Student Services	Research and Public Service	Institutional Support	Operations and Maintenance	Auxiliary Enterprises	Patient Care Activities	Total Expenses
Salaries and wages	\$ 443,245	\$ 118,404	\$ 76,552	\$ 32,776	\$ 31,222	\$ 1,079,492	\$ 1,781,691
Employee benefits	122,134	32,202	21,895	9,303	7,522	262,114	455,170
Operating expenses	157,911	75,286	56,758	47,678	57,993	876,396	1,272,022
Allocations and cost recoveries:							
Depreciation	59,101	16,041	11,286	134	24,209	44,722	155,493
Interest on indebtedness	7,921	1,676	830	(261)	11,834	20,325	42,325
Operations and maintenance	49,237	15,875	10,534	(73,204)	—	44,441	46,883
TUHS cost recovery	(21)	—	(10,882)	(16,426)	—	27,329	—
Total operating expenses	<u>\$ 839,528</u>	<u>\$ 259,484</u>	<u>\$ 166,973</u>	<u>\$ —</u>	<u>\$ 132,780</u>	<u>\$ 2,354,819</u>	<u>3,753,584</u>
Other components of net periodic postretirement benefit cost							(13,455)
Total							<u>\$ 3,740,129</u>

20. Professional Liability Insurance

Temple purchases primary commercial claims-made insurance coverage for professional liability claims from a commercial insurer, which in turn reinsures all of the risk with TUHIC, a wholly-owned captive insurance company domiciled in Bermuda. Temple is self-insured through its captive insurance company. In addition, Temple obtains \$500 (\$1,500 aggregate) coverage for its physicians from the Medical Care Availability and Reduction of Error fund (“Mcare”) and also purchases excess coverage from unaffiliated commercial insurers.

The Mcare Act was enacted by the Pennsylvania legislature in 2002. The Mcare Act created the Mcare Fund, which is the state-mandated funding mechanism for the payment of medical malpractice claims exceeding the primary layer of professional liability insurance carried by Temple’s physicians and other health care providers practicing in the state. The Mcare Fund is funded on a pay-as-you-go basis. The Mcare Fund levies health care provider surcharges, calculated as a percentage of the premiums established by the Joint Underwriting Association (also a Commonwealth of Pennsylvania agency) for basic coverage, to pay claims and administrative expenses on behalf of Mcare Fund participants. The Mcare Act legislation provides for the gradual phase-out of Mcare Fund coverage; however, this has been deferred by the Pennsylvania legislation and will be considered in the future.

Self-insured professional liabilities include amounts for reported claims, which, depending on occurrence and aggregate limits, are retained by Temple’s insurance captive or TUHS, and claims incurred but not reported, which are retained by TUHS. The gross carrying amount of accrued asserted and unasserted actuarially determined professional liability claims, includes self-insured professional liabilities plus amounts retained by Mcare and commercial insurers. Professional liabilities (discounted at 4.75% at June 30, 2023 and 2.75% at June 30, 2022) and related recoveries are as follows:

	June 30, 2023	June 30, 2022
Accrued professional liability claims retained, net	\$ 257,098	\$ 272,816
Plus: Accrued liabilities above retention limits (estimated insurance recoveries)	92,605	51,379
Accrued professional liability claims, gross	349,703	324,195
Less: Current portion of accrued professional liability claims, gross	(72,252)	(77,784)
Non-current, accrued professional liability claims, gross	<u>\$ 277,451</u>	<u>\$ 246,411</u>

Professional liability claims are included in *Accrued expenses* with the corresponding estimated insurance recoveries recorded in *Accounts, loans, and contributions receivable, net* in Temple's consolidated balance sheets.

21. Patient Care Activities

Temple provides health care services primarily to area residents through its inpatient and outpatient care facilities in the Greater Philadelphia Metropolitan Area. Temple serves a disproportionately high number of poor or indigent patients and accordingly, derives a substantial portion of its patient care revenues from the Federal Government (Medicare) and Commonwealth of Pennsylvania (Medical Assistance) programs. At June 30, 2023 and 2022, Temple had net accounts receivable from Medicare of \$53,090 and \$34,660, respectively, and from Medical Assistance of \$74,160 and \$71,115, respectively (see Note 4).

Patient accounts receivables are written off against the allowance for doubtful accounts when management determines that recovery is unlikely and Temple ceases collection efforts. Overall, the total of self-pay write-offs for the year ended June 30, 2023 has not changed significantly from the year ended June 30, 2022. Temple has not experienced significant changes in write-off trends nor has Temple changed its charity care policy (see Note 22).

As discussed in Note 2, *Patient care activities* revenue includes estimates of reimbursement from third-party payers. During the years ended June 30, 2023 and 2022, Patient care activities revenue increased (decreased) by \$40,779 and \$(7,756), respectively, as a result of settlements related to prior years and changes in estimates associated with Medicare cost reports and state Medicaid audits. Audits pertaining to fiscal years through 2016 have been closed.

Chestnut Hill Hospital — On August 8, 2022, TUHS formed an alliance with Redeemer Health ("Redeemer") and Philadelphia College of Osteopathic Medicine ("PCOM"), and collectively signed a definitive agreement to acquire Chestnut Hill Hospital and its associated physician practice plan, Chestnut Hill Clinic Company, LLC ("CHC") from Tower Health. The alliance completed the acquisition on January 1, 2023 for a purchase price of \$28,000. CHH Community Health, Inc. ("CHH") is a newly-formed Pennsylvania nonprofit corporation which owns and operates Chestnut Hill Hospital. CHC is a Pennsylvania limited liability company which employs the physicians and operates the physician practices that support Chestnut Hill Hospital, with CHH as its sole member.

TUHS is the majority equity-holder of CHH, with 60% ownership, and manages the 148-bed hospital, operating under the name Temple Health – Chestnut Hill Hospital. Redeemer and PCOM each have 20% ownership in CHH and have substantive participating rights. TUHS accounts for its investment in CHH under the equity method. TUHS' initial investment in CHH was \$16,800. For the year ended June 30, 2023, TUHS' share of CHH's net loss was \$(7,430), included in *Other sources revenue* in the consolidated statement of operations. At June 30, 2023, the value of TUHS' investment in CHH was \$9,370, included in noncurrent *Other assets* in the consolidated balance sheet. At June 30, 2023, TUHS also has a \$19,000 loan receivable from CHH, included in non-current *Other assets*, \$4,861 of other receivables due from CHH, included in current *Accounts, loans, and contributions receivable, net*, and \$996 of payables due to CHH, included in current *Accounts payable and accrued expenses* in the consolidated balance sheet.

Health Partners Plans — TUH and Episcopal Hospital were participants and governing members in a Medicaid, Medicare, and Children’s Health Insurance Program (“CHIP”) HMO known as Health Partners Plans (“HPP”). In November 2021, TUHS sold its equity interest in HPP for cash consideration totaling \$305,000, resulting in a gain of \$234,591, recognized in *Other income* in the 2022 consolidated statement of activities. TUHS received proceeds of \$301,600 at closing, with the remaining \$3,400 being held in escrow. During 2023, \$1,700 of the escrow was received; the remaining escrow is included in other receivables in the 2023 consolidated balance sheet. Prior to the sale, TUHS applied the equity method of accounting to its investment in HPP because it exercised significant influence over, but did not have a controlling interest in HPP. After the sale, TUH continues to participate in Medicaid contracts with HPP.

See Note 18 for a summary of Patient care activities revenues recognized by major payor sources based on primary insurance designation.

22. Charity Care

Temple maintains detailed records to identify and monitor the level of charity care it provides to its patients. Charity care costs are estimated by applying an overall cost to charge ratio to charity care charges. During the years ended June 30, 2023 and 2022, the estimated costs and expenses incurred to provide charity care, including the estimated unreimbursed cost of services in excess of specific payments for services rendered to Medical Assistance recipients, were \$235,224 and \$240,941, respectively (see Note 17).

23. Intangible Assets

At June 30, 2023 and 2022, intangible assets totaled \$660 and \$924, respectively. Intangible assets primarily relate to the affiliation with American Oncologic Hospital (“AOH”) and acquisitions of community-based primary care practices by Temple Physicians, Inc. There were no new intangible assets acquired during 2023 or 2022.

At June 30, 2023 and 2022, Temple does not hold any goodwill or other non-amortizing intangible assets. Details of amortizing intangible assets as of June 30, 2023 and 2022 are as follows:

June 30, 2023	Amortizing			
	Gross Carrying Amount*	Accumulated Amortization	Current Year Impairment	Net Book Value
Intellectual property	\$ 3,545	\$ (3,307)	\$ —	\$ 238
Contracts and agreements	1,860	(1,438)	—	422
Physician contracts	2,238	(2,238)	—	—
Other	619	(619)	—	—
Total intangible assets	<u>\$ 8,262</u>	<u>\$ (7,602)</u>	<u>\$ —</u>	<u>\$ 660</u>

June 30, 2022	Amortizing			
	Gross Carrying Amount*	Accumulated Amortization	Current Year Impairment	Net Book Value
Intellectual property	\$ 3,545	\$ (3,178)	\$ —	\$ 367
Contracts and agreements	1,860	(1,332)	—	528
Physician contracts	2,238	(2,238)	—	—
Other	619	(590)	—	29
Total intangible assets	<u>\$ 8,262</u>	<u>\$ (7,338)</u>	<u>\$ —</u>	<u>\$ 924</u>

* Net of impairments recorded in prior years.

Amortization expense for the years ended June 30, 2023 and 2022 was \$264 and \$280, respectively.

Amortization expense in future years is estimated as follows:

2024	\$	234
2025		214
2026		106
2027		106
2028		—
Thereafter		—
	<u>\$</u>	<u>660</u>

The changes in the carrying amount of intangible assets for the years ended June 30, 2023 and 2022 are as follows:

	Other Intangibles
Balance, June 30, 2021	\$ 2,768
Amortization	(280)
Impairment, indefinite live assets	(1,564)
Balance, June 30, 2022	924
Amortization	(264)
Balance, June 30, 2023	<u>\$ 660</u>

24. Coronavirus (COVID-19)

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* ("CARES Act") was signed into law. The CARES Act provided approximately \$14,000,000 in grants directly to institutions of higher education (Higher Education Emergency Relief Funds ("HEERF I")). The most significant portion of this funding allocation provided \$12,560,000 of grants using a formula based on student enrollment. Of the amount allocated to each institution under this formula, at least 50 percent was required to be used to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to the coronavirus (including eligible expenses under a student's cost of attendance such as food, housing, course materials, technology, health care, and child care).

On December 27, 2020, the *Coronavirus Response and Relief Supplemental Appropriations Act* ("CRRSAA") Public Law 116-260 was signed into law. The CRRSAA authorized the *Higher Education Emergency Relief Fund II* ("HEERF II"), which provided \$22,700,000 in support for higher education institutions and students in order to prevent, prepare for, and respond to the coronavirus. Similar to CARES Act HEERF I, CRRSAA HEERF II included a student aid portion and an institutional portion. The minimum amount of the CRRSAA HEERF II allocation required to be spent on student aid, is equal to the amount of student aid that was required to be provided under the CARES Act HEERF I.

On March 11, 2021, the *American Rescue Plan Act of 2021 ("ARPA")* Public Law 116-20 was signed into law. The ARPA authorized the *Higher Education Emergency Relief Fund III ("HEERF III")*, which provides \$39,600,000 in support for higher education institutions and students in order to prevent, prepare for, and respond to the coronavirus. Similar to CARES Act HEERF I and CRRSAA HEERF II, ARPA HEERF III includes a student aid portion and an institutional portion. Of the amount allocated to each institution, at least 50 percent is required to be used to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to the coronavirus (including eligible expenses under a student's cost of attendance such as food, housing, course materials, technology, health care, and child care).

As discussed above, HEERF grants to colleges and universities provide specific requirements on utilizing the funds, including a minimum amount to be used as emergency student financial aid and a maximum amount to be used for institutional purposes. The HEERF grants also provided limitations on the types of expenses and/or lost revenues that are allowable for the institutional share. HEERF grants are subject to Uniform Grant Guidance, with an implied right of return; and also include certain barriers to entitlement that must be achieved prior to revenue being recognized. Based on the terms of the CARES Act, CRRSAA, and ARPA, HEERF grants are considered conditional contributions under FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASC Topic 958)*.

The University was awarded \$28,740 under the CARES Act, of which a minimum of \$14,370 was required to be allocated to student aid and a maximum of \$14,370 could be allocated to the institutional portion. The University allocated \$14,728 to students for emergency financial aid grants and \$14,012 was allocated to institutional support for reimbursement of foregone revenue caused by campus closures due to the coronavirus and the necessary move to remote instruction. Foregone revenue related primarily to refunds made to students for housing, food, and other services that could no longer be provided as a result of the coronavirus closures. The institutional costs were incurred on or after March 13, 2020, the date of the proclamation of the national emergency. During 2020, \$28,664 was recognized as *Federal grants and contracts revenue* and \$14,652 was recorded as student aid in *Academic and student services expense*. The remaining \$76 of emergency financial aid was disbursed in 2021, at which time the federal grant revenue and corresponding student aid expense was recognized.

The University was awarded \$44,242 under CRRSAA, of which a minimum of \$14,370 was required to be allocated to student aid and a maximum of \$29,872 could be allocated to the institutional portion. During 2021, the University allocated \$14,724 to students for emergency financial aid grants and \$29,518 was allocated to institutional support for reimbursement of foregone revenue caused by campus closures due to the coronavirus and the necessary move to remote instruction. Foregone revenue related primarily to auxiliary enterprise services, such as housing, meal plans, and other services, that could no longer be provided as a result of the coronavirus closures. The institutional costs were incurred on or after March 13, 2020, the date of the proclamation of the national emergency. During 2021, \$44,242 was recognized as *Federal grants and contracts revenue* and \$14,724 was recorded as student aid in *Academic and student services expense*.

The University was awarded \$78,229 under the ARPA, of which a minimum of \$39,204 was required to be allocated to students for emergency financial aid grants and a maximum of \$39,025 could be allocated to institutional support for reimbursement of forgone revenue caused by campus closures due to the coronavirus and the necessary move to remote instruction. The University allocated \$39,388 to students for emergency financial aid grants and \$38,841 was allocated to institutional support. ARPA also required the institutional support to include amounts related to COVID-19 mitigation and student outreach around changes in financial aid. The institutional costs were incurred on or after March 13, 2020, the date of the proclamation of the national emergency. During 2022, \$78,229 was recognized as *Federal grants and contracts revenue* and \$39,388 was recorded as student aid in *Academic and student services expense*.

A summary of sources and uses of HEERF funds awarded to the University, under CARES, CRRSAA, and ARPA is as follows:

	CARES (HEERF I)	CRRSAA (HEERF II)	ARPA (HEERF III)	Total
Federal awards:				
Student aid (minimum)	\$ 14,370	\$ 14,370	\$ 39,204	\$ 67,944
Institutional portion (maximum)	14,370	29,872	39,025	83,267
Total	<u>\$ 28,740</u>	<u>\$ 44,242</u>	<u>\$ 78,229</u>	<u>\$ 151,211</u>
Amounts funded through June 30, 2022:				
Student aid	\$ 14,728	\$ 14,724	\$ 39,388	\$ 68,840
Institutional sources	14,012	29,518	38,841	82,371
Total	<u>\$ 28,740</u>	<u>\$ 44,242</u>	<u>\$ 78,229</u>	<u>\$ 151,211</u>
Recorded in federal grants and contracts in the statement of activities:				
2020	\$ 28,664	\$ —	\$ —	\$ 28,664
2021	76	44,242	—	44,318
2022	—	—	78,229	78,229
HEERF revenue recorded through June 30, 2022	<u>\$ 28,740</u>	<u>\$ 44,242</u>	<u>\$ 78,229</u>	<u>\$ 151,211</u>
HEERF revenue available in subsequent periods	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

HEERF funds were fully recognized through June 30, 2022. No HEERF amounts were recorded in 2023.

In response to the COVID-19 pandemic, the federal government, through the Internal Revenue Service ("IRS"), offered Employee Retention Credits ("ERCs"); which are refundable tax credits for businesses that continued to pay employees while shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. Eligible employers are able to claim the ERC on an original or adjusted employment tax return for a period within those dates. During calendar year 2022, the University submitted filings for ERCs related to the periods March 13, 2020 through June 30, 2021, totaling \$68,308. During the fourth quarter of 2023, ERCs totaling \$43,600, including accrued interest of \$1,522, were received by the University. ERCs totaling \$26,230 are in process of being reviewed by the IRS. The IRS has three years to audit the University's ERC filings. ERCs received during 2023 are included in *Other liabilities* in the June 30, 2023 combined balance sheet and are expected to be recognized as *Federal grants and contracts revenue* as additional IRS audit information is available.

The CARES Act also provided for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020 with 50% of the deferred amount due no later than December 31, 2021 and the remaining 50% due no later than December 31, 2022. Temple began deferring the employer portion of social security taxes in the fourth quarter of fiscal 2020, and continued deferring through December 31, 2020. At June 30, 2022, deferred employer social security taxes totaling \$28,687 were included in *Accounts payable and accrued expenses (current)*. At June 30, 2023, all deferred employer social security taxes that were deferred under the CARES Act have been paid.

The CARES Act authorized \$175,000,000 in funding to hospitals and other health care providers to be distributed through the Public Health and Social Services Emergency Fund (“Provider Relief Funds”). Payments from Provider Relief Funds are intended to compensate health care providers for lost revenues and qualified expenses incurred in response to the COVID-19 pandemic and are not required to be repaid; provided that the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using Provider Relief Funds to reimburse expenses or losses that other sources are obligated to reimburse. Through June 30, 2023, TUHS received a total of \$213,188 in Provider Relief Fund payments (of which, \$8,698 was received in 2022, \$113,283 was received in 2021, and \$91,207 was received in 2020). The 2023 and 2022 consolidated statements of activities include \$8,698 and \$43,845, respectively, of Provider Relief Funds, which are included in revenues from *Other sources*. At June 30, 2022, Provider Relief Funds totaling \$8,698 were recorded as *Deferred revenue, current* in the consolidated balance sheets. At June 30, 2023, all Provider Relief Funds received by Temple have been earned.

In addition, during the fourth quarter of 2020, the CARES Act provided accelerated Medicare payments to TUHS totaling \$158,593. At June 30, 2022, \$29,321 was reported as estimated settlements with third-party payers included in *Accounts payable and accrued expenses* in the consolidated balance sheet. As of June 30, 2023, all advances have been repaid to or recouped by Medicare.

25. Subsequent Events

Temple has evaluated subsequent events through October 27, 2023, the date the consolidated financial statements were available to be issued. There were no events requiring adjustments to or disclosure in the consolidated financial statements.

* * * * *

Supplemental Schedules

The following schedules reflect the changes in net assets without donor restrictions for the University and its controlled entities. The columnar classification reflects the various budgetary categories and operations of Temple. Most patient care activities are provided by TUHS. Activities in the University’s *Clinical Practice Plan* include clinical activities performed by the LKSOM. The remaining *Patient care activities* provided by the University’s podiatry and dental programs are included in *Educational and General services*. *Other long-term* net assets include the net book value of property, plant, and equipment, net assets set aside to retire debt, University matching of federal loan programs, and the unfunded liability for pensions and postretirement benefits.

TEMPLE UNIVERSITY — OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES

Changes in Net Assets Without Donor Restrictions — For the Year Ended June 30, 2023 (in thousands)

	Net Assets Without Donor Restrictions										
	Temple University Health System	Temple Educational Support Services	University, Excluding Temple Educational Support Services							Consolidating Eliminations	Total
			Clinical Practice Plan	Educational and General	Quasi - Endowment	Externally Sponsored Activities	Unexpended Capital	Other Long-term	Total University		
Revenues:											
Tuition and fees, net of discounts of \$154,590	\$ —	\$ 32,540	\$ —	\$ 727,677	\$ —	\$ 3	\$ —	\$ —	\$ 727,680	\$ (2,050)	\$ 758,170
Commonwealth of Pennsylvania appropriation	—	—	—	77,762	—	—	—	—	77,762	—	77,762
Strategic support assessment (Note 19)	—	—	—	87,444	—	—	—	—	87,444	(87,444)	—
Grants and contracts	40,090	—	—	47,080	—	150,793	—	—	197,873	—	237,963
Contributions for operations and endowments	4,068	—	—	2,529	466	18,795	—	—	21,790	—	25,858
Investment return	27,610	—	—	38,847	—	26,350	—	1,833	67,030	—	94,640
Sales of educational activities	—	—	—	14,158	—	—	—	—	14,158	—	14,158
Auxiliary enterprises	—	—	—	108,182	—	—	226	1,026	109,434	—	109,434
Patient care activities	2,480,997	—	81	3,252	—	—	—	—	3,333	—	2,484,330
Other sources	39,788	—	—	8,471	—	3,577	3,912	123	16,083	—	55,871
Net assets released from restrictions	7,364	—	—	2,000	—	2,287	—	(1,850)	2,437	—	9,801
Total revenues	2,599,917	32,540	81	1,117,402	466	201,805	4,138	1,132	1,325,024	(89,494)	3,867,987
Expenses:											
Educational and general	57,752	28,232	—	912,078	—	170,964	8,032	96,671	1,187,745	(2,050)	1,271,679
Auxiliary enterprises	—	—	—	95,800	—	478	(89)	35,526	131,715	—	131,715
Patient care activities	2,573,184	—	181	5,726	—	—	—	59	5,966	(87,444)	2,491,706
Total expenses	2,630,936	28,232	181	1,013,604	—	171,442	7,943	132,256	1,325,426	(89,494)	3,895,100
Transfers:											
Property, plant, and equipment (PP&E) acquisitions	—	—	—	(13,749)	—	(4,594)	(63,914)	82,257	—	—	—
Retirement of indebtedness	—	—	—	(47,251)	—	—	(921)	48,172	—	—	—
Capital replacement and expansion	—	—	(2)	(48,333)	—	(610)	48,945	—	—	—	—
Transfer from TUP	—	—	—	—	—	—	—	—	—	—	—
Other transfers	—	—	—	19,961	190	(29,915)	10,318	(554)	—	—	—
Total transfers	—	—	(2)	(89,372)	190	(35,119)	(5,572)	129,875	—	—	—
Excess (deficit) of revenues over expenses and transfers	(31,019)	4,308	(102)	14,426	656	(4,756)	(9,377)	(1,249)	(402)	—	(27,113)
Other changes in net assets:											
Investment return	34,820	—	—	(13,678)	11,889	—	—	(2,198)	(3,987)	—	30,833
Commonwealth grants for PP&E	—	—	—	—	—	—	1,950	—	1,950	—	1,950
Contributions for PP&E	—	—	—	—	—	—	1	—	1	—	1
(Loss) gain on disposal of PP&E, net	(194)	(6)	—	—	—	—	—	(5,565)	(5,565)	—	(5,765)
Actuarial change in accrued pensions and postretirement	1,620	—	—	—	—	—	—	1,253	1,253	—	2,873
Other components of NPBC (Note 5)	3,368	—	—	12,926	—	—	—	—	12,926	—	16,294
Transfer from TUHS, net	(5,138)	—	—	415	—	—	4,723	—	5,138	—	—
Currency translation adjustment	—	440	—	(17)	—	—	—	—	(17)	—	423
Other	—	—	—	698	—	—	11,129	—	11,827	—	11,827
Net assets released from restrictions for PP&E	2,977	—	—	—	—	—	324	1,849	2,173	—	5,150
Total other changes in net assets	37,453	434	—	344	11,889	—	18,127	(4,661)	25,699	—	63,586
Change in net assets without donor restrictions	6,434	4,742	(102)	14,770	12,545	(4,756)	8,750	(5,910)	25,297	—	36,473
Net assets without donor restrictions, beginning of year	829,386	7,556	11,992	622,446	299,074	124,571	233,644	1,037,775	2,329,502	—	3,166,444
Net assets without donor restrictions, end of year	\$ 835,820	\$ 12,298	\$ 11,890	\$ 637,216	\$ 311,619	\$ 119,815	\$ 242,394	\$ 1,031,865	\$ 2,354,799	\$ —	\$ 3,202,917

TEMPLE UNIVERSITY — OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES

Changes in Net Assets Without Donor Restrictions — For the Year Ended June 30, 2022 (in thousands)

	Net Assets Without Donor Restrictions										
	Temple University Health System	Temple Educational Support Services	University, Excluding Temple Educational Support Services							Consolidating Eliminations	Total
			Clinical Practice Plan	Educational and General	Quasi - Endowment	Externally Sponsored Activities	Unexpended Capital	Other Long-term	Total University		
Revenues:											
Tuition and fees, net of discounts of \$148,826	\$ —	\$ 27,386	\$ —	\$ 756,793	\$ —	\$ —	\$ —	\$ —	\$ 756,793	\$ (1,800)	\$ 782,379
Commonwealth of Pennsylvania appropriation	—	—	—	86,166	—	—	—	—	86,166	—	86,166
Strategic support assessment (Note 19)	—	—	—	77,040	—	—	—	—	77,040	(77,040)	—
Grants and contracts	36,071	—	—	50,021	—	228,557	—	—	278,578	—	314,649
Contributions for operations and endowments	4,325	—	—	2,321	261	16,123	—	—	18,705	—	23,030
Investment return	24,251	—	—	17,394	—	23,559	—	1,289	42,242	—	66,493
Sales of educational activities	—	—	—	12,897	—	—	—	—	12,897	—	12,897
Auxiliary enterprises	—	—	—	95,681	—	—	91	920	96,692	—	96,692
Patient care activities	2,418,600	—	79	3,045	—	—	—	—	3,124	—	2,421,724
Other sources	89,691	—	—	8,973	—	1,859	695	57	11,584	—	101,275
Net assets released from restrictions	6,038	—	—	—	4	4,166	—	—	4,170	—	10,208
Total revenues	2,578,976	27,386	79	1,110,331	265	274,264	786	2,266	1,387,991	(78,840)	3,915,513
Expenses:											
Educational and general	52,368	26,736	—	921,912	—	167,926	4,967	93,876	1,188,681	(1,800)	1,265,985
Auxiliary enterprises	—	—	—	96,160	—	500	77	36,043	132,780	—	132,780
Patient care activities	2,426,914	—	215	4,667	—	—	—	63	4,945	(77,040)	2,354,819
Total expenses	2,479,282	26,736	215	1,022,739	—	168,426	5,044	129,982	1,326,406	(78,840)	3,753,584
Transfers:											
Property, plant, and equipment (PP&E) acquisitions	—	—	—	(17,245)	—	(3,535)	(76,046)	96,826	—	—	—
Retirement of indebtedness	—	—	—	(46,970)	—	—	(1,202)	48,172	—	—	—
Capital replacement and expansion	—	—	—	(47,091)	—	74	47,017	—	—	—	—
Other transfers	—	—	—	82,622	38	(101,505)	19,397	(552)	—	—	—
Total transfers	—	—	—	(28,684)	38	(104,966)	(10,834)	144,446	—	—	—
Excess (deficit) of revenues over expenses and transfers	99,694	650	(136)	58,908	303	872	(15,092)	16,730	61,585	—	161,929
Other changes in net assets:											
Investment return	(104,067)	—	—	(47,625)	(31,129)	—	—	(8,307)	(87,061)	—	(191,128)
Contributions for PP&E	—	—	—	—	—	—	3	—	3	—	3
Loss on extinguishment of debt	(9,650)	—	—	—	—	—	—	—	—	—	(9,650)
(Loss) gain on disposal of PP&E, net	(90)	(19)	—	—	—	—	—	(622)	(622)	—	(731)
Actuarial change in accrued pensions and postretirement	16,253	—	—	—	—	—	—	15,218	15,218	—	31,471
Other components of NPBC (Note 5)	(2,442)	—	—	15,133	—	—	—	—	15,133	—	12,691
Transfer from TUHS, net	(9,284)	—	—	5,950	—	—	3,334	—	9,284	—	—
Currency translation adjustment	—	(114)	—	(82)	—	—	—	—	(82)	—	(196)
Gain on sale of equity method investment	234,591	—	—	—	—	—	—	—	—	—	234,591
Other	122	—	83	3,660	—	—	(9)	(1,558)	2,176	—	2,298
Net assets released from restrictions for PP&E	1,020	—	—	—	—	—	798	—	798	—	1,818
Total other changes in net assets	126,453	(133)	83	(22,964)	(31,129)	—	4,126	4,731	(45,153)	—	81,167
Change in net assets without donor restrictions	226,147	517	(53)	35,944	(30,826)	872	(10,966)	21,461	16,432	—	243,096
Net assets without donor restrictions, beginning of year	603,239	7,039	12,045	586,502	329,900	123,699	244,610	1,016,314	2,313,070	—	2,923,348
Net assets without donor restrictions, end of year	\$ 829,386	\$ 7,556	\$ 11,992	\$ 622,446	\$ 299,074	\$ 124,571	\$ 233,644	\$ 1,037,775	\$ 2,329,502	\$ —	\$ 3,166,444

**TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES**

Subsidiary Organizations

June 30, 2023

The following is a summary of Temple's subsidiary organizations included in the consolidated financial statements and their tax-exempt status. Unless otherwise indicated, all exempt organizations are such under Internal Revenue Code Section 501(c)(3).

Temple University — Of The Commonwealth System of Higher Education ("Temple"), exempt
Temple Educational Support Services, Ltd. ("TESS"), non-exempt (Japan)
Temple University School of Podiatric Medicine, Inc. ("TUSPM"), exempt 501(c)(2)
Good Samaritan Insurance Co. Ltd. ("GSIC"), non-exempt (Bermuda) (inactive)
TUMP Offices, Inc. ("TUMP"), exempt 501(c)(2) (inactive)
Global Technology Management Corp. ("GTM"), non-exempt (inactive)
Temple University Health System, Inc. ("TUHS"), exempt [†]
Temple University Hospital, Inc. ("TUH"), exempt
Temple University Health System Foundation ("TUHSF"), exempt
TUH - Jeanes Campus Auxiliary ("Jeanes"), exempt
Temple Health Subsidiaries, Inc. ("THS"), non-exempt (inactive)
Temple Physicians, Inc. ("TPI"), exempt
Temple Faculty Practice Plan, Inc. ("TFPP"), exempt
Episcopal Hospital ("EH"), exempt
TUHS Insurance Co., Ltd. ("TUHIC"), non-exempt (Bermuda)
Temple Health System Transport Team, Inc. ("T3"), exempt
Temple Center for Population Health, LLC ("TCPH"), exempt
Temple Care, Inc. ("TC"), will be organized as a pass-through entity of TCPH for purposes of federal tax exemption.
The American Oncologic Hospital ("AOH"), exempt (doing business as, The Hospital of the Fox Chase Cancer Center), exempt
Fox Chase Limited ("FC"), non-exempt
The Institute for Cancer Research ("ICR"), exempt (doing business as, The Research Institute of Fox Chase Cancer Center), exempt
Fox Chase Cancer Center Medical Group, Inc. ("MGI"), exempt
Fox Chase Network, Inc. ("Network"), exempt
CHH Community Health, Inc. ("CHH"), (doing business as, Temple Health – Chestnut Hill Hospital and/or Chestnut Hill Health). CHH applied for federal tax exemption on May 1, 2023, which has not yet been approved. Ownership of CHH is as follows: TUHS 60%, Philadelphia College of Osteopathic Medicine, exempt, 20%, and Holy Redeemer Health System, exempt, 20%. CHH is the sole member of Chestnut Hill Clinic Company, LLC. (doing business as, Chestnut Hill Physicians).