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, 2018 and 2017, and Independent Auditors' Report

TEMPLE UNIVERSITY
INCORPORATED MAY 12, 1888
PERSEVERANTIA VINCIT
Of The Commonwealth System Of Higher Education

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

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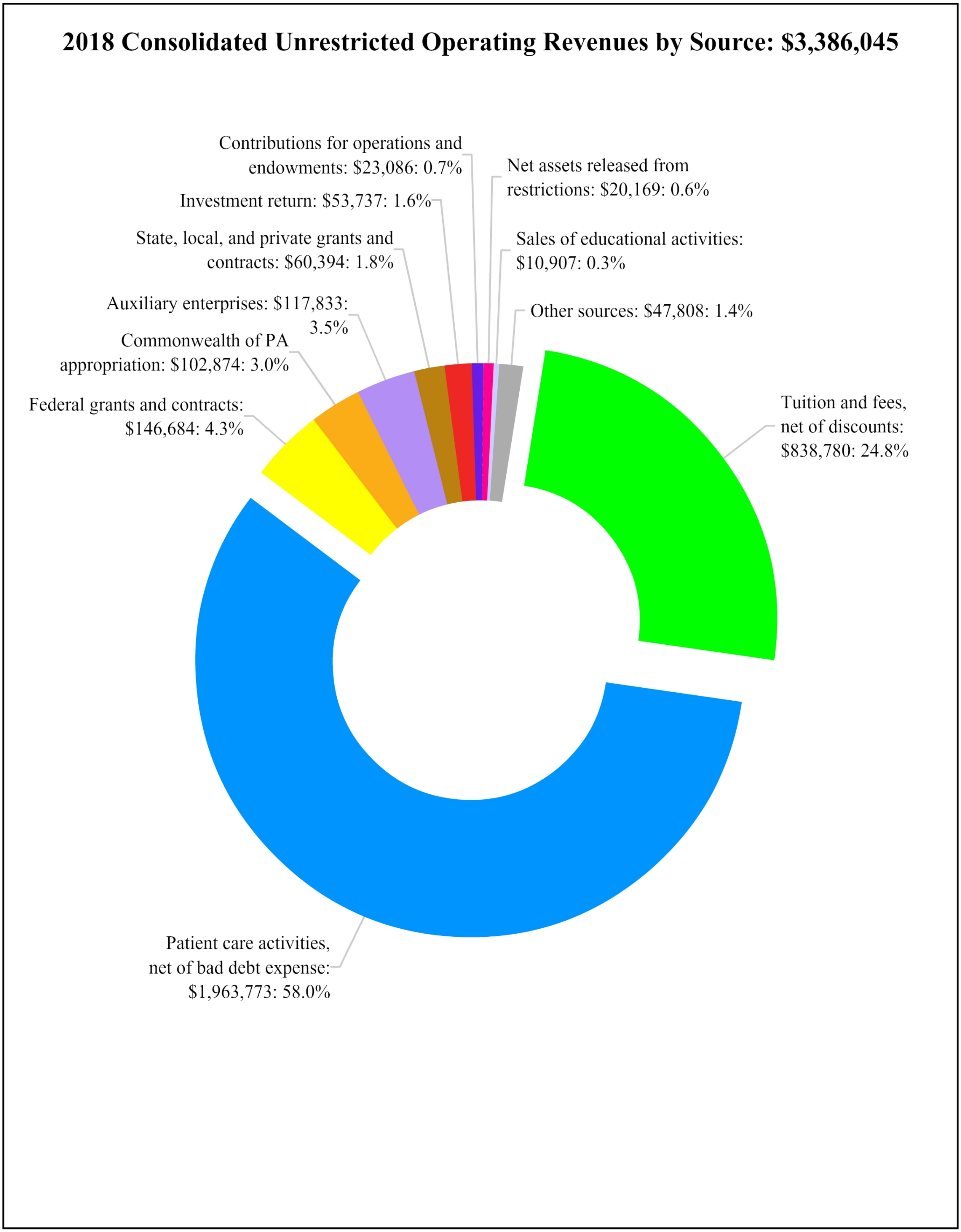
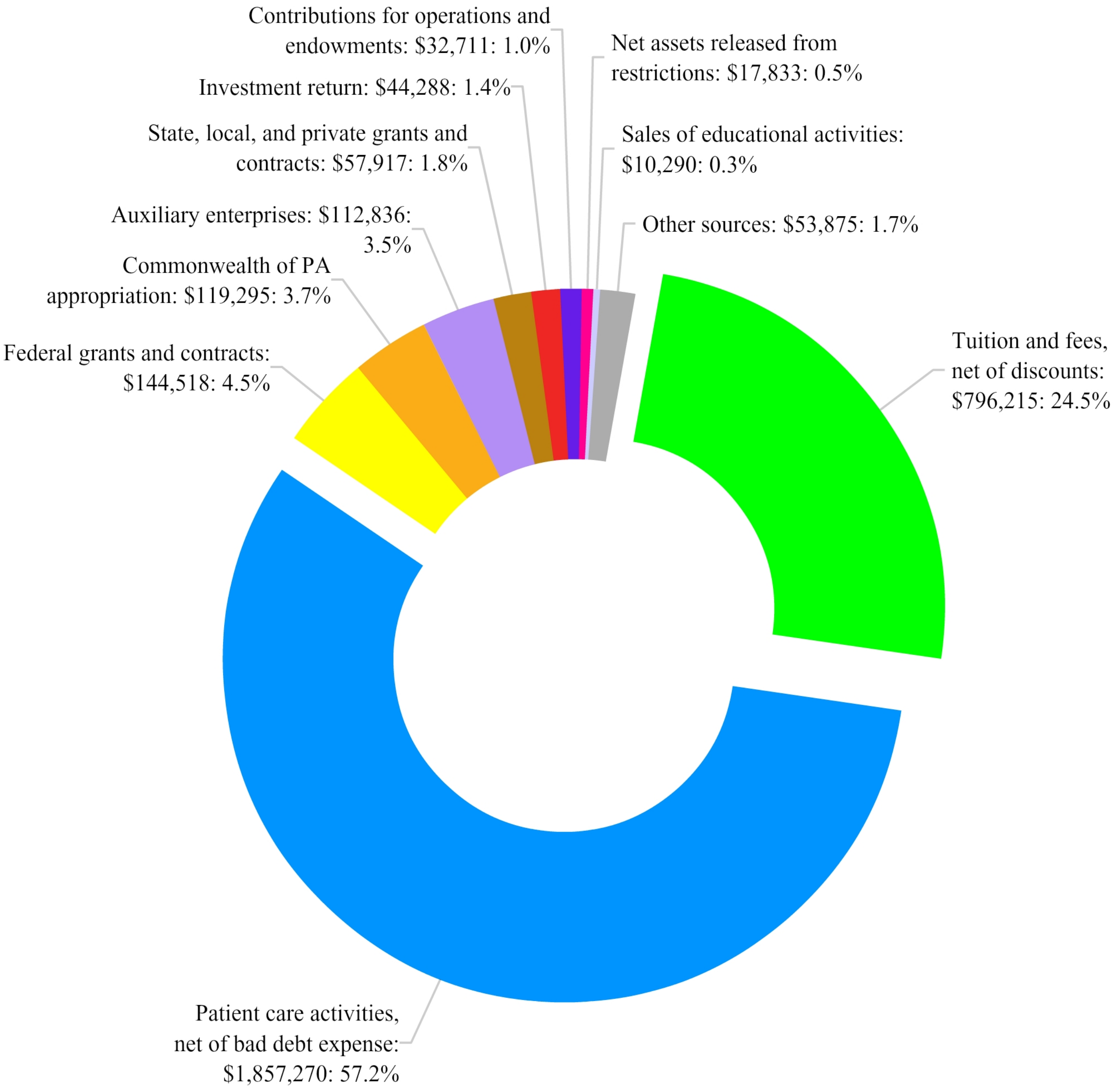
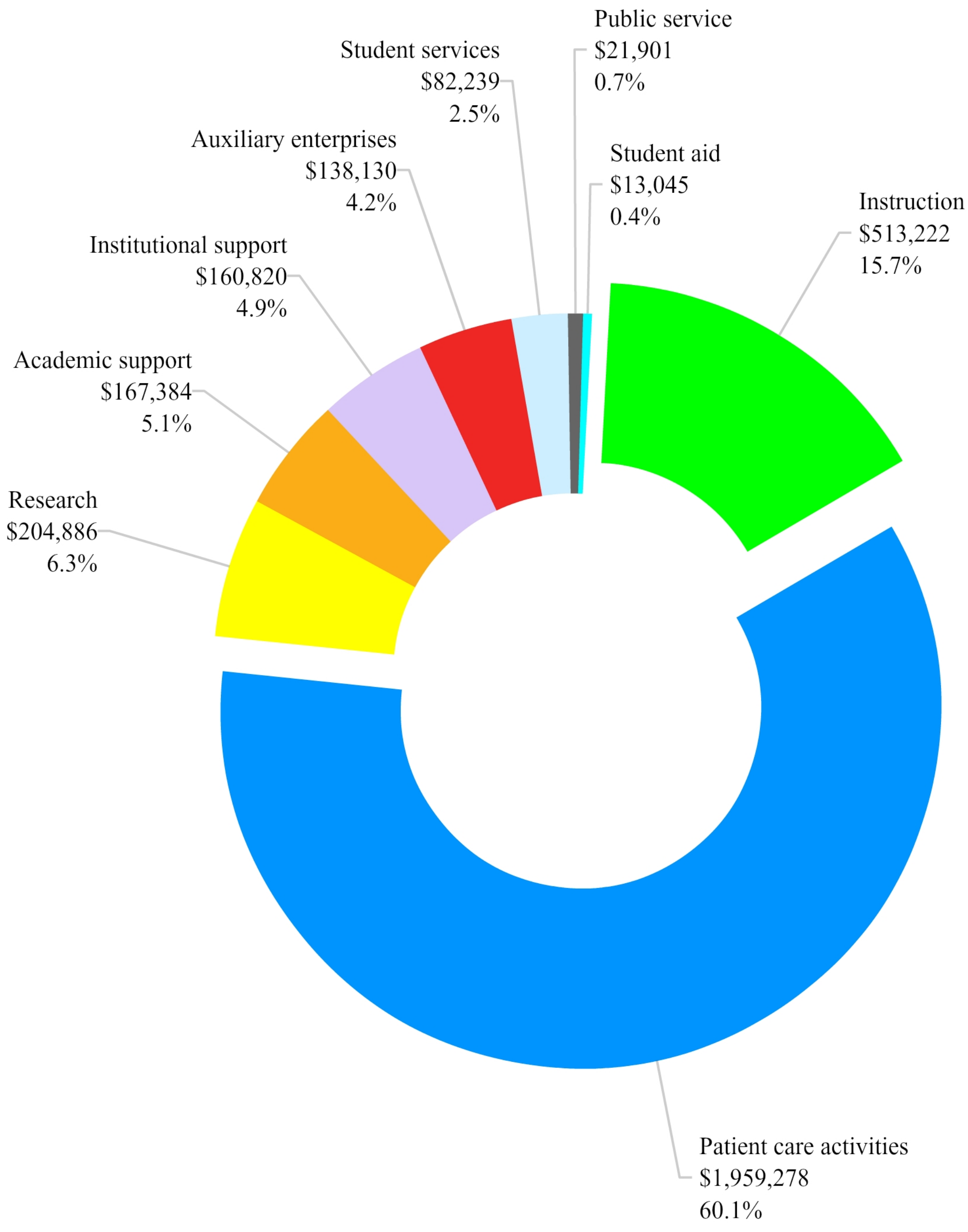

2018 Consolidated Unrestricted Operating Revenues by Source: $3,386,045
Contributions for operations and endowments: $23,086: 0.7%
Net assets released from restrictions: $20,169: 0.6%
Investment return: $53,737: 1.6%
State, local, and private grants and contracts: $60,394: 1.8%
Sales of educational activities: $10,907: 0.3%
Auxiliary enterprises: $117,833: 3.5%
Other sources: $47,808: 1.4%
Commonwealth of PA appropriation: $102,874: 3.0%
Federal grants and contracts: $146,684: 4.3%
Tuition and fees, net of discounts: $838,780: 24.8%
Patient care activities, net of bad debt expense: $1,963,773: 58.0%

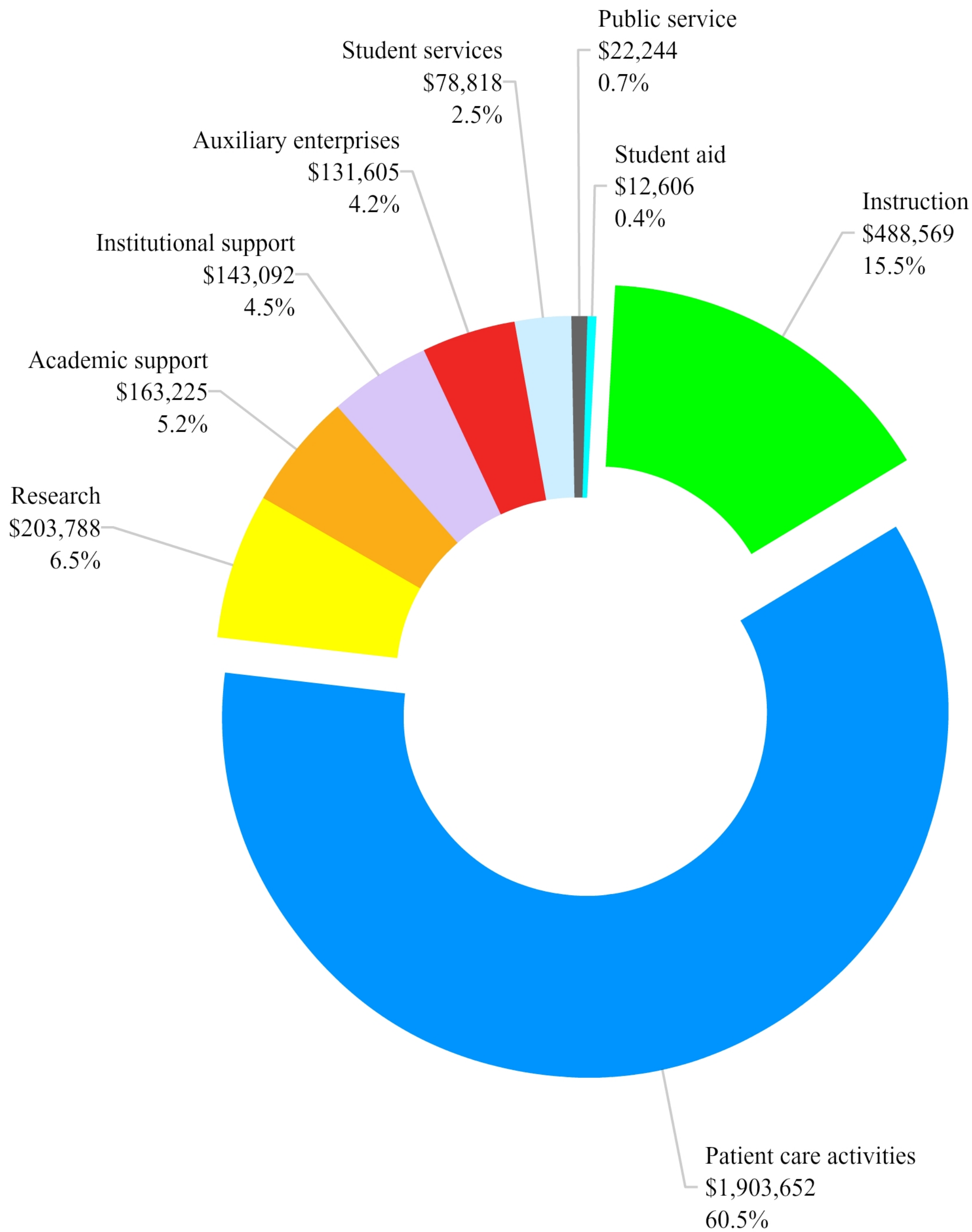
2017 Consolidated Unrestricted Operating Revenues by Source: $3,247,048



2018 Consolidated Operating Expenses by Function: $3,260,905



2017 Consolidated Operating Expenses by Function: $3,147,599



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Temple University — Of The Commonwealth System of Higher Education and its subsidiaries ("Temple"), which comprise the consolidated balance sheets as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Temple's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Temple University — Of The Commonwealth System of Higher Education and its subsidiaries as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules on pages S-1 through S-3 are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

October 25, 2018

TEMPLE UNIVERSITY —
OF THE COMMONWEALTH SYSTEM OF HIGHER EDUCATION AND ITS SUBSIDIARIES
Consolidated Balance Sheets
(in thousands)

	June 30, 2018	June 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 347,535	$ 272,137
Investments and self-insurance trust funds	779,086	721,044
Accounts, loans, and contributions receivable, net	458,199	492,115
Inventories and other assets	52,075	50,637
Deposits with trustees	58,625	25,019
Total current assets	1,695,520	1,560,952
Non-current assets:		
Accounts, loans, and contributions receivable, net	166,813	147,894
Endowment, investments, and self-insurance trust funds	829,061	773,392
Deposits with trustees	48,924	117,229
Other assets	39,777	34,482
Property, plant, and equipment, net	1,883,305	1,834,066
Goodwill and other intangible assets, net	18,436	21,044
Funds held in trust by others	160,601	151,609
Total non-current assets	3,146,917	3,079,716
Total assets	$ 4,842,437	$ 4,640,668
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 402,886	$ 378,858
Deferred revenue	62,994	59,580
Short-term debt	—	15,000
Current portion of long-term debt	42,952	43,520
Current portion of accrued pensions and postretirement benefits	476	500
Total current liabilities	509,308	497,458
Non-current liabilities:		
Accrued expenses and other liabilities	260,542	269,144
Deferred revenue	10,468	—
Long-term debt	1,163,597	1,193,479
Refundable federal student loans	52,323	51,122
Accrued pensions and postretirement benefits	27,852	133,397
Total non-current liabilities	1,514,782	1,647,142
Total liabilities	2,024,090	2,144,600
Net assets:		
Unrestricted	2,193,951	1,922,192
Temporarily restricted	134,277	126,018
Permanently restricted	490,119	447,858
Total net assets	2,818,347	2,496,068
Total liabilities and net assets	$ 4,842,437	$ 4,640,668

See accompanying notes to 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, 2018
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Tuition and fees, net of discounts of $144,537	$ 838,780	$ —	$ —	$ 838,780
Commonwealth of Pennsylvania appropriation (Note 18)	102,874	—	—	102,874
Federal grants and contracts	146,684	—	—	146,684
Commonwealth of Pennsylvania grants and contracts	13,944	—	—	13,944
Local grants and contracts	3,757	—	—	3,757
Private grants and contracts	42,693	—	—	42,693
Contributions for operations and endowments	23,086	14,261	32,841	70,188
Investment return	53,737	3,468	—	57,205
Sales of educational activities	10,907	—	—	10,907
Auxiliary enterprises	117,833	—	—	117,833
Patient care activities, net of bad debt of $43,232	1,963,773	—	—	1,963,773
Other sources	47,808	—	—	47,808
Net assets released from restrictions	20,169	(20,121)	(48)	—
Total revenues	3,386,045	(2,392)	32,793	3,416,446
Expenses:				
Educational and general:				
Instruction	513,222	—	—	513,222
Research	204,886	—	—	204,886
Public service	21,901	—	—	21,901
Academic support	167,384	—	—	167,384
Student services	82,239	—	—	82,239
Institutional support	160,820	—	—	160,820
Student aid	13,045	—	—	13,045
Total educational and general	1,163,497	—	—	1,163,497
Auxiliary enterprises	138,130	—	—	138,130
Patient care activities	1,959,278	—	—	1,959,278
Total expenses	3,260,905	—	—	3,260,905
Excess (deficit) of revenues over expenses	125,140	(2,392)	32,793	155,541
Other changes in net assets:				
Investment return	169	10,789	9,468	20,426
Commonwealth grants for property, plant, and equipment (PP&E)	43,399	—	—	43,399
Contributions for PP&E	(711)	1,357	—	646
Loss on disposal of PP&E, net	(3,933)	—	—	(3,933)
Gain on extinguishment of debt	107	—	—	107
Actuarial change in accrued pensions and postretirement benefits	106,572	—	—	106,572
Loss on asset retirement obligation	(477)	—	—	(477)
Currency translation adjustment and foreign exchange realized loss, net	(2)	—	—	(2)
Net assets released from restrictions for PP&E	1,495	(1,495)	—	—
Total other changes in net assets	146,619	10,651	9,468	166,738
Change in net assets	271,759	8,259	42,261	322,279
Net assets, beginning of year	1,922,192	126,018	447,858	2,496,068
Net assets, end of year	$ 2,193,951	$ 134,277	$ 490,119	$ 2,818,347

See accompanying notes to 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, 2017
(in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Tuition and fees, net of discounts of $141,536	$ 796,215	$ —	$ —	$ 796,215
Commonwealth of Pennsylvania appropriation (Note 18)	119,295	—	—	119,295
Federal grants and contracts	144,518	—	—	144,518
Commonwealth of Pennsylvania grants and contracts	12,820	—	—	12,820
Local grants and contracts	4,038	—	—	4,038
Private grants and contracts	41,059	—	—	41,059
Contributions for operations and endowments	32,711	21,001	13,523	67,235
Investment return	44,288	3,482	(283)	47,487
Sales of educational activities	10,290	—	—	10,290
Auxiliary enterprises	112,836	—	—	112,836
Patient care activities, net of bad debt of $42,657	1,857,270	—	—	1,857,270
Other sources	53,875	—	—	53,875
Net assets released from restrictions	17,833	(17,833)	—	—
Total revenues	3,247,048	6,650	13,240	3,266,938
Expenses:				
Educational and general:				
Instruction	488,569	—	—	488,569
Research	203,788	—	—	203,788
Public service	22,244	—	—	22,244
Academic support	163,225	—	—	163,225
Student services	78,818	—	—	78,818
Institutional support	143,092	—	—	143,092
Student aid	12,606	—	—	12,606
Total educational and general	1,112,342	—	—	1,112,342
Auxiliary enterprises	131,605	—	—	131,605
Patient care activities	1,903,652	—	—	1,903,652
Total expenses	3,147,599	—	—	3,147,599
Excess of revenues over expenses	99,449	6,650	13,240	119,339
Other changes in net assets:				
Investment return	24,363	18,334	16,598	59,295
Commonwealth grants for property, plant, and equipment (PP&E)	28,200	—	—	28,200
Contributions for PP&E	(824)	106	—	(718)
Gain on disposal of PP&E, net	1,117	—	—	1,117
Actuarial change in accrued pensions and postretirement benefits	88,966	—	—	88,966
Currency translation adjustment and foreign exchange realized gain, net	338	—	—	338
Net assets released from restrictions for PP&E	4,733	(4,733)	—	—
Total other changes in net assets	146,893	13,707	16,598	177,198
Change in net assets	246,342	20,357	29,838	296,537
Net assets, beginning of year	1,675,850	105,661	418,020	2,199,531
Net assets, end of year	$ 1,922,192	$ 126,018	$ 447,858	$ 2,496,068

See accompanying notes to 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, 2018	Year Ended June 30, 2017
Cash flows from operating activities:		
Change in net assets	$ 322,279	$ 296,537
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Currency translation adjustment and foreign exchange realized loss (gain), net	2	(338)
Provision for bad debts	44,836	37,944
Depreciation	145,532	141,734
Amortization and accretion	(2,201)	504
Impairment of intangibles	1,737	146
Net realized and unrealized gain on investments	(44,469)	(82,355)
Actuarial change in accrued pensions and postretirement benefits	(106,572)	(88,966)
Loss on asset retirement obligation	477	—
Gain on extinguishment of debt	(107)	—
Loss (gain) on disposal of property, plant, and equipment (PP&E)	3,933	(1,117)
Noncash contributions received	(3,522)	(3,162)
Proceeds from sale of noncash contributions	3,522	3,162
Contributions, grants, and investment income restricted of and for PP&E and long-term investment	(78,863)	(44,793)
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(18,445)	(55,723)
Inventories and other assets	(6,721)	(5,935)
Accounts payable and accrued expenses	(11,799)	(39,540)
Deferred revenue	13,693	10,332
Accrued pensions and postretirement benefits	3,637	(6,391)
Net cash provided by operating activities	266,949	162,039
Cash flows from investing activities:		
Purchases of investments, deposits with trustees, and self-insurance trusts	(1,759,049)	(887,286)
Sales and maturities of investments, deposits with trustees, and self-insurance trusts	1,787,085	903,594
Net change in short-term investments	(73,081)	(19,290)
Purchases of PP&E	(180,579)	(168,845)
Proceeds from sale of PP&E	198	4,478
Loans to students	(9,213)	(12,050)
Proceeds from collections on student loans	8,350	8,838
Net cash used in investing activities	(226,289)	(170,561)
Cash flows from financing activities:		
Proceeds from contributions, grants, and investment income restricted for PP&E and long-term investment	78,415	39,158
Refundable federal student loans	1,201	(276)
Change in split interest agreements	(57)	43
Proceeds from long-term debt	267,062	15,229
Repayment of long-term debt	(40,938)	(38,620)
Repurchase of bonds	(255,930)	—
Proceeds from short-term borrowings (line of credit)	15,000	40,000
Repayment of short-term borrowings (line of credit)	(30,000)	(25,000)
Net cash provided by financing activities	34,753	30,534
Effect of exchange rate changes on cash and cash equivalents	(15)	613
Net change in cash and cash equivalents	75,398	22,625
Cash and cash equivalents, beginning of the year	272,137	249,512
Cash and cash equivalents, end of the year	$ 347,535	$ 272,137
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 59,648	$ 63,687
PP&E acquired through capital leases	4,258	5,931
Amounts accrued related to PP&E	16,111	13,092

See accompanying notes to consolidated financial statements.

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. With approximately 40,000 undergraduate, graduate, and professional students, the University is among the nation's largest providers of education. The University offers more than 400 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 and sites across Pennsylvania, international campuses in Rome (Italy) and Tokyo (Japan), and offers study abroad programs in various locations.

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 subsidiaries and its clinical faculty practice plans is as follows:

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.

Good Samaritan Insurance Co. Ltd. ("GSIC") — A captive insurance company domiciled in Bermuda that reinsures the professional liability risk of the University's clinical faculty practice plans. GSIC was established in August 1989 and is a wholly-owned subsidiary of the University.

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.

TUMP Offices, Inc. ("TUMP") — TUMP was established in 1997 by the University to hold title to certain assets for the benefit of the University and is a wholly-owned subsidiary of the University. Property that is directly or indirectly acquired by TUMP is leased to the University for the conduct of activities related to the University's exempt functions.

Temple University Physicians ("TUP") — An unincorporated clinical faculty practice plan of the Lewis Katz School of Medicine at Temple University ("LKSOM") that is responsible for the management and administration of LKSOM's clinical practices. Membership of TUP is comprised of clinical faculty/physicians employed by the University at LKSOM. TUP was established in July 1986 in connection with the implementation of Temple's policy relating to the use and disposition of funds received for medical services rendered to TUP patients within TUP, TUHS, and in other facilities.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation — The consolidated financial statements and accompanying notes have been prepared in United States ("U.S.") dollars and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for not-for-profit organizations. The accompanying consolidated financial statements include the accounts of the University and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Temple's consolidated financial statements are presented such that net assets, revenues, gains, expenses, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

> *Unrestricted* — 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. Expenses are shown as decreases in unrestricted net assets.
>
> *Temporarily Restricted* — Net assets subject to donor-imposed restrictions that can be fulfilled by actions of Temple in accordance with those stipulations, or by the passage of time. Contributions and income from endowments for which restrictions have been met in the same fiscal year as their receipt are combined and reported with unrestricted revenues. Temple classifies contributions to acquire long-lived assets as temporarily restricted net assets. The release of restrictions occurs when the asset is placed in service.
>
> *Permanently Restricted* — Net assets subject to donor-imposed stipulations that they be maintained permanently by Temple. Generally, the donors of these assets permit Temple to use all or part of the income earned on these assets. Such assets are included in Temple's permanent endowment funds.

Temple reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as *Net assets released from restrictions*.

Cash and Cash Equivalents — 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 temporarily 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 unrestricted funds held for operating purposes. These investments vary as to their level of liquidity, with differing requirements for notice prior to redemption or withdrawal. Temple reports investments, including debt and equity securities, at fair value. 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 19).

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 limited partnerships. 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 past 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 Note 11).

Investment return is reported as increases to unrestricted, temporarily restricted, or permanently restricted net assets 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 — Temple enters into derivative financial instruments, principally future contracts, to manage equity price risk. Future contracts are recorded as contractual commitments on a trade-date basis and are carried at the fair value based on closing exchange quotations. The fair value of derivative financial instruments at the reporting date generally reflects the amount Temple 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*. Temple 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, worker's compensation, certain health and welfare, and other claims. Self-insurance trusts 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 — 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, 2018 and 2017, totaled $30,293 and $27,701, respectively, and are included in *Inventories and other assets* in the consolidated balance sheets. *Inventories and other assets* also includes assets held for sale, prepaid expenses, and advances.

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 evaluates the recoverability of long-lived assets, such as property, plant, and equipment and amortizable intangible assets, in accordance with authoritative guidance on accounting for the impairment or disposal of long-lived assets, which includes evaluating long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, Temple first compares the undiscounted cash flows expected to be generated by that asset to its carrying value. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. No impairment of long-lived assets occurred during 2018 or 2017.

Assets Held for Sale — Temple classifies assets ("disposal group") as held for sale when management, having the authority to approve the action, commits to a plan to sell the disposal group, the sale is probable within one year, and the disposal group is available for immediate sale in its present condition. Temple also considers whether an active program to locate a buyer has been initiated, whether the disposal group is marketed actively for sale at a price that is reasonable in relation to its current value, and whether actions required to complete the plan indicate it is unlikely that significant changes to the plan will be made, or that the plan will be withdrawn. The disposal group is measured at the lower of its carrying amount (cost less accumulated depreciation) or fair value less cost to sell. Long-lived assets within the disposal group are not depreciated while classified as held for sale. Assets held for sale are included within *Inventories and other assets* in the consolidated balance sheets.

At June 30, 2016, it was determined that two parcels of property: (i) a parcel located at the Northeast corner of North Broad and West Thompson streets ("Thompson"), and (ii) the University's former Tyler Campus ("Tyler") met the criteria to be classified as assets held for sale. At June 30, 2016, the net carrying value of Thompson and Tyler were $1,298 and $302, respectively, which were both less than the respective disposal group’s estimated fair value less cost to sell. During 2017, Tyler was sold for net proceeds totaling $1,156, resulting in a gain of $854, which is recorded in *Gain on disposal of PP&E, net* in the 2017 consolidated statement of activities. At June 30, 2018, Thompson remains in active discussions with a prospective purchaser and is under an agreement of sale that is expected to close in fiscal 2019.

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. Based on the results of Temple’s assessment, impairments of indefinite-lived intangible assets totaled $420 and $0 during 2018 and 2017, respectively. Subsequent to the most current assessment, there have been no indicators of potential impairment of Temple’s goodwill and 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. Based upon Temple’s annual impairment tests completed as of June 30, 2018 and 2017, Temple recorded impairment write-downs of $44 and $146, respectively, related to physician contract intangible assets associated with its community-based primary care practices; and $1,273 and $0, respectively, related to intellectual property. The impairment charges are included in *Patient care activities* expense in the consolidated statements of activities (see Note 20).

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 Notes 8 and 15).

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:

Tuition Revenue — Tuition revenue is recorded at established rates, net of financial assistance provided directly by Temple. Temple recognizes tuition revenue in the academic period that it is earned. Any payments received in advance of the subsequent year are classified as deferred revenue in the accompanying consolidated balance sheets.

Patient Care Activity — Included are patient service revenues from TUHS as well as University revenues from the clinical activities of TUP, the School of Dentistry, and the School of Podiatric Medicine. Temple has agreements with third-party payors that provide for payments to Temple at amounts different from its established rates. Payment arrangements primarily include prospectively determined rates per discharge and per-diem payments and to a lesser extent reimbursed costs and discounted charges. In addition, Temple receives Medical Assistance payments for the reimbursement of services for charity and uncompensated care services (Disproportionate Share Payments). The federal funding of such costs is subject to an upper payment limit and retrospective settlement. Net patient care activity revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered or when known, and adjusted in future periods as final settlements 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 (see Note 16).

Charity Care — 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, unreimbursed charity care is not reported as patient care activities revenue in the consolidated statements of activities (see Note 17).

Grants and Contracts — Income from grants and contracts, including overhead recovery, is recorded as the related direct expenses are incurred.

Contributions — Contributions are reported as an increase in the appropriate net asset category. Unconditional promises to give (pledges) are recorded at the present value of their estimated net realizable value. Conditional pledges are not included as revenue until such time as the conditions are substantially met (see Note 4).

Advertising — Temple charges the costs of advertising to expense as incurred. Advertising expense was $18,315 and $18,589 in 2018 and 2017, 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; changes in conditional asset retirement obligation cash flow estimates; and foreign currency adjustments.

Income Taxes — With the exception of GSIC and TUHS Insurance Co., Ltd. (Temple's captive insurance companies domiciled in Bermuda), TESS (the University's Japan Campus), and certain inactive subsidiaries (see supplemental schedules), 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 — The University'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* in the statement of activities.

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 goodwill and intangible assets; estimated settlements with third-party payors; and accounting for pension and other postretirement benefits. Actual results could differ materially from these estimates.

Recently Issued Accounting Pronouncements — In June 2018, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).* ASU 2018-08 clarifies and enhances current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. In addition, ASU 2018-08 clarifies how an entity determines whether a resource provider is participating in an exchange transaction and improves the framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. ASU 2018-08 should be applied to contributions received for annual periods beginning after June 15, 2018, with early adoption permitted. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting.

On December 22, 2017, President Donald J. Trump signed into law the tax legislation commonly known as the Tax Cuts and Jobs Act (the "Act"). Among other items, the Act provides the following: (i) imposes an excise tax on executive compensation equal to 21% of remuneration in excess of $1,000 (excluding amounts paid to a licensed medical professional for performance of medical services) and any excess parachute payments paid to covered employees, (ii) imposes a 1.4% excise tax on endowment net investment income of applicable educational institutions (which the University is excluded from given its "state-related" status), (iii) eliminates the tax-exempt status of interest on advance refunding bonds, (iv) provides a flat tax rate of 21% on all taxable income, (v) requires unrelated business taxable income from multiple unrelated trades or business to be calculated and reported separately, and (vi) removes the tax-deductible status of certain fringe benefits that were previously tax-deductible by employers. The Act also includes individual income tax provisions that could impact charitable giving, including the following: (i) eliminates the charitable contribution deduction previously provided to donors related to purchasing of athletic seating, (ii) donors wishing to deduct a charitable contribution deduction greater than established limits must receive contemporaneous written acknowledgment, (iii) increases the standard deduction for individuals, (iv) limits or repeals certain individual itemized deductions, (v) increases the estate tax exclusion, and (vi) increases the charitable contribution deduction limits. Under Accounting Standard Codification ("ASC") 740, the effects of new legislation are recognized upon enactment, which (for federal legislation) is the date the president signs a bill into law. Accordingly, recognition of the tax effects of the Act is required in the interim and annual periods that include December 22, 2017 and are reflected in the accompanying consolidated financial statements. The Act did not have a material impact on the accompanying 2018 consolidated financial statements, however, Temple is currently in the process of assessing the impact the standard will have on charitable giving and Temple's ongoing financial reporting.

In November 2017, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash.* ASU 2016-18 addresses diversity in practice related to the classification and presentation of changes in restricted cash on the statement of cash flows. ASU 2016-18 requires an entity to include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. A reconciliation between the balance sheet and the statement of cash flows is required to be disclosed when the balance includes more than one line item for cash, cash equivalents, restricted cash, and restricted cash equivalents. Changes in restricted cash and restricted cash equivalents that result from transfers between cash, cash equivalents, and restricted cash and restricted cash equivalents should not be presented as cash flow activities in the statement of cash flows. In addition, an entity with a material balance of amounts generally described as restricted cash and restricted cash equivalents must disclose information about the nature of the restrictions. ASU No. 2016-18 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting.

In March 2017, the FASB issued ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires entities to (i) disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present it with other current compensation costs for related employees in the income statement and (ii) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, ASU 2017-07 requires entities to disclose the income statement lines that contain the other components if they are not presented on appropriately described separate lines. ASU 2017-07 is effective for annual periods beginning after December 15, 2018. Early adoption is permitted as of the beginning of an annual period for which financial statements (interim or annual) have not been issued or made available for issuance. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.* ASU 2016-15 amends the current guidance on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of ASU 2016-15 is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The sections applicable to Temple relate to (i) debt prepayment and extinguishment costs and (ii) proceeds from the settlement of insurance claims. ASU 2016-15 notes that cash payments for debt prepayment or debt extinguishment costs should be classified as cash outflows for financing activities and cash proceeds received from the settlement of insurance claims should be classified on the basis of the related insurance coverage (that is, the nature of the loss). For insurance proceeds that are received in a lump-sum settlement, an entity should determine the classification on the basis of the nature of each loss included in the settlement. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities must apply the guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 removes the requirement for a not-for-profit entity to distinguish between resources with temporary and permanent restrictions on the face of their financial statements, meaning a not-for-profit entity will present two classes of net assets instead of three. ASU 2016-14 also requires expenses to be presented by their natural and functional classification, investment returns to be presented net of external and direct internal investment expenses, and requires entities to provide more information about their available resources and liquidity. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted, and will be applied retrospectively. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 introduces a lessee model that brings most leases onto the balance sheet. ASU 2016-02 eliminates the requirement in current U.S. GAAP for an entity to use bright-line tests in determining lease classification. ASU 2016-02 also requires lessors to increase the transparency of their exposure to changes in value of their residual assets and how they manage that exposure. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. Temple is currently in the process of assessing the impact the standard will have upon adoption on its ongoing financial reporting and debt covenants.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 requires revenue to be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 requires an entity to evaluate revenue recognition by identifying a contract with a customer (step 1), identifying the performance obligations in the contract (step 2), determining the transaction price (step 3), allocating the transaction price to the performance obligations in the contract (step 4), and recognizing revenue when (or as) the entity satisfies a performance obligation (step 5). In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted for annual reporting periods beginning after December 15, 2016. The standard permits the use of either a full retrospective application or a modified retrospection application and Temple has selected the modified retrospective transition method. Adoption of the standard will result in significant changes to the presentation of patient care activities revenues and allowance for doubtful accounts in the consolidated statements of activities. The principal change affecting Temple results from the presentation of variable consideration, which under the new standard is included in the transaction price up to an amount that is probable that a significant reversal will not occur. The most common form of variable consideration Temple experiences are amounts for services provided that are ultimately not realizable from a patient. Under the current standards, estimates for certain amounts not expected to be collected based on historical experience are recorded as an allowance for doubtful accounts. Under the new standard, the estimate for unrealizable amounts are recognized as an additional allowance to revenue and reflected as a reduction to accounts receivable. Subsequent changes in estimates of collectability are recognized as adjustments to the variable consideration included in the transaction price unless due to a change in the financial status of a payor, for example a bankruptcy, which are recognized as bad debt expense.

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

The carrying values of investments (including the endowment) at June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Investments (including endowment):		
Money market funds	$ 78,623	$ 32,845
Corporate bonds and notes	287,043	296,959
U.S. government and agency securities	345,740	301,940
Municipal bonds	7,475	6,883
Fixed income funds	63,723	218,656
Equity funds and securities	593,417	410,085
Futures contracts	(805)	—
Limited partnerships, corporations, hedge funds, and joint ventures	139,220	171,895
Commodity funds	13,228	—
Private equity	4,182	—
Alternative funds	28,648	30,532
Real estate	19,838	345
Other*	13,124	9,055
Total investments	$ 1,593,456	$ 1,479,195

* Other securities primarily consistent of international fixed income securities and equity method investments.

During 2018, the University transitioned its investment management responsibilities related to the University's endowment, pension plans, and postretirement plan assets to an outsourced chief investment officer ("OCIO") model. The execution of this transition required the re-balancing of the assets to be in-line with the OCIO's selected investment managers and asset allocations, which were approved by the University's Board of Trustees.

The carrying values of self-insurance trust funds at June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Self-insurance trust funds:		
Money market funds	$ 367	$ 1,653
Corporate bonds and notes	3,099	3,003
U.S. government securities	11,225	10,585
Total self-insurance trust funds	$ 14,691	$ 15,241

Investment return reported in the statements of activities for the years ended June 30, 2018 and 2017 is as follows:

	Year Ended June 30,	
	2018	2017
Investment income:		
Interest and dividends	$ 35,189	$ 24,427
Realized gains, net	96,531	35,277
(Decrease) increase in unrealized gains, net	(54,089)	47,078
Total investment income	$ 77,631	$ 106,782

Derivatives:

Future Contracts — A future 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. Temple uses equity index future 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 future contracts.

Upon entering into a futures contract, Temple 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, Temple 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. Temple recognizes a realized gain or loss when the contract is closed. Future contracts expose Temple to off-balance sheet market and liquidity risk. Temple 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 Temple 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.

Temple 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 future contracts held by Temple at June 30, 2018 were exchange traded contracts.

At June 30, 2018, Temple had the following open futures subject to equity price risk, for which U.S. Treasury notes were pledged as collateral (see Note 19):

	Number of Contracts	Notional Amount	Variation Margin Unrealized Loss
Equity price future contracts, not designated as hedging instruments, included in:			
Endowment	493	$ 49,924	$ (805)
Postretirement benefits plan assets	118	16,057	(347)

Temple did not hold any derivative instruments as of or during the year ended June 30, 2017.

4. Accounts, Loans, and Contributions Receivable

Accounts receivable, net of allowances are as follows:

	June 30, 2018	June 30, 2017
Students	$ 63,425	$ 59,480
Patients	270,731	269,056
Health care programs	37,727	65,012
Grants and contracts	53,626	44,247
Commonwealth construction	22,103	21,857
Recoveries from insurance providers	56,173	46,165
Pennsylvania Department of Welfare Access to Care	4,444	9,597
Other	33,588	42,793
Accounts receivable, gross	541,817	558,207
Less: Allowance for doubtful patient accounts (Note 16)	(30,410)	(31,249)
Less: Allowance for doubtful student and other accounts	(24,334)	(20,708)
Total accounts receivable, net	$ 487,073	$ 506,250

Loans to students are disbursed based on financial need and consist of loans granted by Temple 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, 2018 and 2017, funds advanced by the federal government totaled $52,323 and $51,122, 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, 2018	June 30, 2017
Federal government loan programs:		
Perkins loan program	$ 43,156	$ 43,939
Health professional and disadvantaged student loans	21,139	19,198
Nursing student loans	187	225
Federal government loan programs	64,482	63,362
Institutional loan programs	1,131	1,390
Student loans receivable, gross	65,613	64,752
Less: Allowance for doubtful federal government loan programs	(9,673)	(9,103)
Less: Allowance for doubtful institutional loan programs	(302)	(324)
Total student loans receivable, net	$ 55,638	$ 55,325

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, Temple 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, 2018	June 30, 2017
30 days or less past due	$ 48,745	$ 49,380
31 through 59 days past due	3,017	2,664
90 days and greater past due	3,876	3,281
Total student loans receivable, net	$ 55,638	$ 55,325

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, 2018	June 30, 2017
In one year or less	$ 19,752	$ 23,802
One to five years	33,541	24,813
Greater than five years	49,886	51,432
Contributions receivable, gross	103,179	100,047
Less: Allowance for doubtful contributions	(5,245)	(6,303)
Less: Present value discount	(15,633)	(15,310)
Total contributions receivable, net	82,301	78,434
Less: Current portion of contribution receivable, net	(17,095)	(19,742)
Non-current portion of contribution receivable, net	$ 65,206	$ 58,692

Changes to net contributions receivable during the years ended June 30, 2018 and 2017 are as follows:

	Year Ended June 30,	
	2018	2017
Balance, beginning of the year	$ 78,434	$ 78,387
New pledges	39,384	23,501
Collection of pledges	(29,501)	(20,462)
Pledges written off	(6,694)	(3,593)
Change in allowance	1,058	(63)
Change in discount to present value	(380)	664
Balance, end of the year	$ 82,301	$ 78,434

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, which were between 2.33% and 2.97% for contributions made during the year ended June 30, 2018 and 1.24% and 2.43% for contributions made during the year ended June 30, 2017. The discount rates for contributions made during the years ended June 30, 2016 and prior were between 0.11% and 6.00%.

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 nine defined benefit pension plans (three plans sponsored by the University and six plans sponsored by TUHS), 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.

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 certain 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 2018 and 2017 were $69,448 and $68,584, 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 $10,675 and $9,440 in 2018 and 2017, respectively.

The activity of the defined benefit pension and postretirement benefit plans for the years ended June 30, 2018 and 2017 is as follows:

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 235,292	$ 241,868	$ 408,972	$ 454,609
Service cost	2,204	2,198	12,854	15,505
Interest cost	7,839	7,387	12,973	13,013
Plan participant contributions	202	174	1,897	2,016
Actuarial gain	(14,217)	(5,674)	(87,156)	(61,015)
Benefits paid	(9,550)	(9,429)	(14,339)	(15,156)
Plan expenses	(1,782)	(1,194)	—	—
Settlement	(31)	(38)	—	—
Benefit obligation, end of year	$ 219,957	$ 235,292	$ 335,201	$ 408,972
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 200,254	$ 177,582	$ 310,146	$ 283,805
Actual return on plan assets	11,078	18,296	21,888	26,979
Employer contributions	5,176	14,826	4,810	12,502
Plan participant contributions	202	174	1,897	2,016
Benefits paid	(9,550)	(9,429)	(14,339)	(15,156)
Plan expenses	(1,782)	(1,194)	—	—
Fair value of plan assets, end of year	$ 205,378	$ 200,254	$ 324,402	$ 310,146
Net funded status:				
Funded status, end of year	$ (14,579)	$ (35,038)	$ (10,799)	$ (98,826)

The accumulated benefit obligation for the pension plans at June 30, 2018 and 2017 was $218,414 and $233,707, respectively.

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
The funded status recognized in the balance sheets:				
Assets, non-current	$ 2,950	$ 33	$ —	$ —
Liabilities, current	—	—	(476)	(500)
Liabilities, non-current	(17,529)	(35,071)	(10,323)	(98,326)
Net amount recognized, funded status	$ (14,579)	$ (35,038)	$ (10,799)	$ (98,826)

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
Accumulated amounts recognized in unrestricted net assets:				
Unrecognized prior service cost	$ —	$ —	$ —	$ (249)
Unrecognized net loss	80,384	98,871	(49,533)	38,393
Net amount recognized	$ 80,384	$ 98,871	$ (49,533)	$ 38,144

The estimated net loss (gain) for the plans that will be amortized from unrestricted net assets into net periodic benefit cost during the following fiscal year are as follows:

	Pensions	Postretirement Benefits
Estimated amortization of net loss (gain)	$4,772	$(2,176)

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
Changes in plan assets and benefit obligations recognized in other changes in net assets:				
Actuarial loss	$ (12,039)	$ (11,077)	$ (87,727)	$ (66,826)
Amortization of prior service credit	—	—	249	2,491
Amortization of net actuarial loss	(6,342)	(7,537)	(199)	(5,822)
Recognition of settlement loss	(106)	(195)	—	—
Total recognized in other changes in net assets	$ (18,487)	$ (18,809)	$ (87,677)	$ (70,157)

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	
	2018	2017	2018	2017
Components of net periodic cost:				
Service cost	$ 2,204	$ 2,198	$ 12,854	$ 15,505
Interest cost	7,839	7,387	12,973	13,012
Expected return on plan assets	(13,287)	(12,931)	(21,317)	(21,167)
Amortization of prior service credit	—	—	(249)	(2,491)
Amortization of net actuarial loss	6,342	7,537	199	5,822
Settlement	106	195	—	—
Net periodic cost (including settlement expense)	$ 3,203	$ 4,386	$ 4,460	$ 10,681

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
Weighted-average assumptions used to determine the benefit obligations at end of year:				
Discount rate(s)	4.13%-4.38%	3.67%-4.07%	4.31%	3.95%
Expected long-term rate of return on plan assets	6.00%-6.50%	6.00%-7.00%	7.00%	7.00%
Rate of compensation increase	2.50%-3.00%	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 next year	N/A	N/A	7.23% / 2.4%	6.58% / 7.59%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.46% / 4.44%	4.46% / 4.54%
Year that ultimate rate is reached	N/A	N/A	2026 / 2025	2025 / 2025

	Pensions		Postretirement Benefits	
	2018	2017	2018	2017
Weighted-average assumptions used to determine net periodic cost at beginning of year:				
Discount rate(s) for benefit obligations	3.66%-4.07%	3.36%-4.03%	3.95%	3.83%
Discount rate(s) for service cost	3.73%-4.17%	2.98%-4.15%	3.98%	3.87%
Discount rate(s) for interest cost	2.60%-3.48%	2.60%-3.33%	3.45%	3.15%
Expected long-term rate of return on plan assets	6.00%-7.00%	6.50%-7.00%	7.00%	7.50%
Rate of compensation increase	2.50%-3.00%	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	7.33% / 7.70%	6.88% / 7.90%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.46% / 4.44%	4.46% / 4.54%
Year that ultimate rate is reached	N/A	N/A	2026 / 2025	2025 / 2025

Assumed health care cost trend rates have a significant effect on amounts reported for the postretirement benefits plan. A one-percentage point change in the assumed health care trend rate would have the following effects on Temple's net periodic benefits cost and benefit obligations as of and for the year ended June 30, 2018:

	Decrease	Increase
Incremental effect on service cost and interest cost components of net periodic postretirement benefits cost	$ (3,105)	$ 3,658
Percentage of incremental effect in relation to current year service cost and interest cost	(12.02)%	14.16%
Incremental effect on benefit obligation, end of year	$ (34,181)	$ 42,320
Percentage of incremental effect in relation to current year benefit obligations, end of year	(10.20)%	12.63%

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, 2018 and 2017 is as follows (see Note 10 for plan asset fair value disclosures):

	Pensions			Postretirement Benefits		
	Target*	2018	2017	Target	2018	2017
Asset class:						
Equity funds and securities	15%-95%	56%	57%	72%-75%	76%	76%
Fixed income and cash	5%-85%	44%	43%	25%-28%	24%	24%

* At June 30, 2018, the University's pension plans have an asset allocation target of 15% equity and 85% fixed income and TUHS' pension plans have an asset allocation target of 68%-95% equity and 5%-32% fixed income.

Expected Cash Flows — The following table shows expected cash flows (including cash flows for TUHS participants) of the pension and postretirement benefits plans:

	Pensions	Postretirement Benefits
Expected contributions for next fiscal year:		
Employer	$ 2,830	$ 472
Employee	N/A	1,903
Estimated future benefit payments reflecting expected future service for fiscal years ending June 30:		
2019	$ 10,913	$ 19,113
2020	11,360	19,015
2021	11,769	19,666
2022	12,293	20,173
2023	12,753	20,507
2024 through 2028	68,552	105,288

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 $1,369 and $1,441 at June 30, 2018 and 2017, respectively.

6. Deposits with Trustees

Temple has on deposit with trustees amounts established for construction and 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).

The fair values of deposits with trustees by debt issuance at June 30, 2018 and 2017 are as follows:

	June 30, 2018	June 30, 2017
Construction funds:		
PAID, First Series of 2015 (University)	$ 36,860	$ 65,990
THHEFAP, First Series of 2012 (TUHS)	—	46,427
Total construction funds	36,860	112,417
Debt Repayment Funds:		
PAID, Second Series of 2016 (University)*	1	—
PHEFA, First Series of 2012 (University)*	2	1
PHEFA, First Series of 2010A & 2010B (University)*	4	3
THHEFAP, First Series of 2017 (TUHS)	29,462	—
THHEFAP, First Series of 2012 (TUHS)	41,220	—
THHEFAP, First Series of 2007 (TUHS)	—	29,827
Total debt repayment funds	70,689	29,831
Total deposits with trustees	$ 107,549	$ 142,248

* Interest earned on deposits.

7. Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2018 and 2017 is summarized as follows:

	June 30, 2018	June 30, 2017
Land and land improvements	$ 112,985	$ 105,104
Buildings and building improvements	2,335,814	2,249,911
Equipment and library books	1,248,831	1,218,724
Construction in progress	152,074	111,401
Property, plant, and equipment, gross	3,849,704	3,685,140
Less: Accumulated depreciation	(1,966,399)	(1,851,074)
Total property, plant, and equipment, net	$ 1,883,305	$ 1,834,066

Depreciation expense was $145,532 and $141,734 in 2018 and 2017, respectively.

8. Asset Retirement Obligations

Temple has recognized liabilities for conditional asset retirement obligations, primarily related to asbestos remediation in certain Temple 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, 2018 and 2017 are as follows:

	2018	2017
Balance, beginning of the year	$ 11,606	$ 11,767
Liabilities incurred	—	16
Accretion expense	573	667
Revision of estimated cash flows	1,409	—
Liabilities settled	(459)	(810)
Foreign currency translation	6	(34)
Balance, end of the year	$ 13,135	$ 11,606

The fair value at June 30, 2018 and 2017 of $13,135 and $11,606, 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 20 years and 1 to 19 years, respectively, inflation factors ranging from 2.00% to 4.50% (both years), credit-adjusted risk free rates ranging from 4.63% to 7.00% at June 30, 2018 and 5.00% to 7.00% at June 30, 2017, and contractor market risk premiums ranging from 0.00% to 5.00% (both years).

During 2018, TUHS determined that the anticipated time-line to abate asbestos in certain facilities has changed and that the current estimated costs have increased by $1,409 from the prior estimated amounts. The increase is recognized as additional liability in the 2018 consolidated balance sheet.

9. Debt and Leases

Long-term debt consists of the following at June 30, 2018 and 2017:

	Maturity	Interest Rate†	Effective Rate 2018	June 30, 2018	June 30, 2017
Long-term debt:					
University bond issuances:					
PAID Revenue Bonds, First Series of 2016, including unamortized premium of $9,837 and $11,259 at June 30, 2018 and 2017, respectively	April 1, 2029	5.00%	3.61%	$ 131,023	$ 138,674
PAID Revenue Bonds, Second Series of 2016, including unamortized premium of $11,835 and $12,410 at June 30, 2018 and 2017, respectively	April 1, 2036	5.00%	3.73%	89,945	90,520
PAID Revenue Bonds, First Series of 2015, including unamortized premium of $11,944 and $12,583 at June 30, 2018 and 2017, respectively	April 1, 2045	5.00%	4.11%	131,359	136,203
PHEFA Revenue Bonds, First Series of 2012, including of unamortized premium of $20,243 and $21,326 at June 30, 2018 and 2017, respectively	April 1, 2042	4.00%-5.00%	3.96%	197,598	202,511

	Maturity	Interest Rate†	Effective Rate 2018	June 30, 2018	June 30, 2017
PHEFA Revenue Bonds, First Series A of 2010, including unamortized premium of $2,572 and $2,664 at June 30, 2018 and 2017, respectively	April 1, 2021	4.00%-5.00%	3.46%	12,462	15,539
PHEFA Revenue Bonds, First Series B of 2010, including unamortized premium of $0 at June 30, 2018 and 2017	April 1, 2040	4.46%-6.29%	3.96%	132,330	136,190
Total University bond issuances				694,717	719,637
TUHS bond issuances:					
THHEFAP Hospital Revenue Bonds, Series 2017, including unamortized premium of $23,367 at June 30, 2018	July 1, 2034	5.00%	3.70%	258,607	—
THHEFAP Hospital Revenue Bonds, Series A and B of 2012, net of unamortized discount of $3,943 and $3,638, respectively	July 1, 2042	5.00%-6.25%	5.81%	223,161	290,366
THHEFAP Hospital Revenue Bonds, Series A and B of 2007, net of unamortized discount of $525 and $567, respectively	July 1, 2034	5.00%-5.50%	5.31%	—	201,086
Total TUHS bond issuances				481,768	491,452
Other long-term debt:					
Equipment financing arrangements (TUHS)	Various	1.34%-3.80%		14,544	10,605
Loan payable to Episcopal Healthcare Foundation (TUHS)	December 31, 2020	4.00%		1,587	2,180
Mortgage (TUHS)	December 31, 2031	4.18%		8,871	9,000
Capital leases				12,422	11,731
Deferred financing costs				(7,360)	(7,606)
Total long-term debt, net of deferred financing costs				1,206,549	1,236,999
Less: Current maturities of long-term debt				(42,952)	(43,520)
Non-current maturities of long-term debt, net of deferred financing costs				$1,163,597	$1,193,479

† Stated interest rate remaining from fiscal 2019 through maturity. All bonds have an interest rate mode of fixed.

University Bond Issuances:

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 Pennsylvania Higher Educational Facilities Authority's ("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, 2018 and 2017 was $4,915 and $5,183, 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, 2018 and 2017 was $3,355 and $3,372, respectively.

PAID Revenue Bonds, First Series of 2015 — In fiscal 2016, the University, via the PAID issued $130,440 of PAID Temple University Revenue Bonds, First Series of 2015 ("First Series of 2015 Bonds") with a stated interest rate 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, 2018 and 2017 was $2,841 and $3,032, 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 a stated interest rate 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 2012 Bonds require annual principal payments of varying amounts beginning April 1, 2013 and ending on April 1, 2042, with a first option call date of April 1, 2022. The First Series of 2012 Bonds are 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, 2018 and 2017 was $7,937 and $8,127, respectively.

PHEFA Revenue Bonds, First Series A of 2010 — In fiscal 2010, the University, via PHEFA issued $46,665 of PHEFA Temple University Revenue Bonds, First Series A of 2010 ("First Series A of 2010 Bonds") with a stated interest rate ranging from 4.00% to 5.00%. The proceeds from the sale of the First Series A 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 A of 2010 Bonds. The First Series A of 2010 Bonds require annual principal payments of varying amounts beginning April 1, 2011 and ending on April 1, 2021, 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 A of 2010 Bonds during the years ended June 30, 2018 and 2017 was $504 and $655, 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 a stated interest rate 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 a first option call date of April 1, 2020. 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, 2018 and 2017 was $5,326 and $5,437, respectively.

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 new library. Construction commenced in fiscal 2018. As of June 30, 2018, no funding has been drawn.

TUHS Bond Issuances:

THHEFAP Hospital Revenue Bonds, Series 2017 — In fiscal 2018, TUHS, via the Hospitals and Higher Education Facilities Authority of Philadelphia (“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, resulting in a gain of approximately $107 which has been recorded as a non-operating gain in other income.

THHEFAP Hospital Revenue Bonds, Series A and B of 2012 — In fiscal 2012, TUHS, via THHEFAP issued $311,105 of THHEFAP Hospital Revenue Bonds, Series A and B of 2012 with a stated interest rate ranging from 5.00% to 6.25%.

THHEFAP Hospital Revenue Bonds, Series A and B of 2007 — In fiscal 2007, TUHS, via THHEFAP issued $220,970 of THHEFAP Hospital Revenue Bonds, Series A and B of 2007 with a stated interest rate ranging from 5.00% to 5.50%.

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., Jeanes Hospital, 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, 2018 and 2017 was $26,841 and $28,595, respectively.

Temple has complied with all financial debt covenants during the years ended June 30, 2018 and 2017.

Lines of Credit — In 2017, TUHS obtained a $25,000 line of credit (“TUHS Line of Credit”) from PNC Bank, National Association (“PNC”). During 2018, the TUHS Line of Credit was renewed with a borrowing limit of $40,000 and an expiration date of June 19, 2019. Amounts borrowed accrue interest at a rate of the one-month London Interbank Offered Rate (“LIBOR”) plus 140 basis points. During 2017, TUHS borrowed $15,000 against the TUHS Line of Credit to fund working capital requirements. Such borrowings were outstanding at June 30, 2017 and are included in *Short-term debt* in the 2017 consolidated balance sheet. TUHS did not have any borrowings during 2018. Interest expense on the TUHS Line of Credit during the year ended June 30, 2018 and 2017 was $102 and $4, respectively.

In July 2015, the University obtained a $100,000 revolving line of credit (the "Revolver") from PNC. The Revolver expires on July 31, 2019, and amounts borrowed accrue interest at a rate of the one-month London Interbank Offered Rate plus 55 basis points. The Revolver is secured by a subordinated gross revenue pledge of the University, and is cross-defaulted to the covenants in the University's bond indenture. The Revolver 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, 2018 and 2017, the University borrowed $0 and $25,000, respectively, against the Revolver to fund seasonal working capital requirement and no amount was outstanding at June 30, 2018 and 2017. Interest expense on the Revolver during the years ended June 30, 2018 and 2017 was $0 and $19, respectively.

In addition, the University has a $7,500 unsecured line of credit (the "Unsecured Line of Credit") with PNC. The Unsecured Line of Credit expires on March 31, 2020 and contains annual renewal options. Borrowings under the Unsecured Line of Credit accrue interest at either the Base Rate or Euro-Rate per annum, as selected by the University. The interest rate under the Base Rate option is equal to the Prime Rate, whereas, the interest rate under the Euro-Rate option is equal to the sum of the Euro-Rate plus 55 basis points. At June 30, 2018 and 2017, $2,114 and $4,214, respectively, of the Unsecured Line of Credit was used as collateral for letters of credit with the Philadelphia Redevelopment Authority and National Union Fire Insurance.

Leases — Temple leases certain facilities and equipment under leases having initial or remaining noncancelable terms in excess of one year. The future minimum lease payments as of June 30, 2018 are as follows:

	Capital Leases	Operating Leases
2019	$ 3,895	$ 28,615
2020	3,784	19,994
2021	2,777	16,184
2022	1,515	11,272
2023	473	3,016
Thereafter	11	22,712
Total minimum lease payments	12,455	$ 101,793
Amounts representing interest on capital leases	(33)	
Present value of net minimum capital lease payments	$ 12,422	

At June 30, 2018 and 2017, property, plant, and equipment with respect to capital leases had a net book value of $11,745 and $10,991, respectively. Interest expense on capital leases during the years ended June 30, 2018 and 2017 was $600 and $408, respectively.

Rent expense for operating leases is recorded on a straight-line basis over the life of the lease. Rent expense on operating leases during the years ended June 30, 2018 and 2017 was $50,989 and $43,813, respectively.

Interest — Total interest expense incurred, net of capitalized interest, was $54,431 and $57,128 for the years ended June 30, 2018 and 2017, respectively. Temple capitalizes interest cost on qualifying assets. Temple's plant assets included capitalized interest of $2,679 and $2,682 at June 30, 2018 and 2017, respectively.

Fair Value and Maturity — As of June 30, 2018 and 2017, the fair value of Temple's bond issuances (excluding net unamortized premium and discount of $74,279 and $55,774, respectively, deferred financing costs of $7,360 and $7,606, respectively, and accrued interest of $22,027 and $22,292, respectively) with a principal value of $1,102,206 and $1,155,315, respectively, was approximately $1,219,418 and $1,267,710, 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:

2019	$	35,446
2020		32,637
2021		32,285
2022		30,067
2023		36,739
Thereafter		960,034
Total principal payments		1,127,208
Deferred financing costs		(7,360)
Unamortized premium and discount, net		74,279
Capital leases		12,422
Total long-term debt	$	1,206,549

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 future 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. 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, 2018 and 2017:

June 30, 2018	Level 1	Level 2	Level 3	Total
Investments (including endowment):				
Money market funds	$ 77,665	958	—	$ 78,623
Corporate bonds and notes	—	287,043	—	287,043
U.S. government and agency securities	289,311	56,429	—	345,740
Municipal bonds	—	7,475	—	7,475
Fixed income funds	12,150	—	—	12,150
Equity funds and securities	365,725	—	—	365,725
Futures contracts§	(805)	—	—	(805)
Real estate	—	320	—	320
Other	—	9,102	—	9,102
Total investments in fair value hierarchy	$ 744,046	$ 361,327	$ —	1,105,373
Investments measured at NAV				484,173
Investments carried at equity				3,910
Total investments				$ 1,593,456
Self-insurance trust funds:				
Money market funds	$ 367	$ —	$ —	$ 367
Corporate bonds and notes	—	3,099	—	3,099
U.S. government securities	10,530	695	—	11,225
Total self-insurance trust funds	$ 10,897	$ 3,794	$ —	$ 14,691
Deposits with trustees:				
Money market funds	$ 61,151	$ —	$ —	$ 61,151
U.S. government and agency securities	9,888	36,510	—	46,398
Total deposits with trustees	$ 71,039	$ 36,510	$ —	$ 107,549
Funds held in trust by others:				
Funds held in trust by others	$ —	$ —	$ 75,568	$ 75,568
Beneficial interest in assets held by Episcopal Foundation	—	—	28,418	28,418
Beneficial interest in the Fox Chase Cancer Center Foundation	—	—	56,615	56,615
Total funds held in trust by others	$ —	$ —	$ 160,601	$ 160,601

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

June 30, 2018	Level 1	Level 2	Level 3	Total
Pension plans:				
Money market funds	$ 7,187	$ —	$ —	$ 7,187
Fixed income funds	26,991	—	—	26,991
Corporate bonds and notes	—	35,122	—	35,122
U.S. government and agency securities	19,451	—	—	19,451
Municipal bonds	—	717	—	717
Collateralized mortgage obligations	—	778	—	778
Exchange traded funds	376	—	—	376
Equity funds and securities	76,627	—	—	76,627
Total pension plans in fair value hierarchy	$ 130,632	$ 36,617	$ —	167,249
Pension plans measured at NAV				38,129
Total pension plans				$ 205,378
Postretirement plans:				
Money market funds	$ 2,049	$ —	$ —	$ 2,049
U.S. government securities	32,670	—	—	32,670
Equity funds and securities	61,531	—	—	61,531
Total postretirement plans in fair value hierarchy	$ 96,250	$ —	$ —	96,250
Postretirement plans measured at NAV				228,152
Total postretirement plans				$ 324,402

June 30, 2017	Level 1	Level 2	Level 3	Total
Investments (including endowment):				
Money market funds	$ 32,092	$ 753	$ —	$ 32,845
Corporate bonds and notes	—	296,959	—	296,959
U.S. government and agency securities	244,008	57,932	—	301,940
Municipal bonds	—	6,883	—	6,883
Fixed income funds	157,540	8,028	—	165,568
Equity funds and securities	320,252	275	—	320,527
Real estate	—	345	—	345
Other	—	5,501	—	5,501
Total investments in fair value hierarchy	$ 753,892	$ 376,676	$ —	1,130,568
Investments measured at NAV				345,073
Investments carried at equity				3,554
Total investments				$ 1,479,195
Self-insurance trust funds:				
Money market funds	$ 1,653	$ —	$ —	$ 1,653
Corporate bonds and notes	—	3,003	—	3,003
U.S. government securities	10,410	175	—	10,585
Total self-insurance trust funds	$ 12,063	$ 3,178	$ —	$ 15,241
Deposits with trustees:				
Money market funds	$ 56,055	$ —	$ —	$ 56,055
U.S. government and agency securities	12,141	74,052	—	86,193
Total deposits with trustees	$ 68,196	$ 74,052	$ —	$ 142,248
Funds held in trust by others				
Funds held in trust by others	$ —	$ —	$ 72,884	$ 72,884
Beneficial interest in assets held by Episcopal Foundation	—	—	27,348	27,348
Beneficial interest in the Fox Chase Cancer Center Foundation	—	—	51,377	51,377
Total funds held in trust by others	$ —	$ —	$ 151,609	$ 151,609

June 30, 2017	Level 1	Level 2	Level 3	Total
Pension plans:				
Money market funds	$ 5,579	$ —	$ —	$ 5,579
Fixed income funds	24,336	—	—	24,336
Corporate bonds and notes	—	34,102	—	34,102
U.S. government and agency securities	19,258	784	—	20,042
Municipal bonds	—	2,177	—	2,177
Equity funds and securities	76,663	—	—	76,663
Total pension plans in fair value hierarchy	$ 125,836	$ 37,063	$ —	162,899
Pension plans measured at NAV				37,355
Total pension plans				$ 200,254
Postretirement plans:				
Money market funds	$ 7,114	$ —	$ —	$ 7,114
Equity funds and securities	155,533	—	—	155,533
Total postretirement plans in fair value hierarchy	$ 162,647	$ —	$ —	162,647
Postretirement plans measured at NAV				147,499
Total postretirement plans				$ 310,146

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. Temple did not have any other transfers between levels within the fair value hierarchy during the years ended June 30, 2018 and 2017.

The following table is a reconciliation of the changes in fair value of Temple’s financial assets, which have been classified in Level 3 in the fair value hierarchy:

	Funds Held in Trust by Others
Balance, June 30, 2016	$ 135,641
Purchases	419
Realized and unrealized losses, net	15,549
Balance, June 30, 2017	151,609
Realized and unrealized gains, net	8,992
Balance, June 30, 2018	$ 160,601

Information for investments whose fair value is estimated using its net asset value practical expedient (or its equivalent) at June 30, 2018 and 2017 is as follows:

June 30, 2018†	Fair Values: Investments / Endowment	Fair Values: Pensions	Fair Values: Post-retirement	Redemption: Frequency	Redemption: Notice Period
Commodity funds[a]	$ 13,228	$ —	$ 6,785	Daily-Quarterly	1-90 days
Multi-strategy hedge funds [b]	151,985	19,001	41,663	Daily-Annual	45-95 days
Private equity[c]	4,278	—	1,630	Various[c]	Various[c]
Real estate funds[d]	35,287	9,707	12,890	Monthly-Quarterly	30-90 days
Fixed income funds[e]	51,704	—	43,465	Daily-Monthly	1-30 days
Equity funds[f]	227,691	9,421	121,719	Daily-Monthly	5-90 days
Total value	$ 484,173	$ 38,129	$ 228,152		

June 30, 2017†	Fair Values: Investments / Endowment	Fair Values: Pensions	Fair Values: Post-retirement	Redemption: Frequency	Redemption: Notice Period
Cash‡	$ 3,835	$ 288	$ 1,805	Quarterly	90 days
Multi-strategy hedge funds [b]	95,399	19,059	31,020	Daily-Annual	0-95 days
Distressed debt hedge funds[g]	8,610	676	4,214	Quarterly	65-90 days
Private equity[c]	2,259	144	903	Various[c]	Various[c]
Global/Macro hedge funds[h]	16,754	1,295	8,086	Quarterly	90 days
Real asset funds[i]	50,470	7,288	8,550	Monthly-Quarterly	30-45 days
Fixed income funds[e]	52,972	—	67,169	Daily	2-6 days
Equity funds[f]	114,658	8,605	25,752	Daily-Monthly	0-60 days
Stock funds[j]	116	—	—	N/A	N/A
Total value	$ 345,073	$ 37,355	$ 147,499		

† Unfunded commitments at June 30, 2018 and 2017 are as follows: Private equity funds of $114,352 and $149, respectively, and real estate funds of $51 and $52, respectively.
‡ Cash holdings of underlying managers

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

b. *Multi-strategy hedge funds* are composed of hedge fund-of-funds that invest in multi-strategy investments by directly investing in the commingled funds of investment managers executing these strategies. These strategies include investments in both equity and fixed income that may include short selling, as well as strategies related to global macroeconomic trends.

c. *Private equity* investments at June 30, 2018 are primarily composed of close-ended private equity fund-of-funds that target buyouts, mezzanine financing, and venture capital. These funds can never be redeemed and is estimated that the underlying assets will be liquidated within 10 years. Private equity at June 30, 2017 were primarily composed of hedge fund-of-funds and included real estate, loans, and non-public company equity and debt securities.

d. *Real estate funds* include open ended funds that invest directly and indirectly in income-producing real estate across sectors. They are typically structured as partnerships.

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

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

g. *Distressed debt* hedge funds include investments in hedge funds that invest in debt obligations of distressed companies at a discount and sell the obligations following reorganization or restructuring of the companies.

h. *Global/Macro hedge funds* include investments in a broad diversity of asset classes and geographic markets. The funds invest in the equity, global fixed income, currency and commodity sectors.

i. *Real asset funds* include investments in natural resources, TIPs, and commodities through public and private investments whose value is driven by economic activity and which may act as a hedge against unexpected inflation.

j. *Stock funds* include investments (typically through traditional, long-only stock managers) that maintain (beta) exposure to stocks and target (alpha) value added return of at least 2% per year over a passive portfolio. Investments in this category are not currently eligible for redemption.

11. Endowment Funds

Endowment funds include a portfolio of actively managed donor-restricted funds established to provide a source of operating funds, scholarships and awards, academic leadership funds, and master facility plan funds. Endowment funds are established by donor-restricted gifts and bequests to provide either (i) a permanent endowment, which is to provide a permanent source of income or (ii) a term endowment, which is to provide income for a specified period. Alternatively, the board of trustees may designate a portion of unrestricted net assets as a board-designated endowment fund.

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 unrestricted net assets to be invested to provide income for an intended purpose. Board-designated endowment fund assets and the excess or shortfall of the spending rule on these assets are recognized in unrestricted net assets.

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 of Pennsylvania 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 as permanently restricted net assets (i) the original value of gifts donated to the permanent endowment and (ii) the original value of subsequent gifts to the permanent endowment. This is regarded as the “historic dollar value” of the endowed fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets and is regarded as “net appreciation” is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Temple in a manner consistent with Temple’s spending policy.

Funds with Deficiencies — From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the “historic dollar value”, while other endowment funds are unaffected and maintain or exceed the level required to be retained as a perpetual fund. The aggregate amounts of deficiencies are reported by a charge to unrestricted net assets and a corresponding increase to temporarily restricted net assets. The aggregate amount of deficiencies at June 30, 2018 and 2017 totaled $161 and $406, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred subsequent to the investment of permanently restricted contributions. Subsequent investment gains are used to restore the balance up to the fair value of the original gift.

Endowment Investment Policy — Temple has adopted an investment policy that is intended to provide a predictable stream of funding to programs from 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 equal the total of the amount drawn annually for operations plus the rate of inflation and investment management fees. 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).

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. During the years ended June 30, 2018 and 2017, Temple’s spending rule limited the spending of endowment resources to 4.50% 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, 2018 and 2017 totaled $28,108 and $28,255, respectively.

Temple's endowment balances, including board-designated endowment funds, by net asset classification at June 30, 2018 and 2017 are as follows:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds*	$ (161)	$ 78,477	$ 329,814	$ 408,130
Board-designated endowment funds	275,835	—	—	275,835
Total endowment funds	$ 275,674	$ 78,477	$ 329,814	$ 683,965

June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds*	$ (406)	$ 68,411	$ 296,653	$ 364,658
Board-designated endowment funds	250,694	—	—	250,694
Total endowment funds	$ 250,288	$ 68,411	$ 296,653	$ 615,352

* Excludes temporarily and permanently restricted funds held in trust by others of $511 and $75,057, respectively, at June 30, 2018 and $619 and $72,265, respectively, at June 30, 2017 (see Notes 10 and 14).

In March 2015, the University's Board of Trustees approved the designation of up to $150,000 of the University's operating funds into a board-designated quasi-endowment fund available for longer-term investment strategies. During the years ended June 30, 2017 and 2016, contributions into this quasi-endowment fund totaled $30,000 and $120,000, respectively.

The changes in Temple's endowment assets (excluding changes in funds held in trust by others, see Notes 10 and 14) for the years ended June 30, 2018 and 2017 are as follows:

June 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	$ 250,288	$ 68,411	$ 296,653	$ 615,352
Investment return:				
Investment income	—	6,380	368	6,748
Net realized gain	44,038	53,609	—	97,647
Net unrealized loss	(25,606)	(31,062)	—	(56,668)
Total investment return	18,432	28,927	368	47,727
Contributions and transfers:				
Donor contributions	317	98	32,269	32,684
Board-designated quasi-endowment	15,825	—	—	15,825
Other	99	(138)	524	485
Total contributions and transfers	16,241	(40)	32,793	48,994
Funds with deficiencies	245	(245)	—	—
Appropriation of endowment assets for expenditure (spending rule)	(9,532)	(18,576)	—	(28,108)
Endowment net assets, end of the year	$ 275,674	$ 78,477	$ 329,814	$ 683,965

June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	$ 197,591	$ 52,676	$ 282,884	$ 533,151
Investment return:				
Investment income	—	6,712	665	7,377
Net realized gain	13,632	16,569	—	30,201
Net unrealized gain	12,577	15,393	—	27,970
Total investment return	26,209	38,674	665	65,548
Contributions and transfers:				
Donor contributions	2,238	131	14,805	17,174
Board-designated quasi-endowment	30,120	—	—	30,120
Other	—	(685)	(1,701)	(2,386)
Total contributions and transfers	32,358	(554)	13,104	44,908
Funds with deficiencies	3,001	(3,001)	—	—
Appropriation of endowment assets for expenditure (spending rule)	(8,871)	(19,384)	—	(28,255)
Endowment net assets, end of the year	$ 250,288	$ 68,411	$ 296,653	$ 615,352

12. 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 Temple's wholly-owned captive insurance companies domiciled in Bermuda. Temple is self-insured through its captive insurance companies up to certain amounts. 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 either retained by Temple's insurance captives, the University, or TUHS, and claims incurred but not reported, which are retained by the University and 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 are discounted at 2.75% at June 30, 2018 and 1.75% at June 30, 2017 and related recoveries are as follows:

	June 30, 2018	June 30, 2017
Accrued professional liability claims	$ 236,027	$ 233,961
Less: Estimated insurance recoveries	(35,614)	(37,488)
Accrued professional liability claims, net	$ 200,413	$ 196,473

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.

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, the ultimate disposition of these matters is not expected to have a material adverse effect on Temple's future financial position or change in net assets. See Note 9 for commitments under capital and operating leases, Note 10 for unfunded investment commitments, and Note 19 for assets pledged as collateral.

14. Net Assets

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

	June 30, 2018	June 30, 2017
Unrestricted net assets	$ 2,193,951	$ 1,922,192
Temporarily restricted net assets:		
Term endowments, life income funds, and accumulated endowment gains	$ 78,477	$ 68,411
Contributions for instruction, research, and support	45,840	48,182
Contributions for property, plant, and equipment	9,449	8,806
Funds held in trust by others	511	619
Total temporarily restricted net assets	$ 134,277	$ 126,018
Permanently restricted net assets:		
Corpus of contributions for endowments	$ 329,814	$ 296,653
Corpus of contributions for student loans	215	215
Funds held in trust by others	75,057	72,265
Beneficial interest in Episcopal Foundation	28,418	27,348
Beneficial interest in Fox Chase Cancer Center Foundation	56,615	51,377
Total permanently restricted net assets	$ 490,119	$ 447,858
Total net assets	$ 2,818,347	$ 2,496,068

15. Accounts Payable and Other Accrued Expenses

Accounts payable and other accrued expenses at June 30, 2018 and 2017 consist of the following:

	June 30, 2018	June 30, 2017
Accounts payable	$ 166,739	$ 195,417
Accrued interest payable	22,027	22,292
Accrued payroll	33,254	35,197
Accrued vacation	31,259	28,560
Claim based liabilities, professional (Note 12), worker's compensation, general liability, and health and welfare benefits	285,442	270,795
Conditional asset retirement obligation (Note 8)	13,135	11,606
Student and other deposits	2,100	7,020
Estimated retroactive adjustments, third-party payors	15,520	9,887
Other	93,952	67,228
Total accounts payable and other accrued expenses	663,428	648,002
Less: Current portion	(402,886)	(378,858)
Non-current, accounts payable and other accrued expenses	$ 260,542	$ 269,144

16. 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, 2018 and 2017, Temple had net accounts receivable from Medicare of $39,836 and $42,235, respectively, and from Medical Assistance of $53,198 and $50,580, 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, 2018 has not changed significantly from the year ended June 30, 2017. Temple has not experienced significant changes in write-off trends nor has Temple changed its charity care policy (see Note 17).

Patient care activities revenue recognized by major payor sources based on primary insurance designation is as follows:

	Year Ended June 30,	
	2018	2017
Medicare and Medicaid	$ 1,235,459	$ 1,165,715
Self-pay	21,158	23,061
Other third-party payors	750,388	711,151
Patient care activities revenue, gross	2,007,005	1,899,927
Less: Provision for bad debt expense	(43,232)	(42,657)
Total patient care activities revenue, net	$ 1,963,773	$ 1,857,270

As discussed in Note 2, *Patient care activities* revenue includes estimates of reimbursement from third-party payors. During the years ended June 30, 2018 and 2017, *Patient care activities* revenue increased by $4,719 and $17,295, respectively, as a result of settlements or changes in estimates related to prior years TUHS cost reports.

17. 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. The cost to charge ratio is calculated by dividing total expenses by total gross patient service revenue before allowance for doubtful accounts.

The estimated costs incurred to provide charity care, net of payments from Medical Assistance (Medicaid), were $256,857 and $263,830 for the years ended June 30, 2018 and 2017, respectively (see Note 18).

18. Commonwealth of Pennsylvania Grants and Other Support

Temple receives support from the Commonwealth of Pennsylvania primarily in the form of the Commonwealth of Pennsylvania appropriation, grants and contracts, and medical assistance supplemental funding. Medical assistance supplemental funding is to provide accessibility to health care services, including care for the uninsured and indigent population of Pennsylvania (see Note 17). Patient care supplemental funding provided by the Commonwealth of Pennsylvania is included in *Patient care activities* revenue in the consolidated statements of activities. To the extent that patient care support received is dependent on a provider tax from the hospitals, such expense is included in *Patient care activities* expense in the consolidated statements of activities. There is no guarantee that funding from the Commonwealth of Pennsylvania will continue consistent with historical levels in future years. Under certain circumstances, Temple could be required to repay certain of the support received from the Commonwealth of Pennsylvania.

Support received from the Commonwealth of Pennsylvania for the years ended June 30, 2018 and 2017 is as follows:

	Year Ended June 30,	
	2018	**2017**
Commonwealth of Pennsylvania support:		
Patient care related:		
Base supplemental funding	$ 167,812	$ 140,840
State and local hospital assessment program:		
Assessment revenues	82,130	94,311
Assessment expenses	(46,787)	(46,787)
Net state and local hospital assessment program	35,343	47,524
Academic Health Center funding	6,210	6,229
Total patient care support	209,365	194,593
Non-patient care related:		
Appropriation	150,586	150,586
Share of appropriation used to support matching funds under the Commonwealth of PA Medical Assistance Program	(47,712)	(31,291)
Appropriation, net	102,874	119,295
Grants and contracts	13,944	12,820
Grants for property, plant, and equipment	43,399	28,200
Total non-patient care support	160,217	160,315
Total Commonwealth of Pennsylvania support	$ 369,582	$ 354,908

19. Pledged Assets

At June 30, 2018 and 2017, GSIC had restricted cash of $950 and $196, respectively, and non-current investments in fixed income securities of $39,290 and $35,555, respectively, held in trust in order to secure GSIC's liabilities under certain reinsurance contracts.

At June 30, 2018 and 2017, TUHIC had non-current investments in fixed income securities of $50,037 and $49,270, respectively, held in trust in order to secure TUHIC's liabilities under certain reinsurance contracts.

At June 30, 2018, Temple had $3,570 of non-current investments in fixed income securities pledged as collateral under futures contracts. No amount was pledged as collateral at June 30, 2017 (see Note 3).

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.

20. Goodwill and Other Intangible Assets

At June 30, 2018 and 2017, goodwill and other intangible assets totaled $18,436 and $21,044, respectively. Intangible assets primarily relate to our affiliation with American Oncologic Hospital ("AOH") and acquisitions of community-based primary care practices by Temple Physicians, Inc.

Details of intangible assets as of June 30, 2018 and 2017 are as follows:

	Amortizing				Non-Amortizing
June 30, 2018	**Gross Carrying Amount***	**Accumulated Amortization**	**Impairment**	**Net Book Value**	**Book Value¥**
Intellectual property	$ 5,615	$ (2,472)	$ (1,273)	$ 1,870	$ —
Contracts and agreements	1,860	(870)	—	990	—
Physician contracts	2,390	(2,074)	(44)	272	—
Other	619	(403)	—	216	—
Goodwill	—	—	—	—	524
Trade name - AOH	—	—	—	—	13,000
Research and development of intellectual property	—	—	—	—	1,564
Total intangible assets	$ 10,484	$ (5,819)	$ (1,317)	$ 3,348	$ 15,088

June 30, 2017	Amortizing Gross Carrying Amount*	Accumulated Amortization	Impairment	Net Book Value	Non-Amortizing Book Value¥
Intellectual property	$ 5,615	$ (2,059)	$ —	$ 3,556	$ —
Contracts and agreements	1,860	(725)	—	1,135	—
Physician contracts	2,410	(1,681)	(146)	583	—
Other	619	(357)	—	262	—
Goodwill	—	—	—	—	524
Trade name - AOH	—	—	—	—	13,000
Research and development of intellectual property	—	—	—	—	1,984
Total intangible assets	$ 10,504	$ (4,822)	$ (146)	$ 5,536	$ 15,508

* Net of impairments recorded in prior years

¥ Net of impairments of $420 in 2018 and $0 in 2017.

Amortization expense for the years ended June 30, 2018 and 2017 was $875 and $920, respectively.

Amortization expense in future years is estimated as follows:

2019	$ 639
2020	505
2021	407
2022	395
2023	379
Thereafter	1,023
	$ 3,348

The changes in the carrying amount of goodwill and other intangible assets for the years ended June 30, 2018 and 2017 are as follows:

	Goodwill	Other Intangibles	Total
Balance, June 30, 2016	$ 524	$ 21,351	$ 21,875
Acquisitions, physician contracts	—	235	235
Amortization	—	(920)	(920)
Impairment, amortizing assets	—	(146)	(146)
Balance, June 30, 2017	524	20,520	21,044
Acquisitions, physician contracts	—	4	4
Amortization	—	(875)	(875)
Impairment, indefinite live assets	—	(420)	(420)
Impairment, amortizing assets	—	(1,317)	(1,317)
Balance, June 30, 2018	$ 524	$ 17,912	$ 18,436

21. Subsequent Events

Temple has evaluated subsequent events through October 25, 2018, the date the consolidated financial statements were available to be issued. There were no additional events requiring adjustments to or disclosure in the consolidated financial statements.

* * * * *

Supplemental Schedules

The following schedules reflect the changes in unrestricted net assets for the University and its controlled entities. The columnar classification reflects the various budgetary categories and operations of Temple. The University’s Clinical Faculty Practice Plans include TUP and certain School of Dentistry clinical activities. 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 Unrestricted Net Assets — For the Year Ended June 30, 2018 (in thousands)

	Unrestricted Net Assets										
	Temple University Health System	Temple Educational Support Services	University, Excluding Temple Educational Support Services							Consolidating Eliminations	Total Unrestricted Net Assets
			Clinical Faculty Practice Plans	Educational and General	Quasi - Endowment	Externally Sponsored Activities	Unexpended Capital	Other Long-term	Total University		
Revenues:											
Tuition and fees, net of discounts of $144,537	$ —	$ 28,371	$ —	$ 812,209	$ —	$ —	$ —	$ —	$ 812,209	$ (1,800)	$ 838,780
Commonwealth of Pennsylvania appropriation	—	—	—	102,874	—	—	—	—	102,874	—	102,874
Grants and contracts	39,296	—	—	40,967	—	126,844	—	(29)	167,782	—	207,078
Contributions for operations and endowments	5,761	—	—	1,414	397	15,514	—	—	17,325	—	23,086
Investment return	12,279	—	8	20,767	—	18,450	604	1,629	41,458	—	53,737
Sales of educational activities	—	—	—	10,907	—	—	—	—	10,907	—	10,907
Auxiliary enterprises	—	—	—	116,906	—	—	316	611	117,833	—	117,833
Patient care activities, net of bad debt of $43,232	1,760,621	—	200,626	2,526	—	—	—	—	203,152	—	1,963,773
Other sources	35,491	—	—	10,309	—	1,247	717	44	12,317	—	47,808
Net assets released from restrictions	8,813	—	—	30	—	11,326	—	—	11,356	—	20,169
Total revenues	1,862,261	28,371	200,634	1,118,909	397	173,381	1,637	2,255	1,497,213	(1,800)	3,386,045
Expenses:											
Educational and general	44,313	26,407	—	856,134	—	147,370	11,521	79,552	1,094,577	(1,800)	1,163,497
Auxiliary enterprises	—	—	—	96,700	—	681	481	40,268	138,130	—	138,130
Patient care activities	1,789,028	—	164,411	5,763	—	—		76	170,250	—	1,959,278
Total expenses	1,833,341	26,407	164,411	958,597	—	148,051	12,002	119,896	1,402,957	(1,800)	3,260,905
Transfers:											
Property, plant, and equipment (PP&E) acquisitions	—	—	(344)	(21,344)	—	(4,527)	(108,348)	134,563	—	—	—
Retirement of indebtedness	—	—	—	(44,844)	—	—	966	43,878	—	—	—
Capital replacement and expansion	—	—	—	(67,124)	—	(171)	67,295	—	—	—	—
Transfer from TUP	—	—	(37,740)	37,740	—	—	—	—	—	—	—
Other transfers	—	—	—	(3,657)	15,845	(19,804)	4,189	3,427	—	—	—
Total transfers	—	—	(38,084)	(99,229)	15,845	(24,502)	(35,898)	181,868	—	—	—
Excess (deficit) of revenues over expenses and transfers	28,920	1,964	(1,861)	61,083	16,242	828	(46,263)	64,227	94,256	—	125,140
Other changes in net assets:											
Investment return	5,262	—	—	(11,880)	8,899	—	191	(2,303)	(5,093)	—	169
Commonwealth grants for PP&E	—	—	—	—	—	—	43,399	—	43,399	—	43,399
Contributions for PP&E	—	—	—	—	—	—	(1,159)	448	(711)	—	(711)
Loss on disposal of PP&E, net	(55)	(9)	—	—	—	—	—	(3,869)	(3,869)	—	(3,933)
Gain on extinguishment of debt	107	—	—	—	—	—	—	—	—	—	107
Actuarial change in accrued pensions and postretirement	35,457	—	—	—	—	—	—	71,115	71,115	—	106,572
Loss on asset retirement obligation	—	—	—	—	—	—	(477)	—	(477)	—	(477)
Transfer from TUHS	(7,680)	—	1,470	6,210	—	—	—	—	7,680	—	—
Currency translation adjustment	—	(85)	—	83	—	—	—	—	83	—	(2)
Net assets released from restrictions for PP&E	609	—	—	—	—	—	886	—	886	—	1,495
Total other changes in net assets	33,700	(94)	1,470	(5,587)	8,899	—	42,840	65,391	113,013	—	146,619
Change in net assets	62,620	1,870	(391)	55,496	25,141	828	(3,423)	129,618	207,269	—	271,759
Unrestricted Net assets, beginning of year	228,196	1,467	16,077	291,170	250,694	85,458	215,500	833,630	1,692,529	—	1,922,192
Unrestricted Net assets, end of year	$ 290,816	$ 3,337	$ 15,686	$ 346,666	$ 275,835	$ 86,286	$ 212,077	$ 963,248	$1,899,798	$ —	$ 2,193,951

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

Changes in Unrestricted Net Assets — For the Year Ended June 30, 2017 (in thousands)

	Unrestricted Net Assets										
			University, Excluding Temple Educational Support Services								
	Temple University Health System	Temple Educational Support Services	Clinical Faculty Practice Plans	Educational and General	Quasi - Endowment	Externally Sponsored Activities	Unexpended Capital	Other Long-term	Total University	Consolidating Eliminations	Total Unrestricted Net Assets
Revenues:											
Tuition and fees, net of discounts of $141,536	$ —	$ 26,793	$ —	$ 771,222	$ —	$ —	$ —	$ —	$ 771,222	$ (1,800)	$ 796,215
Commonwealth of Pennsylvania appropriation	—	—	—	119,295	—	—	—	—	119,295	—	119,295
Grants and contracts	35,189	—	—	41,705	—	125,541	—	—	167,246	—	202,435
Contributions for operations and endowments	11,251	—	—	2,735	2,238	16,487	—	—	21,460	—	32,711
Investment return	7,736	—	—	17,021	—	16,979	632	1,920	36,552	—	44,288
Sales of educational activities	—	—	—	10,290	—	—	—	—	10,290	—	10,290
Auxiliary enterprises	—	—	—	112,836	—	—	—	—	112,836	—	112,836
Patient care activities, net of bad debt of $42,657	1,655,667	—	198,707	2,896	—	—	—	—	201,603	—	1,857,270
Other sources	42,483	—	—	9,407	—	1,292	693	—	11,392	—	53,875
Net assets released from restrictions	6,960	—	—	(111)	—	10,984	—	—	10,873	—	17,833
Total revenues	1,759,286	26,793	198,707	1,087,296	2,238	171,283	1,325	1,920	1,462,769	(1,800)	3,247,048
Expenses:											
Educational and general	42,067	26,161	—	810,413	—	145,025	14,398	76,078	1,045,914	(1,800)	1,112,342
Auxiliary enterprises	—	—	—	88,718	—	625	1,235	41,027	131,605	—	131,605
Patient care activities	1,710,092	—	187,732	5,705	—	—			193,437	123	1,903,652
Total expenses	1,752,159	26,161	187,732	904,836	—	145,650	15,633	117,105	1,370,956	(1,677)	3,147,599
Transfers:											
Property, plant, and equipment (PP&E) acquisitions	—	—	(605)	(16,544)	—	(3,817)	(122,181)	143,147	—	—	—
Retirement of indebtedness	—	—	—	(45,157)	—	—	2,024	43,133	—	—	—
Capital replacement and expansion	—	—	—	(54,087)	—	1	54,086	—	—	—	—
Transfer from TUP	—	—	(11,104)	11,104	—	—	—	—	—	—	—
Other transfers	—	—	—	(72,352)	30,120	(15,366)	60,257	(2,659)	—	—	—
Total transfers	—	—	(11,709)	(177,036)	30,120	(19,182)	(5,814)	183,621	—	—	—
Excess (deficit) of revenues over expenses and transfers	7,127	632	(734)	5,424	32,358	6,451	(20,122)	68,436	91,813	(123)	99,449
Other changes in net assets:											
Investment return	15,535	—	—	(5,279)	17,338	—	(532)	(2,699)	8,828	—	24,363
Commonwealth grants for PP&E	—	—	—	—	—	—	28,200	—	28,200	—	28,200
Contributions for PP&E	—	—	—	—	—	—	(824)	—	(824)	—	(824)
Loss (gain) on disposal of PP&E, net	(261)	—	—	144	—	—	3,843	(2,609)	1,378	—	1,117
Actuarial change in accrued pensions and postretirement	31,087	—	—	—	—	—	—	57,879	57,879	—	88,966
Transfer from TUHS	(7,822)	—	1,470	6,229	—	—	—	—	7,699	123	—
Currency translation adjustment	—	338	—	—	—	—	—	—	—	—	338
Net assets released from restrictions for PP&E	1,728	—	—	—	—	—	3,005	—	3,005	—	4,733
Total other changes in net assets	40,267	338	1,470	1,094	17,338	—	33,692	52,571	106,165	123	146,893
Change in net assets	47,394	970	736	6,518	49,696	6,451	13,570	121,007	197,978	—	246,342
Unrestricted Net assets, beginning of year	180,802	497	15,341	284,652	200,998	79,007	201,930	712,623	1,494,551	—	1,675,850
Unrestricted Net assets, end of year	$ 228,196	$ 1,467	$ 16,077	$ 291,170	$ 250,694	$ 85,458	$ 215,500	$ 833,630	$1,692,529	$ —	$ 1,922,192

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
  - Good Samaritan Insurance Co. Ltd. ("GSIC"), non-exempt (Bermuda)
  - Temple Educational Support Services, Ltd. ("TESS"), non-exempt (Japan)
  - TUMP Offices, Inc. ("TUMP"), exempt 501(c)(2)
  - Global Technology Management Corp., non-exempt (inactive)

  - Temple University Health System, Inc. ("TUHS"), exempt
    - Temple University Hospital, Inc. ("TUH"), exempt
      - Temple University Health System Foundation ("TUHSF"), exempt
    - Temple Physicians, Inc. ("TPI"), exempt
    - Temple Faculty Practice Plan, Inc. ("TFPP"), exemption pending (incorporated June 2018)
    - Jeanes Hospital ("JH"), 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
    - American Oncologic Hospital ("AOH"), exempt (doing business as, The Hospital of the Fox Chase Cancer Center)
      - Fox Chase Limited ("FC"), non-exempt
      - Institute for Cancer Research ("ICR"), exempt (doing business as, The Research Institute of Fox Chase Cancer Center)
      - Fox Chase Cancer Center Medical Group, Inc. ("MGI"), exempt
      - Fox Chase Network, Inc. ("Network"), exempt