

# **2014 Annual Financial Report**

**October 21, 2014**



# Consolidated (Excludes CHO)

## Statements of Revenues, Expenses, and Changes in Net Position

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Revenues supporting core activities	\$ 4,220	\$ 4,452	\$ 4,137	\$ 315	8%
Expenses associated with core activities	4,166	4,264	4,011	(253)	(6%)
<b>Income from core activities</b>	<b>54</b>	<b>188</b>	<b>126</b>	<b>62</b>	<b>49%</b>
GASB 68 pension expense	-	26	253	227	90%
<b>Income (loss) before other changes</b>	<b>54</b>	<b>162</b>	<b>(127)</b>	<b>289</b>	<b>228%</b>
Other changes in net position	145	271	80	191	239%
<b>Increase (decrease) in net position</b>	<b>\$ 199</b>	<b>\$ 433</b>	<b>\$ (47)</b>	<b>\$ 480</b>	<b>1021%</b>
<b>Margin</b>	<b>5%</b>	<b>10%</b>	<b>-1%</b>		

- UCSF's Clinical Enterprise and Campus results are **favorable to plan** and **exceed prior year**
  - ✓ **Clinical, philanthropy and private contracts and grants** were the primary revenue growth drivers
  - ✓ **Personnel costs** represent the primary increase in expenses
  - ✓ **Clinical enterprise activities** (including Faculty practice) primarily generated income from core activities
  - ✓ **Campus** is operating close to break-even level
- **GASB 68** changed the way UCSF calculates and reports pension obligations, resulting in additional expense in FY14 and 13
- **Other changes in net position** includes capital gifts of \$251m received from the Foundation for Mission Bay hospital construction

# Campus

## Statements of Revenues, Expenses, and Changes in Net Position

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Campus revenues supporting core activities	\$ 1,988	\$ 2,030	\$ 1,941	\$ 89	5%
PSA and other campus services*	393	449	408	41	10%
<b>Revenues supporting core activities</b>	<b>2,381</b>	<b>2,479</b>	<b>2,349</b>	<b>130</b>	<b>6%</b>
Expenses associated with core activities	2,455	2,490	2,358	(132)	(6%)
<b>Loss from core activities</b>	<b>(74)</b>	<b>(11)</b>	<b>(9)</b>	<b>(2)</b>	<b>(22%)</b>
GASB 68 pension expense	-	12	137	125	91%
<b>Loss before other changes</b>	<b>(74)</b>	<b>(23)</b>	<b>(146)</b>	<b>123</b>	<b>84%</b>
Other changes in net position	11	11	7	4	57%
Medical Center investment in clinical practices	61	61	58	3	5%
<b>Increase (decrease) in net position</b>	<b>\$ (2)</b>	<b>\$ 49</b>	<b>\$ (81)</b>	<b>\$ 130</b>	<b>160%</b>
<b>Margin</b>	<b>0%</b>	<b>2%</b>	<b>-3%</b>		

- **Clinical, philanthropy and private contracts and grants** were the primary revenue growth drivers
- **Salaries and benefits** increases were mainly due to salary growth in School of Medicine (with overall headcount remaining flat) and UCRP assessment change from 10% to 12%
- **Campus core activities** are operating at levels close to break-even for both FY14 and FY13
- **Campus** overall margin is above break-even after recognizing the Medical Center investment in clinical practices

# Campus

## Revenues Supporting Core Activities

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Student tuition and fees, net	\$ 58	\$ 56	\$ 57	\$ (1)	(2%)
State educational appropriations	198	198	188	10	5%
Grants and contracts:					
Federal	669	665	663	2	0%
State	67	66	67	(1)	(1%)
Private	232	257	236	21	9%
Local	153	156	148	8	5%
<b>Total grants and contracts</b>	<b>1,121</b>	<b>1,144</b>	<b>1,114</b>	<b>30</b>	<b>3%</b>
Other clinical revenue and educational activities	222	236	225	11	5%
Auxiliary enterprises	50	48	49	(1)	(2%)
Private gifts	136	153	111	42	38%
Investment income	100	100	95	5	5%
Other revenues, net	103	95	102	(7)	(7%)
PSA and other campus services	393	449	408	41	10%
<b>Revenues supporting core activities</b>	<b>\$ 2,381</b>	<b>\$ 2,479</b>	<b>\$ 2,349</b>	<b>\$ 130</b>	<b>6%</b>

- **Private contracts and grants** increase is a combination of new awards and revenue for work performed in FY14 on large multi-year awards received in prior year(s)
- **Local grants and contracts** increase is due to SFGH
- **Private gifts** exceeded aggressive projected transfer rate of 22%
  - ✓ Gifts to UCSF Foundation saw a 51% and \$95m increase, from \$188m to \$283m
- **PSA and other campus services**
  - ✓ Increased clinical productivity driven primarily by a 7% increase in outpatient volumes
  - ✓ Net days in A/R dropped translating to \$8m collected faster in FY14
  - ✓ Better charge capture in Apex resulted in more charges getting posted and a reduction in denial rates

# Campus

## Core Revenue from Recurring Sources

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
State educational appropriations	\$ 172	\$ 172	\$ 162	\$ 10	6%
State educational appropriations - OP admin	26	26	26	-	0%
Student tuition and fees - education fee	30	30	30	-	0%
Student tuition and fees - nonresident	3	3	3	-	0%
Indirect cost recovery	197	197	195	2	1%
Investment income - Chancellor	35	36	38	(2)	(5%)
<b>Total core revenue</b>	<b>\$ 463</b>	<b>\$ 464</b>	<b>\$ 454</b>	<b>\$ 10</b>	<b>2%</b>

- No significant variances in core revenues as compared to plan
- Additional \$30m in contracts and grant revenue did not translate to incremental increase in ICR
  - ✓ Slower transition to higher Federal rate than expected
  - ✓ Exempt items such as subcontracts >\$25K
  - ✓ End of ARRA expenditures; Federal ICR fell from \$2.1m to \$0.4m

# Campus

## Expenses Associated with Core Activities

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Salaries and wages	\$ 1,299	\$ 1,319	\$ 1,265	(54)	(4%)
Benefits	357	348	319	(29)	(9%)
Scholarships and fellowships	24	26	24	(2)	(8%)
Utilities	20	24	21	(3)	(14%)
Supplies, materials and other expenses	579	579	567	(12)	(2%)
Depreciation	117	122	114	(8)	(7%)
Interest expense	59	72	48	(24)	(50%)
<b>Expenses associated with core activities</b>	<b>\$ 2,455</b>	<b>\$ 2,490</b>	<b>\$ 2,358</b>	<b>\$ (132)</b>	<b>(6%)</b>

- **Salaries and wages** increased compared to prior year, but are closely aligned with plan
  - ✓ Headcount has gone up for revenue-generating units and has gone down or is flat for administrative units
- **Benefits** increased over prior year
  - ✓ UCRP rate increase from 10% to 12%
  - ✓ Retiree health benefit rate increase from \$1.80/\$100 to \$3.24/\$100, effective December 2012
  - ✓ The favorability against plan is primarily due to active health benefits increasing 2% instead of the planned 5% (UC eliminated five high cost medical plans and added two new plans effective January 1, 2014)
- **Supplies, materials, and other expenses** increased due to subcontracts; remaining expenses declined slightly

# Clinical Enterprise (Medical Center)

## Statements of Revenues, Expenses, and Changes in Net Position

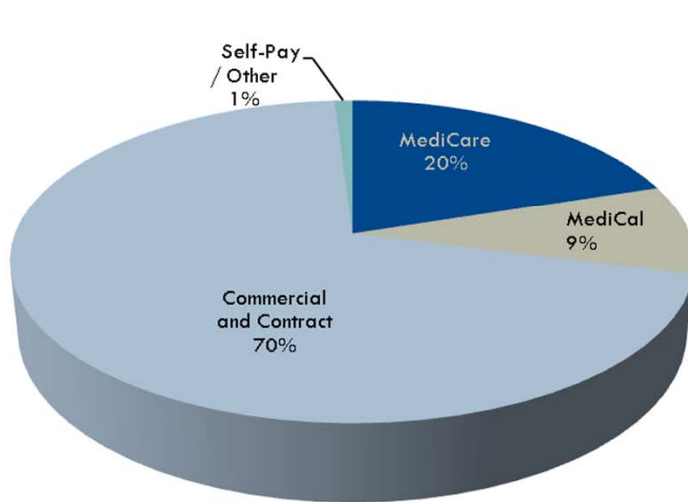
	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Revenues supporting core activities	\$ 2,232	\$ 2,422	\$ 2,196	\$ 226	10%
Expenses associated with core activities	2,104	2,223	2,061	(162)	(8%)
<b>Income from core activities</b>	<b>128</b>	<b>199</b>	<b>135</b>	<b>64</b>	<b>47%</b>
GASB 68 pension expense	-	14	116	102	88%
<b>Income before other changes</b>	<b>128</b>	<b>185</b>	<b>19</b>	<b>166</b>	<b>874%</b>
Other changes in net position	134	260	73	187	256%
Medical Center investment in clinical practices	(61)	(61)	(58)	(3)	(5%)
<b>Increase in net position</b>	<b>\$ 201</b>	<b>\$ 384</b>	<b>\$ 34</b>	<b>\$ 350</b>	<b>1029%</b>
<b>Margin</b>	<b>9%</b>	<b>16%</b>	<b>2%</b>		

- **Revenue** growth from favorable outpatient volumes, reimbursement rates and Medicare settlements
- **Expense** increase over prior year relates to personnel expenses and other supplies and purchased services primarily driven by the increased clinical fee activity
- **Other changes in net position** includes \$251m in capital gifts to fund Mission Bay hospital construction vs. prior year received \$69m reimbursement Children's Hospital Bond Act of 2008, California Propositions 3 and 61

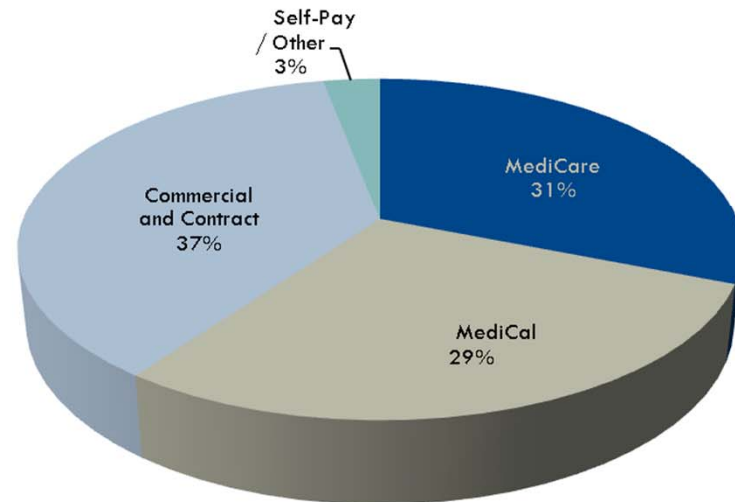
# Clinical Enterprise (Medical Center)

## Revenues Supporting Core Activities

	Plan	Actuals (\$ millions)		
	2014	2014	2013	Better / (Worse) / % Better / (Worse)
Patient revenue		\$ 2,309	\$ 2,096	\$ 213 / 10%
Cafeteria		6	6	- / 0%
Investment income		13	16	(3) / (19%)
Federal financing appropriations		15	15	- / 0%
Other revenues, net		79	63	16 / 25%
<b>Revenues supporting core activities</b>	<b>\$ 2,232</b>	<b>\$ 2,422</b>	<b>\$ 2,196</b>	<b>\$ 226 / 10%</b>



2014 revenue by payor



2014 patient mix (based on days of stay)



# Clinical Enterprise (Medical Center)

## Expenses Associated with Core Activities

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Salaries and wages	804	819	773	(46)	(6%)
Benefits	249	261	224	(37)	(17%)
Supplies, materials and other expenses	533	579	527	(52)	(10%)
PSA and other campus services*	393	449	408	(41)	(10%)
Depreciation	106	99	101	2	2%
Interest expense	6	5	16	11	69%
Utilities	13	11	12	1	8%
<b>Expenses from core activities</b>	<b>\$ 2,104</b>	<b>\$ 2,223</b>	<b>\$ 2,061</b>	<b>\$ (162)</b>	<b>(8%)</b>

- **Salaries and wages** increase is primarily due to California Nurses Association increases
- **Benefits** increase over prior year relates to:
  - ✓ UCRP rate increase from 10% to 12% and retiree health benefits
  - ✓ OPEB benefit assessment rate increase from \$1.80/\$100 to \$3.24/\$100, effective December 2012
- **Supplies, materials and other expenses** increase primarily correlated with increase in revenue and inflation
- **PSA and other campus services** increase driven by an increase in productivity, billing and faster collections

# Consolidated

## Statements of Net Position \*

	Campus		Clinical Enterprise		Consolidated		
	Actuals (\$ millions)				Actuals (\$ millions)		
	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	\$ Change
Cash and investments	\$ 1,817	\$ 1,694	\$ 505	\$ 435	\$ 2,322	\$ 2,129	\$ 193
Investments held by trustees	72	66	7	8	79	74	5
Accounts receivable, net	121	117	334	325	455	442	13
Property, plant and equipment, net	2,220	2,202	1,913	1,630	4,133	3,832	301
Noncurrent deferred outflows	304	424	257	364	561	788	(227)
Other assets	94	86	65	108	159	194	(35)
<b>Total assets</b>	<b>4,628</b>	<b>4,589</b>	<b>3,081</b>	<b>2,870</b>	<b>7,709</b>	<b>7,459</b>	<b>250</b>
Accounts payable	111	120	157	157	268	277	(9)
Accrued salaries and benefits	226	193	83	73	309	266	43
Debt	1,223	1,155	844	890	2,067	2,045	22
Deferred inflows	628	384	506	302	1,134	686	448
Due to University	190	191	148	156	338	347	(9)
Pension liability	682	1,031	523	822	1,205	1,853	(648)
Other liabilities	245	241	37	71	282	312	(30)
<b>Total liabilities</b>	<b>3,305</b>	<b>3,315</b>	<b>2,298</b>	<b>2,471</b>	<b>5,603</b>	<b>5,786</b>	<b>(183)</b>
Invested in capital assets, net of debt	1,068	1,113	1,076	749	2,144	1,862	282
Restricted	300	278	10	22	310	300	10
Unrestricted	(45)	(117)	(303)	(372)	(348)	(489)	141
<b>Total net position</b>	<b>1,323</b>	<b>1,274</b>	<b>783</b>	<b>399</b>	<b>2,106</b>	<b>1,673</b>	<b>433</b>
<b>Total liabilities and net position</b>	<b>\$ 4,628</b>	<b>\$ 4,589</b>	<b>\$ 3,081</b>	<b>\$ 2,870</b>	<b>\$ 7,709</b>	<b>\$ 7,459</b>	<b>\$ 250</b>

- **Cash** has increased primarily due to positive operating margins (when adding back depreciation as a non-cash item)
- **Debt** has remained relatively flat, with campus debt increasing and clinical enterprise debt decreasing
- **Property, plant and equipment** increase is driven primarily by Mission Bay hospital construction
- **Noncurrent deferred outflows, deferred inflows, due to University, and pension liability** amounts are primarily based on the change in the way we report pension obligations (GASB 68), resulting in a net liability of \$2.1b in FY14

# Consolidated Cash Flow

	2014	
	Campus	Clinical Enterprise
<b>Reconcile income (loss) from core activities to net cash provided by core activities:</b>		
Income (loss) from core activities	\$ (11)	\$ 199
Depreciation expense	122	99
Changes in assets and liabilities	20	7
<b>Net cash provided by core activities</b>	<b>\$ 131</b>	<b>\$ 305</b>

	Campus			Clinical Enterprise		
	2014	2013	\$ Change	2014	2013	\$ Change
Cash received from operations	\$ 2,012	\$ 1,526	\$ 486	\$ 2,403	\$ 2,159	\$ 244
Cash payments for operations	(2,269)	(1,728)	(541)	(2,109)	(1,930)	(179)
State educational appropriations and gifts	351	304	47	3	5	(2)
Investment income received	101	94	7	13	16	(3)
Patent income	9	18	(9)	-	-	-
Debt service payments-interest	(73)	(47)	(26)	(5)	(54)	49
<b>Net cash provided by core activities</b>	<b>131</b>	<b>167</b>	<b>(36)</b>	<b>305</b>	<b>196</b>	<b>109</b>
Capital appropriations and gifts	14	33	(19)	251	92	159
Purchases of capital assets	(143)	(63)	(80)	(381)	(408)	27
Proceeds from debt issuance	221	338	(117)	1	-	1
Debt service payments-principal/refinancings	(153)	(320)	167	(47)	(25)	(22)
<b>Capital and related financing activities</b>	<b>(61)</b>	<b>(12)</b>	<b>(49)</b>	<b>(176)</b>	<b>(341)</b>	<b>165</b>
Proceeds from sales and maturities of investments	46	1	45	2	364	(362)
Purchases of investments	(54)	(50)	(4)	-	-	-
<b>Investing activities</b>	<b>(8)</b>	<b>(49)</b>	<b>41</b>	<b>2</b>	<b>364</b>	<b>(362)</b>
<b>Medical Center investment in clinical practices</b>	<b>61</b>	<b>58</b>	<b>3</b>	<b>(61)</b>	<b>(58)</b>	<b>(3)</b>
<b>Net increase (decrease) in cash and investments</b>	<b>123</b>	<b>164</b>	<b>(41)</b>	<b>70</b>	<b>161</b>	<b>(91)</b>
Cash and investments, beginning of year	1,694	1,530	164	435	274	161
<b>Cash and investments, end of year</b>	<b>\$ 1,817</b>	<b>\$ 1,694</b>	<b>\$ 123</b>	<b>\$ 505</b>	<b>\$ 435</b>	<b>\$ 70</b>

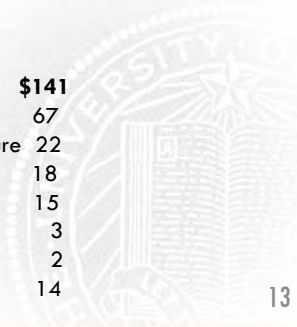
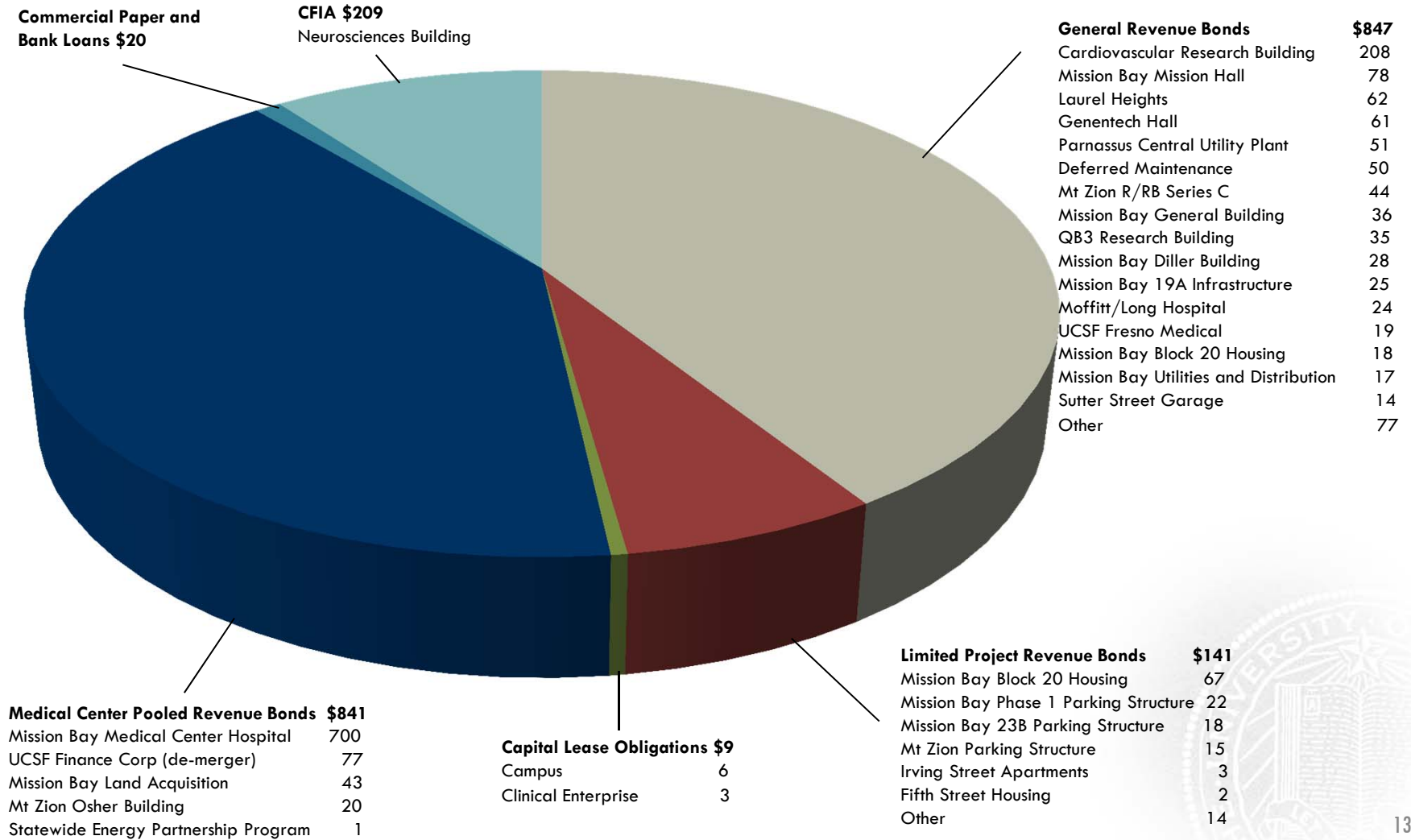
# Consolidated

## Cash by Control Point

	2014 Actuals (\$ millions)			
	Unrestricted	Restricted	Plant*	Total
Campus net position balances:				
School of Medicine	\$ 592	\$ 254	\$ 3	\$ 849
School of Dentistry	49	6	1	56
School of Pharmacy	14	3	-	17
School of Nursing	12	4	-	16
EVCP	40	55	-	95
Financial and Administrative Services	52	-	7	59
Core Financial Plan	362	6	-	368
Ancillary**	(66)	(42)	105	(3)
Total net position balances (excluding pension)	1,055	286	116	1,457
Campus working capital (excluding pension)	360	-	-	360
<b>Campus cash and investments</b>	<b>1,415</b>	<b>286</b>	<b>116</b>	<b>1,817</b>
<b>Clinical Enterprise cash and investments</b>	<b>495</b>	<b>10</b>	<b>10</b>	<b>505</b>
<b>UCSF cash and investments</b>	<b>1,910</b>	<b>296</b>	<b>126</b>	<b>2,322</b>
Other available resources:				
UCSF Foundation	-	1,153	-	1,153
Regents' endowment	-	1,114	-	1,114
<b>Total other available resources</b>	<b>-</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
<b>Total cash and investments</b>	<b>\$ 1,910</b>	<b>\$ 2,563</b>	<b>\$ 126</b>	<b>\$ 4,589</b>

# Consolidated Debt

As of June 30, 2014 (in millions)



# Questions and Discussion



# Salaries and Wages



# Campus

## Employee Salaries and Headcount

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Academic and staff salaries		\$ 1,307	\$ 1,256	\$ (51)	(4%)
Employee vacation		9	7	(2)	(29%)
Involuntary termination benefits		3	2	(1)	(50%)
<b>Salaries and Wages</b>		<b>\$ 1,299</b>	<b>\$ 1,265</b>	<b>\$ (54)</b>	<b>(4%)</b>

	Actuals (\$ millions)				Headcount			
	2014	2013	Better / (Worse)	% Better / (Worse)	as of 6/30/2014	as of 6/30/2013	Increase / (Decrease)	% Increase / (Decrease)
Represented employees	\$ 285	\$ 283	\$ (2)	(1%)	5,621	5,653	(32)	(1%)
Faculty*	532	497	(35)	(7%)	2,545	2,456	89	4%
Non-faculty academic**	138	130	(8)	(6%)	2,391	2,371	20	1%
Non-represented staff	352	346	(6)	(2%)	4,414	4,544	(130)	(3%)
<b>Total salaries and headcount</b>	<b>\$ 1,307</b>	<b>\$ 1,256</b>	<b>\$ (51)</b>	<b>(4%)</b>	<b>14,971</b>	<b>15,024</b>	<b>(53)</b>	<b>(0%)</b>

\* Faculty includes ladder, in residence, clinical X, adjunct, and HS clinical

\*\* Non-faculty academic includes postdocs, residents, graduate students, academic coordinators, lecturers, and visiting professors

16



# Campus

## Employee Salaries and Headcount, continued

	Actuals (\$ millions)				Headcount			
	2014	2013	Better / (Worse)	% Better / (Worse)	as of 6/30/2014	as of 6/30/2013	Increase / (Decrease)	Increase / (Decrease)
<b>Represented:</b>								
Health care / research support (UPTE)	\$ 81	\$ 77	\$ (4)	(5%)	1,747	1,622	125	8%
Administrative (CUE)	47	48	1	2%	1,022	1,188	(166)	(14%)
Post docs (UAW)	46	44	(2)	(5%)	1,017	1,018	(1)	(0%)
Patient care and service (AFSCME) 22%	38	40	2	5%	805	823	(18)	(2%)
Nurses (CNA)	19	21	2	10%	196	197	(1)	(1%)
Non-senate academic research professionals	47	45	(2)	(4%)	754	729	25	3%
Other represented employees	7	8	1	13%	80	76	4	5%
<b>Represented employees</b>	<b>285</b>	<b>283</b>	<b>(2)</b>	<b>(1%)</b>	<b>5,621</b>	<b>5,653</b>	<b>(32)</b>	<b>(1%)</b>
<b>Faculty</b> 40%	<b>532</b>	<b>497</b>	<b>(35)</b>	<b>(7%)</b>	<b>2,545</b>	<b>2,456</b>	<b>89</b>	<b>4%</b>
<b>Non-represented:</b>								
Academic coordinators and lecturers	24	27	3	11%	307	263	44	17%
Residents and graduate students	114	103	(11)	(11%)	2,084	2,108	(24)	(1%)
<b>Non-faculty academic</b>	<b>138</b>	<b>130</b>	<b>(8)</b>	<b>(6%)</b>	<b>2,391</b>	<b>2,371</b>	<b>20</b>	<b>1%</b>
Senior management	4	6	2	33%	9	15	(6)	(40%)
Management services	140	133	(7)	(5%)	1,127	1,126	1	0%
Professional and support staff	208	207	(1)	(0%)	3,278	3,403	(125)	(4%)
<b>Non-represented staff</b>	<b>352</b>	<b>346</b>	<b>(6)</b>	<b>(2%)</b>	<b>4,414</b>	<b>4,544</b>	<b>(130)</b>	<b>(3%)</b>
<b>Total salaries and headcount</b>	<b>\$ 1,307</b>	<b>\$ 1,256</b>	<b>\$ (51)</b>	<b>(4%)</b>	<b>14,971</b>	<b>15,024</b>	<b>(53)</b>	<b>(0%)</b>

# Campus

## Employee Salaries and Headcount, by Control Point

	Actuals (\$ millions)				Headcount			
	2014	2013	Better / (Worse)	% Better / (Worse)	as of 6/30/2014	as of 6/30/2013	Increase / (Decrease)	Increase / (Decrease)
Chancellor's Office	\$ 3	\$ 3	\$ -	0%	22	22	-	0%
Executive Vice Chancellor	76	82	6	7%	1,147	1,210	(63)	(5%)
Financial and Administrative Services	122	116	(6)	(5%)	1,801	1,844	(43)	(2%)
School of Dentistry	40	39	(1)	(3%)	580	575	5	1%
School of Medicine	982	926	(56)	(6%)	10,336	10,277	59	1%
School of Nursing	24	26	2	8%	341	325	16	5%
School of Pharmacy	43	47	4	9%	576	616	(40)	(6%)
University Relations	3	3	-	0%	34	25	9	36%
Development and Alumni Relations	14	14	-	0%	134	131	3	2%
<b>Total salaries and headcount</b>	<b>\$ 1,307</b>	<b>\$ 1,256</b>	<b>\$ (51)</b>	<b>(4%)</b>	<b>14,971</b>	<b>15,025</b>	<b>(54)</b>	<b>(0%)</b>



# Clinical Enterprise (Medical Center)

## Employee Salaries and Headcount

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Staff salaries		\$ 818	\$ 770	\$ (48)	(6%)
Involuntary termination benefits		1	3	2	67%
<b>Salaries and Wages</b>		<b>\$ 804</b>	<b>\$ 773</b>	<b>\$ (46)</b>	<b>(6%)</b>

	Actuals (\$ millions)				Headcount			
	2014	2013	Better / (Worse)	% Better / (Worse)	as of 6/30/2014	as of 6/30/2013	Increase / (Decrease)	% Increase / (Decrease)
Represented employees	\$ 596	\$ 563	\$ (33)	(6%)	6,280	6,322	(42)	(1%)
Non-represented staff	191	183	(8)	(4%)	1,677	1,585	92	6%
Temporary staff	31	40	9	23%				
Capitalized salaries	-	(16)	(16)	(100%)				
<b>Total salaries and headcount</b>	<b>\$ 818</b>	<b>\$ 770</b>	<b>\$ (48)</b>	<b>(6%)</b>	<b>7,957</b>	<b>7,907</b>	<b>50</b>	<b>1%</b>

# Clinical Enterprise (Medical Center)

## Employee Salaries and Headcount, continued

	Actuals (\$ millions)				Headcount			
	2014	2013	Better / (Worse)	% Better / (Worse)	as of 6/30/2014	as of 6/30/2013	Increase / (Decrease)	% Increase / (Decrease)
<b>Represented:</b>								
Nurses (CNA)	\$ 336	\$ 314	\$ (22)	(7%)	2,534	2,523	11	0%
Patient care and service (AFSCME)	152	147	(5)	(3%)	2,290	2,310	(20)	(1%)
Administrative (CUE)	43	43	-	0%	831	868	(37)	(4%)
Health care / research support (UPTE)	63	57	(6)	(11%)	606	600	6	1%
Other represented employees	2	2	-	0%	19	21	(2)	(10%)
<b>Represented employees</b>	<b>596</b>	<b>563</b>	<b>(33)</b>	<b>(6%)</b>	<b>6,280</b>	<b>6,322</b>	<b>(42)</b>	<b>(1%)</b>
<b>Non-represented employees:</b>								
Senior management	4	4	-	0%	5	6	(1)	(17%)
Management services	96	91	(5)	(5%)	644	594	50	8%
Professional and support staff	92	88	(4)	(5%)	1,028	985	43	4%
<b>Non-represented employees</b>	<b>192</b>	<b>183</b>	<b>(9)</b>	<b>(5%)</b>	<b>1,677</b>	<b>1,585</b>	<b>92</b>	<b>6%</b>
<b>Temporary staff</b>	<b>31</b>	<b>40</b>	<b>9</b>	<b>23%</b>				
<b>Capitalized salaries</b>	<b>-</b>	<b>(16)</b>	<b>(16)</b>	<b>100%</b>				
<b>Total salaries and headcount</b>	<b>\$ 819</b>	<b>\$ 770</b>	<b>\$ (49)</b>	<b>(6%)</b>	<b>7,957</b>	<b>7,907</b>	<b>50</b>	<b>1%</b>



# **2014**

## **Supporting Financial Schedules**



# Campus

## Student Tuition and Fees

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Professional school fees		\$ 36	\$ 36	\$ -	0%
Tuition		30	30	-	0%
Student fees		18	17	1	6%
Other		7	6	1	17%
Scholarship allowances		(35)	(32)	(3)	9%
<b>Student tuition and fees, net</b>	<b>\$ 58</b>	<b>\$ 56</b>	<b>\$ 57</b>	<b>\$ (1)</b>	<b>(2%)</b>

- **Student tuition and fees** is more than offset by an increase in **scholarship allowances**
  - ✓ 2 new programs were added in the graduate division – Healthcare Administration and Interprofessional Leadership (HAIL) and Translational Medicine
  - ✓ Fall student population figures reported by institutional research showed a total decrease in students of 19, driven primarily by the School of Nursing
- **Self-supporting program fee** in the graduate division increased by 20% and the **Nursing professional fee** increased 8%

# Campus

## State and Federal Appropriations\*

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
State educational appropriations:					
UCSF educational mission	\$ 172	\$ 172	\$ 162	\$ 10	6%
Office of the President administration	26	26	26	-	0%
<b>State appropriations</b>	<b>198</b>	<b>198</b>	<b>188</b>	<b>10</b>	<b>5%</b>
State financing appropriations*	8	1	7	(6)	(86%)
Federal financing appropriations*	7	8	7	1	14%
State research and other appropriations	14	4	12	(8)	(67%)
State capital appropriations*	4	2	4	(2)	(50%)
<b>Other state and federal appropriations</b>	<b>\$ 33</b>	<b>\$ 15</b>	<b>\$ 30</b>	<b>\$ (15)</b>	<b>(50%)</b>

- **State educational appropriations** are received for educational mission; Office of the President administration represents state funds designated to pay UCOP overhead costs and does not fund instruction
- **State financing** is for Fresno Medical Education and Research and Mission Bay California Institute for Quantitative Biosciences debt service under State Public Works Board bonds, which were refinanced at the end of 2014; no additional funding on these projects is anticipated
- **State research and other appropriations** are primarily for the California HIV-AIDS Research Program (CHRP) in FY14, Gallo state funded substance abuse program revenue received in FY13 has declined
- **State capital appropriations** are reimbursement claims paid by the state for telemedicine facilities

# Campus

## Grants and Contracts

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Federal	\$ 669	\$ 665	\$ 663	\$ 2	0%
State	67	66	67	(1)	(1%)
Private	232	257	236	21	9%
Local	153	156	148	8	5%
<b>Grants and contracts</b>	<b>\$ 1,121</b>	<b>\$ 1,144</b>	<b>\$ 1,114</b>	<b>\$ 30</b>	<b>3%</b>

- **Federal grants and contracts** remained relatively flat
  - ✓ Slight increase in the number of awards with a slight decrease in average revenue per award
  - ✓ Expired ARRA awards have been replaced with non-ARRA awards
- **Private grants and contracts** exceeded projection and prior year due to large new awards as well as revenue recognition on awards received in prior years
  - ✓ Daiichi Sankyo funding for collaborative research effort to research and development of therapeutics and diagnostics for neurodegenerative diseases (\$42m over 5 years)
  - ✓ Various Bill and Melinda Gates Foundation grants (\$31m over multiple years)
  - ✓ Patient-Centered Outcomes Research Institute (PCORI) grant (\$17m over 3 years)
  - ✓ Samsung Group for the Digital Health Innovation Lab (\$7m)
- **Local grants and contracts** is driven by an increase in SFGH revenue, and included COLA and benefits increases as well as approximately \$4m in program increases (DSRIP)



# Campus

## Private Gifts

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Gifts directly to UC Regents		\$ 28	\$ 28	\$ -	0%
Transfers from Foundation:					
Research		87	53	34	64%
Institutional support		9	9	-	0%
Instruction		15	12	3	25%
Other		13	9	4	44%
<b>Private gifts</b>		<b>\$ 136</b>	<b>\$ 111</b>	<b>\$ 41</b>	<b>37%</b>

▪ **Transfers from Foundation were directed primarily to the School of Medicine:**

- ✓ Cancer Center support and research \$7m
- ✓ Cardiovascular Research Institute research \$5m
- ✓ Cardiovascular Research Institute operating \$9m
- ✓ Gastroenterology (Colitis and Crohn's Disease) research \$5m

# Campus

## Investment Income

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
STIP income		\$ 24	\$ 22	\$ 2	9%
TRIP income		9	15	(6)	(40%)
TRIP distribution		30	19	11	58%
Endowment income - Regents		37	38	(1)	(3%)
<b>Total investment income</b>	<b>\$ 100</b>	<b>\$ 100</b>	<b>\$ 94</b>	<b>\$ 6</b>	<b>6%</b>

- **Short-term investment pool (STIP)** had a positive return of 1.6% in 2014 and 2.0% in 2013
- **Total return investment pool (TRIP)** had a positive return of 5.4% in 2014 and 6.8% in 2013
  - ✓ Investments in TRIP were made by the School of Medicine for \$100m in July 2013 and by the Chancellor for \$227.5m in August 2013



# Campus

## Other Revenues

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
State and federal financing appropriations	\$ 15	\$ 9	\$ 14	\$ (5)	(36%)
Research and other appropriations	14	4	12	(8)	(67%)
Patent income	13	9	18	(9)	(50%)
Lease rental income		14	14	-	0%
Sales and service - non educational		29	20	9	45%
UCSF foundation assessment fee		9	8	1	13%
Other	61	21	16	5	31%
<b>Total other revenues</b>	<b>\$ 103</b>	<b>\$ 95</b>	<b>\$ 102</b>	<b>\$ (7)</b>	<b>(7%)</b>

- **State research and other appropriations** are primarily for the California HIV-AIDS Research Program (CHRP) in FY14, Gallo state funded substance abuse program revenue received in FY13 has declined
- **Lease rental income** is rent from Campus Facilities Improvement Association for the ground lease on the Sandler Neurosciences Building at Mission Bay
- **Patent income** decrease is due to inventor share expenses for Hypermedia that reduced patent income as well as a shortfall in the Hepatitis B vaccine
- **Sales and service – non educational** and **other revenue** included an \$8m resident FICA refund and a \$4m litigation settlement in FY13, which were not repeated in FY14

# Campus Benefits

Plan	Actuals (\$ millions)				
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
UC Retirement Plan		\$ 112	\$ 88	\$ (24)	(27%)
Retiree health benefits		28	22	(6)	(27%)
Health, dental and vision		119	117	(2)	(2%)
Social Security and Medicare		69	71	2	3%
Workers' compensation and other		20	21	1	5%
<b>Total benefits</b>	<b>\$ 357</b>	<b>\$ 348</b>	<b>\$ 319</b>	<b>\$ (29)</b>	<b>(9%)</b>
<b>Benefits as % of salaries</b>	<b>27%</b>	<b>26%</b>	<b>25%</b>		

- **UC Retirement Plan** increased due to rate increases from 10% to 12% as well as equity and bargaining salary increases
- **Retiree health benefits** increased due to a rate assessment increase from \$1.80/\$100 to \$3.24/\$100, effective December 2012



# Campus

## Supplies, Materials and Other Expenses

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Supplies and materials		\$ 47	\$ 58	\$ 11	19%
Lab instruments and supplies		53	49	(4)	(8%)
Medical supplies		15	13	(2)	(15%)
Subcontractors		157	129	(28)	(22%)
Rental of space		30	37	7	19%
Facilities, repairs and maintenance		50	35	(15)	(43%)
UCOP assessment fee		42	45	3	7%
Contract services		46	38	(8)	(21%)
Business meetings, travel and memberships		42	41	(1)	(2%)
Insurance - medical malpractice and other		20	19	(1)	(5%)
Insurance - residents / fellows		17	20	3	15%
Professional services		44	51	7	14%
Cost of goods sold		9	10	1	10%
Other		7	22	15	68%
<b>Supplies, materials and other expenses</b>	<b>\$ 579</b>	<b>\$ 579</b>	<b>\$ 567</b>	<b>\$ (12)</b>	<b>(2%)</b>

# Campus

## Depreciation, Interest and Utilities

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Depreciation	\$ 117	\$ 122	\$ 114	\$ (8)	(7%)
Interest	59	72	48	(24)	(50%)
Utilities	20	24	21	(3)	(14%)
<b>Other expenses</b>	<b>\$ 196</b>	<b>\$ 218</b>	<b>\$ 183</b>	<b>\$ (35)</b>	<b>(19%)</b>

- **Interest** increased due to a one-time adjustment to reverse interest expense overcapitalized in prior years of approximately \$10m and an increase in debt of \$67m



# Clinical Enterprise (Medical Center)

## Investment Income

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
STIP income		\$ 7	\$ 5	\$ 2	40%
TRIP income		1	3	(2)	(67%)
TRIP distribution		3	2	1	50%
Bond escrow investment income		-	5	(5)	(100%)
Other investment income		2	1	1	100%
<b>Total investment income</b>	<b>\$ 10</b>	<b>\$ 13</b>	<b>\$ 16</b>	<b>\$ (3)</b>	<b>(19%)</b>

- **Short-term investment pool (STIP)** had a positive return of 1.6% in 2014 and 2.0% in 2013
- **Total return investment pool (TRIP)** had a positive return of 5.4% in 2014 and 6.8% in 2013
- **Bond escrow investment income** decreased due to the reduction in investments held by trustee related to the spending for construction of the new Mission Bay Hospital

# Clinical Enterprise (Medical Center)

## Benefits

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
UC Retirement Plan		\$ 85	\$ 70	\$ (15)	(21%)
Retiree health benefits		22	17	(5)	(29%)
Health, dental and vision		80	76	(4)	(5%)
Social Security and Medicare		47	48	1	2%
Workers' compensation and other		27	13	(14)	(108%)
<b>Total benefits</b>	<b>\$ 249</b>	<b>\$ 261</b>	<b>\$ 224</b>	<b>\$ (37)</b>	<b>(17%)</b>
<b>Benefits as % of salaries</b>	<b>31%</b>	<b>32%</b>	<b>29%</b>		

- **UC Retirement Plan** increased due to rate increases from 10% to 12% as well as equity and bargaining salary increases
- **Retiree health benefits** increased due to a rate assessment increase from \$1.80/\$100 to \$3.24/\$100, effective December 2012



# Clinical Enterprise (Medical Center)

## Supplies, Materials and Other Expenses

	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Medical supplies	\$ 297	\$ 180	\$ 164	\$ (16)	(10%)
Pharmaceuticals		137	114	(23)	(20%)
Blood and blood products		19	29	10	34%
Non medical supplies		26	25	(1)	(4%)
PSA and other campus services		393	449	408	(41)
Other expenses	236	217	195	(22)	(11%)
<b>Supplies, materials and other expenses</b>	<b>\$ 926</b>	<b>\$ 1,028</b>	<b>\$ 935</b>	<b>\$ (93)</b>	<b>(10%)</b>

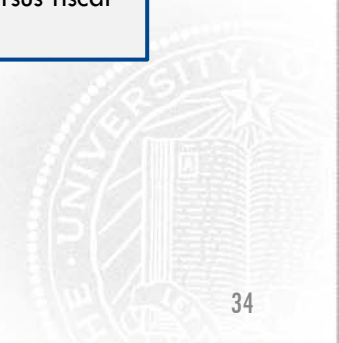
- **Medical supplies** increase is primarily correlated with increase in patient revenue and inflation
- **Pharmaceuticals** increase is correlated with an increase in non-patient pharmacy revenue of with a net program income of \$7m
- **Blood and blood products** have declined due to a significant blood factoring case in FY13
- **PSA and other campus services** increase driven by an increase in productivity, billing and faster collections
- **Other expenses** include unbudgeted costs associated with the BCH-Oakland affiliation were absorbed

# Clinical Enterprise (Medical Center)

## Depreciation, Interest and Utilities

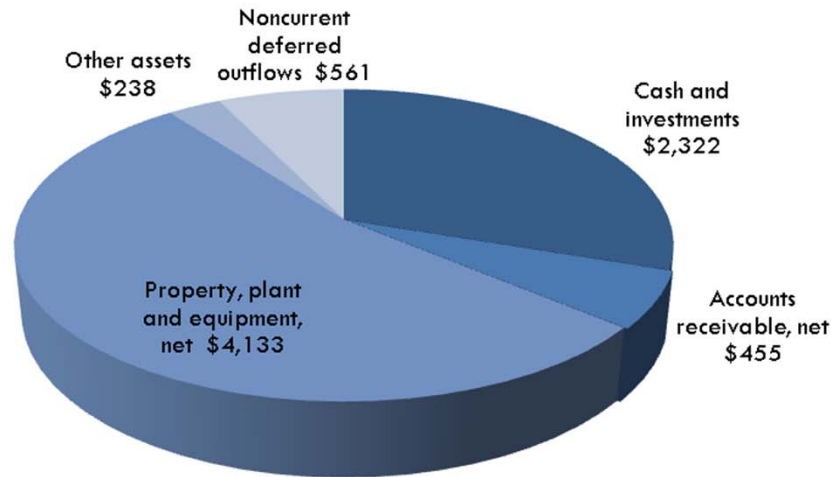
	Plan	Actuals (\$ millions)			
	2014	2014	2013	Better / (Worse)	% Better / (Worse)
Depreciation	\$ 106	\$ 99	\$ 101	\$ 2	2%
Interest	6	5	16	11	69%
Utilities	13	11	12	1	8%
<b>Other expenses</b>	<b>\$ 125</b>	<b>\$ 115</b>	<b>\$ 129</b>	<b>\$ 14</b>	<b>11%</b>

- **Interest** decreased due to an increase in the amount of interest capitalized in fiscal 2014 of \$47m versus fiscal 2013 of \$35m

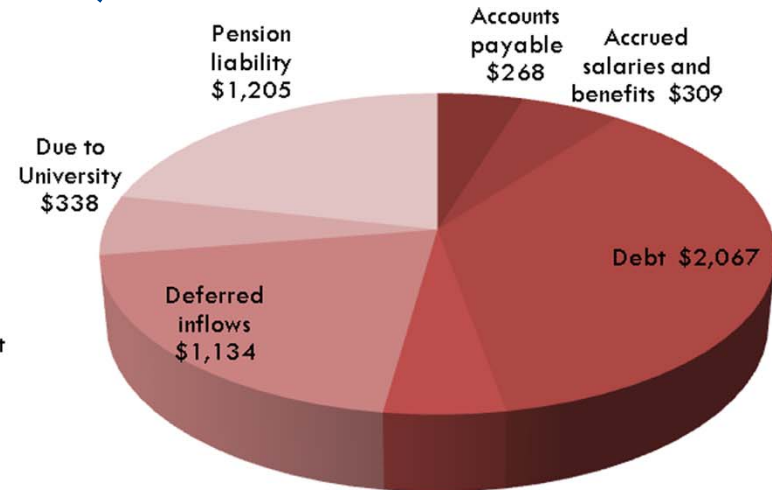


# Consolidated

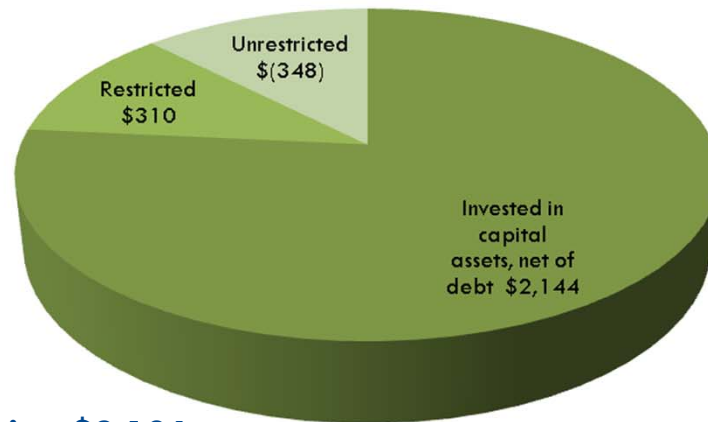
## Net Position as of June 30, 2014 (in millions)



**Assets \$7,709**



**Liabilities \$5,603**



**Net Position \$2,106**



# Consolidated

## Assets and Deferred Outflows\*

	Plan	Actuals (\$ millions)			
	6/30/2014	6/30/2014	6/30/2013	\$ Change	% Change
Cash and short-term investments	\$ 1,669	\$ 2,322	\$ 2,129	\$ 193	9%
Investments held by trustee	273	79	74	5	7%
Accounts receivable, net	474	455	442	13	3%
Inventories	32	31	31	-	0%
Other current assets		41	78	(37)	(47%)
<b>Current assets</b>	<b>2,448</b>	<b>2,928</b>	<b>2,754</b>	<b>174</b>	<b>6%</b>
Notes and mortgages receivable	40	41	40	1	3%
Land, buildings, equipment, libraries, and collections, net	4,319	4,133	3,832	301	8%
Deferred outflows of resources	-	561	788	(227)	(29%)
Other noncurrent assets	104	46	45	1	2%
<b>Noncurrent assets</b>	<b>4,463</b>	<b>4,781</b>	<b>4,705</b>	<b>76</b>	<b>2%</b>
<b>Total assets and deferred outflows</b>	<b>\$ 6,911</b>	<b>\$ 7,709</b>	<b>\$ 7,459</b>	<b>\$ 250</b>	<b>3%</b>

# Cash and Investments\*

## Overview

	Plan	Actuals (\$ millions)			
	6/30/2014	6/30/2014	6/30/2013	\$ Change	% Change
Campus					
CFIA		\$ 3	\$ 4	\$ (1)	(25%)
STIP		844	1,022	(178)	(17%)
TRIP core resources		594	382	212	55%
TRIP School of Medicine		376	286	90	31%
<b>Subtotal Campus</b>	<b>\$ 1,430</b>	<b>1,817</b>	<b>1,694</b>	<b>123</b>	<b>7%</b>
Clinical Enterprise					
STIP		433	361	72	20%
TRIP		72	74	(2)	(3%)
<b>Subtotal Clinical Enterprise</b>	<b>239</b>	<b>505</b>	<b>435</b>	<b>70</b>	<b>16%</b>
<b>Cash and short-term investments</b>	<b>\$ 1,669</b>	<b>\$ 2,322</b>	<b>\$ 2,129</b>	<b>\$ 193</b>	<b>9%</b>



\* Excludes Foundation and Regents' Endowment Assets

# Capital Assets

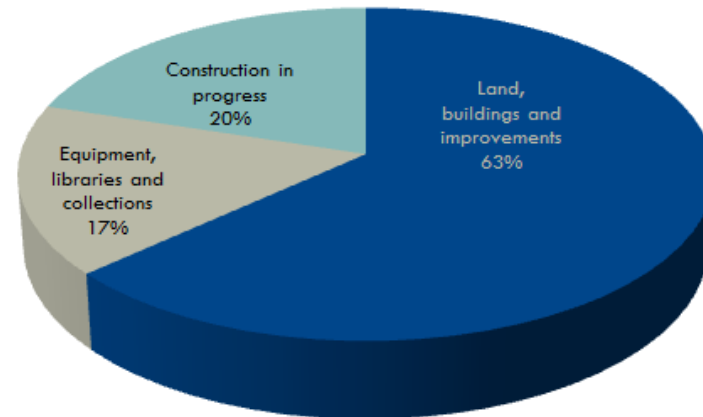
## Overview

	Plan	Actuals (\$ millions)			
	6/30/2014	6/30/2014	6/30/2013	\$ Change	% Change
Land, buildings and improvements		\$ 4,073	\$ 4,001	\$ 72	2%
Equipment, libraries and collections		1,065	1,042	23	2%
Construction in progress		1,296	920	376	41%
Capital assets		6,434	5,963	471	8%
Less: Accumulated depreciation		(2,301)	(2,131)	(170)	8%
<b>Capital assets, net</b>		<b>\$ 4,319</b>	<b>\$ 3,832</b>	<b>\$ 301</b>	<b>8%</b>

### Capital projects in progress

Mission Bay Hospital	\$ 1,104
Mission Hall	91
Hematology Renovation	12
Central Utility Plant Improvements	11
Helen Diller Cancer Research Bldg	6
4th Street Public Plaza	6
Other smaller projects	66
<b>Capital projects in progress</b>	<b>1,296</b>

Building and equipment capitalizations, net of disposals	95
Prior year projects in progress	(920)
<b>Capital assets, net additions</b>	<b>\$ 471</b>



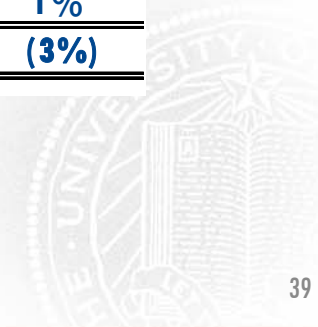
### Capital assets, net additions:

Clinical Enterprise	\$327m
Campus	\$144m

# Liabilities

## Overview

	Plan	Actuals (\$ millions)			
	6/30/2014	6/30/2014	6/30/2013	\$ Change	% Change
Accounts payable	\$ 385	\$ 268	\$ 277	\$ (9)	(3%)
Accrued salaries and benefits		309	266	43	16%
Deferred revenue	84	95	84	11	13%
Current portion of long-term debt		47	113	(66)	(58%)
Other current liabilities	29	154	141	13	9%
<b>Current liabilities</b>	<b>498</b>	<b>873</b>	<b>881</b>	<b>(8)</b>	<b>(1%)</b>
Long-term debt	2,040	2,020	1,932	88	5%
Other liabilities	362	33	87	(54)	(62%)
Deferred inflows		1,134	686	448	65%
Due to University		338	347	(9)	(3%)
Pension liability		1,205	1,853	(648)	(35%)
<b>Noncurrent liabilities</b>	<b>2,402</b>	<b>4,730</b>	<b>4,905</b>	<b>34</b>	<b>1%</b>
<b>Total liabilities</b>	<b>\$ 2,900</b>	<b>\$ 5,603</b>	<b>\$ 5,786</b>	<b>\$ (183)</b>	<b>(3%)</b>



# Debt

## Overview

	Campus			Clinical Enterprise	
	Interim financing	Long-term financing	Total	Long-term financing	Total
Debt, June 30, 2013	\$ 50	\$ 1,105	\$ 1,155	\$ 890	\$ 2,045
New obligations	32	189	221	1	222
Refinancings	-	(77)	(77)	-	(77)
Principal payments / amortizations	(61)	(15)	(76)	(47)	(123)
<b>Debt, June 30, 2014</b>	<b>\$ 21</b>	<b>\$ 1,202</b>	<b>\$ 1,223</b>	<b>\$ 844</b>	<b>\$ 2,067</b>

### Campus debt:

- Interim financing of commercial paper issued for Mission Bay Central Utility Plant (19A) and Mission Hall Building
- General revenue bonds issued to refinance State Public Works Bonds of and to refinance commercial paper and additional debt for Mission Bay Central Utility Plant (19A) and Mission Hall Building

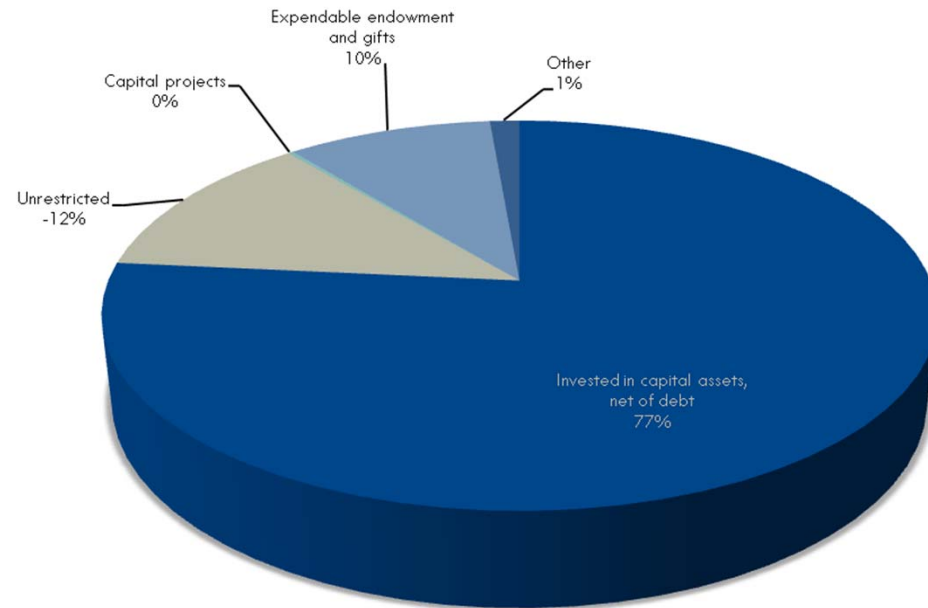
### Clinical Enterprise debt:

- Principal payments include the exercise of an option for \$29m for Mission Bay Blocks 38 and 39



# Net Position

	Plan	Actuals (\$ millions)			
	6/30/2014	6/30/2014	6/30/2013	\$ Change	% Change
Invested in capital assets, net of debt	\$ 2,262	\$ 2,144	\$ 1,862	282	15%
Restricted:					
Expendable endowment and gifts		265	205	60	29%
Capital projects		7	64	(57)	(89%)
Loans and other		38	31	7	23%
Unrestricted	1,749	(348)	(489)	141	(29%)
<b>Total net position</b>	<b>\$ 4,011</b>	<b>\$ 2,106</b>	<b>\$ 1,673</b>	<b>\$ 433</b>	<b>26%</b>



▪ **Invested in capital assets, net of debt** increased due to spending related to construction of the new Mission Bay Hospital.

# UCSF Foundation

## Overview of Financial Results

	Actuals (\$ millions)			
	2014	2013	Better / (Worse)	% Better / (Worse)
<b>Contribution revenue, net</b>	\$ 283	\$ 188	\$ 95	51%
Disbursements to UCSF	399	104	(295)	(284%)
<b>Income (loss) from core activities</b>	<b>(116)</b>	<b>84</b>	<b>(200)</b>	<b>(238%)</b>
Investment income	7	9	(2)	(22%)
Increase in fair value of investments	119	64	55	86%
Additions to permanent endowments	38	24	14	58%
Cumulative effect of change in accounting principle	-	(2)	2	(100%)
<b>Nonoperating / other changes</b>	<b>164</b>	<b>95</b>	<b>69</b>	<b>73%</b>
<b>Increase in net position</b>	<b>\$ 48</b>	<b>\$ 179</b>	<b>\$ (131)</b>	<b>(73%)</b>
<b>Margin</b>	<b>17%</b>	<b>95%</b>		

- **Contributions** to the Foundation had a record year for charitable giving
  - ✓ \$50m to support the new affiliation with Benioff Children's Hospital Oakland
  - ✓ 2 pledges totaling \$45m to support Mission Bay Hospital Complex construction
  - ✓ \$10m to support UCSF's Center of Excellence for Women's Health
  - ✓ \$10m to support professorships in pediatric medicine
- **Disbursements to UCSF** for spending also set a record; the increase was primarily due to distributions for the Mission Bay Hospital Complex building project of \$251m
- **Increase in fair value of investments** represents strong market performance of 16.1% and 10.9% in FY14 and FY13, respectively

# UCSF Foundation

## Statements of Net Position

	Actuals (\$ millions)			
	6/30/2014	6/30/2013	\$ Change	% Change
Cash and investments	\$ 1,153	\$ 1,157	\$ (4)	(0%)
Pledges receivable, net	147	70	77	110%
Other assets	2	40	(38)	(95%)
<b>Total assets</b>	<b>1,302</b>	<b>1,267</b>	<b>35</b>	<b>3%</b>
Unearned revenue	18	38	(20)	(53%)
Agency funds	20	22	(2)	(9%)
Obligations under life insurance arrangements	17	16	1	6%
Other liabilities	26	18	8	44%
<b>Total liabilities</b>	<b>81</b>	<b>94</b>	<b>(13)</b>	<b>(14%)</b>
Unrestricted	-	1	(1)	(100%)
Restricted				
Expendable endowment and gifts	769	762	7	1%
Nonexpendable endowment	452	410	42	10%
<b>Total net position</b>	<b>1,221</b>	<b>1,173</b>	<b>48</b>	<b>4%</b>
<b>Total liabilities and net position</b>	<b>\$ 1,302</b>	<b>\$ 1,267</b>	<b>\$ 35</b>	<b>3%</b>