

VII. STANDING COMMITTEE

C. Capital Assets Committee

In Joint Session with

B. Finance and Audit Committee

UW Medicine

See Attached Document

UW Medicine

Major Components

School of Medicine Faculty

Owned and/or Managed Organizations

Harborview Medical Center
UW Medical Center
UW Physicians
UW Physicians Network

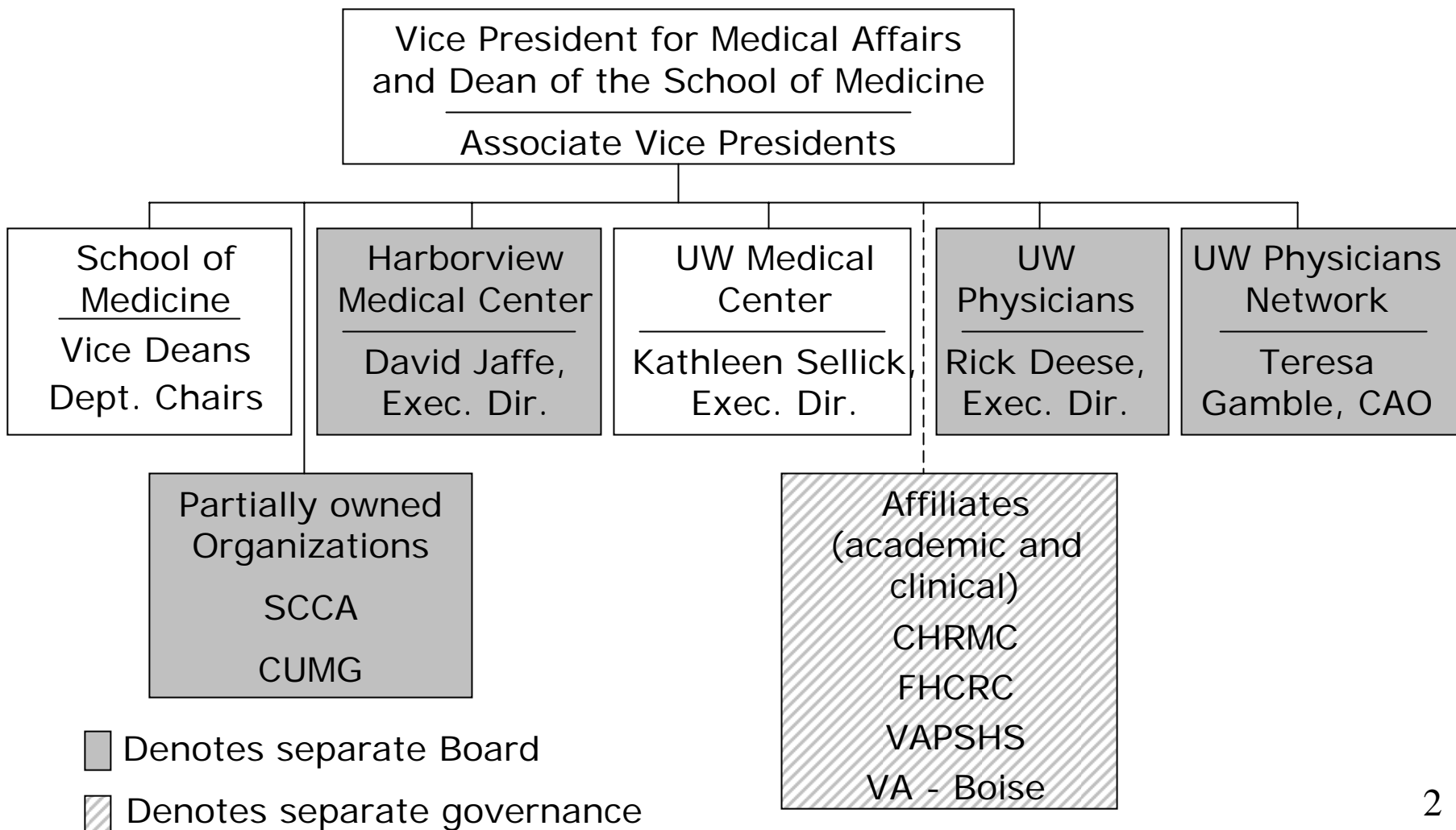
Membership Organizations

Children's/University
Medical Group
Seattle Cancer Care
Alliance

Closely Affiliated Organizations

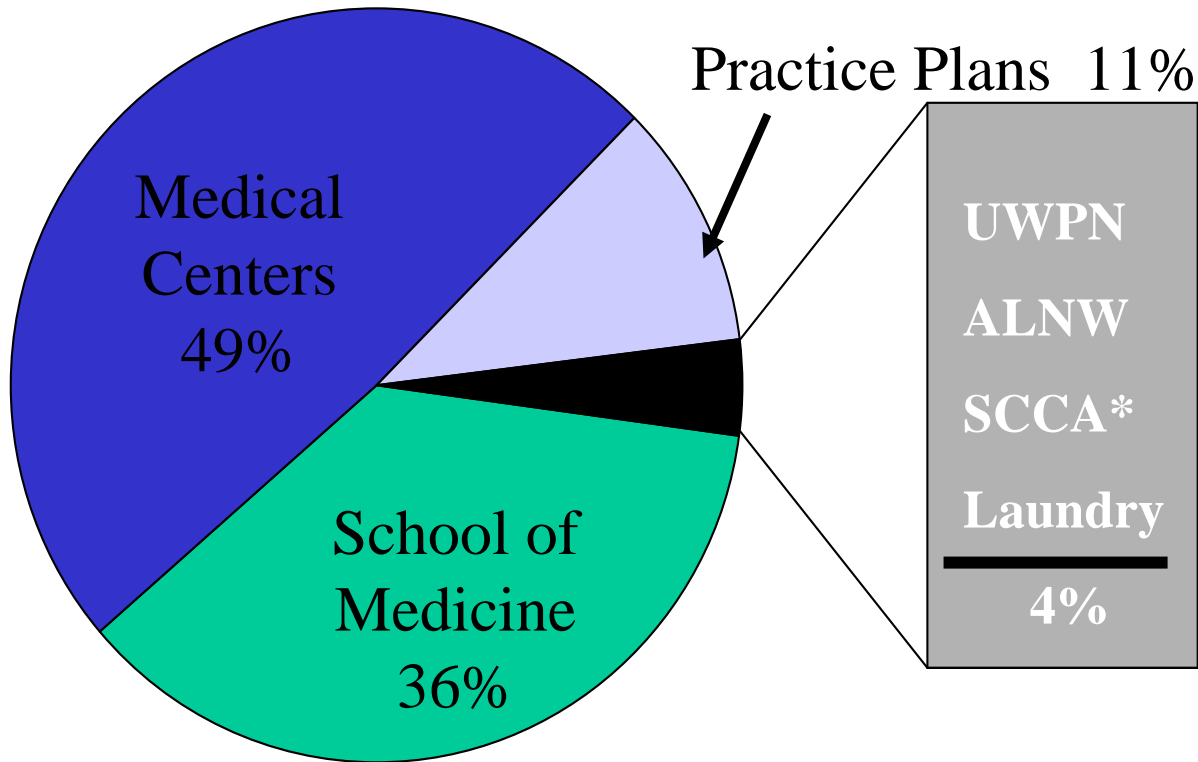
Children's Hospital &
Regional Medical Center
Fred Hutchinson Cancer
Research Center
VA Medical Centers –
Seattle, American Lake,
& Boise

UW Medicine Organization



UW Medicine

Revenue by operating entity



*Includes 33% of SCCA net revenues

Balance Sheet

Medical Centers & Practice Plans (\$ in thousands)

<u>Assets:</u>	<u>6/30/04</u>
Cash and Investments	252,806
Other Current Assets	284,640
Property Plant and Equipment	540,810
Other Assets	<u>223,834</u>
Total Unrestricted Fund Assets	1,302,090
<u>Liabilities and Fund Balance:</u>	
Current Liabilities	308,098
Other Liabilities	781
Long Term Debt (Net of Current Portion)	137,672
Fund Balance	<u>855,539</u>
Total Unrestricted Fund Liabilities & Fund Balances	1,302,090

Combined Income Statement

Medical Centers & Practice Plans

(\$ in thousands)

	<u>6/30/2004</u>
Revenue:	
Patient Service Revenue	\$ 1,161,028
State Appropriation	15,840
Other Revenue	74,393
Total Revenues	<u>1,251,261</u>
Expenses:	
Salaries, Wages and Benefits	686,522
Supplies and Other Expenses	434,573
Depreciation	60,216
Interest, Insurance and Taxes	5,500
Total Expenses	<u>1,186,811</u>
Income before CMF Assessment & Departmental Distributions	64,450
CMF Assessments & Departmental Distributions	<u>(33,792)</u>
Net Operating Income	30,658
Nonoperating Gains (Losses)	<u>5,996</u>
Revenues and Gains In Excess of Expense and Losses	<u>\$ 36,654</u>

Key Financial Indicators

	UWMC		HMC	UWP	CUMG	UWPN	All Other
Operating Income (In 000's)	\$ 17,248	\$ 868	-	-	\$ (6,412)	\$ 7,426	
Total Income (In 000's)	\$ 17,331	\$ 2,889	-	-	\$ 8,588	\$ 7,847	
Net Working Capital (In 000's)	\$ 117,019	\$ 93,741	-	-	\$ 13,610	\$ 17,071	
<u>PERCENTAGES</u>							
Operating Margin %	3.2%	0.2%	-	-	(31.8%)	20.2%	
Total Margin %	3.2%	0.6%	-	-	42.5%	21.3%	
Debt / Equity	0.36	0.03	-	-	NA (1)	0.05	
Days Cash	62	24	N/A	N/A	24	133	
Days A/R	81	102	67	69	51	67	

(1) Value is negative due to negative net assets.

(2) Before elimination of UWPN loss



	<u>6/30/03</u>	<u>6/30/04</u>
Revenues	742,466	725,132
Expenditures	635,849	698,492
Revenues in excess of expenditures	106,617	26,640
Beginning fund balance	254,021	360,638
Ending fund balance	360,638	387,278
Unexpended grant and contract awards	<u>335,035</u>	<u>385,832</u>

Appendices

- School of Medicine – revenue detail
- School of Medicine – expenditure detail
- School of Medicine – fund balance detail
- Medical centers & practice plans – balance sheet detail
- Medical centers & practice plans – income statement detail



	<u>6/30/03</u>	<u>6/30/04</u>
State funds	47,302	43,203
Off Campus Facilities ICR/RCR	25,413	29,315
Endowment Income & Gifts:		
Restricted	96,418	25,889
Unrestricted	3,354	6,987
Self-Sustaining	84,567	120,715
Clearing & Other	35,106	41,723
Research & Training (Note 1)	65,724	45,454
Grants & Contracts (Note 2)	370,232	399,419
Endowment Principal (at cost)	14,350	12,427
Total Revenue	742,466	725,132

Note 1: Research & Training revenue includes transfers from UWP and CUMG Clinical Medicine funds and hospital support.

Note 2: Grants & Contracts revenue is recognized to the extent of expenditures, and expenditures have increased year to year as awards have increased. .



	<u>6/30/03</u>	<u>6/30/04</u>
Salary/benefits	375,178	405,215
Supplies and other exp	165,572	198,676
Equipment	18,245	14,065
Grants/stipends	6,481	6,978
Debt redemption	4,190	2,414
Indirect cost	82,056	89,643
Cost transfers	(15,873)	(18,499)
Total Expenditures	<u>635,849</u>	<u>698,492</u>

Note: School of Medicine expenditures may also be recorded in hospital or practice plan income statements. The related reimbursement by the hospital or practice plan is reflected in School of Medicine revenues (including transfers). Examples include hospital-based operations for the Department of Laboratory Medicine, physician salaries paid on UW accounts, and single-source resident salaries paid by the hospitals.



	<u>6/30/03</u>	<i>% of</i> <u>Total</u>	<u>6/30/04</u>	<i>% of</i> <u>Total</u>
State funds (Note 1)	0		0	
Off Campus Facilities ICR/RCR	11,473	3%	16,377	4%
Endowment Income & Gifts:				
Restricted (Note 2)	124,573		131,489	
Unrestricted	10,173		10,805	
Total Endowment Income & Gifts	134,746	37%	142,294	37%
Self-Sustaining	8,439		18,308	
Clearing & Other	(45)		(235)	
Research & Training (Note 3)	23,650	7%	15,767	4%
Subtotal	178,263	49%	192,511	50%
Grants & Contracts (Note 4)	0		0	
Endowment Principal (at cost) (Note 5)	182,375	51%	194,767	50%
Ending Fund Balance	<u>360,638</u>	100%	<u>387,278</u>	100%



Note 1: State appropriation revenue is only recognized to the extent of spending for each fiscal year. Spending may vary from year to year, but the biennial appropriation is spent in full by the end of the biennium.

Note 2: The 6/30/04 ending balance of restricted gifts includes \$70M for the Genome Sciences construction fund.

Note 3: Research and Training is funds held on account on UW books (Dean's Office as well as department accounts). The source of funds is practice plan or affiliated hospital transfers to the School of Medicine. The transfers are made for expense reimbursement, or to fund School of Medicine operations. The 6/30/04 ending balance of \$16M includes \$6M transfer from UWMC to DOM and \$11M IME-DME payments from UWMC and HMC to reimburse SOM for costs related to resident program. An estimated \$4M of the IME-DME payments will be transferred to SOM clinical departments as final cost reports are filed. The majority of R&T funds is held at the practice plans (recorded as a liability by the practice plans) and not included in this fund balance.

Note 4: Grant revenue is only recognized to the extent of spending for each fiscal year, as a result the year end fund balance is \$0. Unspent grant revenue is \$335M at 6/30/03 and \$385M at 6/30/04.

Note 5: Market value of endowments is \$263M at 6/30/03 and \$303M at 6/30/04. The increase includes additions to endowments as well as investment earnings.

Balance Sheet Detail – FY 2004

Medical Centers & Practice Plans

	UW Medical Center	Harborview Medical Center	University of Washington Physicians	Children's University Medical Group	UW Physician Network	All Other
Cash & Investments	\$ 110,139	\$ 39,740	\$ 75,698	\$ 11,825	\$ 1,396	\$ 14,008
Other Current Assets	124,125	116,941	26,990	10,342	12,971	7,391
Property Plant and Equipment (Net)	281,684	248,732	2,093	120	4,716	3,465
Other Assets	29,033	191,389	10,000	-	87	6,016
Total Unrestricted Fund Assets	544,981	596,802	114,780	22,287	19,170	30,880
Current Liabilities	117,245	62,940	114,722	22,225	757	4,328
Other Liabilities	-	532	-	-	249	-
Long Term Debt (Net of Current Portion)	113,640	12,620	58	-	10,000	1,354
Fund Balances	314,096	520,710	-	62	8,165	25,198
Total Liabilities and Fund Balances	\$ 544,981	\$ 596,802	\$ 114,780	\$ 22,287	\$ 19,170	\$ 30,880

Income Statement Detail- FY 2004

Medical Centers & Practice Plans

	UW Medical Center	Harborview Medical Center	University of Washington Physicians	Children's University Medical Group	UW Physician Network	All Other
REVENUES						
Patient Service Revenues	\$ 822,458	\$ 793,035	\$ 375,223	\$ 83,379	\$ 33,994	\$ 58,018
State Appropriation	8,306	7,534	-	-	-	-
Other Revenue	23,865	35,992		18,783	440	-
Total Deductions	(320,418)	(359,602)	(225,215)	(49,547)	(14,246)	(21,217)
Total Revenues	534,211	476,959	150,009	52,615	20,188	36,801
EXPENSES						
Salaries, Wages and Benefits	252,670	277,734	99,296	38,106	17,646	10,766
Supplies and Other Expenses	226,902	173,253	26,667	3,563	7,611	17,933
Depreciation	32,835	24,402	1,148	53	1,172	606
Interest, Insurance, and Taxes	4,556	702		-	171	71
Total Expenses	516,963	476,091	127,110	41,722	26,601	29,375
Income (Loss) before Distributions	17,248	868	22,899	10,893	(6,412)	7,426
Departmental Distributions, CMF Assessments			(33,721)	(11,910)		
Non-operating income			10,822	1,017		
Net Operating Income	17,248	868	-	-	(6,412)	7,426
NONOPERATING GAINS (LOSSES)						
Due from Network Agreements					15,000	
Interest, Investment, and Other Income	83	2,021	-	-	-	421
Net Nonoperating Gains (Losses)	83	2,021	-	-	15,000	421
Net Income	\$ 17,331	\$ 2,889	\$ -	\$ -	\$ 8,588	\$ 7,847