

# DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements  
September 30, 2022 and 2021

(Unaudited)

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**

Consolidated Balance Sheets (Unaudited)

September 30, 2022 and 2021

(\$000's Omitted)

Assets	9/30/2022	9/30/2021
Current Assets:		
Cash and cash equivalents	\$ 59,087	85,132
Patient accounts receivable	571,817	553,240
Estimated third-party payor settlements, net	37,424	-
Other receivables	63,851	68,310
Inventories of drugs and supplies	148,189	141,062
Short-term investments	322,122	563,945
Assets limited as to use	17,045	13,167
Other current assets	62,381	53,375
	1,281,916	1,478,231
Total current assets		
Assets limited as to use	132,616	116,708
Investments	4,482,513	4,801,598
Property and equipment, net	2,244,121	2,258,758
Prepaid pension asset	87,066	-
Right-of-use operating lease assets	333,142	355,572
Other noncurrent assets	62,743	63,867
	8,624,117	9,074,734
Total assets	\$ 8,624,117	9,074,734
 <b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 228,264	191,376
Accrued salaries, wages and vacation payable	257,599	250,527
Estimated third-party payor settlements, net	-	192,376
Current portion of postretirement and postemployment benefit obligations	8,850	8,682
Current portion of indebtedness	30,963	27,120
Current portion of finance lease liabilities	9,569	9,952
Current portion of operating lease liabilities	27,145	30,201
Other current liabilities	115,239	109,779
	677,629	820,013
Total current liabilities		
Postretirement and postemployment benefit obligations, net of current portion	74,469	299,849
Indebtedness, net of current portion	1,490,282	1,524,542
Finance lease liabilities, net of current portion	152,655	158,495
Operating lease liabilities, net of current portion	332,996	341,880
Other noncurrent liabilities	111,379	185,403
	2,839,410	3,330,182
Total liabilities		
Net Assets:		
Without donor restrictions	5,726,474	5,669,002
With donor restrictions	58,233	75,550
	5,784,707	5,744,552
Total net assets		
Total liabilities and net assets	\$ 8,624,117	9,074,734

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**

Consolidated Statements of Operations (Unaudited)  
For the Three Months Ended September 30, 2022 and 2021  
(\$000's Omitted)

	<u>9/30/2022</u>	<u>9/30/2021</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 1,113,533	1,052,633
Other revenue	56,996	68,489
Total revenues, gains and other support	<u>1,170,529</u>	<u>1,121,122</u>
Expenses:		
Salaries, wages and benefits	607,429	539,032
Medical supplies	316,933	299,371
Interest	12,124	7,782
Depreciation and amortization	52,985	50,130
Other operating expenses	216,772	204,091
Total expenses	<u>1,206,243</u>	<u>1,100,406</u>
Operating (loss) income	<u>(35,714)</u>	<u>20,716</u>
Nonoperating income:		
Investment income	57,500	69,158
Nonoperating components of net periodic benefit cost	9,816	6,777
Other, net	117	135
Total nonoperating income	<u>67,433</u>	<u>76,070</u>
Excess of revenue over expenses	31,719	96,786
Change in funded status of defined benefit plans	1,034	9,023
Net assets released from restrictions for purchase of property and equipment	-	106
Transfers to the University, net	<u>(50,674)</u>	<u>(40,782)</u>
(Decrease) increase in net assets without donor restrictions	\$ <u>(17,921)</u>	<u>65,133</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Changes in Net Assets (Unaudited)  
For the Three Months Ended September 30, 2022 and 2021  
(\$000's Omitted)

	<b>9/30/2022</b>	<b>9/30/2021</b>
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 31,719	96,786
Change in funded status of defined benefit plans	1,034	9,023
Net assets released from restrictions for purchase of property and equipment	-	106
Transfers to the University, net	(50,674)	(40,782)
(Decrease ) increase in net assets without donor restrictions	(17,921)	65,133
Net assets with donor restrictions:		
Contributions for restricted purposes	736	589
Net assets released from restrictions used for operations	(665)	(471)
Net assets released from restrictions for purchase of property and equipment	-	(106)
Net realized and unrealized gains	734	839
Increase in net assets with donor restrictions	805	851
(Decrease) increase in net assets	(17,116)	65,984
Net assets, beginning of year	5,801,823	5,678,568
Net assets, end of period	\$ 5,784,707	5,744,552

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**

Consolidated Statements of Cash Flows (Unaudited)  
For the Three Months Ended September 30, 2022 and 2021  
(\$000's Omitted)

	<u>9/30/2022</u>	<u>9/30/2021</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (17,116)	65,984
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and amortization	52,985	50,130
Amortization of debt issuance costs and premium	(763)	(839)
Investment income	(57,837)	(69,677)
Net loss (income) on other investments and disposals of property and equipment	23	(125)
Nonperiodic changes in defined benefit plans	(1,034)	(9,023)
Transfers to the University, net	50,674	40,782
Donor-restricted contributions for long-term investment and capital projects and associated investment income	(897)	(347)
Changes in operating assets and liabilities:		
Patient accounts receivable	(21,308)	(42,949)
Estimated third-party payor settlements, net	(79,812)	(36,727)
Other receivables	(14,754)	(3,586)
Inventories of drugs and supplies	(5,139)	(529)
Right-of-use operating lease assets, net of operating lease liabilities	1,158	1,292
Pension asset and postretirement and postemployment benefit obligations	(2,668)	7,435
Other assets	(16,972)	(14,103)
Accounts payable	7,282	3,604
Accrued salaries, wages and vacation payable	(12,307)	(9,038)
Other liabilities	13,027	(22,290)
Net cash used in operating activities	<u>(105,458)</u>	<u>(40,006)</u>
Cash flows from investing activities:		
Capital expenditures	(36,041)	(60,425)
Increase in assets limited as to use	(743)	(271)
Sales of investments	385,086	579,852
Purchases of investments	(289,042)	(441,139)
Increase in other assets	(1,789)	(4,946)
Net cash provided by investing activities	<u>57,471</u>	<u>73,071</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Cash Flows, Continued (Unaudited)  
For the Three Months Ended September 30, 2022 and 2021  
(\$000's Omitted)

	<u>9/30/2022</u>	<u>9/30/2021</u>
Cash flows from financing activities:		
Proceeds from restricted contributions and associated investment income	\$ 897	347
Payments on finance lease liabilities	(4,625)	(4,195)
Transfers to the University, net	(50,482)	(42,613)
Net cash used in financing activities	<u>(54,210)</u>	<u>(46,461)</u>
Net decrease in cash and cash equivalents	(102,197)	(13,396)
Cash and cash equivalents, beginning of year	<u>161,284</u>	<u>98,528</u>
Cash and cash equivalents, end of period	<u>\$ 59,087</u>	<u>85,132</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 7,538	5,939
Recoupments of Medicare accelerated advance payments included in cash flow from operations	(43,665)	(38,329)
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of September 30	\$ (12,201)	(10,720)
Net transfers to the University of property and equipment	768	832
Net transfers payable between the Health System and the University	8	785
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 8,550	10,022
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	(5,613)	8,174
Finance leases	-	380

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Three Months Ended September 30, 2022 and 2021

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		DUHS Consolidated	
	3 months 9/30/2022	3 months 9/30/2021	3 months 9/30/2022	3 months 9/30/2021	3 months 9/30/2022	3 months 9/30/2021	3 months 9/30/2022	3 months 9/30/2021
Adult Patient Days	84,283	81,287	25,475	23,640	14,457	12,457	124,215	117,384
Average Adult Daily Census	916	884	277	257	157	135	1,350	1,276
Licensed Beds	1,048	1,048	388	388	186	186	1,622	1,622
Average Number of Available Beds	1,015	1,018	363	362	186	186	1,564	1,566
Full Time Equivalents	9,847	9,905	2,266	2,293	2,000	1,936	21,204	21,097
Average Adult Occupancy	90%	87%	76%	71%	84%	73%	86%	81%
Adult Discharges	10,466	10,491	3,988	3,954	2,469	2,211	16,923	16,656
Average Adult Length of Stay	8.1	7.7	6.4	6.0	5.9	5.6	7.3	7.0
Medicare Case Mix Index	2.6201	2.6280	1.7900	1.7318	2.0273	1.9788	-	-
Number of Deliveries	1,013	988	694	737	-	-	1,707	1,725
Surgical Procedures	9,327	10,125	5,938	5,110	4,184	4,280	19,449	19,515
Endoscopy Procedures	4,171	4,191	1,162	1,143	1,070	988	6,403	6,322
Emergency Department Visits	19,162	18,897	10,363	11,509	11,618	10,484	41,143	40,890
Outpatient Visits								
ED Outpatient & CEU	15,081	15,133	8,094	9,315	9,864	8,871	33,039	33,319
Observation Visits	3,737	4,114	2,231	2,299	2,559	2,601	8,527	9,014
Clinic Visits	281,038	281,847	39,537	36,130	79,910	81,679	400,485	399,656
Outpatient Surgeries and Endoscopies	8,712	9,418	5,979	5,292	4,191	4,421	18,882	19,131
DPC Visits	223,794	218,967	-	-	-	-	223,794	218,967
Total Outpatient Visits	<u>532,362</u>	<u>529,479</u>	<u>55,841</u>	<u>53,036</u>	<u>96,524</u>	<u>97,572</u>	<u>684,727</u>	<u>680,087</u>
Gross Revenues by Payor								
Medicare	23.9%	25.6%	23.7%	25.5%	28.3%	30.5%	24.3%	26.0%
Medicare Managed Care	19.0%	16.9%	25.2%	23.0%	25.1%	22.0%	20.6%	18.2%
Medicaid	13.4%	12.1%	9.7%	9.8%	7.4%	6.6%	11.8%	10.8%
Commercial	35.1%	35.4%	32.2%	30.5%	33.3%	34.0%	35.3%	35.5%
Self-pay	3.3%	4.9%	5.9%	7.8%	3.2%	4.0%	3.6%	5.0%
Other	5.3%	5.2%	3.3%	3.3%	2.7%	2.9%	4.5%	4.5%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100%</u>	<u>100%</u>

Note: Percentages may not sum to 100% due to rounding.

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**

Consolidating Statements of Operations (Unaudited)

For the Three Months Ended September 30, 2022

(\$000's Omitted)

	Duke University Hospital	Duke Regional Hospital	Duke Raleigh Hospital	All Other Affiliates & Eliminations	Consolidated
Revenues, gains and other support without donor restrictions:					
Patient service revenue	\$ 771,106	118,033	161,400	62,994	1,113,533
Other revenue	<u>17,246</u>	<u>3,266</u>	<u>5,334</u>	<u>31,150</u>	<u>56,996</u>
Total revenues, gains and other support	<u>788,352</u>	<u>121,299</u>	<u>166,734</u>	<u>94,144</u>	<u>1,170,529</u>
Expenses:					
Salaries, wages and benefits	302,668	68,459	58,301	178,001	607,429
Medical supplies	216,692	23,600	49,271	27,370	316,933
Interest	8,191	1,902	2,020	11	12,124
Depreciation	24,447	7,109	8,183	13,246	52,985
Other operating expenses	<u>248,165</u>	<u>34,113</u>	<u>42,614</u>	<u>(108,120)</u>	<u>216,772</u>
Total expenses	<u>800,163</u>	<u>135,183</u>	<u>160,389</u>	<u>110,508</u>	<u>1,206,243</u>
Operating income (loss)	\$ <u><u>(11,811)</u></u>	<u><u>(13,884)</u></u>	<u><u>6,345</u></u>	<u><u>(16,364)</u></u>	<u><u>(35,714)</u></u>