

# DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements  
March 31, 2023 and 2022

(Unaudited)

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

Consolidated Balance Sheets (Unaudited)

March 31, 2023 and 2022

(\$000's Omitted)

<b>Assets</b>	<b>3/31/2023</b>	<b>3/31/2022</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 143,538	59,859
Patient accounts receivable	640,246	582,300
Estimated third-party payor settlements, net	65,422	0
Other receivables	44,880	41,938
Inventories of drugs and supplies	148,481	143,880
Short-term investments	444,844	583,468
Assets limited as to use	17,045	13,167
Other current assets	61,859	53,326
	1,566,316	1,477,938
<b>Total current assets</b>		
Assets limited as to use	146,851	107,491
Investments	4,255,696	4,831,099
Property and equipment, net	2,185,431	2,259,763
Prepaid pension asset	121,212	-
Right-of-use operating lease assets	313,825	374,556
Other noncurrent assets	70,448	61,864
	146,851	107,491
<b>Total assets</b>	\$ 8,659,779	9,112,711
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 212,894	224,728
Accrued salaries, wages and vacation payable	256,250	245,001
Estimated third-party payor settlements, net	-	117,718
Current portion of postretirement and postemployment benefit obligations	8,850	8,682
Current portion of indebtedness	30,963	27,120
Commercial paper	149,432	-
Current portion of finance lease liabilities	9,206	10,135
Current portion of operating lease liabilities	23,005	28,183
Other current liabilities	94,383	117,232
	784,982	778,799
<b>Total current liabilities</b>		
Postretirement and postemployment benefit obligations, net of current portion	71,698	308,207
Indebtedness, net of current portion	1,488,787	1,522,703
Finance lease liabilities, net of current portion	151,995	158,604
Operating lease liabilities, net of current portion	318,079	366,857
Other noncurrent liabilities	123,964	138,767
	2,939,504	3,273,937
<b>Total liabilities</b>		
<b>Net Assets:</b>		
Without donor restrictions	5,656,705	5,777,559
With donor restrictions	63,569	61,215
	5,720,274	5,838,774
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>	\$ 8,659,779	9,112,711

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

Consolidated Statements of Operations (Unaudited)  
For the Nine Months Ended March 31, 2023 and 2022  
(\$000's Omitted)

	<u>3/31/2023</u>	<u>3/31/2022</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 3,425,958	3,125,895
Other revenue	182,688	221,363
Total revenues, gains and other support	<u>3,608,646</u>	<u>3,347,258</u>
Expenses:		
Salaries, wages and benefits	1,846,933	1,645,584
Medical supplies	972,544	895,962
Interest	40,759	26,644
Depreciation and amortization	159,710	153,956
Other operating expenses	681,078	598,287
Total expenses	<u>3,701,024</u>	<u>3,320,433</u>
Operating (loss) income	<u>(92,378)</u>	<u>26,825</u>
Nonoperating income:		
Investment income	48,313	199,454
Nonoperating components of net periodic benefit cost	29,448	20,331
Other, net	18	(3,811)
Total nonoperating income	<u>77,779</u>	<u>215,974</u>
(Deficit) excess of revenue over expenses	(14,599)	242,799
Change in funded status of defined benefit plans	32,802	16,031
Net assets released from restrictions for purchase of property and equipment	78	16,436
Transfers to the University, net	<u>(105,971)</u>	<u>(101,576)</u>
(Decrease) increase in net assets without donor restrictions	\$ <u>(87,690)</u>	<u>173,690</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Changes in Net Assets (Unaudited)  
For the Nine Months Ended March 31, 2023 and 2022  
(\$000's Omitted)

	<b>3/31/2023</b>	<b>3/31/2022</b>
Net assets without donor restrictions:		
(Deficit) excess of revenue over expenses	\$ (14,599)	242,799
Change in funded status of defined benefit plans	32,802	16,031
Net assets released from restrictions for purchase of property and equipment	78	16,436
Transfers to the University, net	(105,971)	(101,576)
(Decrease) increase in net assets without donor restrictions	(87,690)	173,690
Net assets with donor restrictions:		
Contributions for restricted purposes	8,687	2,878
Transfers to the University, net	-	(46)
Net assets released from restrictions used for operations	(2,758)	(2,328)
Net assets released from restrictions for purchase of property and equipment	(78)	(16,436)
Net realized and unrealized gains	290	2,448
Increase (decrease) in net assets with donor restrictions	6,141	(13,484)
(Decrease) increase in net assets	(81,549)	160,206
Net assets, beginning of year	5,801,823	5,678,568
Net assets, end of period	\$ 5,720,274	5,838,774

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

Consolidated Statements of Cash Flows (Unaudited)  
For the Nine Months Ended March 31, 2023 and 2022  
(\$000's Omitted)

	<u>3/31/2023</u>	<u>3/31/2022</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (81,549)	160,206
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	159,710	153,956
Amortization of debt issuance costs, premium and discount	(1,524)	(2,513)
Investment income	(47,406)	(200,877)
Net loss on other investments and disposals of property and equipment	1,052	4,310
Nonperiodic changes in defined benefit plans	(32,802)	(16,031)
Transfers to the University, net	105,971	101,622
Donor-restricted contributions for long-term investment and capital projects and associated investment income	(1,755)	(1,296)
Changes in operating assets and liabilities:		
Patient accounts receivable	(89,737)	(72,009)
Estimated third-party payor settlements, net	(107,810)	(111,385)
Other receivables	(10,558)	8,382
Inventories of drugs and supplies	(5,431)	(3,347)
Right-of-use operating lease assets, net of operating lease liabilities	1,418	5,267
Pension asset and postretirement and postemployment benefit obligations	(7,817)	22,801
Other assets	(19,451)	(13,586)
Accounts payable	16,613	37,415
Accrued salaries, wages and vacation payable	(13,655)	(14,564)
Other liabilities	19,696	(23,512)
Net cash (used in) provided by operating activities	<u>(115,035)</u>	<u>34,839</u>
Cash flows from investing activities:		
Capital expenditures	(110,563)	(165,943)
(Increase) decrease in assets limited as to use	(7,337)	404
Sales of investments	1,258,774	1,268,608
Purchases of investments	(1,074,541)	(1,059,369)
Increase in other assets	(6,738)	(7,446)
Net cash provided by investing activities	<u>59,595</u>	<u>36,254</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Cash Flows, Continued (Unaudited)  
For the Nine Months Ended March 31, 2023 and 2022  
(\$000's Omitted)

	<b>3/31/2023</b>	<b>3/31/2022</b>
Cash flows from financing activities:		
Bond issuance costs	\$ -	(165)
Proceeds from issuance of commercial paper	248,100	-
Payments on commercial paper	(99,430)	-
Proceeds from restricted contributions and associated investment income	1,755	1,296
Payments on finance lease liabilities	(8,463)	(8,048)
Transfers to the University, net	(104,268)	(102,845)
Net cash provided by (used in) financing activities	37,694	(109,762)
Net decrease in cash and cash equivalents	(17,746)	(38,669)
Cash and cash equivalents, beginning of year	161,284	98,528
Cash and cash equivalents, end of period	\$ 143,538	59,859
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 34,092	20,440
Recoupments of Medicare accelerated advance payments included in cash flow from operations	(43,665)	(126,171)
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of March 31	\$ (36,588)	(11,118)
Net transfers to the University of property and equipment	2,272	2,419
Net transfers payable (receivable) between the Health System and the University	15	(193)
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 27,182	30,187
Increase (decrease) in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	(9,829)	47,543
Finance leases	206	2,073

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Nine Months Ended March 31, 2023 and 2022

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		DUHS Consolidated	
	9 months	9 months	9 months	9 months	9 months	9 months	9 months	9 months
	<u>3/31/2023</u>	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>3/31/2022</u>	<u>3/31/2023</u>	<u>3/31/2022</u>
Adult Patient Days	250,433	242,858	75,923	73,144	42,306	40,184	368,662	356,186
Average Adult Daily Census	914	886	277	267	154	147	1,345	1,300
Licensed Beds	1,060	1,048	388	388	186	186	1,634	1,622
Average Number of Available Beds	1,037	1,011	363	362	186	186	1,586	1,559
Full Time Equivalents	9,921	9,835	2,287	2,273	2,024	1,949	21,376	20,992
Average Adult Occupancy	88%	88%	76%	74%	83%	79%	85%	83%
Adult Discharges	31,496	30,459	11,714	11,902	7,740	6,968	50,950	49,329
Average Adult Length of Stay	8.0	8.0	6.5	6.1	5.5	5.8	7.2	7.2
Medicare Case Mix Index	2.7013	2.6573	1.7869	1.7345	2.0554	2.0380	-	-
Number of Deliveries	2,936	2,798	2,003	2,158	-	-	4,939	4,956
Surgical Procedures	28,887	29,656	18,212	16,204	13,377	13,023	60,476	58,883
Endoscopy Procedures	12,771	11,836	4,105	3,177	3,125	3,020	20,001	18,033
Emergency Department Visits	57,536	53,928	34,320	33,700	35,011	30,598	126,867	118,226
Outpatient Visits								
ED Outpatient & CEU	45,253	42,899	27,686	26,967	29,775	25,672	102,714	95,538
Observation Visits	12,673	11,821	7,407	6,641	7,719	7,543	27,799	26,005
Clinic Visits	846,548	854,313	120,699	110,899	239,080	243,673	1,206,327	1,208,885
Outpatient Surgeries and Endoscopies	27,277	26,933	19,213	16,493	13,091	13,107	59,581	56,533
DPC Visits	-	-	-	-	-	-	690,692	646,943
Total Outpatient Visits	<u>931,751</u>	<u>935,966</u>	<u>175,005</u>	<u>161,000</u>	<u>289,665</u>	<u>289,995</u>	<u>2,087,113</u>	<u>2,033,904</u>
Gross Revenues by Payor								
Medicare	24.1%	25.4%	23.3%	25.4%	28.3%	29.6%	24.3%	25.7%
Medicare Managed Care	19.9%	17.7%	25.7%	23.3%	25.1%	22.8%	21.2%	19.0%
Medicaid	13.5%	12.2%	10.1%	9.5%	7.0%	6.9%	11.9%	10.9%
Commercial	34.6%	35.2%	32.3%	30.9%	34.2%	34.3%	35.2%	35.4%
Self-pay	2.8%	4.4%	5.4%	7.7%	2.6%	3.6%	3.1%	4.7%
Other	5.1%	5.1%	3.1%	3.2%	2.8%	2.8%	4.4%	4.3%
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 Nine Months Ended March 31, 2023

(\$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	\$ 2,350,824	354,683	519,808	200,643	3,425,958
Other revenue	59,219	11,073	16,261	96,135	182,688
Total revenues, gains and other support	<u>2,410,043</u>	<u>365,756</u>	<u>536,069</u>	<u>296,778</u>	<u>3,608,646</u>
Expenses:					
Salaries, wages and benefits	915,761	208,726	178,629	543,817	1,846,933
Medical supplies	661,035	70,552	148,109	92,848	972,544
Interest	27,550	6,383	6,794	32	40,759
Depreciation	73,313	21,309	24,903	40,185	159,710
Other operating expenses	763,131	107,573	134,892	(324,518)	681,078
Total expenses	<u>2,440,790</u>	<u>414,543</u>	<u>493,327</u>	<u>352,364</u>	<u>3,701,024</u>
Operating income (loss)	\$ <u>(30,747)</u>	<u>(48,787)</u>	<u>42,742</u>	<u>(55,585)</u>	<u>(92,378)</u>