

# DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements  
September 30, 2024 and 2023

(Unaudited)

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

Consolidated Balance Sheets (Unaudited)

September 30, 2024 and 2023

(\$000's Omitted)

Assets	9/30/2024	9/30/2023
Current Assets:		
Cash and cash equivalents	\$ 109,285	99,574
Patient accounts receivable	884,787	758,196
Estimated third-party payor settlements, net	136,266	86,649
Other receivables	87,195	67,905
Inventories of drugs and supplies	141,970	131,890
Short-term investments	410,342	481,006
Assets limited as to use	18,551	22,108
Other current assets	59,556	58,287
Total current assets	1,847,952	1,705,615
Assets limited as to use	193,417	162,376
Investments	4,445,403	4,225,218
Property and equipment, net	2,138,026	2,187,435
Prepaid pension asset	126,600	-
Right-of-use operating lease assets	474,338	497,014
Other noncurrent assets	117,505	102,153
Total assets	\$ 9,343,241	8,879,811
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 154,013	193,332
Accrued salaries, wages and vacation payable	410,496	311,966
Current portion of postretirement and postemployment benefit obligations	8,791	8,657
Commercial paper	149,619	296,928
Current portion of long-term debt	34,339	32,987
Current portion of finance lease liabilities	11,436	15,538
Current portion of operating lease liabilities	32,708	35,555
Other current liabilities	92,378	86,804
Total current liabilities	893,780	981,767
Postretirement and postemployment benefit obligations, net of current portion	61,307	88,200
Long-term debt, net of current portion	1,567,352	1,604,347
Finance lease liabilities, net of current portion	130,701	141,141
Operating lease liabilities, net of current portion	469,962	488,349
Other noncurrent liabilities	150,266	116,712
Total liabilities	3,273,368	3,420,516
Net Assets:		
Without donor restrictions	6,004,505	5,397,677
With donor restrictions	65,368	61,618
Total net assets	6,069,873	5,459,295
Total liabilities and net assets	\$ 9,343,241	8,879,811

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

Consolidated Statements of Operations (Unaudited)  
For the Three Months Ended September 30, 2024 and 2023  
(\$000's Omitted)

	9/30/2024	9/30/2023
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 1,683,933	1,423,558
Other revenue	43,402	44,325
Total revenues, gains and other support	1,727,335	1,467,883
Expenses:		
Employee compensation and temporary labor	954,257	854,734
Medical supplies	419,096	364,760
Interest	18,915	19,979
Depreciation and amortization	49,633	51,999
State provider assessments	73,000	28,335
Other operating expenses	204,985	185,810
Total expenses	1,719,886	1,505,617
Operating income (loss)	7,449	(37,734)
Nonoperating income (loss):		
Investment income	67,824	41,039
Nonoperating components of net periodic benefit cost	16,814	11,368
Other, net	164	(694)
Total nonoperating income	84,802	51,713
Excess of revenue over expenses	92,251	13,979
Change in funded status of defined benefit plans	(5,055)	(1,849)
Transfers to the University, net	(59,166)	(28,524)
Increase (decrease) in net assets without donor restrictions	\$ 28,030	(16,394)

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

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Three Months Ended September 30, 2024 and 2023

(\$000's Omitted)

	<u>9/30/2024</u>	<u>9/30/2023</u>
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 92,251	13,979
Change in funded status of defined benefit plans	(5,055)	(1,849)
Transfers to the University, net	(59,166)	(28,524)
	<u>28,030</u>	<u>(16,394)</u>
Increase (decrease) in net assets without donor restrictions		
Net assets with donor restrictions:		
Contributions for restricted purposes	427	1,020
Transfers from the University, net	-	139
Net assets released from restrictions used for operations	(1,133)	(1,249)
Net realized and unrealized gains	1,057	728
	<u>351</u>	<u>638</u>
Increase in net assets with donor restrictions		
	28,381	(15,756)
Increase (decrease) in net assets		
Net assets, beginning of year	<u>6,041,492</u>	<u>5,475,051</u>
Net assets, end of period	<u>\$ 6,069,873</u>	<u>5,459,295</u>

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

Consolidated Statements of Cash Flows (Unaudited)  
For the Three Months Ended September 30, 2024 and 2023  
(\$000's Omitted)

	<u>9/30/2024</u>	<u>9/30/2023</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 28,381	(15,756)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	49,633	51,999
Amortization of debt issuance costs, premium and discount	808	(1,033)
Investment income	(68,385)	(41,284)
Net loss on other investments and disposals of property and equipment	203	566
Nonperiodic changes in defined benefit plans	5,055	1,849
Transfers to the University, net	59,166	28,385
Donor-restricted contributions for long-term investment and capital projects and associated investment income	(497)	(501)
Changes in operating assets and liabilities:		
Patient accounts receivable	(73,283)	(129,462)
Estimated third-party payor settlements, net	91,832	(12,316)
Other receivables	(7,678)	(7,262)
Inventories of drugs and supplies	(1,129)	572
Right-of-use operating lease assets, net of operating lease liabilities	548	1,253
Pension asset and postretirement and postemployment benefit obligations	(8,454)	(1,339)
Other assets	(12,054)	(15,223)
Accounts payable	(31,287)	(9,152)
Accrued salaries, wages and vacation payable	46,990	27,909
Other liabilities	2,032	22,176
Net cash provided by (used in) operating activities	<u>81,881</u>	<u>(98,619)</u>
Cash flows from investing activities:		
Capital expenditures	(35,772)	(26,815)
Acquisition of physician organization	-	(50,320)
Decrease (increase) in assets limited as to use	1,238	(298)
Sales of investments	295,996	328,209
Purchases of investments	(184,343)	(330,418)
Decrease in other assets	-	2,642
Net cash provided by (used in) investing activities	<u>77,119</u>	<u>(77,000)</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Cash Flows, Continued (Unaudited)  
For the Three Months Ended September 30, 2024 and 2023  
(\$000's Omitted)

	<u>9/30/2024</u>	<u>9/30/2023</u>
Cash flows from financing activities:		
Proceeds from bank borrowings	\$ -	150,000
Proceeds from issuance of commercial paper	148,557	344,981
Payments on commercial paper	(149,071)	(296,102)
Proceeds from restricted contributions and associated investment income	497	501
Payments on finance lease liabilities	(5,031)	(6,222)
Transfers to the University, net	(75,223)	(33,053)
Net cash (used in) provided by financing activities	<u>(80,271)</u>	<u>160,105</u>
Net increase (decrease) in cash and cash equivalents	78,729	(15,514)
Cash and cash equivalents, beginning of year	<u>30,556</u>	<u>115,088</u>
Cash and cash equivalents, end of period	<u>\$ 109,285</u>	<u>99,574</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 14,004	13,719
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of September 30	\$ (2,480)	(117)
Net transfers to the University of property and equipment	205	191
Net transfers payable to the University	140	7,088
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 14,764	13,774
Increase (decrease) in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	1,821	(2,480)
Finance leases	-	637

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Three Months Ended September 30, 2024 and 2023

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		DUHS Consolidated	
	3 months 9/30/2024	3 months 9/30/2023	3 months 9/30/2024	3 months 9/30/2023	3 months 9/30/2024	3 months 9/30/2023	3 months 9/30/2024	3 months 9/30/2023
Adult Patient Days	86,772	83,925	26,209	23,476	14,701	12,734	127,682	120,135
Average Adult Daily Census	943	912	285	255	160	138	1,388	1,306
Licensed Beds	1,062	1,062	388	388	204	186	1,654	1,636
Average Number of Available Beds	1,082	1,041	364	363	204	186	1,650	1,590
Full Time Equivalents	10,681	10,314	2,273	2,117	2,169	2,075	27,474	26,218
Average Adult Occupancy	87%	88%	78%	70%	78%	74%	84%	82%
Adult Discharges	11,417	10,722	4,488	3,940	2,901	2,487	18,806	17,149
Average Adult Length of Stay	7.6	7.8	5.8	6.0	5.1	5.1	6.8	7.0
Medicare Case Mix Index	2.4711	2.6252	1.5853	1.6912	1.9486	2.0296	2.1230	2.2107
Number of Deliveries	900	980	714	720	-	-	1,614	1,700
Surgical Procedures	10,502	10,061	2,204	1,974	4,942	4,532	21,757	20,494
Endoscopy Procedures	4,244	3,833	1,328	1,313	1,062	1,002	6,617	6,148
Emergency Department Visits	20,351	18,585	15,394	14,178	11,391	12,033	47,136	44,796
Hospital Outpatient Visits	358,386	324,626	64,477	59,422	114,723	101,030	537,586	485,078
Duke Primary Care Visits	-	-	-	-	-	-	261,220	241,068
Duke Health Integrated Practice Visits	-	-	-	-	-	-	575,302	514,678
Gross Revenues by Payor								
Medicare	21.9%	22.6%	19.2%	21.0%	24.4%	26.4%	21.3%	22.2%
Medicare Managed Care	22.9%	21.3%	27.4%	27.8%	30.5%	27.6%	23.9%	22.5%
Medicaid	10.9%	12.1%	9.8%	10.1%	5.7%	6.4%	9.7%	10.6%
Commercial	36.8%	35.4%	35.3%	30.6%	34.1%	32.9%	38.0%	36.6%
Self-pay	2.8%	3.7%	5.0%	7.6%	2.3%	3.8%	2.9%	3.9%
Other	4.8%	4.9%	3.3%	3.0%	3.0%	2.9%	4.1%	4.2%
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, 2024

(\$000's Omitted)

	Duke University Hospital	Duke Regional Hospital	Duke Raleigh Hospital	Duke Health Integrated Practice	Duke Primary Care	All Other Affiliates & Eliminations	Consolidated
Revenues, gains and other support without donor restrictions:							
Patient service revenue	\$ 1,000,182	128,281	188,501	278,240	56,443	32,286	1,683,933
Other revenue	11,958	920	1,250	47,310	479	(18,515)	43,402
Total revenues, gains and other support	<u>1,012,140</u>	<u>129,201</u>	<u>189,751</u>	<u>325,550</u>	<u>56,922</u>	<u>13,771</u>	<u>1,727,335</u>
Expenses:							
Employee compensation and temporary labor	329,432	71,888	64,423	274,339	52,598	161,577	954,257
Medical supplies	286,339	20,550	47,148	26,405	5,910	32,744	419,096
Interest	12,924	2,639	3,199	147	-	6	18,915
Depreciation	22,501	5,526	8,171	4,801	1,838	6,796	49,633
State provider assessments	53,433	8,466	11,100	-	-	1	73,000
Other operating expenses	242,373	32,425	38,391	62,675	11,045	(181,924)	204,985
Total expenses	<u>947,002</u>	<u>141,494</u>	<u>172,432</u>	<u>368,367</u>	<u>71,391</u>	<u>19,200</u>	<u>1,719,886</u>
Operating income (loss)	\$ <u>65,138</u>	<u>(12,293)</u>	<u>17,319</u>	<u>(42,817)</u>	<u>(14,469)</u>	<u>(5,429)</u>	<u>7,449</u>