

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements
December 31, 2024 and 2023

(Unaudited)

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Balance Sheets (Unaudited)

December 31, 2024 and 2023

(\$000's Omitted)

Assets	12/31/2024	12/31/2023
Current Assets:		
Cash and cash equivalents	\$ 149,976	121,981
Patient accounts receivable	859,134	750,649
Estimated third-party payor settlements, net	152,684	157,012
Other receivables	73,927	61,161
Inventories of drugs and supplies	144,672	132,925
Short-term investments	409,435	466,216
Assets limited as to use	18,926	22,108
Other current assets	59,263	65,689
	1,868,017	1,777,741
Total current assets	1,868,017	1,777,741
Assets limited as to use	210,674	162,085
Investments	4,448,073	4,239,734
Property and equipment, net	2,129,092	2,164,803
Prepaid pension asset	130,035	-
Right-of-use operating lease assets	463,851	500,665
Other noncurrent assets	122,467	104,985
	9,372,209	8,950,013
Total assets	\$ 9,372,209	8,950,013
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 208,977	184,437
Accrued salaries, wages and vacation payable	377,862	354,243
Current portion of postretirement and postemployment benefit obligations	8,791	8,657
Commercial paper	149,677	248,490
Current portion of long-term debt	34,339	32,987
Current portion of finance lease liabilities	10,773	14,735
Current portion of operating lease liabilities	34,362	34,375
Other current liabilities	80,506	72,987
	905,287	950,911
Total current liabilities	905,287	950,911
Postretirement and postemployment benefit obligations, net of current portion	60,141	88,609
Long-term debt, net of current portion	1,566,758	1,603,651
Finance lease liabilities, net of current portion	130,534	139,905
Operating lease liabilities, net of current portion	458,409	493,615
Other noncurrent liabilities	147,676	126,539
	3,268,805	3,403,230
Total liabilities	3,268,805	3,403,230
Net Assets:		
Without donor restrictions	6,022,266	5,485,524
With donor restrictions	81,138	61,259
	6,103,404	5,546,783
Total net assets	6,103,404	5,546,783
Total liabilities and net assets	\$ 9,372,209	8,950,013

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Operations (Unaudited)
For the Six Months Ended December 31, 2024 and 2023
(\$000's Omitted)

	<u>12/31/2024</u>	<u>12/31/2023</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 3,401,547	3,192,387
Other revenue	93,873	92,994
Total revenues, gains and other support	<u>3,495,420</u>	<u>3,285,381</u>
Expenses:		
Employee compensation and temporary labor	1,909,638	1,773,341
Medical supplies	873,878	753,562
Interest	36,317	40,576
Depreciation and amortization	98,984	103,821
State provider assessments	148,744	140,890
Other operating expenses	415,832	371,444
Total expenses	<u>3,483,393</u>	<u>3,183,634</u>
Operating income	<u>12,027</u>	<u>101,747</u>
Nonoperating income (loss):		
Investment income	129,713	55,511
Nonoperating components of net periodic benefit cost	33,627	24,999
Other, net	297	(641)
Total nonoperating income	<u>163,637</u>	<u>79,869</u>
Excess of revenue over expenses	175,664	181,616
Change in funded status of defined benefit plans	(10,110)	(4,442)
Transfers to the University, net	<u>(119,763)</u>	<u>(105,721)</u>
Increase in net assets without donor restrictions	<u>\$ 45,791</u>	<u>71,453</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets (Unaudited)

For the Six Months Ended December 31, 2024 and 2023

(\$000's Omitted)

	<u>12/31/2024</u>	<u>12/31/2023</u>
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 175,664	181,616
Change in funded status of defined benefit plans	(10,110)	(4,442)
Transfers to the University, net	<u>(119,763)</u>	<u>(105,721)</u>
Increase in net assets without donor restrictions	<u>45,791</u>	<u>71,453</u>
Net assets with donor restrictions:		
Contributions for restricted purposes	16,787	1,935
Transfers (to) from the University, net	(44)	139
Net assets released from restrictions used for operations	(2,072)	(2,511)
Net realized and unrealized gains	<u>1,450</u>	<u>716</u>
Increase in net assets with donor restrictions	<u>16,121</u>	<u>279</u>
Increase in net assets	61,912	71,732
Net assets, beginning of year	<u>6,041,492</u>	<u>5,475,051</u>
Net assets, end of period	<u>\$ <u>6,103,404</u></u>	<u>5,546,783</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Statements of Cash Flows (Unaudited)
For the Six Months Ended December 31, 2024 and 2023
(\$000's Omitted)

	<u>12/31/2024</u>	<u>12/31/2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 61,912	71,732
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	98,984	103,821
Amortization of debt issuance costs, premium and discount	689	(166)
Investment income	(130,170)	(55,262)
Net loss on other investments and disposals of property and equipment	436	602
Nonperiodic changes in defined benefit plans	10,110	4,442
Transfers to the University, net	119,807	105,582
Restricted contributions for long-term investment and capital projects and associated investment income	(15,829)	(1,017)
Changes in operating assets and liabilities:		
Patient accounts receivable	(47,630)	(121,915)
Estimated third-party payor settlements, net	75,414	(82,679)
Other receivables	(1,782)	(6,969)
Inventories of drugs and supplies	(3,831)	(463)
Right-of-use operating lease assets, net of operating lease liabilities	1,136	1,688
Pension asset and postretirement and postemployment benefit obligations	(18,110)	(3,829)
Other assets	(15,931)	(11,513)
Accounts payable	16,101	(19,944)
Accrued salaries, wages and vacation payable	14,356	70,187
Other liabilities	2,594	11,133
Net cash provided by operating activities	<u>168,256</u>	<u>65,430</u>
Cash flows from investing activities:		
Capital expenditures	(68,840)	(54,312)
Acquisition of physician organization	-	(50,320)
Increase in assets limited as to use	(14,973)	(461)
Sales of investments	629,751	633,462
Purchases of investments	(465,977)	(612,998)
(Increase) decrease in other assets	(792)	2,607
Net cash provided by (used in) investing activities	<u>79,169</u>	<u>(82,022)</u>

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES
Consolidated Statements of Cash Flows, Continued (Unaudited)
For the Six Months Ended December 31, 2024 and 2023
(\$000's Omitted)

	12/31/2024	12/31/2023
Cash flows from financing activities:		
Proceeds from bank borrowings	\$ -	150,000
Proceeds from issuance of commercial paper	446,944	542,453
Payments on commercial paper	(447,874)	(543,574)
Proceeds from restricted contributions and associated investment income	15,829	1,017
Payments on finance lease liabilities	(7,833)	(9,854)
Transfers to the University, net	(135,071)	(116,557)
Net cash (used in) provided by financing activities	(128,005)	23,485
Net increase in cash and cash equivalents	119,420	6,893
Cash and cash equivalents, beginning of year	30,556	115,088
Cash and cash equivalents, end of period	\$ 149,976	121,981
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 37,770	40,790
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of December 31	\$ 5,042	1,812
Net transfers to the University of property and equipment	453	391
Net transfers payable to the University	685	274
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 29,225	28,724
Increase (decrease) in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	2,249	12,167
Finance leases	307	620

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Utilization Statistics (Unaudited)

For the Six Months Ended December 31, 2024 and 2023

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		DUHS Consolidated	
	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>12/31/2024</u>	<u>12/31/2023</u>
Adult Patient Days	175,260	170,363	51,747	48,504	28,989	26,293	255,996	245,160
Average Adult Daily Census	953	926	281	264	158	143	1,391	1,332
Licensed Beds	1,062	1,062	388	388	204	186	1,654	1,636
Average Number of Available Beds	1,082	1,051	364	363	204	186	1,650	1,600
Full Time Equivalents	10,577	10,341	2,258	2,128	2,174	2,085	27,415	26,362
Average Adult Occupancy	88%	88%	77%	73%	77%	77%	84%	83%
Adult Discharges	22,904	21,889	8,986	8,102	5,954	5,094	37,844	35,085
Average Adult Length of Stay	7.7	7.8	5.8	6.0	4.9	5.2	6.8	7.0
Medicare Case Mix Index	2.5216	2.6521	1.6113	1.6614	1.9564	2.0247	2.1782	2.2901
Number of Deliveries	1,842	2,007	1,373	1,404	-	-	3,215	3,411
Surgical Procedures	21,544	20,547	4,566	4,055	10,242	9,335	45,031	42,293
Endoscopy Procedures	8,844	7,860	2,724	2,449	2,022	2,107	13,590	12,416
Emergency Department Visits	40,460	37,743	31,436	28,969	22,883	24,247	94,779	90,959
Hospital Outpatient Visits	722,501	655,963	131,946	119,862	233,987	206,613	1,088,434	982,438
Duke Primary Care Visits	-	-	-	-	-	-	544,336	510,537
Duke Health Integrated Practice Visits	-	-	-	-	-	-	1,161,304	1,069,693
Gross Revenues by Payor								
Medicare	22.1%	22.6%	19.1%	20.9%	24.6%	26.1%	21.4%	22.2%
Medicare Managed Care	22.8%	21.2%	27.6%	27.5%	30.3%	27.7%	23.8%	22.3%
Medicaid	11.4%	12.2%	9.6%	10.3%	5.8%	6.1%	10.1%	10.6%
Commercial	36.5%	35.6%	35.8%	31.2%	34.5%	33.7%	38.1%	37.0%
Self-pay	2.1%	3.7%	4.7%	7.3%	1.9%	3.6%	2.3%	3.9%
Other	5.1%	4.8%	3.2%	2.8%	2.8%	2.8%	4.3%	4.0%
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 Six Months Ended December 31, 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	\$ 1,995,155	262,551	378,518	568,801	125,303	71,219	3,401,547
Other revenue	29,941	2,172	2,419	96,911	966	(38,536)	93,873
Total revenues, gains and other support	<u>2,025,096</u>	<u>264,723</u>	<u>380,937</u>	<u>665,712</u>	<u>126,269</u>	<u>32,683</u>	<u>3,495,420</u>
Expenses:							
Employee compensation and temporary labor	656,238	141,930	130,469	542,521	108,174	330,306	1,909,638
Medical supplies	598,681	41,672	97,453	54,121	13,499	68,452	873,878
Interest	24,815	5,071	6,143	277	-	11	36,317
Depreciation	44,989	10,946	16,295	9,511	3,671	13,572	98,984
State provider assessments	108,879	17,241	22,624	-	-	-	148,744
Other operating expenses	489,055	65,204	80,162	127,080	22,235	(367,904)	415,832
Total expenses	<u>1,922,657</u>	<u>282,064</u>	<u>353,146</u>	<u>733,510</u>	<u>147,579</u>	<u>44,437</u>	<u>3,483,393</u>
Operating income (loss)	\$ <u>102,439</u>	<u>(17,341)</u>	<u>27,791</u>	<u>(67,798)</u>	<u>(21,310)</u>	<u>(11,754)</u>	<u>12,027</u>