

# DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES

Consolidated Financial Statements  
September 30, 2025 and 2024

(Unaudited)

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

Consolidated Balance Sheets (Unaudited)

September 30, 2025 and 2024

(\$000's Omitted)

<b>Assets</b>	<b>9/30/2025</b>	<b>9/30/2024</b>
Current Assets:		
Cash and cash equivalents	\$ 175,428	109,285
Patient accounts receivable	1,000,710	884,787
Estimated third-party payor settlements, net	105,835	136,266
Other receivables	118,532	87,195
Inventories of drugs and supplies	157,192	141,970
Short-term investments	385,995	410,342
Assets limited as to use	15,790	18,551
Other current assets	62,716	59,556
Total current assets	2,022,198	1,847,952
Assets limited as to use	394,976	193,417
Investments	4,663,066	4,445,403
Property and equipment, net	2,243,511	2,138,026
Prepaid pension asset	192,901	126,600
Right-of-use operating lease assets	460,178	474,338
Other noncurrent assets	318,048	117,505
Total assets	\$ 10,294,878	9,343,241
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 256,758	154,013
Accrued salaries, wages and vacation payable	466,011	410,496
Current portion of postretirement and postemployment benefit obligations	8,199	8,791
Commercial paper	298,899	149,619
Current portion of long-term debt	35,089	34,339
Short-term borrowings	150,000	-
Current portion of finance lease liabilities	7,827	11,436
Current portion of operating lease liabilities	38,522	32,708
Other current liabilities	102,154	92,378
Total current liabilities	1,363,459	893,780
Postretirement and postemployment benefit obligations, net of current portion	41,846	61,307
Long-term debt, net of current portion	1,554,606	1,567,352
Finance lease liabilities, net of current portion	127,836	130,701
Operating lease liabilities, net of current portion	452,505	469,962
Other noncurrent liabilities	151,692	150,266
Total liabilities	3,691,944	3,273,368
Net Assets:		
Without donor restrictions	6,516,946	6,004,505
With donor restrictions	85,988	65,368
Total net assets	6,602,934	6,069,873
Total liabilities and net assets	\$ 10,294,878	9,343,241

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

Consolidated Statements of Operations (Unaudited)  
For the Three Months Ended September 30, 2025 and 2024  
(\$000's Omitted)

	<u>9/30/2025</u>	<u>9/30/2024</u>
Revenues, gains and other support without donor restrictions:		
Patient service revenue	\$ 1,943,160	1,683,933
Other revenue	<u>58,836</u>	<u>43,402</u>
Total revenues, gains and other support	<u>2,001,996</u>	<u>1,727,335</u>
Expenses:		
Employee compensation and temporary labor	1,004,386	954,257
Medical supplies	520,878	419,096
Interest	19,539	18,915
Depreciation and amortization	52,222	49,633
State provider assessments	93,336	73,000
Other operating expenses	<u>234,836</u>	<u>204,985</u>
Total expenses	<u>1,925,197</u>	<u>1,719,886</u>
Operating income	<u>76,799</u>	<u>7,449</u>
Nonoperating income (loss):		
Investment income	90,613	67,824
Nonoperating components of net periodic benefit cost	20,448	16,814
Other, net	<u>(641)</u>	<u>164</u>
Total nonoperating income	<u>110,420</u>	<u>84,802</u>
Excess of revenue over expenses	187,219	92,251
Change in funded status of defined benefit plans	(7,299)	(5,055)
Net assets released from restrictions for purchase of property and equipment	633	-
Transfers to the University, net	<u>(61,506)</u>	<u>(59,166)</u>
Increase in net assets without donor restrictions	\$ <u>119,047</u>	<u>28,030</u>

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidated Statements of Changes in Net Assets (Unaudited)  
For the Three Months Ended September 30, 2025 and 2024  
(\$000's Omitted)

	<u>9/30/2025</u>	<u>9/30/2024</u>
Net assets without donor restrictions:		
Excess of revenue over expenses	\$ 187,219	92,251
Change in funded status of defined benefit plans	(7,299)	(5,055)
Net assets released from restrictions for purchase of property and equipment	633	-
Transfers to the University, net	<u>(61,506)</u>	<u>(59,166)</u>
Increase in net assets without donor restrictions	<u>119,047</u>	<u>28,030</u>
Net assets with donor restrictions:		
Contributions for restricted purposes	1,693	427
Transfers to the University, net	(50)	-
Net assets released from restrictions used for operations	(919)	(1,133)
Net assets released from restrictions for purchase of property and equipment	(633)	-
Net realized and unrealized gains	<u>449</u>	<u>1,057</u>
Increase in net assets with donor restrictions	<u>540</u>	<u>351</u>
Increase in net assets	119,587	28,381
Net assets, beginning of year	<u>6,483,347</u>	<u>6,041,492</u>
Net assets, end of period	<u>\$ 6,602,934</u>	<u>6,069,873</u>

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

Consolidated Statements of Cash Flows (Unaudited)  
For the Three Months Ended September 30, 2025 and 2024  
(\$000's Omitted)

	<u>9/30/2025</u>	<u>9/30/2024</u>
Cash flows from operating activities:		
Increase in net assets	\$ 119,587	28,381
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	52,222	49,633
Amortization of debt issuance costs, premium and discount	(654)	808
Net realized and unrealized gains on investments	(73,642)	(52,269)
Net loss (gain) on other investments and disposals of property and equipment	657	203
Nonperiodic changes in defined benefit plans	7,299	5,055
Transfers to the University, net	61,556	59,166
Restricted contributions for long-term investment and capital projects and associated investment income	(1,999)	(497)
Changes in operating assets and liabilities:		
Patient accounts receivable	(66,215)	(73,283)
Estimated third-party payor settlements, net	50,108	91,832
Other receivables	(21,573)	(7,678)
Inventories of drugs and supplies	(141)	(1,129)
Right-of-use operating lease assets, net of operating lease liabilities	157	548
Pension asset and postretirement and postemployment benefit obligations	(11,095)	(8,454)
Other assets	(7,101)	(12,054)
Accounts payable	(11,657)	(31,287)
Accrued salaries, wages and vacation payable	46,776	46,990
Other liabilities	27,284	2,032
Net cash provided by operating activities	<u>171,569</u>	<u>97,997</u>
Cash flows from investing activities:		
Capital expenditures	(40,366)	(35,772)
Acquisition of Lake Norman Regional Medical Center	(508)	-
Decrease in assets limited as to use	8,238	1,238
Sales of investments	140,167	295,996
Purchases of investments	(109,312)	(200,459)
Decrease in other assets	2,998	-
Net cash used in investing activities	<u>1,217</u>	<u>61,003</u>

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

Consolidated Statements of Cash Flows, Continued (Unaudited)

For the Three Months Ended September 30, 2025 and 2024

(\$000's Omitted)

	<u>9/30/2025</u>	<u>9/30/2024</u>
Cash flows from financing activities:		
Bond issuance costs	\$ (520)	-
Proceeds from issuance of commercial paper	446,851	148,557
Payments on commercial paper	(397,228)	(149,071)
Proceeds from restricted contributions and associated investment income	1,999	497
Payments on finance lease liabilities	(3,980)	(5,031)
Transfers to the University, net	<u>(69,457)</u>	<u>(75,223)</u>
Net cash used in financing activities	<u>(22,335)</u>	<u>(80,271)</u>
Net increase in cash and cash equivalents	150,451	78,729
Cash and cash equivalents, beginning of year	<u>24,977</u>	<u>30,556</u>
Cash and cash equivalents, end of period	\$ <u><u>175,428</u></u>	\$ <u><u>109,285</u></u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of amount capitalized	\$ 12,599	14,004
Supplemental disclosures of noncash investing/financing activities:		
Change in fixed asset payables as of June 30	\$ 7,924	(2,480)
Net transfers to the University of property and equipment	554	205
Net transfers payable to the University	11,218	140
Supplemental cash flow information and noncash activity related to leases:		
Cash paid for operating lease liabilities	\$ 16,620	14,764
Increase in right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	6,005	1,821
Finance leases	-	-

DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES  
Consolidated Utilization Statistics (Unaudited)  
For the Three Months Ended September 30, 2025 and 2024

	Duke University Hospital		Duke Regional Hospital		Duke Raleigh Hospital		Duke Health Lake Norman (1)	DUHS Consolidated	
	3 months 9/30/2025	3 months 9/30/2024	3 months 9/30/2025	3 months 9/30/2024	3 months 9/30/2025	3 months 9/30/2024	3 months 9/30/2025	3 months 9/30/2025	3 months 9/30/2024
Adult Patient Days	86,933	86,772	25,103	26,209	15,164	14,626	2,831	130,031	127,607
Average Adult Daily Census	945	943	273	285	165	159	31	1,413	1,387
Licensed Beds	1,106	1,062	381	388	204	204	123	1,814	1,654
Average Number of Available Beds	1,097	1,082	357	364	204	204	123	1,781	1,650
Full Time Equivalents	10,216	10,657	2,212	2,281	2,185	2,166	480	28,058	27,432
Average Adult Occupancy	86%	87%	76%	78%	81%	78%	25%	79%	84%
Adult Discharges	11,612	11,315	4,462	4,407	3,035	2,863	834	19,943	18,585
Average Adult Length of Stay	7.5	7.7	5.6	5.9	5.0	5.1	3.4	6.5	6.9
Medicare Case Mix Index	2.6218	2.4867	1.6052	1.6035	1.9828	1.9486	1.62	2.2458	2.1230
Number of Deliveries	868	969	702	714	-	-	174	1,744	1,683
Surgical Procedures	11,237	10,502	2,415	2,204	5,514	4,984	1,621	25,003	21,799
Endoscopy Procedures	5,127	4,264	1,486	1,311	890	1,062	231	7,734	6,637
Emergency Department Visits	20,187	20,351	15,654	15,394	11,850	11,391	7,063	54,754	47,136
Hospital Outpatient Visits	367,514	358,386	71,692	64,477	125,865	116,821	22,884	587,955	539,684
Duke Primary Care Visits	-	-	-	-	-	-	-	268,792	261,220
Duke Health Integrated Practice Visits	-	-	-	-	-	-	-	621,514	575,301
Gross Revenues by Payor									
Medicare	21.1%	22.5%	18.5%	19.3%	24.3%	25.1%	22.1%	20.7%	21.7%
Medicare Managed Care	23.4%	22.5%	29.0%	27.8%	32.1%	30.5%	43.6%	25.4%	23.7%
Medicaid	13.7%	10.5%	12.9%	9.4%	7.7%	5.8%	2.2%	12.0%	9.5%
Commercial	34.2%	36.8%	29.9%	34.7%	30.9%	33.4%	28.3%	34.9%	37.9%
Self-pay	2.7%	3.3%	5.5%	6.3%	2.1%	2.5%	1.0%	2.7%	3.3%
Other	4.9%	4.5%	4.1%	2.5%	3.0%	2.8%	2.9%	4.2%	3.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100%	100%

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

(1) Duke Health Lake Norman was acquired on April 1, 2025.

**DUKE UNIVERSITY HEALTH SYSTEM, INC. AND AFFILIATES**  
Consolidating Statements of Operations (Unaudited)  
For the Three Months Ended September 30, 2025  
(\$000's Omitted)

	Duke University Hospital	Duke Regional Hospital	Duke Raleigh Hospital	Duke Health Lake Norman	Duke Health Integrated Practice	Duke Primary Care	All Other Affiliates & Eliminations	Consolidated
Revenues, gains and other support without donor restrictions:								
Patient service revenue	\$ 1,139,967	147,087	218,913	33,603	297,214	63,498	42,878	1,943,160
Other revenue	24,789	1,254	1,306	71	49,519	438	(18,541)	58,836
Total revenues, gains and other support	<u>1,164,756</u>	<u>148,341</u>	<u>220,219</u>	<u>33,674</u>	<u>346,733</u>	<u>63,936</u>	<u>24,337</u>	<u>2,001,996</u>
Expenses:								
Employee compensation and temporary labor	317,031	68,239	66,571	14,164	306,139	54,148	178,094	1,004,386
Medical supplies	372,403	22,502	45,009	6,195	30,359	7,047	37,363	520,878
Interest	11,505	2,066	2,572	3,307	84	-	5	19,539
Depreciation	23,886	5,235	7,782	2,094	4,527	1,892	6,806	52,222
State provider assessments	69,496	9,730	11,836	2,274	-	-	-	93,336
Other operating expenses	264,830	34,518	41,504	12,662	67,232	11,498	(197,408)	234,836
Total expenses	<u>1,059,151</u>	<u>142,290</u>	<u>175,274</u>	<u>40,696</u>	<u>408,341</u>	<u>74,585</u>	<u>24,860</u>	<u>1,925,197</u>
Operating income (loss)	<u>\$ 105,605</u>	<u>6,051</u>	<u>44,945</u>	<u>(7,022)</u>	<u>(61,608)</u>	<u>(10,649)</u>	<u>(523)</u>	<u>76,799</u>