



Quarterly Disclosure Statements
(Unaudited)
For the Nine Months Ended September 30, 2023
For



Advocate Aurora Health, Inc.



The Charlotte-Mecklenburg Hospital Authority
Combined Group



Wake Forest Baptist Combined Group

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Introduction

Purpose of this Report

The purpose of this report is to provide information necessary to comply with continuing disclosure undertakings with respect to the Advocate Aurora Health Credit Group, The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health Combined Group and the Atrium Health Wake Forest Baptist Combined Group, as described below, all of which are now part of an integrated health care delivery and academic system known as Advocate Health.

Advocate Health

Effective December 2, 2022, Advocate Aurora Health, Inc., a Delaware nonprofit corporation (“AAH”) and Atrium Health, Inc., a North Carolina nonprofit corporation (“AHI”), entered into a Joint Operating Agreement pursuant to which they created Advocate Health, Inc., a Delaware nonprofit corporation (the “Advocate Health JOC”), to manage and oversee Advocate Health, which will focus on meeting patients’ needs by redefining how, when, and where care is delivered. AAH and AHI are the two corporate members of the Advocate Health JOC. AAH and the entities comprising the “AAH System” described below (the “AAH System Entities”) and AHI and the other participants in the “AHI Enterprise” described below (the “AHI Enterprise Entities”) have maintained their separate legal existence and no sale, transfer, or other conveyance of their assets occurred in connection with the formation of Advocate Health. No assumption or guaranty of debt or other liabilities of the AAH System Entities or AHI Enterprise Entities, or changes to their respective credit groups described below, occurred in connection with the formation of Advocate Health. Advocate Health has a combined footprint across Illinois, Wisconsin, North Carolina, South Carolina, Georgia, and Alabama.

Advocate Aurora Health, Inc.

AAH is the sole corporate member of Advocate Health Care Network, an Illinois not for profit corporation, (“Advocate”) and Aurora Health Care, Inc., a Wisconsin nonstock not-for-profit corporation (“Aurora”). AAH, Advocate, Aurora, and their controlled subsidiaries are collectively referred to herein as the “AAH System.” The AAH System serves patients across northern and central Illinois and eastern Wisconsin. The participants in the AAH System do business as Advocate in Illinois and as Aurora in Wisconsin.

Atrium Health, Inc.

In October 2020, The Charlotte-Mecklenburg Hospital Authority (“CMHA” or “Atrium Health CMHA”), which directly and through its affiliates does business as Atrium Health, and the Wake Forest Baptist Health system (“Wake Forest Baptist” or “Atrium Health Wake Forest Baptist), including Wake Forest School of Medicine, became part of a single enterprise (the “AHI Enterprise”), which is governed and managed by AHI pursuant to a health system integration agreement and related agreements. The AHI Enterprise serves patients across North Carolina, South Carolina, Georgia, and Alabama. The participants in the AHI Enterprise do business as Atrium Health and Atrium Health Wake Forest Baptist (in North Carolina and South Carolina) and as Atrium Health Navicent and Atrium Health Floyd (in Georgia and Alabama).



Advocate Health
Introduction

The financial position and results of operation of Advocate Health are presented by combining the financial statements of AAH, Atrium Health CMHA, and Atrium Health Wake Forest Baptist, which are under the common management of the Advocate Health JOC. Advocate Health, which includes Atrium Health CMHA, has prepared its financial statements in accordance with accounting principles as promulgated by the Financial Accounting Standards Board ("FASB"). Atrium Health CMHA is a governmental entity as defined by the Governmental Accounting Standards Board ("GASB"); accordingly, accounting principles as promulgated by GASB are the appropriate accounting principles for Atrium Health CMHA to follow. Preparation of the Advocate Health combined financial statements requires the financial statements of Atrium Health CMHA to be converted from presentation in accordance with GASB accounting principles to presentation in accordance with FASB accounting principles prior to combination.

The Advocate Health combined financial statements are not required to be delivered pursuant to any continuing disclosure undertaking and are being provided on a voluntary basis.

ADVOCATE HEALTH
COMBINED BALANCE SHEET (Unaudited)
(in thousands)

	September 30, 2023
Assets	
Current assets	
Cash and cash equivalents	\$ 1,337,090
Short term investments	88,967
Assets limited as to use	214,477
Patient accounts receivable	3,755,011
Other current assets	1,836,012
Total current assets	7,231,557
Other assets	
Assets limited as to use	19,877,151
Property and equipment, net	12,419,397
Operating lease right-of-use assets	974,027
Other noncurrent assets	1,738,453
Total other assets	35,009,028
Total assets	\$ 42,240,585
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 1,296,111
Operating lease liabilities, current portion	180,871
Accrued salaries and employee benefits	1,964,361
Accounts payable and other accrued liabilities	2,427,283
Third-party payors payables	713,344
Total current liabilities	6,581,970
Noncurrent liabilities	
Long-term debt, less current portion	6,592,780
Operating lease liabilities, less current portion	868,502
Obligations under swap agreements	61,609
Other noncurrent liabilities	3,036,964
Total noncurrent liabilities	10,559,855
Total liabilities	17,141,825
Net assets	
Without donor restrictions	
Controlling interest	23,765,094
Noncontrolling interests in subsidiaries	185,474
Total net assets without donor restrictions	23,950,568
With donor restrictions	
Total net assets	25,098,760
Total liabilities and net assets	\$ 42,240,585

ADVOCATE HEALTH
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (Unaudited)
(in thousands)

	Nine Months Ended September 30, 2023
Revenue	
Patient service revenue	\$ 19,254,943
Capitation revenue	915,363
Other revenue	2,660,077
Total revenue	22,830,383
Expenses	
Salaries, wages, and benefits	13,274,728
Supplies and drugs	4,654,253
Purchased services and other expenses	3,693,645
Depreciation and amortization	906,714
Interest	221,624
Total expenses	22,750,964
Operating income	79,419
Nonoperating income	
Investment income, net	625,699
Other nonoperating income, net	60,088
Total nonoperating income, net	685,787
Revenue in excess of expenses	765,206
Less income attributable to noncontrolling interests	(44,036)
Revenue in excess of expenses - attributable to controlling interest	\$ 721,170

ADVOCATE HEALTH
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (Unaudited)
(in thousands)

	Nine Months Ended September 30, 2023
Net assets without donor restrictions, controlling interest	
Revenue in excess of expenses - attributable to controlling interest	\$ 721,170
Pension-related changes other than net periodic pension costs	20,330
Other, net	14,194
Increase in net assets without donor restrictions, controlling interest	755,694
 Net assets without donor restrictions, noncontrolling interests	
Revenues in excess of expenses	44,036
Distributions to noncontrolling interests	(30,353)
Increase in net assets without donor restrictions, noncontrolling interests	13,683
 Net assets with donor restrictions	
Contributions	121,456
Investment income, net	24,378
Net assets released from restrictions	(112,272)
Other, net	130
Increase in net assets with donor restrictions	33,692
 Increase in net assets	 803,069
Net assets at beginning of period	24,295,691
Net assets at end of period	\$ 25,098,760

ADVOCATE HEALTH
COMBINED STATEMENT OF CASH FLOWS (Unaudited)
(in thousands)

	<u>Nine Months Ended September 30, 2023</u>
Cash flows from operating activities	
Increase in net assets	\$ 803,069
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation, amortization, and accretion	907,926
Amortization of operating lease right-of-use assets	154,539
Gain on sale of property and equipment	(4,253)
Pension-related changes other than net periodic pension cost	(20,330)
Proceeds from restricted contributions	(66,647)
Distribution to noncontrolling interests	36,488
Other	(69,411)
Changes in operating assets and liabilities	
Trading securities, net	(371,434)
Patient accounts receivable	(170,345)
Accounts payable and accrued liabilities	(288,128)
Third-party payors receivable and payable, net	82,335
Other assets and liabilities, net	(350,120)
Net cash provided by operating activities	<u>643,689</u>
Cash flows from investing activities	
Capital expenditures	(997,069)
Proceeds from sale of property and equipment	598
Sales of investments designated as non-trading, net	460,222
Investments in unconsolidated entities, net	(44,770)
Other	12,471
Net cash used in investing activities	<u>(568,548)</u>
Cash flows from financing activities	
Repayments of long-term debt, net	(332,650)
Proceeds from issuance of long-term debt	174,195
Distribution to noncontrolling interests	(36,488)
Proceeds from restricted contributions and income on investments	69,954
Net cash used in financing activities	<u>(124,989)</u>
Net decrease in cash and cash equivalents	(49,848)
Cash and cash equivalents at beginning of period	1,441,867
Cash and cash equivalents at end of period	<u>\$ 1,392,019</u>
Reconciliation of cash and cash equivalents to the balance sheet	
Cash and cash equivalents	1,337,090
Restricted cash in investments and assets whose use is limited	54,929
	<u>\$ 1,392,019</u>

**ADVOCATE HEALTH
UTILIZATION STATISTICS**

	Nine Months Ended September 30, 2023
Census	
Discharges	382,303
Observation Cases	137,433
Total Bedded Patients	<u>519,736</u>
Inpatient Days	2,095,458
Inpatient Length of Stay	5.47
Case Mix index	1.81
Other Volume Stats	
Inpatient Surgeries	93,262
Outpatient Surgeries	234,455
Total Surgeries	<u>327,717</u>
ED Visits	1,616,546
wRVUs	39,644,583



ADVOCATE AURORA HEALTH, INC.

Introduction

Advocate Aurora Health Credit Group

AAH and certain other AAH System Entities are members of the “Obligated Group” (the “AAH Obligated Group”) created under a Second Amended and Restated Trust Indenture dated as of August 1, 2018 (the “AAH Master Indenture”) among the Obligated Group Members identified therein and U.S. Bank Trust Company, National Association, Master Trustee. The members of the AAH Obligated Group are jointly and severally liable on any “Obligations” issued under the AAH Master Indenture. Certain of the AAH Obligated Group’s affiliates are designated as “Restricted Affiliates” under the AAH Master Indenture.

Neither the Advocate JOA nor any of the AHI Enterprise Entities is a member of AAH Obligated Group or a Restricted Affiliate as of the date of this report and, therefore, none of them have any obligation to provide for the payment of any Obligation issued under the AAH Master Indenture.

Basis of Presentation

The accompanying consolidated financial statements for AAH as of and for the three and nine months ended September 30, 2023 and 2022, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board (“FASB”).

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 555,870	\$ 372,898
Assets limited as to use	162,956	153,557
Patient accounts receivable	1,878,576	1,796,499
Other current assets	1,019,920	975,406
Total current assets	<u>3,617,322</u>	<u>3,298,360</u>
Assets limited as to use	10,956,221	10,981,192
Property and equipment, net	5,902,637	5,971,542
Other assets		
Goodwill and intangible assets, net	428,305	476,564
Investments in unconsolidated entities	231,966	216,176
Reinsurance receivable	130,106	116,786
Operating lease right-of-use assets	305,663	305,311
Other noncurrent assets	570,766	512,339
Total other assets	<u>1,666,806</u>	<u>1,627,176</u>
Total assets	<u>\$ 22,142,986</u>	<u>\$ 21,878,270</u>

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
Liabilities		
Current liabilities		
Long-term debt and commercial paper, current portion	\$ 172,272	\$ 101,204
Long-term debt subject to short-term financing arrangements	354,720	165,035
Operating lease liabilities, current portion	69,629	73,026
Accrued salaries and employee benefits	1,009,083	1,165,861
Accounts payable and other accrued liabilities	1,016,556	1,128,954
Third-party payors payables	395,796	357,177
Accrued insurance and claims costs, current portion	218,688	204,592
Total current liabilities	<u>3,236,744</u>	<u>3,195,849</u>
Noncurrent liabilities		
Long-term debt, less current portion	2,957,862	3,255,423
Operating lease liabilities, less current portion	272,154	276,116
Accrued insurance and claims cost, less current portion	672,701	634,468
Accrued losses subject to insurance recovery	130,106	116,786
Obligations under swap agreements	16,677	29,514
Other noncurrent liabilities	991,068	922,567
Total noncurrent liabilities	<u>5,040,568</u>	<u>5,234,874</u>
Total liabilities	8,277,312	8,430,723
Net assets		
Without donor restrictions		
Controlling interest	13,443,375	13,037,580
Noncontrolling interests in subsidiaries	185,474	171,791
Total net assets without donor restrictions	<u>13,628,849</u>	<u>13,209,371</u>
With donor restrictions	236,825	238,176
Total net assets	<u>13,865,674</u>	<u>13,447,547</u>
Total liabilities and net assets	<u>\$ 22,142,986</u>	<u>\$ 21,878,270</u>

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	(Unaudited)		(Unaudited)	
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue				
Patient service revenue	\$ 3,190,652	\$ 2,994,058	\$ 9,578,782	\$ 8,938,354
Capitation revenue	302,580	296,992	915,363	899,018
Other revenue	383,886	365,681	1,167,648	931,487
Total revenue	3,877,118	3,656,731	11,661,793	10,768,859
Expenses				
Salaries, wages, and benefits	2,249,304	2,161,343	6,707,037	6,337,481
Supplies, purchased services, and other	1,274,149	1,181,648	3,821,131	3,449,576
Contracted medical services	151,394	124,885	426,882	391,287
Depreciation and amortization	153,903	151,674	461,067	444,755
Interest	31,816	29,454	94,991	86,817
Total expenses	3,860,566	3,649,004	11,511,108	10,709,916
Operating income	16,552	7,727	150,685	58,943
Nonoperating (loss) income				
Investment (loss) income, net	(91,373)	(317,857)	309,300	(983,855)
Other nonoperating income (loss), net	6,082	10,061	(15,504)	46,126
Total nonoperating (loss) income, net	(85,291)	(307,796)	293,796	(937,729)
Revenue (less than) in excess of expenses	(68,739)	(300,069)	444,481	(878,786)
Less income attributable to noncontrolling interests	(14,941)	(10,816)	(44,036)	(32,876)
Revenue (less than) in excess of expenses - attributable to controlling interest	\$ (83,680)	\$ (310,885)	\$ 400,445	\$ (911,662)

(Continued)

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	(Unaudited)		(Unaudited)	
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net assets without donor restrictions, controlling interest				
Revenue (less than) in excess of expenses - attributable to controlling interest	\$ (83,680)	\$ (310,885)	\$ 400,445	\$ (911,662)
Pension-related changes other than net periodic pension costs	697	(35,353)	2,098	(31,689)
Net assets released from restrictions for purchase of property and equipment	2,423	640	7,058	3,045
Other, net	(1,791)	(736)	(3,806)	7,246
(Decrease) increase in net assets without donor restrictions, controlling interest	(82,351)	(346,334)	405,795	(933,060)
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses	14,941	10,816	44,036	32,876
Distributions to noncontrolling interests	(9,101)	(6,369)	(30,353)	(33,639)
Increase (decrease) in net assets without donor restrictions, noncontrolling interests	5,840	4,447	13,683	(763)
Net assets with donor restrictions				
Contributions	4,413	3,024	10,331	6,360
Investment (loss) income, net	(834)	(3,052)	3,552	(11,181)
Net assets released from restrictions for operations	(2,934)	(2,810)	(8,278)	(8,049)
Net assets released from restrictions for purchase of property and equipment	(2,423)	(640)	(7,058)	(3,045)
Other, net	37	(33)	102	(229)
Decrease in net assets with donor restrictions	(1,741)	(3,511)	(1,351)	(16,144)
(Decrease) increase in net assets	(78,252)	(345,398)	418,127	(949,967)
Net assets at beginning of period	13,943,926	13,726,410	13,447,547	14,330,979
Net assets at end of period	\$ 13,865,674	\$ 13,381,012	\$ 13,865,674	\$ 13,381,012

(Concluded)

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	(Unaudited)		(Unaudited)	
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash flows from operating activities				
(Decrease) increase in net assets	\$ (78,252)	\$ (345,398)	\$ 418,127	\$ (949,967)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation, amortization, and accretion	151,388	149,143	453,366	435,073
Amortization of operating lease right-of-use assets	16,678	18,093	52,468	53,740
Loss on debt refinancing	—	—	40	33
Loss (gain) on sale of property and equipment	249	116	(1,131)	625
Change in fair value of swap agreements	(12,545)	(17,970)	(12,836)	(60,650)
Pension-related changes other than net periodic pension cost	(697)	35,353	(2,098)	31,689
Net assets released from restrictions for operations	(2,934)	(2,810)	(8,278)	(8,049)
Distribution to noncontrolling interests	9,101	6,417	36,488	45,811
Distributions from unconsolidated entities	1,323	11,224	9,379	28,489
Changes in operating assets and liabilities				
Trading securities, net	101,890	307,258	19,440	1,608,518
Patient accounts receivable	(91,249)	(15,405)	(82,077)	(49,299)
Accounts payable and accrued liabilities	(4,421)	(337,246)	(197,296)	(778,405)
Third-party payors receivable and payable, net	3,303	44,098	50,375	18,684
Other assets and liabilities, net	(16,618)	10,074	(120,543)	(69,127)
Net cash provided by (used in) operating activities	<u>77,216</u>	<u>(137,053)</u>	<u>615,424</u>	<u>307,165</u>
Cash flows from investing activities				
Capital expenditures	(118,796)	(133,773)	(363,072)	(375,553)
Proceeds from sale of property and equipment	101	2,531	614	3,564
Purchases of investments designated as non-trading, net	(11)	(108)	(74)	(174)
Investments in unconsolidated entities, net	(392)	1,771	(18,113)	(15,612)
Acquisition of MobileHelp, net of cash acquired	—	—	—	(286,133)
Other	(323)	(3,948)	(727)	(4,479)
Net cash used in investing activities	<u>(119,421)</u>	<u>(133,527)</u>	<u>(381,372)</u>	<u>(678,387)</u>
Cash flows from financing activities				
Repayments of long-term debt, net	(11,493)	(13,911)	(28,475)	(37,131)
Distribution to noncontrolling interests	(9,101)	(6,417)	(36,488)	(45,811)
Proceeds from restricted contributions and income on investments	3,579	(28)	13,883	(4,821)
Net cash used in financing activities	<u>(17,015)</u>	<u>(20,356)</u>	<u>(51,080)</u>	<u>(87,763)</u>
Net (decrease) increase in cash and cash equivalents	(59,220)	(290,936)	182,972	(458,985)
Cash and cash equivalents at beginning of period	615,090	535,676	372,898	703,725
Cash and cash equivalents at end of period	<u>\$ 555,870</u>	<u>\$ 244,740</u>	<u>\$ 555,870</u>	<u>\$ 244,740</u>
Supplemental disclosures of noncash information				
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 30,951	\$ 24,341	\$ 52,821	\$ 91,755

ADVOCATE AURORA HEALTH, INC.
UTILIZATION STATISTICS

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	% Change
Historical Utilization Statistics				
Discharges	62,311	59,093	3,218	5.4 %
Observation Cases	25,573	26,877	(1,304)	(4.9)%
Patient Days	319,167	322,007	(2,840)	(0.9)%
Hospital Outpatient Visits	1,139,786	1,105,127	34,659	3.1 %
Physician Visits	2,605,329	2,547,780	57,549	2.3 %
Home Care Visits	202,397	206,272	(3,875)	(1.9)%
Capitated Member Lives ⁽¹⁾	223,910	231,096	(7,186)	(3.1)%

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Historical Utilization Statistics				
Discharges	181,753	174,504	7,249	4.2 %
Observation Cases	78,730	75,776	2,954	3.9 %
Patient Days	947,728	965,557	(17,829)	(1.8)%
Hospital Outpatient Visits	3,412,396	3,239,215	173,181	5.3 %
Physician Visits	7,838,612	7,425,698	412,914	5.6 %
Home Care Visits	635,287	617,316	17,971	2.9 %

⁽¹⁾ As of the date set forth in the column header

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Payor Mix				
Managed Care	53 %	51 %	52 %	54 %
Medicare	31 %	32 %	32 %	32 %
Medicaid	14 %	13 %	13 %	12 %
Self-pay and Other	2 %	4 %	3 %	2 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>



THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP Introduction

Atrium Health CMHA Combined Group

CMHA issues revenue bonds (“CMHA Bonds”) under a Second Amended and Restated Bond Order adopted in 1997 (as amended, the “CMHA Bond Order”). CMHA and certain of its affiliates have formed an “Obligated Group” (the “CMHA Obligated Group”) under the CMHA Bond Order. Members of the CMHA Obligated Group are jointly and severally liable for payment of CMHA Bonds and other obligations secured by the CMHA Bond Order (“Parity Obligations”). The CMHA Bond Order also authorizes the creation of a “Combined Group” (the “CMHA Combined Group”), which consists of the members of the CMHA Obligated Group and any affiliates designated by CMHA (“Designated Affiliates”).

None of the Advocate Health JOA, the AAH System Entities, or any entities that are part of Wake Forest Baptist are members of the CMHA Combined Group as of the date of this report and, therefore, none of them have any obligation to provide for the payment of the CMHA Bonds or Parity Obligations.

Basis of Presentation

The accompanying consolidated financial statements and highlights reflect the financial position and results of operations of the CMHA Combined Group as of and for the nine months ended September 30, 2023 and 2022. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (“GASB”).

THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP
Financial Highlights

Nine Months Ended September 30, 2023 Compared with Nine Months Ended September 30, 2022:

For the nine months ended September 30, 2023, net income was \$220,945, a \$1,665,324 increase from 2022, driven primarily by favorable investment performance and higher income from operations. Operating income was \$93,652 for the nine months ended September 30, 2023, which was \$177,029 above the prior year.

Total operating revenue increased 11.9% to \$6,344,646 largely due to greater hospital and medical group patient volumes; annual increases in reimbursement rates; growth in retail pharmacy sales and additional grant revenue. Total operating expenses increased 8.6% to \$6,250,994, primarily due to personnel costs on higher patient volumes along with other expense inflation.

As of September 30, 2023, days cash on hand was 289 days. Debt-to-capitalization ratio decreased from 32.3% at December 31, 2022, to 31.3% at September 30, 2023, primarily driven by favorable net income during the current year.

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEETS
(in thousands)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 287,378	\$ 402,408
Short term investments	28,608	31,546
Assets limited as to use	48,232	47,950
Patient accounts receivable	1,110,166	1,049,395
Other current assets	513,493	423,669
Total current assets	1,987,877	1,954,968
Other assets		
Assets limited as to use	5,786,586	5,946,372
Property and equipment, net	4,360,075	4,226,057
Operating lease right-of-use assets, net	488,667	483,250
Other noncurrent assets	343,157	319,403
Total other assets	10,978,485	10,975,082
Total assets	12,966,362	12,930,050
Deferred outflows of resources	241,407	165,439
Total assets and deferred outflows of resources	\$ 13,207,769	\$ 13,095,489
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 699,016	\$ 767,418
Operating lease liabilities, current portion	71,332	76,313
Accrued salaries and employee benefits	483,034	585,006
Accounts payable and other accrued liabilities	666,920	723,112
Estimated third party payer settlements	298,173	294,182
Total current liabilities	2,218,475	2,446,031
Noncurrent liabilities		
Long-term debt, less current portion	2,331,770	2,307,990
Operating lease liabilities, less current portion	458,732	443,075
Obligations under swap agreements	41,614	82,527
Other noncurrent liabilities	846,894	827,683
Total noncurrent liabilities	3,679,010	3,661,275
Total liabilities	5,897,485	6,107,306
Deferred inflows of resources	189,281	80,510
Net position		
Net investment in capital assets	1,318,422	1,123,938
Restricted - by donor	456,384	456,115
Unrestricted	5,346,197	5,327,620
Total net position	7,121,003	6,907,673
Total liabilities and deferred inflows and net position	\$ 13,207,769	\$ 13,095,489

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	(Unaudited)	(Unaudited)
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue		
Patient service revenue	\$ 5,695,456	\$ 5,075,150
Other revenue	649,190	596,872
Total revenue	<u>6,344,646</u>	<u>5,672,022</u>
Expenses		
Salaries, wages, and benefits	3,657,510	3,389,880
Supplies and drugs	1,340,352	1,192,083
Purchased services and other expenses	922,785	857,792
Depreciation and amortization	330,347	315,644
Total operating expenses	<u>6,250,994</u>	<u>5,755,399</u>
Operating income (loss)	93,652	(83,377)
Nonoperating income (loss)		
Interest expense	(98,028)	(83,255)
Stimulus grants	—	50,596
Investment income (loss), net	273,049	(1,328,222)
Other nonoperating loss, net	(47,728)	(121)
Total nonoperating income (loss), net	<u>127,293</u>	<u>(1,361,002)</u>
Excess (deficiency) of revenues and support over expenses and losses before contributions	\$ 220,945	\$ (1,444,379)
Changes in net position		
Capital and other contributions	(7,615)	28,443
Changes in net position	213,330	(1,415,936)
Net position, beginning of year	6,907,673	7,938,673
Net position, end of year	\$ 7,121,003	\$ 6,522,737

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF CASH FLOWS

(in thousands)

	(Unaudited) Nine Months Ended September 30, 2023	(Unaudited) Nine Months Ended September 30, 2022
Cash flows from operating activities		
Receipts from third-party payers and patients	\$ 5,638,676	\$ 4,982,886
Payments to suppliers	(2,273,645)	(2,457,722)
Payments to employees	(3,753,217)	(3,417,121)
Other receipts, net	560,866	578,286
Net cash provided by (used in) operating activities	<u>172,680</u>	<u>(313,671)</u>
Cash flows from financing activities		
Cash flows from noncapital financing activities		
Proceeds from the issuance of commercial paper	—	100,000
Retirements of commercial paper	—	(100,000)
Stimulus grants	—	50,596
Commitment to academic endowment fund	(47,000)	—
Other activities	(17,442)	777
Net cash (used in) provided by noncapital financing activities	<u>(64,442)</u>	<u>51,373</u>
Cash flows from capital and related financing activities		
Capital expenditures	(481,198)	(455,022)
Interest payments on short- and long-term debt	(104,789)	(103,814)
Repayments of long-term debt, net	(212,367)	(190,612)
Proceeds from issuance of long-term debt	174,195	143,064
Contributions restricted for building and equipment purchases	(10,451)	17,117
Other contributions	3,383	3,077
Net cash used in capital and related financing activities	<u>(631,227)</u>	<u>(586,190)</u>
Net cash used in financing activities	<u>(695,669)</u>	<u>(534,817)</u>
Cash flows from investing activities		
Investment earnings	10,676	2,974
Purchases of investments and assets limited as to use	(84,836)	(38,154)
Sales of investments and assets limited as to use	456,682	50,000
Purchase of equity method investments	(27,657)	—
Net cash provided by investing activities	<u>354,865</u>	<u>14,820</u>
Net decrease in cash, cash equivalents and restricted cash	(168,124)	(833,668)
Cash and cash equivalents		
Beginning of year	486,680	1,019,470
End of period	\$ 318,556	\$ 185,802
Reconciliation of cash and cash equivalents to the balance sheet		
Cash and cash equivalents	287,378	79,436
Restricted cash in investments and assets whose use is limited	31,178	106,366
Total cash, cash equivalents and restricted cash	\$ 318,556	\$ 185,802
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ 93,652	\$ (83,377)
Adjustments to reconcile operating income (loss) to net cash used in operating activities		
Depreciation and amortization	330,347	315,644
Increase in patient accounts receivable	(60,771)	(82,240)
Increase in other current assets	(87,218)	(53,803)
(Increase) decrease in other noncurrent assets	(75,318)	212,093
Decrease in accounts payable and other accrued liabilities	(20,377)	(593,215)
Decrease in other noncurrent liabilities	(11,626)	(18,749)
Increase (decrease) in estimated third party payer settlements	3,991	(10,024)
Net cash provided by (used in) operating activities	<u>\$ 172,680</u>	<u>\$ (313,671)</u>

**THE CMHA COMBINED GROUP
UTILIZATION STATISTICS**

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Medical Group				
Practice locations	542	541	1	0.2 %
Total Physicians	1,873	1,841	32	1.7 %
Patient visits (including faculty)	4,754,312	4,359,671	394,641	9.1 %
Total Acute Care Facilities				
Adjusted patient days (excluding newborn)	1,453,843	1,387,555	66,288	4.8 %
Adjusted discharges (excluding newborn)	254,290	227,461	26,829	11.8 %
Surgical Procedures	76,793	70,348	6,445	9.2 %



ATRIUM HEALTH WAKE FOREST BAPTIST

Introduction

Atrium Health Wake Forest Baptist Combined Group

Atrium Health Wake Forest Baptist is an integrated clinical, research, and academic enterprise operated by Wake Forest University Baptist Medical Center, a North Carolina nonprofit corporation (“WFBMC”), which is a joint operating company that was established by Wake Forest University, a North Carolina nonprofit corporation (“WFU”), and North Carolina Baptist Hospital, a North Carolina nonprofit corporation (“NCBH”). Wake Forest University Health Sciences (“WFUHS”) is a wholly-owned affiliate of WFU that owns all of the assets of and operates Wake Forest University School of Medicine and is part of Atrium Health Wake Forest Baptist.

WFBMC, NCBH, and WFUHS are the members of the “Obligated Group” (the “WFB Obligated Group”) created under a Master Trust Indenture, dated as of March 1, 2010 (as supplemented and amended, the “WFB Master Indenture”), between NCBH and The Bank of New York Mellon Trust Company, N.A., as master trustee. The members of the WFB Obligated Group are jointly and severally liable on any “Obligations” issued under the WFB Master Indenture. The WFB Master Indenture authorizes the creation of a “Combined Group” (the “WFB Combined Group”), which consists of the members of the WFB Obligated Group and all “Designated Members.” Wake Forest University is not a member of the WFB Obligated Group or a part of Wake Forest Baptist and is not directly or indirectly obligated to pay amounts due with respect to Obligations issued under the WFB Master Indenture.

None of the Advocate Health JOA, the AAH System Entities, or CMHA or any of its affiliates are members of the WFB Combined Group as of the date of this report and, therefore, none of them have any obligation to provide for the payment of any Obligation issued under the WFB Master Indenture.

Basis of Presentation

The accompanying combined financial statements reflect the financial position and results of operations of Atrium Health Wake Forest Baptist as of and for the nine months ended September 30, 2023 and 2022. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board (“FASB”).

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED BALANCE SHEETS
(in thousands)

	(Unaudited) September 30, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 223,037	\$ 320,705
Patient receivables, net	436,900	393,740
Accounts, grants, and note receivable, net	196,389	166,860
Other current assets	111,525	106,701
Total current assets	<u>967,851</u>	<u>988,006</u>
Property and equipment, net	1,276,037	1,260,602
Investments and assets limited as to use	2,095,841	2,098,334
Operating lease right-of-use assets	157,176	157,902
Other assets	152,940	174,550
Total assets	<u>\$ 4,649,845</u>	<u>\$ 4,679,394</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 195,497	\$ 189,755
Salaries and benefits payable	364,654	385,169
Other liabilities and accruals	199,215	190,905
Amounts due to third-party payers, net	44,951	40,725
Current portion of operating lease liabilities	37,662	36,335
Current portion of long-term debt	52,740	54,468
Total current liabilities	<u>894,719</u>	<u>897,357</u>
Notes payable, finance leases, and lines of credit, net of current portion	38,351	79,350
Bonds payable, net of current portion	789,122	806,950
Operating lease liabilities, net of current portion	126,489	128,896
Interest rate swap liability	600	1,181
Retirement benefits	89,182	90,646
Other liabilities	141,593	100,620
Total liabilities	<u>2,080,056</u>	<u>2,105,000</u>
Net assets		
Without donor restrictions	2,154,748	2,182,915
With donor restrictions	415,041	391,479
Total net assets	<u>2,569,789</u>	<u>2,574,394</u>
Total liabilities and net assets	<u>\$ 4,649,845</u>	<u>\$ 4,679,394</u>

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	(Unaudited)	(Unaudited)
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue		
Patient service revenue	\$ 2,757,222	\$ 2,475,321
Other sources	755,480	664,971
Total operating revenues	<u>3,512,702</u>	<u>3,140,292</u>
Expenses		
Personnel costs	2,133,202	1,921,930
Supplies	863,862	767,663
Purchased services	112,083	105,877
Other operating expenses	318,785	295,206
Depreciation and amortization	117,031	123,809
Financing costs	25,145	22,408
Total operating expenses	<u>3,570,108</u>	<u>3,236,893</u>
Operating loss	(57,406)	(96,601)
Nonoperating income (loss)		
Investment income (loss), net	29,831	(260,398)
Unrealized gains on interest rate swap valuation	581	2,330
Pension and postretirement costs	1,628	295
Losses from equity method affiliates	(4,558)	(2,032)
Other, net	2,325	1,544
Total nonoperating income (loss), net	<u>29,807</u>	<u>(258,261)</u>
Deficiency of revenues and gains over expenses and losses	(27,599)	(354,862)
Changes in net assets without donor restrictions		
Pension and postretirement-related (losses) gains other than net periodic cost	(568)	4,291
Change in net assets without donor restrictions	(28,167)	(350,571)
Changes in net assets with donor restrictions		
Contributions	66,746	25,711
Investment return in excess of amounts designated for current operations	7,600	6,622
Net assets released from restrictions	(48,846)	(39,899)
Net investment losses	(1,667)	(32,874)
Actuarial gains on annuity obligations	539	—
Other	(810)	(33)
Change in net assets with donor restrictions	23,562	(40,473)
Change in total net assets	(4,605)	(391,044)
Net assets, beginning of period	2,574,394	2,816,937
Net assets, end of period	\$ 2,569,789	\$ 2,425,893

**ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED STATEMENTS OF CASH FLOWS**
(in thousands)

	(Unaudited) Nine Months Ended September 30, 2023	(Unaudited) Nine Months Ended September 30, 2022
Cash flows from operating activities		
Receipts from third-party payers and patients	\$ 2,718,288	\$ 2,441,880
Payments to suppliers	(1,286,658)	(1,242,410)
Payments to employees	(2,154,121)	(1,981,056)
Other receipts, net	748,440	599,704
Net cash provided by (used in) operating activities	25,949	(181,882)
Cash flows from financing activities		
Principal payments, refunding, and retirements on short and long-term debt	(21,702)	(22,125)
Payments on finance lease obligations	(38,144)	(2,059)
Other contributions	3,570	6,214
Net cash used in financing activities	(56,276)	(17,970)
Cash flows from investing activities		
Net purchases and sales of investments and assets whose use is limited	82,848	134,584
Purchases of property and equipment	(129,235)	(91,743)
Net cash (used in) provided by investing activities	(46,387)	42,841
Net decrease in cash, cash equivalents, and restricted cash	(76,714)	(157,011)
Cash, cash equivalents, and restricted cash		
Beginning of year	323,502	338,517
End of year	\$ 246,788	\$ 181,506
Reconciliation of cash, cash equivalents, and restricted cash to the balance sheet		
Cash and cash equivalents	223,037	177,839
Restricted cash in investments and assets whose use is limited	23,751	3,667
Total cash, cash equivalents, and restricted cash	\$ 246,788	\$ 181,506

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING BALANCE SHEET INFORMATION (Unaudited)
(in thousands)

	September 30, 2023			
	Atrium Health Wake Forest Baptist	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets				
Current assets				
Cash and cash equivalents	\$ 223,037	\$ (42,785)	\$ —	\$ 180,252
Patient receivables, net	436,900	(25,561)	—	411,339
Accounts, grants, and note receivable, net	196,389	(39,639)	—	156,750
Other current assets	111,525	(4,872)	—	106,653
Total current assets	967,851	(112,857)	—	854,994
Property and equipment, net	1,276,037	(82,507)	—	1,193,530
Investments and assets limited as to use	2,095,841	(113,517)	(9,587)	1,972,737
Operating lease right-of-use assets	157,176	(43,344)	—	113,832
Other assets	152,940	(92,496)	—	60,444
Total assets	\$ 4,649,845	\$ (444,721)	\$ (9,587)	\$ 4,195,537
Liabilities				
Current liabilities				
Accounts payable	\$ 195,497	\$ (183,924)	\$ —	\$ 11,573
Salaries and benefits payable	364,654	(11,417)	—	353,237
Other liabilities and accruals	199,215	(9,292)	—	189,923
Amounts due to third-party payers, net	44,951	(14,582)	—	30,369
Current portion of operating lease liabilities	37,662	(10,546)	—	27,116
Current portion of long-term debt	52,740	(1,259)	—	51,481
Total current liabilities	894,719	(231,020)	—	663,699
Notes payable, finance leases, and lines of credit, net of current portion	38,351	(22,601)	—	15,750
Bonds payable, net of current portion	789,122	—	—	789,122
Operating lease liabilities, net of current portion	126,489	(33,993)	—	92,496
Interest rate swap liability	600	—	—	600
Retirement benefits	89,182	(893)	—	88,289
Other liabilities	141,593	(3,875)	—	137,718
Total liabilities	2,080,056	(292,382)	—	1,787,674
Net assets				
Without donor restrictions	2,154,748	(152,333)	(9,587)	1,992,828
With donor restrictions	415,041	(6)	—	415,035
Total net assets	2,569,789	(152,339)	(9,587)	2,407,863
Total liabilities and net assets	\$ 4,649,845	\$ (444,721)	\$ (9,587)	\$ 4,195,537

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (Unaudited)
(in thousands)

	Nine Months Ended September 30, 2023			
	Atrium Health Wake Forest Baptist	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Revenue				
Patient service revenue	\$ 2,757,222	\$ (196,830)	\$ —	\$ 2,560,392
Other sources	755,480	(53,489)	583	702,574
Total operating revenues	3,512,702	(250,319)	583	3,262,966
Expenses				
Personnel costs	2,133,202	(151,506)	—	1,981,696
Supplies	863,862	(35,042)	—	828,820
Purchased services	112,083	(8,326)	—	103,757
Other operating expenses	318,785	(59,506)	583	259,862
Depreciation and amortization	117,031	(5,313)	—	111,718
Financing costs	25,145	(720)	—	24,425
Total operating expenses	3,570,108	(260,413)	583	3,310,278
Operating (loss) income	(57,406)	10,094	—	(47,312)
Nonoperating income (loss)				
Investment income (loss), net	29,831	(4,387)	—	25,444
Unrealized gains on interest rate swap valuation	581	—	—	581
Pension and postretirement costs	1,628	(154)	—	1,474
Losses from equity method affiliates	(4,558)	(311)	(13,783)	(18,652)
Other, net	2,325	2,490	(1,858)	2,957
Total nonoperating income (loss), net	29,807	(2,362)	(15,641)	11,804
(Deficiency) excess of revenues and gains over expenses and losses	\$ (27,599)	\$ 7,732	\$ (15,641)	\$ (35,508)
Changes in net assets without donor restrictions				
Pension and postretirement-related losses other than net periodic cost	(568)	—	—	(568)
Change in net assets without donor restrictions	(28,167)	7,732	(15,641)	(36,076)
Changes in net assets with donor restrictions				
Contributions	66,746	(12)	—	66,734
Investment return in excess of amounts designated for current operations	7,600	—	—	7,600
Net assets released from restrictions	(48,846)	—	—	(48,846)
Net investment losses	(1,667)	—	—	(1,667)
Actuarial gains on annuity obligations	539	—	—	539
Other	(810)	—	—	(810)
Change in net assets with donor restrictions	23,562	(12)	—	23,550
Change in total net assets	(4,605)	7,720	(15,641)	(12,526)
Net assets, beginning of period	2,574,394	(160,059)	6,054	2,420,389
Net assets, end of period	\$ 2,569,789	\$ (152,339)	\$ (9,587)	\$ 2,407,863

**ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
UTILIZATION STATISTICS**

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Change	% Change
Case Mix Adjusted Equivalent Discharges	232,307	213,151	19,156	9.0 %
Patient Days	257,166	245,957	11,209	4.6 %
Inpatient Admissions	47,841	43,681	4,160	9.5 %
Average Length of Stay	5.38	5.61	(0.23)	(4.1)%
Average Length of Stay (Case Mix Adjusted)	2.77	2.86	(0.09)	(3.1)%
Inpatient Operating Room Cases	14,271	13,138	1,133	8.6 %
Outpatient Operating Room Cases	33,226	32,013	1,213	3.8 %
Total Operating Room Cases	47,497	45,151	2,346	5.2 %
Emergency Department Visits	161,621	152,219	9,402	6.2 %
Case Mix Index (all payors using Medicare weights)	1.9382	1.9633	(0.0251)	(1.3)%
RVUs	7,539,389	6,177,828	1,361,561	22.0 %
Outpatient Visit	1,540,848	1,432,132	108,716	7.6 %