



Wake Forest Baptist Combined Group

Quarterly Disclosure Statements
(Unaudited)

For the Year Ended December 31, 2023

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Atrium Health Wake Forest Baptist
TABLE OF CONTENTS

INTRODUCTION:	<u>2</u>
 FINANCIAL INFORMATION	
<u>Combined Balance Sheets</u>	<u>3</u>
<u>Combined Statements of Operations and Changes in Net Assets</u>	<u>4</u>
<u>Combined Statements of Cash Flows</u>	<u>6</u>
<u>Combining Balance Sheet</u>	<u>7</u>
<u>Combining Statement of Operations and Changes in Net Assets</u>	<u>8</u>
<u>Utilization Statistics</u>	<u>10</u>



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.

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 years ended December 31, 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)	(Audited)
	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 490,382	\$ 320,705
Patient accounts receivable	480,560	393,740
Other current assets	314,603	211,212
Total current assets	1,285,545	925,657
Other assets		
Assets limited as to use	2,112,309	2,010,534
Property and equipment, net	1,318,795	1,260,602
Operating lease right-of-use assets	171,857	157,902
Other noncurrent assets	219,641	262,350
Total other assets	3,822,602	3,691,388
Total assets	\$ 5,108,147	\$ 4,617,045
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 53,201	\$ 54,468
Operating lease liabilities, current portion	41,506	36,335
Accrued salaries and employee benefits	444,133	385,169
Accounts payable and other accrued liabilities	384,692	318,311
Third-party payors payables	105,590	40,725
Total current liabilities	1,029,122	835,008
Noncurrent liabilities		
Long-term debt, less current portion	815,626	886,300
Operating lease liabilities, less current portion	137,401	128,896
Obligations under swap agreements	1,058	1,181
Other noncurrent liabilities	231,575	191,266
Total noncurrent liabilities	1,185,660	1,207,643
Total liabilities	2,214,782	2,042,651
Net assets		
Without donor restrictions		
Controlling interest	2,416,120	2,172,488
Noncontrolling interests in subsidiaries	10,742	10,427
Total net assets without donor restrictions	2,426,862	2,182,915
With donor restrictions	466,503	391,479
Total net assets	2,893,365	2,574,394
Total liabilities and net assets	\$ 5,108,147	\$ 4,617,045

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

	(Unaudited)	(Audited)
	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenue		
Patient service revenue	\$ 4,036,905	\$ 3,380,768
Other revenue	1,011,589	933,419
Total revenue	<u>5,048,494</u>	<u>4,314,187</u>
Expenses		
Salaries, wages and benefits	2,812,983	2,593,984
Supplies and drugs	1,181,891	1,033,336
Purchased services and other	716,608	535,048
Depreciation and amortization	155,750	144,747
Interest	33,560	31,062
Total expenses	<u>4,900,792</u>	<u>4,338,177</u>
Operating income (loss)	147,702	(23,990)
Nonoperating income (loss)		
Investment income (loss), net	105,979	(198,902)
Other nonoperating loss, net	(15,256)	(61)
Total nonoperating income (loss), net	<u>90,723</u>	<u>(198,963)</u>
Revenue in excess of (less than) expenses	238,425	(222,953)
Less income attributable to noncontrolling interests	<u>(315)</u>	<u>(621)</u>
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 238,110	\$ (223,574)

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

	(Unaudited)	(Audited)
	Year Ended December 31, 2023	Year Ended December 31, 2022
Net assets without donor restrictions, controlling interest		
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 238,110	\$ (223,574)
Pension-related changes other than net periodic pension costs	7,522	5,271
Other, net	(2,000)	(2,000)
Increase (decrease) in net assets without donor restrictions, controlling interest	<u>243,632</u>	<u>(220,303)</u>
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses - attributable to noncontrolling interests	315	621
Increase in net assets without donor restrictions, noncontrolling interests	<u>315</u>	<u>621</u>
Net assets with donor restrictions		
Contributions	123,896	52,290
Investment income (loss), net	5,947	(28,011)
Net assets released from restrictions	(63,799)	(56,144)
Other, net	8,980	9,004
Increase (decrease) in net assets with donor restrictions	<u>75,024</u>	<u>(22,861)</u>
Increase (decrease) in net assets	318,971	(242,543)
Net assets at beginning of period	2,574,394	2,816,937
Net assets at end of period	<u>\$ 2,893,365</u>	<u>\$ 2,574,394</u>

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

	(Unaudited)	(Audited)
	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 318,971	\$ (242,543)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	155,750	144,747
Amortization of bond premium	(1,104)	(285)
Amortization of operating lease right-of-use assets, net	41,582	29,165
Change in fair value of swap agreements	(123)	(2,344)
Gains on disposal of property and equipment	(5,427)	(151)
Proceeds from restricted contributions	(6,931)	(9,175)
Changes in operating assets and liabilities		
Trading securities, net	(77,642)	434,489
Patient accounts receivable	(86,820)	(36,703)
Third-party payors payables	64,865	(35,085)
Other assets and liabilities, net	53,709	(151,933)
Net cash provided by operating activities	<u>456,830</u>	<u>130,182</u>
Cash flows from investing activities		
Purchases of property and equipment	(199,184)	(120,500)
Proceeds from sale of property and equipment	163	2
Net cash used in investing activities	<u>(199,021)</u>	<u>(120,498)</u>
Cash flows from financing activities		
Repayments of long-term debt, net	(151,730)	(139,779)
Proceeds from issuance of long-term debt	80,800	105,905
Proceeds from restricted contributions	6,931	9,175
Net cash used in financing activities	<u>(63,999)</u>	<u>(24,699)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	193,810	(15,015)
Cash, cash equivalents and restricted cash at beginning of year	323,502	338,517
Cash, cash equivalents and restricted cash at end of year	<u>\$ 517,312</u>	<u>\$ 323,502</u>
Reconciliation of cash, cash equivalents and restricted cash to the balance sheet		
Cash and cash equivalents	490,382	320,705
Restricted cash in assets limited as to use	26,930	2,797
Total cash, cash equivalents and restricted cash	<u>\$ 517,312</u>	<u>\$ 323,502</u>

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

	December 31, 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	\$ 490,382	\$ (44,470)	\$ —	\$ 445,912
Patient accounts receivable	480,560	(27,157)	—	453,403
Other current assets	314,603	(41,381)	—	273,222
Total current assets	<u>1,285,545</u>	<u>(113,008)</u>	<u>—</u>	<u>1,172,537</u>
Other assets				
Assets limited as to use	2,112,309	(100,954)	—	2,011,355
Property and equipment, net	1,318,795	(95,495)	—	1,223,300
Operating lease right-of-use assets	171,857	(47,378)	—	124,479
Other noncurrent assets	219,641	(95,874)	(28,188)	95,579
Total other assets	<u>3,822,602</u>	<u>(339,701)</u>	<u>(28,188)</u>	<u>3,454,713</u>
Total assets	<u>\$ 5,108,147</u>	<u>\$ (452,709)</u>	<u>\$ (28,188)</u>	<u>\$ 4,627,250</u>
Liabilities				
Current liabilities				
Long-term debt, current portion	\$ 53,201	\$ (1,128)	\$ —	\$ 52,073
Operating lease liabilities, current portion	41,506	(10,536)	—	30,970
Accrued salaries and employee benefits	444,133	(13,702)	—	430,431
Accounts payable and other accrued liabilities	384,692	(205,414)	—	179,278
Third-party payors payables	105,590	(18,287)	—	87,303
Total current liabilities	<u>1,029,122</u>	<u>(249,067)</u>	<u>—</u>	<u>780,055</u>
Noncurrent liabilities				
Long-term debt, less current portion	815,626	(22,330)	—	793,296
Operating lease liabilities, less current portion	137,401	(38,771)	—	98,630
Obligations under swap agreements	1,058	—	—	1,058
Other noncurrent liabilities	231,575	(4,577)	—	226,998
Total noncurrent liabilities	<u>1,185,660</u>	<u>(65,678)</u>	<u>—</u>	<u>1,119,982</u>
Total liabilities	2,214,782	(314,745)	—	1,900,037
Net assets				
Without donor restrictions				
Controlling interest	2,416,120	(137,952)	(18,311)	2,259,857
Noncontrolling interests in subsidiaries	10,742	—	(9,877)	865
Total net assets without donor restrictions	<u>2,426,862</u>	<u>(137,952)</u>	<u>(28,188)</u>	<u>2,260,722</u>
With donor restrictions	<u>466,503</u>	<u>(12)</u>	<u>—</u>	<u>466,491</u>
Total net assets	<u>2,893,365</u>	<u>(137,964)</u>	<u>(28,188)</u>	<u>2,727,213</u>
Total liabilities and net assets	<u>\$ 5,108,147</u>	<u>\$ (452,709)</u>	<u>\$ (28,188)</u>	<u>\$ 4,627,250</u>

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

	Year Ended December 31, 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	\$ 4,036,905	\$ (281,524)	\$ —	\$ 3,755,381
Other revenue	1,011,589	(55,522)	667	956,734
Total revenue	5,048,494	(337,046)	667	4,712,115
Expenses				
Salaries, wages and benefits	2,812,983	(206,643)	—	2,606,340
Supplies and drugs	1,181,891	(52,459)	—	1,129,432
Purchased services and other	716,608	(83,882)	—	632,726
Depreciation and amortization	155,750	(16,770)	667	139,647
Interest	33,560	(954)	—	32,606
Total expenses	4,900,792	(360,708)	667	4,540,751
Operating income	147,702	23,662	—	171,364
Nonoperating income (loss)				
Investment income (loss), net	105,979	(3,610)	—	102,369
Other nonoperating loss, net	(15,256)	2,574	(34,242)	(46,924)
Total nonoperating income (loss), net	90,723	(1,036)	(34,242)	55,445
Revenue in excess of (less than) expenses	238,425	22,626	(34,242)	226,809
Less income attributable to noncontrolling interests	(315)	—	424	109
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 238,110	\$ 22,626	\$ (33,818)	\$ 226,918

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

	Year Ended December 31, 2023			
	Atrium Health Wake Forest Baptist	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Net assets without donor restrictions, controlling interest				
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 238,110	\$ 22,626	\$ (33,818)	\$ 226,918
Pension-related changes other than net periodic pension costs	7,522	(513)	—	7,009
Other, net	(2,000)	—	—	(2,000)
Increase (decrease) in net assets without donor restrictions, controlling interest	243,632	22,113	(33,818)	231,927
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses - attributable to noncontrolling interests	315	—	(424)	(109)
Increase in net assets without donor restrictions, noncontrolling interests	315	—	(424)	(109)
Net assets with donor restrictions				
Contributions	123,896	(12)	—	123,884
Investment income, net	5,947	—	—	5,947
Net assets released from restrictions	(63,799)	(6)	—	(63,805)
Other, net	8,980	—	—	8,980
Increase (decrease) in net assets with donor restrictions	75,024	(18)	—	75,006
Increase (decrease) in net assets	318,971	22,095	(34,242)	306,824
Net assets at beginning of period	2,574,394	(160,059)	6,054	2,420,389
Net assets at end of period	\$ 2,893,365	\$ (137,964)	\$ (28,188)	\$ 2,727,213

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

	Year Ended December 31, 2023	Year Ended December 31, 2022	Change	% Change
Case Mix Adjusted Equivalent Discharges	313,662	287,563	26,099	9.1 %
Patient Days	346,186	333,525	12,661	3.8 %
Inpatient Admissions	64,750	59,493	5,257	8.8 %
Average Length of Stay	5.35	5.61	(0.26)	(4.6)%
Average Length of Stay (Case Mix Adjusted)	2.76	2.86	(0.10)	(3.5)%
Inpatient Operating Room Cases	18,972	17,798	1,174	6.6 %
Outpatient Operating Room Cases	44,197	42,934	1,263	2.9 %
Total Operating Room Cases	63,169	60,732	2,437	4.0 %
Emergency Department Visits	219,383	208,892	10,491	5.0 %
Case Mix Index (all payors using Medicare weights)	1.9347	1.9593	(0.0246)	(1.3)%
RVUs	10,145,187	8,698,321	1,446,866	16.6 %
Outpatient Visit	2,060,312	1,921,118	139,194	7.2 %