



**OBLIGATED GROUP
CONSOLIDATED FINANCIAL STATEMENTS**

For the Quarter Ended September 30, 2022

Baptist Health Obligated Group:

Southern Baptist Hospital of Florida, Inc. - comprised of:

d/b/a Baptist Medical Center Jacksonville

d/b/a Wolfson Children's Hospital

d/b/a Baptist Medical Center South

d/b/a Baptist Emergency Center Clay

d/b/a Baptist Emergency Center Town Center

d/b/a Baptist Emergency Center North

d/b/a Baptist Emergency Center Oakleaf

d/b/a Baptist Behavioral Health, LLC

Baptist Medical Center of the Beaches, Inc.

Baptist Medical Center of Nassau, Inc.

Baptist Health Ambulatory Services, Inc.

Baptist Health System, Inc. (Parent)

Baptist Health Properties, Inc.

Baptist Health System, Inc. and Subsidiaries
Obligated Group
For the Quarter Ended September 30, 2022

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Baptist Health Jacksonville Obligated Group Management's Discussion and Analysis of Financial and Operating Results For Quarter Ended September 30, 2022

INTRODUCTION:

Baptist Health Jacksonville is Northeast Florida's largest health system comprised of five hospitals, four freestanding emergency centers, a comprehensive network of primary and specialty care providers for adults and children, and a robust ambulatory presence including imaging, rehabilitation services, urgent care, and convenient care. Baptist Health Jacksonville is the area's only faith-based, mission-driven, locally governed health system providing care for every stage of life and includes the region's only children's hospital, Wolfson Children's Hospital. Baptist Health Jacksonville is Jacksonville's largest private employer, employing over 12,000 team members.

Baptist Health Jacksonville includes four adult hospitals - Baptist Medical Center Jacksonville, Baptist Medical Center Beaches, Baptist Medical Center Nassau, Baptist Medical Center South, and a children's hospital - Wolfson Children's Hospital. All five Baptist Health Jacksonville hospitals, along with Baptist Home Health Care, have achieved Magnet™ status for excellence in patient care. Baptist Health Jacksonville's distinctive programs include Baptist MD Anderson Cancer Center, comprehensive cardiovascular services and the area's only dedicated heart hospital, a neurological institute which includes a comprehensive stroke and cerebrovascular care program, Jacksonville Orthopaedic Institute which provides team physicians for Jacksonville's professional sports teams, a Bariatric Center of Excellence, and a continuum of inpatient and outpatient adult and pediatric behavioral health care services.

Baptist Health Jacksonville has initiated several partnerships as part of its overall population health strategy. Baptist MD Anderson Cancer Center is a clinically integrated partnership between Baptist Health Jacksonville and the MD Anderson Cancer Center in Houston, bringing patients in the region access to the same cutting-edge treatment and research model of care as delivered in Houston. Baptist Health Jacksonville has a joint venture with CareSpot, an urgent care organization with a national presence, and operates 15 Baptist Health Jacksonville-affiliated urgent care centers in the community. On March 1, 2021, Baptist Health Jacksonville entered into a joint venture, Baybap, LLC, to provide home healthcare services.

Baptist Health Jacksonville dedicates substantial resources to benefit the communities it serves, and this work is led by its social responsibility and community health department and governed by a dedicated board committee. Priorities are set based upon the results of a joint Community Health Needs Assessment, conducted every three years in collaboration with all other non-profit health systems in the area.

The Baptist Health Jacksonville Obligated Group is comprised of Baptist Medical Center Jacksonville including Wolfson Children's Hospital, Baptist Medical Center Beaches, Baptist Medical Center Nassau, Baptist Medical Center South, Baptist Emergency Center Clay, Baptist Emergency Center Town Center, Baptist Emergency Center North, Baptist Emergency Center Oakleaf, Baptist Health Ambulatory Services, Baptist Health Properties, Baptist Behavioral Health, LLC, and Baptist Health System, Inc. (the Parent).

Subsequent to September 30, 2022, the Clay freestanding emergency center became a hospital on December 19, 2022 and began providing inpatient services with 92 acute beds and 10 NICU beds.

QUARTERLY RESULTS OF OPERATIONS:

The observations below relate to the combined performance of the Obligated Group during the fourth quarter of FY 2022 (Jul - Sep 2022).

Results from Operating and Non Operating Activities:

The Obligated Group ended the fourth quarter of FY 2022 (Jul - Sep) with an operating EBIDA margin of 8.7%, an operating margin of 1.6%, and a total margin of -25.2%.



Baptist Health Jacksonville Obligated Group Management's Discussion and Analysis of Financial and Operating Results For Quarter Ended September 30, 2022

Hospital Volumes:

- Inpatient Discharges (Excluding Newborns and Observations) were 16,489, an increase of 1,314 (8.7%) over the fourth quarter of 2021.
- Inpatient Days (Excluding Newborns and Observations) were 87,270, a decrease of 7,349 (7.8%) from the fourth quarter of 2021.
- Adjusted Discharges increased 4,254 (14.2%) over the fourth quarter of 2021.
- Adjusted Patient Days were 180,539, a decrease of 5,632 or 3.0% from the fourth quarter of 2021.
- ER visits seen increased by 3,834 visits or 4.2%.

Operating Revenue:

- Quarter to date total operating revenues of \$615.9 million represented a \$15.4 million decrease from the fourth quarter of 2021.
- Quarter to date net patient service revenue of \$566.0 million represented a \$7.4 million increase over the fourth quarter of 2021.
- Quarter to date other revenues of \$46.0 million represented a \$23.6 million decrease from 2021. Baptist Health recognized \$9.2 million in grant income from HHS under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the fourth quarter of 2022 as compared to \$52.9 million in the fourth quarter of 2021.
- Top line growth was -2.4% for the fourth quarter of 2022 as compared to 37.3% experienced for the same quarter of 2021.

Operating Expenses:

Quarter to date total operating expenses of \$606.3 million increased \$108.4 million or 21.8% over the fourth quarter of 2021. Notable expense categories include the following:

- Salaries and benefits expense of \$253.1 million increased \$26.2 million (11.6%) over the fourth quarter of 2021. The increase was largely rate driven due to heavy reliance on contract labor, i.e. traveling nurses, and market adjustments, as well as an increase in FTE.
- Professional fees expense of \$87.0 million increased \$44.0 million (102.3%) over prior year. This was mostly attributable to consulting and training costs related to implementation of a new electronic health records (EHR) system, Epic.
- Depreciation and amortization of \$37.7 million increased \$5.3 million (16.4%) over prior year. This was mostly attributable to the NICU tower and other renovations placed in service.
- Other expense of \$120.2 million increased \$29.7 million (32.8%) from the fourth quarter of 2021. This was mainly due to increases in utilities, software license and maintenance fees related to the implementation of Epic, and repairs and maintenance over prior year as well as a nonrecurring loss on old EHR contracts related to the conversion to Epic.

Operating Margin:

The Obligated Group's operating margin was \$9.6 million in the fourth quarter of 2022 as compared to an operating margin of \$133.4 in the fourth quarter of 2021. The Obligated Group's operating margin percent was 1.6% for the fourth quarter of 2022 as compared to 21.1% for the fourth quarter of 2021. Operating EBIDA was \$53.5 million in the fourth quarter of 2022 as compared to \$171.2 million experienced in the fourth quarter of 2021.

Nonoperating Income:

The Non-Operating Losses and Gains category was comprised primarily of investment losses for the fourth quarter. The Obligated Group recorded \$83.4 million of investment losses for the fourth quarter of 2022 compared to an investment loss of



Baptist Health Jacksonville Obligated Group Management's Discussion and Analysis of Financial and Operating Results For Quarter Ended September 30, 2022

\$5.5 million in the fourth quarter of 2021. Other expenses, net includes income from the investments in CareSpot and Baybap, losses from subsidiaries, and components of pension expense in accordance with ASU 2017-07.

Total Margin:

The Obligated Group's total margin loss was (\$122.0) million for the fourth quarter of 2022 compared to a margin of \$111.9 million for the fourth quarter of 2021. Total margin percent for the fourth quarter of fiscal year 2022 was -25.2%.

YEAR TO DATE RESULTS OF OPERATIONS:

Results from Operating and Non Operating Activities:

The Obligated Group ended FY 2022 (Oct - Sep) with an operating EBIDA margin of 11.8%, an operating margin of 4.2% and total margin of -12.3%.

Hospital Volumes:

- Total Inpatient Discharges (Excluding Newborns & Observations) were 64,374, an increase of 2,769 (4.5%) over the same period 2021.
- Total Inpatient Days (Excluding Newborns & Observations) were 339,793, an increase of 9,206 (2.8%).
- Adjusted Discharges were 131,864, an increase of 8,330 (6.7%) over prior year.
- Adjusted Patient Days were 696,031 up 33,118 (5.0%) over prior year.
- ER visits seen increased by 36,320 visits (11.4%).

Operating Revenue:

- Year to date net operating revenues of \$2.2 billion represented a \$101.4 million or 4.9% increase over the prior year.
- Year to date net patient service revenue of \$2.0 billion represented an \$89.7 million or 4.6% increase over the prior year.
- Year to date other revenues of \$117.4 million represented a \$10.1 million or 9.4% increase over 2021. Baptist Health recognized \$23.9 million in grant income from HHS under the CARES Act during 2022. \$53.0 million in grant income from HHS under the CARES Act was recognized during 2021.
- Year to date top line growth was 4.9%.

Operating Expenses:

Year to date total operating expenses of \$2.1 billion increased \$268.3 million or 14.8% over prior year 2021. Notable expense categories were:

- Salaries and benefits expense of \$981.7 million increased \$140.4 million (16.7%) over prior year 2021. The increase over prior year was largely rate driven due to heavy reliance on contract labor, i.e. traveling nurses, and market adjustments as well as increases in FTE.
- Professional fees expense of \$183.1 million increased \$46.2 million (33.8%) over prior year 2021. This was mostly attributable to consulting and training costs related to implementation of a new electronic health records (EHR) system, Epic, including consulting fees associated with hospital billing and collections.
- Depreciation and amortization of \$145.3 million increased \$12.3 million (9.2%) over prior year. This was mostly attributable to the NICU tower and other renovations/expansions placed in service during the year.
- Other expense of \$323.4 million increased \$51.7 million (19%) over prior year. This was mainly due to increases in professional liability insurance, utilities, software license and maintenance fees related to the implementation of Epic, and repairs and maintenance over prior year as well as a nonrecurring loss on old EHR contracts related to the conversion to Epic.



Baptist Health Jacksonville Obligated Group Management's Discussion and Analysis of Financial and Operating Results For Quarter Ended September 30, 2022

Operating Margin:

The Obligated Group's operating margin percent was 4.2% for the year ended September 30, 2022 as compared to 12.4% for the prior year 2021.

Operating EBIDA was \$256.8 million (11.8%) for fiscal year 2022 as compared to \$411.6 million (19.9%) experienced in fiscal year 2021.

Non Operating Income:

The Non-Operating Losses and Gains category was comprised of investment losses and other expenses for the year. Market performance resulted in a loss of \$195.3 million for fiscal year 2022 as compared to a gain of \$255.0 million for the prior year. Other expenses, net includes income from the investments in CareSpot and Baybab, losses from subsidiaries, and components of pension expense in accordance with ASU 2017-07.

Total Margin:

Total margin loss for the Obligated Group was (\$227.3) million for the year ended September 30, 2022, as compared to a total margin of \$445.6 the prior year. Total margin percent for fiscal year to date 2022 was -12.3%.

Balance Sheet:

- Balance sheet performance remains very strong with 365 days cash on hand. This excludes \$759 thousand of HHS stimulus cash held as of September 30, 2022.
- Accounts receivable increased \$64.1 million as compared to the same quarter last fiscal year. Days in AR has increased from 62.1 days as of September 30, 2021 to 70.9 days as of September 30, 2022 as a result of the implementation of the new EHR system.
- Property, plant, and equipment, net, increased \$139.0 million as compared to the same quarter last fiscal year. The "Big Rock" capital project spend has continued, including the new NICU tower and campus entrance on the downtown campus, construction of the Clay County hospital bed tower, and renovations/expansions over the last 12 months.
- The Obligated Group received \$146.2 million of accelerated Medicare payments under the CARES Act in April 2020 to support liquidity needs, recorded as a contract liability until earned. As of September 30, 2022, the contract liability is \$0 million.
- Total Debt increased \$56.8 million from September 30, 2021 to September 30, 2022. This is due to the issuance of new debt. As of September 30, 2022, \$849.2 million (82.4%) of the total debt was classified as fixed rate debt and \$181.5 million (17.6%) was classified as variable rate debt. In July 2022, Baptist Health issued Health Care Facilities Bond Series 2022A, 2022B, and 2022C (\$189 million in total) as part of our Five Year Balance Sheet Plan. Baptist Health received proceeds totaling \$77 million from these issuances through September 2022.
- Certain variable-rate bonds have put options that may be exercised at the option of the bondholders. Due to the ability of the bondholders of the Series 2019B/C/D/E to put the bonds to the Obligated Group, these bonds are classified as long-term debt subject to short-term remarketing agreements on the consolidated balance sheet despite having scheduled maturity dates in the future. Of the \$172.5 million of long-term debt subject to short-term remarketing agreements on the consolidated balance sheet, current scheduled maturities total \$9.4 million.
- Total debt to capitalization increased from 25.3% for Q4 FY 2021 to 27.4% for Q4 FY 2022. Long term Debt to Capitalization increased from 24.9% for Q4 FY 2021 to 27.2% for Q4 FY 2022.
- Total net assets decreased \$193.5 million, as compared to the period ended September 30, 2021. Net assets with donor restrictions decreased \$36.1 million over the prior year.

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Key Financial Indicators
September 30, 2022

	4th Qtr		YTD	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
EBIDA	-16.1%	24.6%	-3.3%	26.6%
Operating EBIDA	8.7%	27.1%	11.8%	19.9%
Operating Margin	1.6%	21.1%	4.2%	12.4%
Total Margin	-25.2%	18.3%	-12.3%	19.8%
Labor, Benefits & Professional Fees % of Net Revenue	55.2%	42.8%	53.7%	47.3%
FTE's	9,722	9,117	9,383	9,010
Current Ratio	4.9	6.0	4.9	6.0
Net Days in Net A/R	70.9	62.1	70.9	62.1
Days of Cash on Hand*	365	501	365	501
Long Term Debt to Capitalization	27.2%	24.9%	27.2%	24.9%
Debt Service Coverage	5.0	6.3	5.0	6.3
<u>Statistics Per Adjusted Patient Day:</u>				
Adjusted Patient Days (ADP)	180,539	186,171	696,031	662,913
Gross Revenue per A P D	\$ 14,276	\$ 13,007	\$ 14,607	\$ 13,826
Net Revenue per A P D	\$ 3,411	\$ 3,391	\$ 3,115	\$ 3,117
Labor & Benefits Expense per A P D	\$ 1,402	\$ 1,219	\$ 1,410	\$ 1,269
Supplies Expense per A P D	\$ 565	\$ 535	\$ 608	\$ 611
Other Expenses per A P D	\$ 1,391	\$ 921	\$ 967	\$ 849
Total Expenses per A P D	\$ 3,358	\$ 2,674	\$ 2,985	\$ 2,729
Income from Operation per A P D	\$ 53	\$ 716	\$ 130	\$ 388
Net (Deficiency) Excess per A P D	\$ (676)	\$ 601	\$ (327)	\$ 672
<u>Statistics Per Adjusted Discharges:</u>				
Adjusted Discharges (AD)	34,112	29,858	131,864	123,534
Gross Revenue per A D	\$ 75,558	\$ 81,099	\$ 77,104	\$ 74,195
Net Revenue per A D	\$ 18,055	\$ 21,143	\$ 16,441	\$ 16,729
Labor & Benefits Expense per A D	\$ 7,419	\$ 7,599	\$ 7,445	\$ 6,811
Supplies Expense per A D	\$ 2,991	\$ 3,337	\$ 3,207	\$ 3,278
Other Expenses per A D	\$ 7,363	\$ 5,740	\$ 5,105	\$ 4,558
Total Expenses per A D	\$ 17,773	\$ 16,676	\$ 15,757	\$ 14,647
Income from Operation per A D	\$ 282	\$ 4,467	\$ 684	\$ 2,082
Net (Deficiency) Excess per A D	\$ (3,577)	\$ 3,747	\$ (1,724)	\$ 3,607

*Excludes HHS stimulus and advanced Medicare funds

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Statistical Information
September 30, 2022

	4th Qtr				YTD			
	FY 2022	FY 2021	Variances		FY 2022	FY 2021	Variances	
			Amt	%			Amt	%
<u>INPATIENT DISCHARGES:</u>								
Medical & Surgical & GYN	11,927	11,168	759	6.8	47,437	46,535	902	1.9
Obstetrics	1,792	1,709	83	4.9	6,827	6,218	609	9.8
Pediatric	1,903	1,426	477	33.5	6,617	5,397	1,220	22.6
NICU	240	266	(26)	(9.8)	1,024	961	63	6.6
Psychiatric	627	606	21	3.5	2,469	2,494	(25)	(1.0)
TOTAL ADULT & CHILDREN	16,489	15,175	1,314	8.7	64,374	61,605	2,769	4.5
Nursery	1,515	1,418	97	6.8	5,738	5,207	531	10.2
TOTAL INPATIENT DISCHARGES	18,004	16,593	1,411	8.5	70,112	66,812	3,300	4.9
OBSERVATION DISCHARGES	5,613	5,075	538	10.6	23,890	21,728	2,162	10.0
TOTAL IP & OP DISCHARGES (EX NB)	22,102	20,250	1,852	9.1	88,264	83,333	4,931	5.9
ADJUSTED DISCHARGES	34,112	29,858	4,254	14.2	131,864	123,534	8,330	6.7
<u>PATIENT DAYS OF SERVICE:</u>								
Medical & Surgical	56,746	61,163	(4,417)	(7.2)	219,339	220,568	(1,229)	(0.6)
Obstetrics	5,008	4,720	288	6.1	19,034	17,025	2,009	11.8
Pediatric	8,039	6,645	1,394	21.0	28,997	23,654	5,343	22.6
NICU	7,070	6,909	161	2	27,480	23,326	4,154	17.8
Psychiatric	4,508	3,748	760	20.3	16,563	14,944	1,619	10.8
Intensive Care	5,899	11,434	(5,535)	(48.4)	28,380	31,070	(2,690)	(8.7)
TOTAL ADULT & CHILDREN	87,270	94,619	(7,349)	(7.8)	339,793	330,587	9,206	2.8
Nursery	3,281	2,897	384	13.3	12,001	10,704	1,297	12.1
TOTAL I/P PATIENT DAYS	90,551	97,516	(6,965)	(7.1)	351,794	341,291	10,503	3.1
OBSERVATION PATIENT DAYS	9,701	7,693	2,008	26.1	36,222	30,959	5,263	17.0
TOTAL IP & OP DAYS (EX NB)	96,971	102,312	(5,341)	(5.2)	376,015	361,546	14,469	4.0
ADJUSTED PATIENT DAYS	180,539	186,171	(5,632)	(3.0)	696,031	662,913	33,118	5.0
<u>AVERAGE DAILY OCCUPANCY:</u>								
Medical & Surgical & ICU	680.9	789.1	(108.2)	(13.7)	678.7	689.4	(10.7)	(1.6)
OB/GYN	54.4	51.3	3.1	6.0	52.1	46.6	5.5	11.8
Pediatric	87.4	72.2	15.2	21.1	79.4	64.8	14.6	22.5
NICU	76.8	75.1	1.7	2.3	75.3	63.9	11.4	17.8
Psychiatric	49.0	40.7	8.3	20.4	45.4	40.9	4.5	11.0
TOTAL ADULT & CHILDREN	948.6	1,028.5	(79.9)	(7.8)	930.9	905.7	25.2	2.8
Nursery	35.7	31.5	4.2	13.3	32.9	29.3	3.6	12.3
TOTAL DAILY OCCUPANCY	984.3	1,060.0	(75.7)	(7.1)	963.8	935.0	28.8	3.1
<u>AVERAGE LENGTH OF STAY:</u>								
Medical & Surgical & ICU	5.3	6.5	(1.2)	(18.5)	5.2	5.4	(0.2)	(3.7)
OB/GYN	2.8	2.8	0.0	0.0	2.8	2.7	0.1	3.7
Pediatric	4.2	4.7	(0.5)	(10.6)	4.4	4.4	0.0	0.0
NICU	29.5	26.0	3.5	13.5	26.8	24.3	2.5	10.3
Psychiatric	7.2	6.2	1.0	16.1	6.7	6.0	0.7	11.7
TOTAL ADULT & CHILDREN	5.3	6.2	(0.9)	(14.5)	5.3	5.4	(0.1)	(1.9)
Nursery	2.2	2.0	0.2	10.0	2.1	2.1	0.0	0.0
TOTAL PATIENT ALOS	5.0	5.9	(0.9)	(15.3)	5.0	5.1	(0.1)	(2.0)
Emergency Room Visits - Seen - Adult & Peds	94,109	90,275	3,834	4.2	356,264	319,944	36,320	11.4

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Consolidated Balance Sheets
(unaudited)
(In Thousands)

	September 30	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 197,705	\$ 252,780
Accounts receivable	396,254	332,147
Inventories	35,218	32,747
Prepaid expenses and other current assets	93,765	96,716
Due from affiliated organizations	51,216	25,497
Estimated third-party receivables	26,948	4,445
Current portion of assets limited as to use	17,070	14,745
Total current assets	818,176	759,077
Assets limited as to use:		
Internally designated for capital improvements, debt service and insurance reserves	1,643,252	2,114,837
Less amounts required to meet current obligations	17,070	14,745
	1,626,182	2,100,092
Property, plant, and equipment, net	1,673,158	1,534,194
Advances to affiliated organizations	213,810	406,714
Investments	147,808	122,620
Interest in net assets of Baptist Health Foundation	213,241	249,298
Other assets	179,652	75,957
Total assets	\$ 4,872,027	\$ 5,247,952
Liabilities and net assets		
Current liabilities:		
Long-term debt subject to short-term remarketing agreements	\$ 172,495	\$ 181,705
Current portion of long-term debt	8,687	8,929
Accounts payable and accrued liabilities	415,136	314,858
Contract liabilities	-	104,825
Due to affiliated organizations	48,267	15,027
Estimated third-party settlements	18,228	10,475
Total current liabilities	662,813	635,819
Long-term debt, net of current portion	860,039	793,823
Advances from affiliated organizations	195,072	432,466
Other liabilities	172,559	210,767
Total liabilities	1,890,483	2,072,875
Net assets:		
Without restrictions	2,768,467	2,925,851
With donor restrictions	213,077	249,226
Total net assets	2,981,544	3,175,077
Total liabilities and net assets	\$ 4,872,027	\$ 5,247,952

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Consolidated Statements of Operations and Changes in Net Assets
(unaudited)
(In Thousands)

	September 30	
	FY 2022	FY 2021
Revenues without donor restrictions and other support:		
Net patient service revenues	\$ 2,040,582	\$ 1,950,890
Other revenues	117,443	107,366
Net assets released from restrictions used for operations	9,941	8,304
Total unrestricted revenues and other support	2,167,966	2,066,560
Operating expenses:		
Salaries and benefits	981,697	841,298
Professional fees	183,142	136,905
Supplies	422,993	405,083
Interest	21,153	21,360
Depreciation and amortization	145,344	133,059
Other expenses	323,351	271,668
Total operating expenses	2,077,680	1,809,373
Income from operations	90,286	257,187
Nonoperating losses and gains:		
Investment (loss) income, net	(195,306)	254,954
Other, net	(122,259)	(66,581)
Total nonoperating (losses) gains	(317,565)	188,373
(Deficiency) excess of revenues and gains over expenses and losses	\$ (227,279)	\$ 445,560

Continued on next page.

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Consolidated Statements of Operations and Changes in Net Assets
(unaudited)
(In Thousands)

	September 30	
	2022	2021
Net assets without donor restrictions:		
(Deficiency) excess of revenues and gains over expenses and losses	\$ (227,279)	\$ 445,560
Other changes in unrestricted net assets:		
Changes related to pension and executive compensation other than period costs	70,406	72,113
Transfers to affiliated organizations	(8,431)	(6,566)
Contributions for the purchase of property, plant, and equipment	169	-
Contributions to BHSF	(3,974)	(3,651)
Net assets released from restrictions used for the purchase of property, plant, and equipment	18,237	1,686
Other, including net asset transfers from BHS to BHSF	(6,512)	(8,109)
(Decrease) increase in net assets without donor restrictions	(157,384)	501,033
Net assets with donor restrictions:		
Contributions	14,368	23,665
Investment gain	(27,476)	30,512
Net assets released from restrictions	(26,839)	(8,908)
Net asset transfers from BHS to BHSF for endowment matching program	3,798	6,659
(Decrease) increase in net assets with donor restrictions	(36,149)	51,928
Increase in net assets	(193,533)	552,961
Net assets, beginning of year	3,175,077	2,622,116
Net assets, end of year	\$ 2,981,544	\$ 3,175,077

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Consolidated Statements of Cash Flows
(unaudited)
(In Thousands)

	4th Qtr		YTD	
	FY 2022	FY 2021	FY 2022	FY 2021
Operating activities				
Change in net assets	\$ (64,350)	\$ 190,827	\$ (193,533)	\$ 552,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	37,743	32,419	145,344	133,059
Interest, dividends, and net losses (gains) on investments	83,428	5,535	195,306	(254,954)
Changes related to pension and executive compensation other than period costs	(70,406)	(72,113)	(70,406)	(72,113)
Gain on sale of equipment	(8)	(6)	(26)	(48)
Contributions for the purchase of property, plant, and equipment	(159)	–	(169)	–
Restricted contributions and investment loss (income) received	7,359	(12,272)	13,108	(54,177)
(Increase) decrease in accounts receivable	(35,866)	16,770	(64,107)	(56,050)
(Increase) decrease in inventories and other current assets	(44,426)	(54,210)	480	(66,277)
Due to (from) affiliated organizations	23,025	10,366	7,521	6,942
Increase (decrease) in accounts payable and accrued liabilities	40,707	(25,077)	(9,144)	38,922
Increase in estimated third party receivables	(24,088)	(1,475)	(22,503)	(210)
Increase (decrease) in payables to third party payors	6,130	(3,292)	7,753	348
Increase (decrease) in other liabilities	18,298	(8,359)	30,264	23,639
Net cash (used in) provided by operating activities	(22,613)	79,113	39,888	252,042
Investing activities				
Proceeds from sales and maturities of assets limited to use classified as trading	13,380	42,375	422,266	1,567,611
Purchases of assets limited to use classified as trading	(12,410)	6,606	(292,781)	(1,607,153)
Purchases of investments classified as trading	–	–	–	(2,000)
Purchases of property, plant, and equipment	34,463	(116,547)	(256,109)	(312,547)
Decrease (increase) in interest in net assets of Baptist Health Foundation	11,498	(12,485)	36,057	(51,992)
Increase in other assets	(99,631)	(42,177)	(153,853)	(49,709)
Net cash used in investing activities	(52,700)	(122,228)	(244,420)	(455,790)
Financing activities				
Repayments of other short-term borrowings	–	–	–	(75,000)
Issuance of long-term debt	77,000	–	77,000	150,000
Repayments of long-term debt	(16,747)	(14,649)	(18,149)	(16,051)
Payments of debt issuance costs	(231)	(154)	(470)	(443)
Advances (to) from affiliates	(47,971)	38,416	(44,490)	25,123
Contributions for the purchase of property, plant, and equipment	159	–	169	–
Restricted contributions and investment (income) loss received	(7,359)	12,272	(13,108)	54,177
Net cash provided by financing activities	4,851	35,885	952	137,806
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	(70,462)	(7,230)	(203,580)	(65,942)
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of quarter/year	440,214	580,562	573,332	639,274
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of quarter/year	\$ 369,752	\$ 573,332	\$ 369,752	\$ 573,332
Supplemental disclosure of cash, cash equivalents and restricted cash and cash equivalents				
Cash and cash equivalents	\$ 197,705	\$ 252,780	\$ 197,705	\$ 252,780
Assets limited as to use: cash and cash equivalents	172,047	320,552	172,047	320,552
	\$ 369,752	\$ 573,332	\$ 369,752	\$ 573,332

BAPTIST HEALTH OBLIGATED GROUP
SUPPLEMENTAL INFORMATION
September 30, 2022
(unaudited)
(In Thousands)

	4th Qtr				YTD			
	<u>FY 2022</u>	<u>FY 2021</u>	<u>Variance</u>	<u>Var %</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>Variance</u>	<u>Var %</u>
GROSS REVENUE								
Medicare	1,044,199	882,284	161,915	18.4%	4,146,670	3,672,783	473,887	12.9%
Medicaid	323,915	322,997	918	0.3%	1,299,760	1,156,128	143,632	12.4%
Managed Care	870,545	864,711	5,834	0.7%	3,467,059	3,179,634	287,425	9.0%
Other	155,301	144,365	10,936	7.6%	603,365	545,537	57,828	10.6%
Self Pay	133,569	134,383	(814)	-0.6%	522,981	495,809	27,172	5.5%
TOTAL GROSS REVENUE	2,527,529	2,348,740	178,789	7.6%	10,039,835	9,049,891	989,944	10.9%
PAYOR MIX								
Medicare	41.3%	37.6%	3.7%	9.8%	41.3%	40.6%	0.7%	1.7%
Medicaid	12.8%	13.8%	-1.0%	-7.2%	12.9%	12.8%	0.1%	0.8%
Managed Care	34.5%	36.8%	-2.3%	-6.3%	34.6%	35.1%	-0.5%	-1.4%
Other	6.1%	6.1%	0.0%	0.0%	6.0%	6.0%	0.0%	0.0%
Self Pay	5.3%	5.7%	-0.4%	-7.0%	5.2%	5.5%	-0.3%	-5.5%
TOTAL PAYOR MIX	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%
NET PATIENT SERVICE REVENUE								
Medicare	161,229	124,097	37,132	29.9%	550,184	502,946	47,238	9.4%
Medicaid	83,860	94,988	(11,128)	-11.7%	203,306	204,006	(700)	-0.3%
Managed Care	292,557	310,966	(18,409)	-5.9%	1,174,716	1,132,774	41,942	3.7%
Other	27,043	27,020	23	0.1%	106,776	105,572	1,204	1.1%
Self Pay	1,288	1,477	(189)	-12.8%	5,600	5,592	8	0.1%
TOTAL	565,977	558,548	7,429	1.3%	2,040,582	1,950,890	89,692	4.6%
YIELD BY PAYOR								
Medicare	15.4%	14.1%	1.3%	9.2%	13.3%	13.7%	-0.4%	-2.9%
Medicaid	25.9%	29.4%	-3.5%	-11.9%	15.6%	17.6%	-2.0%	-11.4%
Managed Care	33.6%	36.0%	-2.4%	-6.7%	33.9%	35.6%	-1.7%	-4.8%
Other	17.4%	18.7%	-1.3%	-7.0%	17.7%	19.4%	-1.7%	-8.8%
	1.0%	1.1%	-0.1%	-9.1%	1.1%	1.1%	0.0%	0.0%
AVERAGE YIELD	22.4%	23.8%	-1.4%	-5.9%	20.3%	21.6%	-1.3%	-6.0%

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Consolidated Statements of Operations
September 30, 2022
(unaudited)
(In Thousands)

	4th Qtr				YTD			
	FY 2022	FY 2021	Variance	Var %	FY 2022	FY 2021	Variance	Var %
Revenues without donor restrictions and other support:								
Net patient service revenue	\$ 565,977	\$ 558,548	\$ 7,429	1.3	\$ 2,040,582	\$ 1,950,890	\$ 89,692	4.6
Other revenues	45,990	69,625	(23,635)	(33.9)	117,443	107,366	10,077	9.4
Net assets released from restrictions used for operations	3,926	3,101	825	26.6	9,941	8,304	1,637	19.7
Total unrestricted revenues and other support	<u>615,893</u>	<u>631,274</u>	<u>(15,381)</u>	<u>(2.4)</u>	<u>2,167,966</u>	<u>2,066,560</u>	<u>101,406</u>	<u>4.9</u>
Operating expenses:								
Salaries and benefits	253,093	226,887	26,206	11.6	981,697	841,298	140,399	16.7
Professional fees	87,045	43,027	44,018	102.3	183,142	136,905	46,237	33.8
Supplies	102,018	99,622	2,396	2.4	422,993	405,083	17,910	4.4
Depreciation and amortization	37,745	32,419	5,326	16.4	145,344	133,059	12,285	9.2
Interest	6,133	5,413	720	13.3	21,153	21,360	(207)	(1.0)
Other expenses	120,234	90,532	29,702	32.8	323,351	271,668	51,683	19.0
Total operating expenses	<u>606,268</u>	<u>497,900</u>	<u>108,368</u>	<u>21.8</u>	<u>2,077,680</u>	<u>1,809,373</u>	<u>268,307</u>	<u>14.8</u>
Income from operations	9,625	133,374	(123,749)	(92.8)	90,286	257,187	(166,901)	(64.9)
Nonoperating losses and gains:								
Investment (loss) income, net	(83,426)	(5,537)	(77,889)	1,406.7	(195,306)	254,954	(450,260)	(176.6)
Other, net	(48,227)	(15,965)	(32,262)	202.1	(122,259)	(66,581)	(55,678)	83.6
Total nonoperating (losses) gains	<u>(131,653)</u>	<u>(21,502)</u>	<u>(110,151)</u>	<u>512.3</u>	<u>(317,565)</u>	<u>188,373</u>	<u>(505,938)</u>	<u>(268.6)</u>
(Deficiency) excess of revenues and gains over expenses and losses	<u>\$ (122,028)</u>	<u>\$ 111,872</u>	<u>\$ (233,900)</u>	<u>(209.1)</u>	<u>\$ (227,279)</u>	<u>\$ 445,560</u>	<u>\$ (672,839)</u>	<u>(151.0)</u>

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Ratio Calculation Support
September 30, 2022
(unaudited)

1. Operating Margin Percentage

	4th Qtr		YTD	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
Operating Margin	\$ 9,625	\$ 133,374	\$ 90,286	\$ 257,187
Operating Revenues	\$ 615,893	\$ 631,274	\$ 2,167,966	\$ 2,066,560
Operating Margin %	<u><u>1.6%</u></u>	<u><u>21.1%</u></u>	<u><u>4.2%</u></u>	<u><u>12.4%</u></u>

2. Total Margin Percentage

	4th Qtr		YTD	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
(Deficiency) Excess of Revenues and Gains Over Expenses and Losses	\$ (122,028)	\$ 111,872	\$ (227,279)	\$ 445,560
Total Operating Revenues	615,893	631,274	2,167,966	2,066,560
Total Non-Operating (Losses) Gains	(131,653)	(21,502)	(317,565)	188,373
Total Revenues	\$ 484,240	\$ 609,772	\$ 1,850,401	\$ 2,254,933
Total Margin %	<u><u>-25.2%</u></u>	<u><u>18.3%</u></u>	<u><u>-12.3%</u></u>	<u><u>19.8%</u></u>

3. EBIDA Percentage

	4th Qtr		YTD	
	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2021</u>
(Deficiency) Excess of Revenues and Gains Over Expenses and Losses	\$ (122,028)	\$ 111,872	\$ (227,279)	\$ 445,560
Interest Expense	6,133	5,413	21,153	21,360
Depreciation	37,745	32,419	145,344	133,059
Total Interest and Depreciation	43,878	37,832	166,497	154,419
EBIDA	(78,150)	149,704	(60,782)	599,979
Total Revenues	\$ 484,240	\$ 609,772	\$ 1,850,401	\$ 2,254,933
EBIDA %	<u><u>-16.1%</u></u>	<u><u>24.6%</u></u>	<u><u>-3.3%</u></u>	<u><u>26.6%</u></u>
Operating EBIDA \$	\$ 53,503	\$ 171,206	\$ 256,783	\$ 411,606
Operating EBIDA %	<u><u>8.7%</u></u>	<u><u>27.1%</u></u>	<u><u>11.8%</u></u>	<u><u>19.9%</u></u>

4. Current Ratio

	YTD	
	<u>FY 2022</u>	<u>FY 2021</u>
Current Assets	\$ 818,176	\$ 759,077
Marketable Securities (Board Designated)	1,626,182	2,100,092
Less: Insurance Reserves	(57,242)	(66,357)
Less: Bond Indenture	0	(20,001)
Total Current Assets	2,387,116	2,772,811
Current Liabilities	\$ 490,318	\$ 463,324
Current Ratio*	<u><u>4.9</u></u>	<u><u>6.0</u></u>
*Adjustment to current liabilities for current ratio:		
Current liabilities on consolidated balance sheets	662,813	635,819
Long-term portion of long-term debt subject to short-term remarketing agreements to align with maturity schedules	(172,495)	(172,495)
Current liabilities	<u><u>490,318</u></u>	<u><u>463,324</u></u>

5. Net Days in Accounts Receivable

	YTD	
	<u>FY 2022</u>	<u>FY 2021</u>
Net Accounts Receivable	\$ 396,254	\$ 332,147
Net Patient Service Revenue	\$ 2,040,582	\$ 1,950,890
Number of Days in Period	365	365
Net Patient Service Revenue per Day	\$ 5,591	\$ 5,345
Net Days in Accounts Receivable	<u><u>70.9</u></u>	<u><u>62.1</u></u>

Baptist Health System, Inc. and Subsidiaries
Obligated Group
Debt Covenant Ratio Calculation Support
September 30, 2022
(unaudited)

1. Historical Debt Service Coverage Ratio
(Rolling 12 months)

	YTD	
	<u>FY 2022</u>	<u>FY 2021</u>
(Deficiency) excess of revenues and gains over expenses and losses	(227,279)	445,560
Adjusted for:		
Unrealized losses (gains) on investments	421,968	(193,795)
Depreciation and amortization	145,344	133,059
Interest expense	21,153	21,360
Nonrecurring loss on old contracts due to electronic health records system conversion	18,428	-
Income of the Obligated Group available for debt service	<u>379,614</u>	<u>406,184</u>
Maximum annual debt service	76,120	64,095
Historical debt service coverage ratio	<u>5.0</u>	<u>6.3</u>

2. Debt-to-Capitalization Percentage of Baptist Health System

	YTD	
	<u>FY 2022</u>	<u>FY 2021</u>
Current portion of long-term debt	8,687	8,929
Current portion of long-term debt subject to short-term remarketing agreements	-	9,210
Noncurrent portion of long-term debt	1,036,956	970,639
Total debt outstanding (A)	<u>1,045,643</u>	<u>988,778</u>
Total debt outstanding, net of other short-term liabilities	1,045,643	988,778
Total debt outstanding	1,045,643	988,778
Unrestricted net assets	2,768,467	2,925,851
Total capitalization (B)	<u>3,814,110</u>	<u>3,914,629</u>
Debt-to-capitalization percentage (A) / (B)	<u>27.4%</u>	<u>25.3%</u>
Long-term debt to capitalization*	<u>27.2%</u>	<u>24.9%</u>

***Adjustments to long-term debt, net of current portion for debt-to-capitalization percentage**

Long-term debt, net of current portion on consolidated balance sheets	860,039	793,823
Long-term portion of long-term debt subject to short-term remarketing agreements to align with maturity schedules	172,495	172,495
Cost of issuance	4,422	4,321
Noncurrent portion of long-term debt	<u>1,036,956</u>	<u>970,639</u>

3. Number of Days Cash on Hand of Baptist Health System
(Rolling 12 months)

	YTD	
	<u>FY 2022</u>	<u>FY 2021</u>
Cash and Investments		
Total Board Designated Investments*	1,642,493	2,010,012
Long-Term Investments	147,808	122,620
Operating Cash	197,705	252,780
Total Cash and Investments	<u>1,988,006</u>	<u>2,385,412</u>
Adjusted for:		
Insurance Reserves	(57,242)	(66,357)
Bond Reserve	-	(20,001)
Total Restricted Cash	<u>(57,242)</u>	<u>(86,358)</u>
Total Unrestricted Cash + Investments excluding Advanced Medicare Funds and HHS stimulus funds (C)	<u>1,930,764</u>	<u>2,299,054</u>
Total Operating Expenses	2,077,680	1,809,373
Adjusted for:		
Depreciation and Amortization	(145,344)	(133,059)
Operating Expenses for Cash on Hand	<u>1,932,336</u>	<u>1,676,314</u>
Number of Days in Period	365	365
Operating Expenses per Day (D)	<u>5,294</u>	<u>4,593</u>
Days Cash on Hand (C) / (D)	<u>364.7</u>	<u>500.6</u>

*Excludes \$759 thousand of HHS stimulus funds held as of September 30, 2022 and \$104.8 million of advanced medicare funds held as of September 30, 2021