

NEBRASKA MEDICINE
OMAHA, NEBRASKA
Consolidated Statement of Operations
Unaudited
For the six months ended December 31, 2022 and 2021
(In Thousands)

| | 2nd Quarter FY23 | 2nd Quarter FY22 | Year to Date FY23 | Year to Date FY22 |
|--|---------------------|---------------------|----------------------|----------------------|
| <u>Operating revenue:</u> | | | | |
| Net patient service revenue | \$ 509,830 | \$ 484,486 | \$ 1,013,500 | \$ 956,495 |
| Other operating revenue | 61,458 | 62,837 | 117,257 | 118,075 |
| Total operating revenue | \$ 571,288 | \$ 547,323 | \$ 1,130,757 | \$ 1,074,570 |
| <u>Operating expense:</u> | | | | |
| Salaries, wages and benefits | \$ 300,976 | \$ 267,233 | \$ 592,455 | \$ 520,214 |
| Purchased Services | 245,291 | 224,193 | 490,218 | 438,506 |
| Depreciation & amortization | 23,355 | 23,828 | 46,703 | 48,285 |
| Gain or Loss on sale of property & equipment | 0 | (6) | (53) | (22) |
| Interest | 2,611 | 2,597 | 5,289 | 5,131 |
| Total operating expense | \$ 572,233 | \$ 517,845 | \$ 1,134,612 | \$ 1,012,114 |
| <u>Operating income</u> | \$ (945) | \$ 29,478 | \$ (3,855) | \$ 62,456 |
| Total Operating income | \$ (945) | \$ 29,478 | \$ (3,855) | \$ 62,456 |
| <u>Non-operating income:</u> | | | | |
| Investment income and other | \$ 5,988 | \$ 3,489 | \$ 13,875 | \$ 5,912 |
| Investment in joint ventures | (141) | 163 | 13 | 1,069 |
| Unrealized gains/(losses) | 8,219 | 4,941 | 2,681 | 4,992 |
| Total non-operating income | \$ 14,066 | \$ 8,593 | \$ 16,569 | \$ 11,973 |
| Excess of revenue over expenses | \$ 13,121 | \$ 38,071 | \$ 12,714 | \$ 74,429 |

Nebraska Medicine Consolidated Financial Statements includes: TNMC, BMC, UNMCP, NHP, and Clarkson College

NEBRASKA MEDICINE
OMAHA, NEBRASKA
Consolidated Balance Sheet
Unaudited
As of December 31, 2022 and 2021
(In Thousands)

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|--|----------------------------|----------------------------|
| | Total | Total |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 150,766 | \$ 300,638 |
| Short-term investments | 347,797 | 362,954 |
| Patient accounts receivable, net of allowances | 351,566 | 319,600 |
| Other receivables | 58,505 | 59,192 |
| Inventories and prepaid expenses | 49,891 | 38,902 |
| Pledges receivable | 2,634 | 13,800 |
| Other current assets | 12,009 | 2,298 |
| Total current assets | <u>973,168</u> | <u>1,097,384</u> |
| Assets limited as to use: | | |
| Long-term investments | 219,247 | 215,087 |
| Assets held by trustee | - | 21,770 |
| Total assets limited as to use | <u>219,247</u> | <u>236,857</u> |
| Property and equipment, net | 676,756 | 668,319 |
| Other assets: | | |
| Investments in joint ventures | 6,503 | 6,356 |
| Pledges receivable | 10,085 | - |
| ROU asset - operating | 223,982 | 221,541 |
| Other assets | 25,096 | 24,736 |
| Total other assets | <u>265,666</u> | <u>252,633</u> |
| Total assets | <u>\$ 2,134,837</u> | <u>\$ 2,255,193</u> |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 7,550 | \$ 6,344 |
| Accounts payable | 111,330 | 85,312 |
| Accrued salaries payable | 144,646 | 131,472 |
| Payable to affiliate | 27,785 | 25,860 |
| Current portion ROU liability - operating | 21,569 | 11,057 |
| Current portion ROU liability - financing | 749 | 1,729 |
| Other accrued liabilities | 35,174 | 150,484 |
| Estimated third-party payor settlements | 17,747 | 13,029 |
| Total current liabilities | <u>366,550</u> | <u>425,287</u> |
| Other long-term liabilities | 32,231 | 13,704 |
| ROU liability - operating | 179,549 | 185,859 |
| Long-term payable to affiliate | - | - |
| ROU liability - financing | 21,640 | 22,424 |
| Long-term debt, excluding current portion | 310,532 | 317,433 |
| Total liabilities | <u>910,502</u> | <u>964,707</u> |
| Net Assets | | |
| Net Assets without donor restrictions | 1,194,498 | 1,257,649 |
| Net Assets with donor restrictions | 29,837 | 32,837 |
| Total net assets | <u>1,224,335</u> | <u>1,290,486</u> |
| Total liabilities and net assets | <u>\$ 2,134,837</u> | <u>\$ 2,255,193</u> |

NEBRASKA MEDICINE ¹
OMAHA, NEBRASKA
Debt to Capitalization Ratio
Unaudited
As of December 31, 2022 and 2021

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|---|---------------------|---------------------|
| Current Portion of LTD (Excl Bond Premium) ² | \$ 5,708 | \$ 6,452 |
| Long-Term Debt Excluding Current Portion ³ | 321,425 | 333,707 |
| Total | <u>\$ 327,133</u> | <u>\$ 340,159</u> |
| Net Assets without donor restrictions | \$ 1,194,498 | \$ 1,257,649 |
| Total Capitalization | <u>\$ 1,521,631</u> | <u>\$ 1,597,808</u> |
| Debt to Capitalization ⁴ | 21.5% | 21.3% |

¹ Financials include TNMC, BMC & UNMCP which make up the Obligated Group. Also includes NHP and Clarkson College which are not part of the Obligated Group.

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|---|-------------------|-------------------|
| ² Current Portion of LTD | \$ 8,299 | \$ 8,073 |
| Less: Current Portion of Bond Premium | (2,591) | (1,621) |
| Current Portion of LTD (Excl Bond Premium) | <u>\$ 5,708</u> | <u>\$ 6,452</u> |
| ³ Long-Term Debt Excluding Current Portion | \$ 332,172 | \$ 339,857 |
| Less: LT Portion of Bond Premium | (13,677) | (9,087) |
| Add: Deferred Bond Acquisition Costs | 2,930 | 2,937 |
| LTD Excl Current Portion & Bond Premium | <u>\$ 321,425</u> | <u>\$ 333,707</u> |

⁴ Nebraska Medicine adopted ASU 2016-02, Leases, on July 1, 2019, in which the lessee must recognize assets and liabilities for operating and real estate leases with lease terms of more than 12 months. For FY23 and FY22, the new operating lease accounting rule would change the Debt to Capitalization ratio from 21.5% to 30.7% & 21.3% to 29.9% respectively when including these liabilities as short-term and long-term debt, but is excluded based on the definition of **Indebtedness** provided in the Master Trust Indenture between Nebraska Medicine & First National Bank of Omaha dated August 1, 2016.

NEBRASKA MEDICINE ¹
OMAHA, NEBRASKA
Debt Service Coverage
Unaudited

For the six months ended December 31, 2022 and 2021

| | 12/31/2022 | 12/31/2021 |
|---|-------------------|-------------------|
| Excess of revenues over expenses | \$ 12,714 | \$ 74,429 |
| Less: Unrealized gains/(losses) | 2,681 | 4,992 |
| Excess of revenues over expenses (Excl Unreal Gains (Losses)) | \$ 10,033 | \$ 69,437 |
| Plus: Depreciation and amortization | 46,703 | 48,285 |
| Interest expense | 5,289 | 5,131 |
| Net Income Available for Debt Service | \$ 62,025 | \$ 122,853 |
| Net Income Available for Debt Service (Annualized) | 123,039 | 243,703 |
| MADS | \$ 22,100 | \$ 19,294 |
| Max Annual Debt Service Coverage Ratio | 5.6 | 12.6 |

¹ Financials include TNMC, BMC & UNMCP which make up the Obligated Group. Also includes NHP and Clarkson College which are not part of the Obligated Group.

NEBRASKA MEDICINE ¹
OMAHA, NEBRASKA
Days Cash on Hand
Unaudited
As of December 31, 2022 and 2021

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|--|---------------------|-------------------|
| Cash and cash equivalents | \$ 150,766 | \$ 300,638 |
| Short-term investments | 347,797 | 362,954 |
| Long-term investments, unrestricted ² | 200,834 | 193,074 |
| Total | <u>\$ 699,397</u> | <u>\$ 856,666</u> |
| | | |
| Total Operating Expense | 1,134,612 | 1,012,114 |
| Less: Depreciation and amortization | 46,703 | 48,285 |
| Total | <u>\$ 1,087,909</u> | <u>\$ 963,829</u> |
| | | |
| Average Daily Net Operating Expenses | \$ 5,913 | \$ 5,238 |
| | | |
| Days Cash on Hand | 118.3 | 163.5 |

¹ Financials include TNMC, BMC & UNMCP which make up the Obligated Group. Also includes NHP and Clarkson College which are not part of the Obligated Group.

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|--|-------------------|-------------------|
| ² Long-term investments, unrestricted | \$ 200,834 | \$ 193,074 |
| Long-term investments, restricted | 18,413 | \$ 22,013 |
| Total Long Term Investments | <u>\$ 219,247</u> | <u>\$ 215,087</u> |

NEBRASKA MEDICINE ¹
OMAHA, NEBRASKA
Cash to Debt Ratio
Unaudited
As of December 31, 2022 and 2021

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 150,766 | \$ 300,638 |
| Short-term investments | 347,797 | 362,954 |
| Long-term investments, unrestricted ² | <u>200,834</u> | <u>193,074</u> |
| Total | \$ 699,397 | \$ 856,666 |
| | | |
| Current Portion - Long-Term Debt ³ | \$ 5,708 | \$ 6,452 |
| LTD Excl Current Portion & Bond Premium ⁴ | <u>321,425</u> | <u>333,707</u> |
| Total | \$ 327,133 | \$ 340,159 |
| | | |
| Cash to Debt ⁵ | 213.8% | 251.8% |

¹ Financials include TNMC, BMC & UNMCP which make up the Obligated Group. Also includes NHP and Clarkson College which are not part of the Obligated Group.

| | <u>12/31/2022</u> | <u>12/31/2021</u> |
|--|-------------------|-------------------|
| ² Long-term investments, unrestricted | \$ 200,834 | \$ 193,074 |
| Long-term investments, restricted | 18,413 | 22,013 |
| Total Long Term Investments | <u>\$ 219,247</u> | <u>\$ 215,087</u> |

| | | |
|--|-----------------|-----------------|
| ³ Current Portion of LTD | \$ 8,299 | \$ 8,073 |
| Less: Current Portion of Bond Premium | (2,591) | (1,621) |
| Current Portion of LTD (Excl Bond Premium) | <u>\$ 5,708</u> | <u>\$ 6,452</u> |

| | | |
|---|-------------------|-------------------|
| ⁴ Long-Term Debt Excluding Current Portion | \$ 332,172 | \$ 339,857 |
| Less: LT Portion of Bond Premium | (13,677) | (9,087) |
| Add: Deferred Bond Acquisition Costs | 2,930 | 2,937 |
| LTD Excl Current Portion & Bond Premium | <u>\$ 321,425</u> | <u>\$ 333,707</u> |

⁵ Nebraska Medicine adopted ASU 2016-02, Leases, on July 1, 2019, in which the lessee must recognize assets and liabilities for operating and real estate leases with lease terms of more than 12 months. For FY23 & FY22, the new operating lease accounting rule would change the Cash to Debt ratio from 213.8% to 132.4% & 251.8% to 159.5% respectively when including these liabilities as short-term and long-term debt, but is excluded based on the definition of **Indebtedness** provided in the Master Trust Indenture between Nebraska Medicine & First National Bank of Omaha dated August 1, 2016.