

MATERIAL EVENT NOTICE
UNAUDITED ANNUAL FINANCIAL STATEMENT FOR
FISCAL YEAR ENDED DECEMBER 31, 2022

Name of Borrower: Marshfield Clinic Health System, Inc. (“MCHS”)

NOTICE IS HEREBY GIVEN that MCHS is filing its unaudited Marshfield Clinic Health System, Inc. Consolidated Financial Statements and Supplementary Information for the twelve month year ended December 31, 2022 (the “Unaudited Annual Financial Statement”), which is attached hereto as Exhibit A. This filing of the Unaudited Annual Financial Statement is delivered for all outstanding bonds for which continuing disclosure agreements have been executed in connection with outstanding bonds issued for the benefit of MCHS with the base CUSIP† 97712D and the base Corporate CUSIP of 57284P (collectively, the “Bonds”).

MCHS will file its audited financial statements for the twelve month year ended December 31, 2022 as soon as such statements become available.

The information herein is accurate as of its date. Except as set forth above, MCHS does not plan to issue any updates or revisions to the information set forth in this filing. The filing of this notice does not constitute or imply any representation: (i) regarding any other financial, operating or other information about MCHS or any of its outstanding Bonds; or (ii) that no other circumstances or events have occurred or will occur or that no other information is available or will be available in the future concerning MCHS or any of its outstanding Bonds that may have a bearing on MCHS’s financial condition or any of its outstanding Bonds, or an investor’s decision to buy, sell, or hold any of MCHS’s outstanding Bonds.

Date of Notice: May 30, 2023

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

EXHIBIT A

**UNAUDITED ANNUAL FINANCIAL STATEMENT FOR
FISCAL YEAR ENDED DECEMBER 31, 2022**

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidated Balance Sheets

December 31, 2022 and 2021

(Dollars in thousands)

	UNAUDITED	AUDITED
Assets	Dec. 31, 2022	Dec. 31, 2021*
Current assets:		
Cash and cash equivalents	\$ 136,329	\$ 128,028
Short-term investments	1,850	91,681
Current portion of assets whose use is limited or restricted	48,191	60,810
Patient receivables, net	321,340	304,124
Other receivables	118,331	114,281
Prepaid expenses and other	101,419	95,646
Total current assets	727,460	794,570
Assets whose use is limited or restricted, net of current portion	291,872	292,518
Investments	825,483	972,843
Notes receivable from and investments in affiliates	39,176	39,219
Property, plant, and equipment, net	1,241,157	1,107,247
Other assets	16,862	129,144
Total assets	\$ 3,142,010	\$ 3,335,541
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 16,234	\$ 14,987
Medical claims payable	110,883	95,177
Accounts payable	97,219	98,096
Lines of credit	160,000	—
Accrued expenses	180,469	117,208
Deferred revenue	25,929	84,403
Total current liabilities	590,734	409,871
Long-term debt, less current portion and unamortized discount and premium	1,394,939	1,274,894
Other liabilities	118,305	135,268
Total liabilities	2,103,978	1,820,033
Net assets:		
Without donor restrictions	991,825	1,465,260
With donor restrictions	46,207	50,248
Total net assets	1,038,032	1,515,508
Total liabilities and net assets	\$ 3,142,010	\$ 3,335,541

* Certain prior period figures have been restated to conform to current year presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidated Balance Sheets
December 31, 2022 and 2021
(Dollars in thousands)

	UNAUDITED	AUDITED
	Dec. 31, 2022	Dec. 31, 2021*
Liabilities and Net Assets		
Current liabilities:		
Current portion of long-term debt	\$ 16,234	\$ 14,987
Medical claims payable	110,883	95,177
Accounts payable	97,219	98,096
Lines of credit	160,000	—
Accrued expenses	180,469	117,208
Deferred revenue	25,929	84,403
Total current liabilities	590,734	409,871
Long-term debt, less current portion and unamortized discount and premium	1,394,939	1,274,894
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Net assets:		
Without donor restrictions	991,825	1,465,260
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Total net assets	1,038,032	1,515,508
Total liabilities and net assets	\$ 3,142,010	\$ 3,335,541

* Certain prior period figures have been restated to conform to current period presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidated Statements of Operations and Changes in Net Assets without Donor Restrictions

Twelve Months Ended December 31, 2022 and 2021

(Dollars in thousands)

	UNAUDITED	AUDITED
	Dec. 31, 2022	Dec. 31, 2021*
Revenues:		
Net medical services revenue	\$ 1,518,308	\$ 1,439,233
Premium revenues	1,298,926	1,217,366
Grants and contracts	79,459	106,785
Other	47,094	32,721
Total operating revenues	<u>2,943,787</u>	<u>2,796,105</u>
Operating expenses:		
Salaries, contract labor and benefits	1,379,068	1,204,099
Medical claims expense	696,965	654,160
Supplies	563,495	527,265
Purchased and professional services	219,177	161,581
Depreciation and amortization	110,723	105,433
Goodwill impairment	115,000	—
Interest	43,072	40,877
Facilities	65,899	60,926
Other operating expenses, net	118,260	101,952
Total operating expenses	<u>3,311,659</u>	<u>2,856,293</u>
(Loss) from operations	<u>(367,872)</u>	<u>(60,188)</u>
Inherent contributions from affiliations	18,251	—
Nonoperating (losses) gains, net	<u>(128,260)</u>	<u>76,792</u>
Revenues and gains in (deficit) excess of expenses	<u>(477,881)</u>	<u>16,604</u>
Other changes in net assets without donor restrictions	4,446	5,680
(Decrease)/Increase in net assets without donor restrictions	<u>(473,435)</u>	<u>22,284</u>
Net assets without donor restrictions at beginning of period	<u>1,465,260</u>	<u>1,442,976</u>
Net assets without donor restrictions at end of period	<u>\$ 991,825</u>	<u>\$ 1,465,260</u>

* Certain prior period figures have been restated to conform to current period presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.
Consolidated Statements of Changes in Net Assets
Twelve Months Ended December 31, 2022 and 2021
(Dollars in thousands)

	UNAUDITED	AUDITED
	Dec. 31, 2022	Dec. 31, 2021*
Without donor restrictions:		
Revenues and gains in (deficit) excess of expenses	\$ (477,881)	\$ 16,604
Other changes in net assets without donor restrictions	4,446	5,680
(Decrease)/Increase in net assets without donor restrictions	<u>(473,435)</u>	<u>22,284</u>
With donor restrictions:		
Contributions and investment return	10,399	7,820
Net change in unrealized gains and losses on restricted net assets	(6,128)	1,562
Net assets released from restrictions for property, plant, and equipment	(2,633)	(431)
Net assets released from restrictions for operations	(5,679)	(4,529)
(Decrease)/Increase in net assets with donor restrictions	<u>(4,041)</u>	<u>4,422</u>
(Decrease)/Increase in net assets	(477,476)	26,706
Net assets at beginning of the period	1,515,508	1,488,802
Net assets at the end of the period	<u>\$ 1,038,032</u>	<u>\$ 1,515,508</u>

* Certain prior period figures have been restated to conform to current period presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.
Consolidated Statements of Cash Flows
Twelve Months Ended December 31, 2022 and 2021
(Dollars in thousands)

	UNAUDITED Dec. 31, 2022	AUDITED Dec. 31, 2021*
Cash flows from operating activities:		
(Decrease)/Increase in net assets	\$ (477,476)	\$ 26,706
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Gain on extinguishment of debt	(418)	—
Inherent contributions from affiliations	(18,251)	—
Net realized and change in unrealized gains and losses on investments	157,582	(61,061)
Loss (gain) from equity-basis investments	307	(657)
Depreciation and amortization	110,723	105,433
Changes in assets and liabilities:		
Patient and other receivables	6,631	(23,729)
Prepaid expenses and other	(2,987)	(342)
Goodwill impairment cost	115,000	—
Accounts payable and accrued expenses	(18,167)	(6,997)
Medical claims payable	15,706	(17,349)
Deferred revenue	(60,019)	(52,140)
Net cash (used) in operating activities	<u>(171,369)</u>	<u>(30,136)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(192,570)	(118,366)
Purchases and sales of assets whose use is limited, net	(13,593)	(34,062)
Change in note receivable and other noncurrent assets	541	(18,683)
Purchases and sales of investments, net	92,085	(92,420)
Cash acquired in inherent contributions	13,435	—
Net cash used in investing activities	<u>(100,102)</u>	<u>(263,531)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	171,075	26,123
Repayments on long-term debt	(64,354)	(16,234)
Payments for debt issuance costs	(1,908)	(1,090)
Proceeds (Repayments) from line of credit borrowing	160,000	(25,000)
Net cash provided by (used in) by financing activities	<u>264,813</u>	<u>(16,201)</u>
Net (decrease) in cash and cash equivalents	(6,658)	(309,868)
Cash, cash equivalents and restricted cash:		
Beginning of period	197,500	507,368
End of period	<u>\$ 190,842</u>	<u>\$ 197,500</u>
Supplementary information:		
Cash paid for interest, net of amounts capitalized	\$ 45,308	\$ 43,357
Restricted cash and cash equivalents held in assets whose use is limited included above are:	54,513	69,472

* Certain prior period figures have been restated to conform to current period presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidating Balance Sheet Information

December 31, 2022

(Dollars in thousands)

Assets	UNAUDITED			Total
	Obligated Group	Security Health Plan	Eliminations/Other	
Current assets:				
Cash and cash equivalents	\$ 25,498	85,809	25,022	136,329
Short-term investments	743	1,107	—	1,850
Current portion of assets whose use is limited or restricted	30,615	—	17,576	48,191
Patient receivables, net	330,762	—	(9,422)	321,340
Other receivables	132,780	46,696	(61,145)	118,331
Prepaid expenses and other	89,743	4,856	6,820	101,419
Total current assets	610,141	138,468	(21,149)	727,460
Assets whose use is limited or restricted, net of current portion	232,550	4,706	54,616	291,872
Investments	592,466	233,017	—	825,483
Notes receivable from and investments in affiliates	337,984	—	(298,808)	39,176
Property, plant, and equipment, net	1,150,752	10,860	79,545	1,241,157
Other assets	9,798	2,704	4,360	16,862
Total assets	<u>\$ 2,933,691</u>	<u>389,755</u>	<u>(181,436)</u>	<u>3,142,010</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 15,432	—	802	16,234
Medical claims payable	19,761	170,605	(79,483)	110,883
Accounts payable	84,954	5,440	6,825	97,219
Lines of credit	160,000	—	—	160,000
Accrued expenses	121,420	43,032	16,017	180,469
Deferred revenue	1,870	23,748	311	25,929
Total current liabilities	403,437	242,825	(55,528)	590,734
Long-term debt, less current portion and unamortized discount and premium	1,376,262	—	18,677	1,394,939
Other liabilities	116,080	580	1,645	118,305
Total liabilities	<u>1,895,779</u>	<u>243,405</u>	<u>(35,206)</u>	<u>2,103,978</u>
Net assets:				
Without donor restrictions	991,705	146,350	(146,230)	991,825
With donor restrictions	46,207	—	—	46,207
Total net assets	<u>1,037,912</u>	<u>146,350</u>	<u>(146,230)</u>	<u>1,038,032</u>
Total liabilities and net assets	<u>\$ 2,933,691</u>	<u>389,755</u>	<u>(181,436)</u>	<u>3,142,010</u>

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidating Balance Sheet Information

December 31, 2022

(Dollars in thousands)

Liabilities and Net Assets	UNAUDITED			Total
	Obligated Group	Security Health Plan	Eliminations/ Other	
Current liabilities:				
Current portion of long-term debt	\$ 15,432	—	802	16,234
Medical claims payable	19,761	170,605	(79,483)	110,883
Accounts payable	84,954	5,440	6,825	97,219
Lines of credit	160,000	—	—	160,000
Accrued expenses	121,420	43,032	16,017	180,469
Deferred revenue	1,870	23,748	311	25,929
Total current liabilities	403,437	242,825	(55,528)	590,734
Long-term debt, less current portion and unamortized discount and premium	1,376,262	—	18,677	1,394,939
Other liabilities	116,080	580	1,645	118,305
Total liabilities	1,895,779	243,405	(35,206)	2,103,978
Net assets:				
Without donor restrictions	991,705	146,350	(146,230)	991,825
With donor restrictions	46,207	—	—	46,207
Total net assets	1,037,912	146,350	(146,230)	1,038,032
Total liabilities and net assets	\$ 2,933,691	389,755	(181,436)	3,142,010

MARSHFIELD CLINIC HEALTH SYSTEM, INC.
Consolidating Balance Sheet Information
December 31, 2021
(Dollars in thousands)

Assets	AUDITED			Total
	Obligated Group	Security Health Plan	Eliminations/ Other	
Current assets:				
Cash and cash equivalents	\$ 99,648	19,237	9,143	128,028
Short-term Investments	90,085	1,596	—	91,681
Current portion of assets whose use is limited or restricted	60,810	—	—	60,810
Patient receivables	322,991	—	(18,867)	304,124
Other receivables	115,857	57,875	(59,451)	114,281
Prepaid expenses and other	91,424	3,960	262	95,646
Total current assets	<u>780,815</u>	<u>82,668</u>	<u>(68,913)</u>	<u>794,570</u>
Assets whose use is limited or restricted, net of current portion	285,473	7,045	—	292,518
Investments	713,839	259,004	—	972,843
Notes receivable from and investments in affiliates	216,125	—	(176,906)	39,219
Property, plant, and equipment, net	1,077,713	12,419	17,115	1,107,247
Other assets	125,914	3,230	—	129,144
Total assets	<u>\$ 3,199,879</u>	<u>364,366</u>	<u>(228,704)</u>	<u>3,335,541</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 14,233	—	754	14,987
Medical claims payable	18,689	146,099	(69,611)	95,177
Accounts payable	69,501	28,439	156	98,096
Lines of credit	—	—	—	—
Accrued expenses	115,381	1,718	109	117,208
Deferred revenue	62,646	21,757	—	84,403
Total current liabilities	<u>280,450</u>	<u>198,013</u>	<u>(68,592)</u>	<u>409,871</u>
Long-term debt, less current portion and unamortized discount and premium	1,268,807	—	6,087	1,274,894
Other liabilities	134,674	594	—	135,268
Total liabilities	<u>1,683,931</u>	<u>198,607</u>	<u>(62,505)</u>	<u>1,820,033</u>
Net assets:				
Without donor restrictions	1,465,700	165,759	(166,199)	1,465,260
With donor restrictions	50,248	—	—	50,248
Total net assets	<u>1,515,948</u>	<u>165,759</u>	<u>(166,199)</u>	<u>1,515,508</u>
Total liabilities and net assets	<u>\$ 3,199,879</u>	<u>364,366</u>	<u>(228,704)</u>	<u>3,335,541</u>

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidating Balance Sheet Information

December 31, 2021

(Dollars in thousands)

Liabilities and Net Assets	AUDITED			Total
	Obligated Group	Security Health Plan	Eliminations/Other	
Current liabilities:				
Current portion of long-term debt	\$ 14,233	—	754	14,987
Medical claims payable	18,689	146,099	(69,611)	95,177
Accounts payable	69,501	28,439	156	98,096
Lines of credit	—	—	—	—
Accrued expenses	115,381	1,718	109	117,208
Deferred revenue	62,646	21,757	—	84,403
Total current liabilities	280,450	198,013	(68,592)	409,871
Long-term debt, less current portion and unamortized discount and premium	1,268,807	—	6,087	1,274,894
Other liabilities	134,674	594	—	135,268
Total liabilities	1,683,931	198,607	(62,505)	1,820,033
Net assets:				
General		—	—	—
Endowment		—	—	—
Without donor restrictions	1,465,700	165,759	(166,199)	1,465,260
With donor restrictions	50,248	—	—	50,248
Total net assets	1,515,948	165,759	(166,199)	1,515,508
Total liabilities and net assets	\$ 3,199,879	364,366	(228,704)	3,335,541

* Certain figures have been restated to conform to current period presentation.

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidating Statement of Operations and Changes in Net Assets without Donor Restrictions Information

Twelve Months Ended December 31, 2022

(Dollars in thousands)

	UNAUDITED			
	Obligated Group	Security Health Plan	Eliminations/ Other	Total
Revenues:				
Net medical services revenue	\$ 1,468,294	—	50,014	1,518,308
Premium revenues	522,914	1,298,673	(522,661)	1,298,926
Grants and contracts	63,325	—	16,134	79,459
Other	60,210	7,942	(21,058)	47,094
Total operating revenues	<u>2,114,743</u>	<u>1,306,615</u>	<u>(477,571)</u>	<u>2,943,787</u>
Expenses:				
Salaries, contract labor and benefits	1,245,605	43,508	89,955	1,379,068
Medical claims expense	173,039	1,181,896	(657,970)	696,965
Supplies	532,477	289	30,729	563,495
Purchased and professional services	157,318	33,130	28,729	219,177
Depreciation and amortization	101,173	2,082	7,468	110,723
Goodwill impairment	115,000	—	—	115,000
Interest	42,375	—	697	43,072
Facilities	61,220	640	4,039	65,899
Other operating expenses	95,504	20,793	1,963	118,260
Shared services	(16,173)	16,060	113	—
Total operating expenses	<u>2,507,538</u>	<u>1,298,398</u>	<u>(494,277)</u>	<u>3,311,659</u>
(Loss) income from operations	(392,795)	8,217	16,706	(367,872)
Inherent contributions from affiliations	18,251	—	—	18,251
Nonoperating (losses)/gains, net	(103,268)	(27,626)	2,634	(128,260)
Revenues and gains in (deficit) excess of expenses	(477,812)	(19,409)	19,340	(477,881)
Other changes in net assets without donor restrictions	3,817	—	629	4,446
(Decrease) increase in net assets without donor restrictions	(473,995)	(19,409)	19,969	(473,435)
Net assets without donor restrictions at beginning of period	1,465,700	165,759	(166,199)	1,465,260
Net assets without donor restrictions at end of period	<u>\$ 991,705</u>	<u>146,350</u>	<u>(146,230)</u>	<u>991,825</u>

MARSHFIELD CLINIC HEALTH SYSTEM, INC.

Consolidating Statement of Operations and Changes in Net Assets without Donor Restrictions Information

Twelve Months Ended December 31, 2021

(Dollars in thousands)

	AUDITED			Total
	Obligated Group	Security Health Plan	Eliminations/ Other	
Revenues:				
Net medical services revenue	\$ 1,538,268	—	(99,035)	1,439,233
Premium revenues	514,623	1,217,091	(514,348)	1,217,366
Grants and contracts	106,785	—	—	106,785
Other	38,311	7,443	(13,033)	32,721
Total operating revenues	2,197,987	1,224,534	(626,416)	2,796,105
Expenses:				
Salaries, contract labor and benefits	1,168,843	36,674	(1,418)	1,204,099
Medical claims expense	160,541	1,112,279	(618,660)	654,160
Supplies	525,451	227	1,587	527,265
Purchased and professional services	138,110	28,602	(5,131)	161,581
Depreciation and amortization	101,973	2,569	891	105,433
Interest	40,629	15	233	40,877
Facilities	60,109	657	160	60,926
Other operating expenses	81,457	20,616	(121)	101,952
Shared services	(19,410)	19,410	—	—
Total operating expenses	2,257,703	1,221,049	(622,459)	2,856,293
(Loss) Income from operations	(59,716)	3,485	(3,957)	(60,188)
Nonoperating gains, net	74,929	1,863	—	76,792
Revenues and gains in excess (deficit) of expenses	15,213	5,348	(3,957)	16,604
Other changes in net assets without donor restrictions	7,511	(35,000)	33,169	5,680
Increase (decrease) in net assets without donor restrictions	22,724	(29,652)	29,212	22,284
Net assets without donor restrictions at beginning of period	1,442,976	195,411	(195,411)	1,442,976
Net assets without donor restrictions at end of period	\$ 1,465,700	165,759	(166,199)	1,465,260

* Certain figures have been restated to conform to current period presentation.