



Annual Disclosure Statements
(Unaudited)
For the Year Ended December 31, 2023
For



Advocate Aurora Health, Inc.



The Charlotte-Mecklenburg Hospital Authority
Combined Group



Wake Forest Baptist Combined Group

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ADVOCATE HEALTH

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Introduction

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.

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, are part of a single enterprise (the “AHI Enterprise”), 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 - FASB
(in thousands)

	December 31, 2023
Assets	
Current assets	
Cash and cash equivalents	\$ 2,260,650
Short term investments	38,960
Assets limited as to use	232,844
Patient accounts receivable	3,770,804
Other current assets	1,986,633
Total current assets	8,289,891
Other assets	
Assets limited as to use	21,255,434
Property and equipment, net	12,605,078
Operating lease right-of-use assets	997,099
Other noncurrent assets	1,470,383
Total other assets	36,327,994
Total assets	\$ 44,617,885
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 1,247,479
Operating lease liabilities, current portion	185,955
Accrued salaries and employee benefits	2,366,585
Accounts payable and other accrued liabilities	2,691,445
Third-party payors payables	805,721
Total current liabilities	7,297,185
Noncurrent liabilities	
Long-term debt, less current portion	6,514,016
Operating lease liabilities, less current portion	888,095
Obligations under swap agreements	122,271
Other noncurrent liabilities	3,303,141
Total noncurrent liabilities	10,827,523
Total liabilities	18,124,708
Net assets	
Without donor restrictions	
Controlling interest	25,052,618
Noncontrolling interests in subsidiaries	202,324
Total net assets without donor restrictions	25,254,942
With donor restrictions	1,238,235
Total net assets	26,493,177
Total liabilities and net assets	\$ 44,617,885

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

	Year Ended December 31, 2023
Revenue	
Patient service revenue	\$ 26,789,159
Capitation revenue	1,206,918
Other revenue	3,752,646
Total revenue	<u>31,748,723</u>
Expenses	
Salaries, wages, and benefits	17,738,898
Supplies and drugs	6,548,771
Purchased services and other expenses	5,343,518
Depreciation and amortization	1,216,371
Interest	294,532
Total expenses	<u>31,142,090</u>
Operating income	606,633
Nonoperating income	
Investment income, net	1,725,894
Other nonoperating income, net	(77,035)
Total nonoperating income, net	<u>1,648,859</u>
Revenue in excess of expenses	2,255,492
Less income attributable to noncontrolling interests	<u>(58,833)</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 2,196,659

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

	Year Ended December 31, 2023
Net assets without donor restrictions, controlling interest	
Revenue in excess of expenses - attributable to controlling interest	\$ 2,196,659
Pension-related changes other than net periodic pension costs	(145,688)
Other, net	15,841
Increase in net assets without donor restrictions, controlling interest	2,066,812
Net assets without donor restrictions, noncontrolling interests	
Revenues in excess of expenses	58,833
Distributions to noncontrolling interests	(38,727)
Increase in net assets without donor restrictions, noncontrolling interests	20,106
Net assets with donor restrictions	
Contributions	208,238
Investment income, net	59,692
Net assets released from restrictions	(146,842)
Other, net	2,647
Increase in net assets with donor restrictions	123,735
Increase in net assets	2,210,653
Net assets at beginning of period	24,282,524
Net assets at end of period	\$ 26,493,177

ADVOCATE HEALTH
COMBINED STATEMENT OF CASH FLOWS - FASB
(in thousands)

	Year Ended December 31, 2023
Cash flows from operating activities	
Increase in net assets	\$ 2,210,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation, amortization, and accretion	1,197,740
Amortization of operating lease right-of-use assets	197,405
Gain on sale of property and equipment	(6,323)
Pension-related changes other than net periodic pension cost	145,688
Proceeds from restricted contributions and income on investments	(118,888)
Distribution to noncontrolling interests	37,539
Other	(49,598)
Changes in operating assets and liabilities	
Trading securities, net	(1,001,639)
Patient accounts receivable	(186,138)
Third-party payors receivable and payable, net	(50,189)
Other assets and liabilities, net	164,885
Net cash provided by operating activities	<u>2,541,135</u>
Cash flows from investing activities	
Capital expenditures	(1,487,923)
Investments in unconsolidated entities, net	(66,091)
Other	48,026
Net cash used in investing activities	<u>(1,505,988)</u>
Cash flows from financing activities	
Repayments of long-term debt, net	(577,868)
Proceeds from issuance of long-term debt	304,995
Distribution to noncontrolling interests	(37,539)
Proceeds from restricted contributions and income on investments	152,185
Net cash used in financing activities	<u>(158,227)</u>
Net decrease in cash and cash equivalents	876,920
Cash and cash equivalents at beginning of period	1,441,867
Cash and cash equivalents at end of period	<u>\$ 2,318,787</u>
Reconciliation of cash and cash equivalents to the balance sheet	
Cash and cash equivalents	2,260,650
Restricted cash in investments and assets whose use is limited	58,137
	<u>\$ 2,318,787</u>

ADVOCATE HEALTH
UTILIZATION STATISTICS AND KEY FINANCIAL RATIOS

	Year Ended December 31, 2023
Census	
Discharges	516,993
Observation Cases	181,388
Total Bedded Patients	698,381
Inpatient Days	2,828,366
Inpatient Length of Stay	5.46
Case Mix index	1.81
Other Volume Stats	
Inpatient Surgeries	124,543
Outpatient Surgeries	316,577
Total Surgeries	441,120
ED Visits	2,184,365
wRVUs	53,891,205
	Year Ended December 31, 2023
Operating Performance	
Operating margin ⁽¹⁾	1.9%
Operating cash flow margin ⁽²⁾	6.7%
Excess margin ⁽³⁾	6.8%
	As of December 31, 2023
Leverage and Liquidity	
Debt to capitalization ⁽⁴⁾	23.5%
Cash to debt ⁽⁵⁾	283%
Days cash on hand ⁽⁶⁾	268

⁽¹⁾ Operating income/Total revenue

⁽²⁾ (Operating income + Interest + Depreciation and amortization)/Total revenue

⁽³⁾ Revenue in excess of expenses/(Total revenue + Total nonoperating income, net)

⁽⁴⁾ (Long-term debt, current portion + Long-term debt, less current portion)/(Long-term debt, current portion + Long-term debt, less current portion + Total net assets without donor restrictions)

⁽⁵⁾ Unrestricted cash and investments/(Long-term debt, current portion + Long-term debt, less current portion)

⁽⁶⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2023.

ADVOCATE HEALTH
OTHER FINANCIAL INFORMATION

Sources of Patient Service Revenue

In the year ended December 31, 2023, the composition of Advocate Health's patient service revenue by payor was as follows:

	Year Ended December 31, 2023
Payor Mix	
Managed care	48 %
Medicare	32 %
Medicaid	16 %
Self-pay and other	4 %
	100 %

Unrestricted cash and investments

As of December 31, 2023, the composition of Advocate Health's unrestricted cash and investments was as follows:

	December 31, 2023
Cash and cash equivalents	\$ 2,260,650
Short term investments	38,960
Long-term investments, excluding restricted assets limited as to use	19,427,669
Total unrestricted cash and investments	21,727,279

Long-Term Debt

As of December 31, 2023, the composition of Advocate Health's debt was as follows:

	December 31, 2023
Taxable Fixed Bonds	\$ 2,392,690 32%
Tax-Exempt Fixed Rate Bonds	1,381,345 18%
Tax-Exempt Variable Rate Bonds	1,824,945 24%
Put Bonds	914,645 12%
Commercial Paper	350,000 5%
Finance Leases / Other Banks Debt	710,179 9%
Total Long-term debt , excluding unamortized bond premiums and bond issuance costs and commercial paper original issue discount	7,573,804 100%



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 years ended December 31, 2023 and 2022, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB.

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

	Audited	
	December 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 857,599	\$ 372,898
Assets limited as to use	179,288	153,557
Patient accounts receivable	1,906,747	1,796,499
Other current assets	1,093,683	975,406
Total current assets	4,037,317	3,298,360
Assets limited as to use	11,863,519	11,306,120
Property and equipment, net	5,919,233	5,971,542
Other assets		
Goodwill and intangible assets, net	56,938	476,564
Operating lease right-of-use assets	305,114	305,311
Other noncurrent assets	815,699	520,373
Total other assets	1,177,751	1,302,248
Total assets	\$ 22,997,820	\$ 21,878,270

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

	Audited	
	December 31, 2023	December 31, 2022
Liabilities		
Current liabilities		
Long-term debt and commercial paper, current portion	\$ 172,759	\$ 101,204
Long-term debt subject to short-term financing arrangements	354,720	165,035
Operating lease liabilities, current portion	69,062	73,026
Accrued salaries and employee benefits	1,245,445	1,165,861
Accounts payable and other accrued liabilities	1,164,041	1,128,954
Third-party payors payables	404,496	357,177
Accrued insurance and claims costs, current portion	237,771	204,592
Total current liabilities	3,648,294	3,195,849
Noncurrent liabilities		
Long-term debt, less current portion	2,939,221	3,255,423
Operating lease liabilities, less current portion	273,134	276,116
Accrued insurance and claims cost, less current portion	686,643	634,468
Obligations under swap agreements	31,681	29,514
Other noncurrent liabilities	1,159,793	1,039,353
Total noncurrent liabilities	5,090,472	5,234,874
Total liabilities	8,738,766	8,430,723
Net assets		
Without donor restrictions		
Controlling interest	13,823,021	13,037,580
Noncontrolling interests in subsidiaries	191,582	171,791
Total net assets without donor restrictions	14,014,603	13,209,371
With donor restrictions	244,451	238,176
Total net assets	14,259,054	13,447,547
Total liabilities and net assets	\$ 22,997,820	\$ 21,878,270

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

	(Unaudited)		Audited	
	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Revenue				
Patient service revenue	\$ 3,408,307	\$ 3,127,417	\$ 12,987,089	\$ 12,065,771
Capitation revenue	291,555	298,309	1,206,918	1,197,327
Other revenue	391,399	349,661	1,559,047	1,281,148
Total revenue	4,091,261	3,775,387	15,753,054	14,544,246
Expenses				
Salaries, wages, and benefits	2,268,530	2,264,253	8,975,567	8,601,734
Supplies and drugs	828,630	707,457	3,063,799	2,659,287
Purchased services and other	773,573	572,290	2,359,535	2,070,036
Contracted medical services	115,998	127,547	542,880	518,834
Depreciation and amortization	153,017	155,168	614,084	599,923
Interest	30,577	31,502	125,568	118,319
Total expenses	4,170,325	3,858,217	15,681,433	14,568,133
Operating (loss) income	(79,064)	(82,830)	71,621	(23,887)
Nonoperating income (loss)				
Investment income (loss), net	509,880	260,630	819,180	(723,225)
Other nonoperating (loss) income, net	(42,447)	(4,722)	(57,951)	41,404
Total nonoperating income (loss), net	467,433	255,908	761,229	(681,821)
Revenue in excess of (less than) expenses	388,369	173,078	832,850	(705,708)
Less income attributable to noncontrolling interests	(14,482)	(12,248)	(58,518)	(45,124)
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 373,887	\$ 160,830	\$ 774,332	\$ (750,832)

(Continued)

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

	(Unaudited)		Audited	
	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	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	\$ 373,887	\$ 160,830	\$ 774,332	\$ (750,832)
Pension-related changes other than net periodic pension costs	7,213	(101,382)	9,311	(133,071)
Net assets released from restrictions for purchase of property and equipment	261	1,114	7,319	4,159
Other, net	(1,715)	(1,784)	(5,521)	5,462
Increase (decrease) in net assets without donor restrictions, controlling interest	379,646	58,778	785,441	(874,282)
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses	14,482	12,248	58,518	45,124
Distributions to noncontrolling interests	(8,374)	(7,134)	(38,727)	(40,773)
Increase in net assets without donor restrictions, noncontrolling interests	6,108	5,114	19,791	4,351
Net assets with donor restrictions				
Contributions	7,530	5,342	17,861	11,702
Investment increase (loss), net	5,185	2,920	8,737	(8,261)
Net assets released from restrictions for operations	(4,782)	(4,711)	(13,060)	(12,760)
Net assets released from restrictions for purchase of property and equipment	(261)	(819)	(7,319)	(3,864)
Other, net	(46)	(89)	56	(318)
Increase (decrease) in net assets with donor restrictions	7,626	2,643	6,275	(13,501)
Increase (decrease) in net assets	393,380	66,535	811,507	(883,432)
Net assets at beginning of period	13,865,674	13,381,012	13,447,547	14,330,979
Net assets at end of period	\$ 14,259,054	\$ 13,447,547	\$ 14,259,054	\$ 13,447,547

(Concluded)

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

	(Unaudited)		Audited	
	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows from operating activities				
Increase (decrease) in net assets	\$ 393,380	\$ 66,535	\$ 811,507	\$ (883,432)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation, amortization and accretion	150,481	154,957	603,847	590,030
Amortization of operating lease right-of-use assets	7,229	10,379	59,697	64,119
Loss on debt refinancing	—	—	40	33
Loss (gain) on sale of property and equipment	919	211	(212)	836
Change in fair value of swap agreements	15,003	(1,053)	2,167	(61,703)
Pension-related changes other than net periodic pension cost	(7,213)	101,382	(9,311)	133,071
Net assets released from restrictions for operations	(4,782)	(4,711)	(13,060)	(12,760)
Distribution to noncontrolling interests	1,051	998	37,539	46,809
Distributions from unconsolidated entities	1,886	7,257	11,265	35,746
Changes in operating assets and liabilities				
Trading securities, net	(502,437)	(185,484)	(482,997)	1,423,034
Patient accounts receivable	(28,171)	69,599	(110,248)	20,300
Third-party payors receivable and payable, net	(80,613)	(16,939)	(30,238)	1,745
Other assets and liabilities, net	524,599	56,989	206,760	(790,543)
Net cash provided by operating activities	471,332	260,120	1,086,756	567,285
Cash flows from investing activities				
Capital expenditures	(158,342)	(123,206)	(521,414)	(498,759)
Proceeds from sale of property and equipment	194	250	808	3,814
Purchases of investments designated as non-trading, net	(18)	(129)	(92)	(303)
Investments in unconsolidated entities, net	(391)	(2,957)	(18,504)	(18,569)
Acquisition of MobileHelp, net of cash acquired	—	—	—	(286,133)
Other	(186)	(3,417)	(913)	(7,896)
Net cash used in investing activities	(158,743)	(129,459)	(540,115)	(807,846)
Cash flows from financing activities				
Repayments of long-term debt, net	(22,525)	(9,767)	(51,000)	(46,898)
Distribution to noncontrolling interests	(1,051)	(998)	(37,539)	(46,809)
Proceeds from restricted contributions and income on investments	12,716	8,262	26,599	3,441
Net cash used in financing activities	(10,860)	(2,503)	(61,940)	(90,266)
Net increase (decrease) in cash and cash equivalents	301,729	128,158	484,701	(330,827)
Cash and cash equivalents at beginning of period	555,870	244,740	372,898	703,725
Cash and cash equivalents at end of period	\$ 857,599	\$ 372,898	\$ 857,599	\$ 372,898
Supplemental disclosures of noncash information				
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 6,679	\$ 14,070	\$ 59,500	\$ 105,805

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS

	Three Months Ended,	
	December 31, 2023	December 31, 2022
Operating Performance		
Operating margin ⁽¹⁾	(1.9)%	(2.2)%
Operating cash flow margin ⁽²⁾	2.6%	2.8%
Excess margin ⁽³⁾	8.5%	4.3%
EBIDA margin ⁽⁴⁾	14.0%	9.5%
Operating Performance		
	December 31, 2023	December 31, 2022
Operating margin ⁽¹⁾	0.5%	(0.2)%
Operating cash flow margin ⁽²⁾	5.1%	4.8%
Excess margin ⁽³⁾	5.0%	(5.1)%
EBIDA margin ⁽⁴⁾	10.0%	0.1%
Leverage and Liquidity		
	As of December 31, 2023	As of December 31, 2022
Debt to capitalization ⁽⁵⁾	19.8%	21.0%
Cash to debt ⁽⁶⁾	349%	313%
Days cash on hand ⁽⁷⁾	293	288
Debt service coverage ratio - trailing 12-month	5.0x	4.2x

⁽¹⁾ Operating (loss) income/Total revenue

⁽²⁾ (Operating (loss) income + Interest + Depreciation and amortization)/Total revenue

⁽³⁾ Revenue in excess of (less than) expenses/(Total revenue + Total nonoperating income (loss), net)

⁽⁴⁾ (Revenue in excess of (less than) expenses + Interest + Depreciation and amortization)/Total revenue

⁽⁵⁾ (Long-term debt and commercial paper, current portion + Long-term debt subject to short-term financing arrangements + Long-term debt, less current portion)/(Long-term debt and commercial paper, current portion + Long-term debt subject to short-term financing arrangements + Long-term debt, less current portion + Total net assets without donor restrictions)

⁽⁶⁾ Unrestricted cash and investments/(Long-term debt and commercial paper, current portion + Long-term debt subject to short-term financing arrangements + Long-term debt, less current portion)

⁽⁷⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2023 and the year ended December 31, 2022.

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands)

	Year Ended December 31, 2023
Debt Service Coverage	
Revenue in excess of expenses- attributable to controlling interest	\$ 774,332
Adjustments:	
Depreciation and amortization expense	614,084
Interest expense	125,568
Unrealized gain on investments	(732,481)
Unrealized loss on interest rate swap obligation	2,167
Other unusual charges	11,636
Loss on early extinguishment of debt	40
Asset impairment charges	150,000
Total income available for debt service	945,346
Debt service requirement	188,479
Historical debt service coverage ratio	5.0
 Days Cash on Hand	
Cash and cash equivalents	\$ 857,599
Assets limited as to use, current	179,288
Assets limited as to use, noncurrent	11,863,519
Less: restricted funds	794,322
Unrestricted cash and investments	12,106,084
Operating expenses	15,681,433
Less: depreciation and amortization	614,084
Adjusted operating expenses	15,067,349
Number of days in period	365
Operating expense per day	41,280
Days cash on hand	293

(Continued)

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023
(in thousands)

	Year Ended December 31, 2023
Debt to Capitalization	
Debt	
Long-term debt and commercial paper, current portion	\$ 172,759
Long-term debt subject to short-term financing arrangements	354,720
Long-term debt, less current portion	2,939,221
Total debt	3,466,700
Capitalization	
Total debt	3,466,700
Total net assets without donor restrictions	14,014,603
Total capitalization	17,481,303
Debt to capitalization	19.8 %

ADVOCATE AURORA HEALTH, INC.
UTILIZATION STATISTICS AND SOURCES OF REVENUE

Utilization Statistics

A summary of certain combined utilization statistics for the AAH System for the three months and years ended December 31, 2023 and 2022 are set forth in the table below.

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Change	% Change
Historical Utilization Statistics				
Discharges	64,378	61,150	3,228	5.3 %
Observation Cases	23,933	26,143	(2,210)	(8.5)%
Patient Days	330,571	331,974	(1,403)	(0.4)%
Hospital Outpatient Visits	1,189,378	1,097,860	91,518	8.3 %
Physician Visits	2,764,268	2,731,193	33,075	1.2 %
Home Care Visits	208,163	213,804	(5,641)	(2.6)%
Capitated Member Lives ⁽¹⁾	222,398	229,666	(7,268)	(3.2)%
	Year Ended December 31, 2023	Year Ended December 31, 2022	Change	% Change
Historical Utilization Statistics				
Discharges	246,131	235,654	10,477	4.4 %
Observation Cases	102,663	101,919	744	0.7 %
Patient Days	1,278,299	1,297,531	(19,232)	(1.5)%
Hospital Outpatient Visits	4,601,774	4,337,075	264,699	6.1 %
Physician Visits	10,602,880	10,156,891	445,989	4.4 %
Home Care Visits	843,450	831,120	12,330	1.5 %

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

Sources of Patient Service Revenue

In the three months and years ended December 31, 2023 and 2022, the composition of the AAH System's patient service revenue by payor was as follows:

	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Payor Mix				
Managed Care	51 %	53 %	52 %	53 %
Medicare	34 %	32 %	32 %	32 %
Medicaid	12 %	12 %	13 %	12 %
Self-pay and Other	3 %	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

ADVOCATE AURORA HEALTH, INC.
EMPLOYEES AND MEDICAL STAFF

As of December 31, 2023, the AAH System employed approximately 80,300 individuals (approximately 67,400 FTE's). Approximately 0.7% of AAH employees are represented by collective bargaining groups.

As of December 31, 2023, the AAH System employed approximately 4,000 physicians (3,500 FTE's) and approximately 1,900 FTE advanced practice clinicians. As of December 31, 2023, there were approximately 9,500 individuals on the active medical staffs of AAH System hospitals. Approximately 85% of the members of the active medical staff are board certified specialists.



THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY

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 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 GASB.

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF HISTORICAL REVENUES AND EXPENSES
(in thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Revenue			
Patient service revenue	\$ 6,714,899	\$ 6,883,832	\$ 8,123,784
Other revenue	790,199	802,211	1,048,335
Total revenue	7,505,098	7,686,043	9,172,119
Expenses			
Salaries, wages and benefits	4,252,760	4,561,984	4,921,584
Other expenses	2,612,907	2,801,330	3,247,770
Depreciation and amortization	328,398	427,934	478,796
Total expenses	7,194,065	7,791,248	8,648,150
Operating income (loss)	311,033	(105,205)	523,969
Nonoperating income (loss)			
Interest expense	(96,695)	(114,396)	(136,097)
Investment income (loss), net	705,440	(932,805)	746,947
Stimulus grants	149,400	98,249	—
Other nonoperating income (loss), net	6,169	(8,700)	(74,946)
Total nonoperating income (loss), net	764,314	(957,652)	535,904
Excess (deficiency) of revenue over expenses of the Combined Group before contributions	\$ 1,075,347	\$ (1,062,857)	\$ 1,059,873
Adjustment to exclude net (revenue) expenses of affiliates that are members of the Combined Group but not part of the Primary Enterprise	(68,898)	36,214	(28,802)
Adjustment to include net revenue (expenses) of affiliates that are not members of the Combined Group but part of the Primary Enterprise	146,811	(122,771)	21,367
Excess (deficiency) of revenue over expenses of the Primary Enterprise before contributions	\$ 1,153,260	\$ (1,149,414)	\$ 1,052,438

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEET
(in thousands)

	Audited
	December 31, 2023
Assets	
Current assets	
Cash and cash equivalents	\$ 661,959
Short term investments	27,233
Assets limited as to use	50,267
Patient accounts receivable	1,118,037
Other current assets	502,285
Total current assets	<u>2,359,781</u>
Other assets	
Assets limited as to use	6,258,033
Property and equipment, net	4,482,299
Right-of-use assets	496,898
Other noncurrent assets	445,622
Total other assets	<u>11,682,852</u>
Total assets	<u>14,042,633</u>
Deferred outflows of resources	208,945
Total assets and deferred outflows of resources	<u>\$ 14,251,578</u>
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 649,786
Lease liabilities, current portion	73,395
Accrued salaries and employee benefits	594,294
Accounts payable and other accrued liabilities	822,889
Third-party payors payables	288,663
Total current liabilities	<u>2,429,027</u>
Noncurrent liabilities	
Long-term debt, less current portion	2,279,905
Lease liabilities, less current portion	467,135
Obligations under swap agreements	87,373
Other noncurrent liabilities	893,551
Total noncurrent liabilities	<u>3,727,964</u>
Total liabilities	<u>6,156,991</u>
Deferred inflows of resources	159,498
Net position	
Net investment in capital assets	1,539,926
Restricted, by donor	485,495
Unrestricted	5,909,668
Total net position	<u>7,935,089</u>
Total liabilities and deferred inflows of resources and net position	<u>\$ 14,251,578</u>

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

	Audited
	Year Ended
	December 31, 2023
Revenue	
Patient service revenue	\$ 8,123,784
Other revenue	1,048,335
Total revenue	<u>9,172,119</u>
Expenses	
Salaries, wages and benefits	4,921,584
Supplies and drugs	1,998,624
Purchased services and other expenses	1,249,146
Depreciation and amortization	478,796
Total expenses	<u>8,648,150</u>
Operating income	523,969
Nonoperating income	
Interest expense	(136,097)
Investment income, net	746,947
Other nonoperating loss, net	(74,946)
Total nonoperating income, net	<u>535,904</u>
Excess of revenue over expenses and losses before capital and other contributions	\$ 1,059,873
Changes in net position	
Capital and other contributions	(32,457)
Changes in net position	1,027,416
Net position, beginning of year	6,907,673
Net position, end of year	<u>\$ 7,935,089</u>

THE CMHA COMBINED GROUP

Management's Discussion and Analysis of Results of Operations

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

For the year ended December 31, 2023, revenue exceeded expenses by \$1,059,873, which resulted in a \$2,122,730 increase in excess revenue from the prior year, primarily driven by favorable investment performance and higher income from operations. Operating income for the Combined Group was \$523,969 in 2023, an increase of \$629,174 from the prior year. The Combined Group's operating earnings before interest, and depreciation and amortization (operating EBIDA) percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and amortization, divided by total operating revenue) was 10.9% in 2023. Net nonoperating income for 2023 was \$535,904 compared to a net nonoperating loss of \$957,652 in 2022. The increase was a result of largely favorable unrealized investment gains in 2023 compared to unfavorable results in 2022.

Total operating revenue increased 19.3% to \$9,172,119 largely due to increases in patient volumes, service line expansions and new healthcare operations, improved payor mix, annual increases in reimbursement rates, and growth in retail pharmacy sales. Discharges, surgeries, emergency room visits and Medical Group Division visits all increased from 2022. Other operating revenue increased 30.7% to \$1,048,335 due to the growth in retail pharmacy sales.

Total operating expenses increased 11.0% to \$8,648,150. Salaries, wages and benefits increased 7.9% to \$4,921,584, due to increases in clinical personnel to support higher patient volumes, premium clinical staff pay, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased to \$3,247,770 primarily due to increases in patient volumes, higher Medicaid supplemental plan costs, retail pharmacy growth, and inflationary cost increases in supplies and services.

Unrestricted cash and investments for the Combined Group increased from \$6,197,623 at December 31, 2022 to \$6,782,317 at December 31, 2023 driven primarily by cash earned from operating performance and net gains on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 303 days at December 31, 2023. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt (including current portion) as the numerator and the outstanding principal amount of long-term debt (including current portion) plus total unrestricted net position (defined as unrestricted plus invested in capital net assets, as the denominator) decreased to 28.2% at December 31, 2023 as total unrestricted net position increased to \$7,449,594. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) decreased to 51.3 days as of December 31, 2023, compared to 54.2 days as of December 31, 2022.

Year Ended December 31, 2022 Compared with Year Ended December 31, 2021

For the year ended December 31, 2022, expenses exceeded revenue by \$1,062,857, which resulted in a \$2,138,204 decrease in excess expense from the prior year, primarily driven by unfavorable investment performance and lower income from operations. Operating loss for the Combined Group was \$105,205 in 2022, a decrease of \$416,238 from the prior year. The Combined Group's operating EBIDA percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and amortization, divided by total operating revenue) was 4.2% in 2022. Net nonoperating loss for 2022 was

\$957,652 compared to a net nonoperating income of \$764,314 in 2021. The decrease was a result of largely unfavorable unrealized investment losses in 2022 compared to favorable results in 2021.

Total operating revenue increased 2.4% to \$7,686,043 largely due to increases in patient discharges, outpatient surgeries, and emergency room visits; annual increases in reimbursement rates and favorable cost report adjustments related to prior years; and growth in retail pharmacy sales. Other operating revenue increased 1.5% to \$802,211 due to the growth in retail pharmacy sales.

Total operating expenses increased 8.3% to \$7,791,248. Salaries, wages and benefits increased 7.3% to \$4,561,984, due to higher use and cost of clinical contract labor, premium clinical staff pay, increases in length of stay, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased to \$2,801,330 primarily due to increases in patient volumes and length of stay, inflationary cost increases in supplies and services and retail pharmacy growth.

Unrestricted cash and investments for the Combined Group decreased from \$7,488,026 at December 31, 2021 to \$6,197,623 at December 31, 2022 driven primarily by unrealized net gains on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 307 days at December 31, 2022. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt (including current portion) as the numerator and the outstanding principal amount of long-term debt (including current portion) plus total unrestricted net position, defined as unrestricted plus invested in capital net assets, as the denominator) increased to 32.3% at December 31, 2022 as total unrestricted net position decreased to \$6,451,558. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) increased to 54.2 days as of December 31, 2022, compared to 51.9 days as of December 31, 2021.

Third Party Reimbursement and Sources of Payment

The sources of the Combined Group's gross patient revenue by type of payor, expressed as percentages of total gross patient revenue, for the three years ended December 31, 2021, 2022 and 2023 were as follows:

	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Medicare	41.1 %	41.8 %	40.6 %
Medicaid	16.5 %	16.9 %	16.4 %
Managed Care	33.0 %	32.6 %	35.0 %
Self Pay	6.3 %	5.7 %	4.7 %
Other	3.1 %	3.0 %	3.3 %
Total	100.0 %	100.0 %	100.0 %

Historic Debt Service Coverage

The following table presents the Combined Group's Historic Long-Term Debt Service Coverage Ratio (as such term is defined in the Bond Order) for the year ended December 31, 2023. The debt service coverage ratio presented below measures how many times the Combined Group's Income Available for Debt Service (as such term is defined in the Bond Order) would have covered the Long-Term Debt Service Requirement (as such term is defined in the Bond Order) on all Bonds outstanding under the Bond Order during the year ended December 31, 2023. Historic Long-Term Debt Service Coverage Ratio for the Combined Group is as follows (dollars in thousands):

	Year Ended December 31, 2023
Excess of revenue over expenses	\$ 1,059,873
Add (exclude):	
Depreciation and amortization	478,796
Interest expense	136,097
Unrealized net gain on investments and other assets	(513,376)
Income Available for Debt Service	<u>\$ 1,161,390</u>
Long-Term Debt Service Requirement	<u>\$ 136,044</u>
Historic Long-term Debt Service Coverage Ratio	8.54

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Health Facilities

The following table describes the number of licensed beds, beds in service, level of care and location of the CMHA Combined Group's medical group division, principal inpatient facilities, home health operations and palliative and hospice care operations as of December 31, 2023, except as otherwise noted:

	Licensed Beds	Beds In Service	Level of Care	Location
Combined Group:				
Medical Group Division ⁽¹⁾	—	—	Primary and Specialty Physician Care	Throughout the Region
Carolinas Medical Center	652	652	Quaternary/Tertiary	Charlotte, NC
Levine Children's Hospital	220	220	Quaternary/Tertiary	Charlotte, NC
Atrium Health Behavioral Health - Charlotte	66	66	Mental Health	Charlotte, NC
Atrium Health Behavioral Health - Davidson	66	66	Mental Health	Charlotte, NC
Atrium Health Mercy ⁽²⁾	207	207	Tertiary/Acute	Charlotte, NC
Atrium Health Cabarrus	457	457	Tertiary/Acute	Concord, NC
Atrium Health Pineville	307	307	Tertiary/Acute	Pineville, NC
Atrium Health Cleveland	241	193	Acute	Shelby, NC
Atrium Health Union	142	142	Acute	Monroe, NC
Atrium Health Union West ⁽³⁾	40	40	Acute	Matthews, NC
Atrium Health University City	104	104	Acute	Charlotte, NC
Atrium Health Kings Mountain ⁽⁴⁾	39	25	Acute/Swing	Kings Mountain, NC
	20	20	Mental Health	Kings Mountain, NC
	8	8	Chemical Dependency	Kings Mountain, NC
Atrium Health Lincoln	101	101	Acute	Lincolnton, NC
Atrium Health Stanly	97	97	Acute	Albemarle, NC
	12	12	Mental Health	Albemarle, NC
Atrium Health Anson	15	15	Acute/Swing	Wadesboro, NC
Carolinas Rehabilitation - Charlotte	72	72	Rehabilitative	Charlotte, NC
Carolinas Rehabilitation - Mount Holly	40	40	Rehabilitative	Mount Holly, NC
Carolinas Rehabilitation - Concord	38	38	Rehabilitative	Concord, NC
Huntersville Oaks	168	168	Long-Term	Huntersville, NC
Sardis Oaks	124	119	Long-Term	Charlotte, NC
Cleveland Pines	120	120	Long-Term	Shelby, NC
Jesse Helms Nursing Center	70	70	Long-Term	Monroe, NC
Stanly Manor	90	90	Long-Term	Albemarle, NC
	10	7	Assisted Living	Albemarle, NC
Carolinas Palliative Care and Hospice Network	50	24	Palliative Care and Hospice Services	Throughout the Region
Atrium Health at Home	—	—	Home Health	Throughout the Region
Subtotals	3,576	3,480		

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Facilities Footnotes:

- ⁽¹⁾ Includes physician practices of Carolinas Physician Network, NorthEast Physicians Network, and Faculty Physicians Network.
- ⁽²⁾ Atrium Health Mercy is a facility of Carolinas Medical Center.
- ⁽³⁾ Atrium Health Union West is a facility of Atrium Health Union.
- ⁽⁴⁾ Atrium Health Kings Mountain is a facility of Atrium Health Cleveland.

THE CMHA COMBINED GROUP UTILIZATION STATISTICS

	Year Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2023
Medical Group			
Practice locations	525	536	536
Total Physicians	1,890	1,848	1,838
Patient visits (including faculty)	5,965,612	5,899,524	6,246,537
Total Acute Care Facilities			
Licensed beds	2,698	2,662	2,662
Beds in service	2,623	2,600	2,600
Average daily census	2,151	2,327	2,378
Percentage occupancy of licensed beds	79.7 %	87.4 %	89.3 %
Percentage occupancy of beds in service	82.0 %	89.5 %	91.5 %
Patient days (excluding newborn)	784,952	849,522	867,801
Adjusted patient days (excluding newborn)	1,726,390	1,873,115	1,965,900
Average length of stay	5.74	6.16	5.82
Discharges	136,830	137,944	149,001
Adjusted discharges (excluding newborn)	305,382	308,990	343,732
Emergency room visits	687,263	746,040	783,923
Surgical Procedures	92,142	94,714	103,575
Newborn deliveries	16,591	16,678	17,093

Note: Utilization statistics for individual acute care facilities operated by the CMHA Combined Group are available upon request. To obtain such information, please contact Jennifer L. Temple, VP Treasury and Assistant Treasurer, at jennifer.temple@atriumhealth.org.



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 ("WFUBMC"), 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.

WFUBMC, 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 combining financial statements reflect the financial position and results of operations of Atrium Health Wake Forest Baptist and the WFB Combined Group 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 FASB.

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

	December 31, 2023			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets				
Current assets				
Cash and cash equivalents	\$ 443,244	\$ (44,370)	\$ —	\$ 398,874
Patient accounts receivable	480,560	(27,157)	—	453,403
Other current assets	314,603	(41,381)	—	273,222
Total current assets	1,238,407	(112,908)	—	1,125,499
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	206,757	(95,874)	(15,304)	95,579
Total other assets	3,809,718	(339,701)	(15,304)	3,454,713
Total assets	\$ 5,048,125	\$ (452,609)	\$ (15,304)	\$ 4,580,212
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	337,554	(205,314)	—	132,240
Third-party payors payables	105,590	(18,287)	—	87,303
Total current liabilities	981,984	(248,967)	—	733,017
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	1,185,660	(65,678)	—	1,119,982
Total liabilities	2,167,644	(314,645)	—	1,852,999
Net assets				
Without donor restrictions				
Controlling interest	2,403,236	(137,952)	(5,427)	2,259,857
Noncontrolling interests in subsidiaries	10,742	—	(9,877)	865
Total net assets without donor restrictions	2,413,978	(137,952)	(15,304)	2,260,722
With donor restrictions	466,503	(12)	—	466,491
Total net assets	2,880,481	(137,964)	(15,304)	2,727,213
Total liabilities and net assets	\$ 5,048,125	\$ (452,609)	\$ (15,304)	\$ 4,580,212

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

	Year Ended December 31, 2023			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	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) income, net	(14,973)	2,574	(34,525)	(46,924)
Total nonoperating income (loss), net	91,006	(1,036)	(34,525)	55,445
Revenue in excess of (less than) expenses	238,708	22,626	(34,525)	226,809
Less income attributable to noncontrolling interests	(315)	—	424	109
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 238,393	\$ 22,626	\$ (34,101)	\$ 226,918

(Continued)

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

	Year Ended December 31, 2023			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	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	\$ 238,393	\$ 22,626	\$ (34,101)	\$ 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	243,915	22,113	(34,101)	231,927
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses - attributable to noncontrolling interests	315	—	(424)	(109)
Increase (decrease) 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	319,254	22,095	(34,525)	306,824
Net assets at beginning of period	2,561,227	(160,059)	19,221	2,420,389
Net assets at end of period	\$ 2,880,481	\$ (137,964)	\$ (15,304)	\$ 2,727,213

ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
KEY FINANCIAL RATIOS
(in thousands)

Liquidity

The following table sets forth, as of December 31, 2023, and December 31, 2022, the WFB Combined Group's operating cash, Board-designated funds for capital expansion and short-term investments. Excluded are trustee-held funds, donor restricted funds, and pension assets. All investments are shown at market value. The WFB Master Indenture requires the WFB Combined Group to maintain a Liquidity Ratio (defined as the ratio of Unrestricted Cash⁽¹⁾ to the outstanding principal amount of all Long-Term Indebtedness) of 0.50 or higher.

	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash and cash equivalents	398,874	\$ 273,050
Investments and assets whose use is limited (unrestricted)	1,637,359	1,627,459
Total cash and unrestricted investments	<u>2,036,233</u>	<u>\$ 1,900,509</u>
Bonds payable	805,846	\$ 832,760
Notes payable and capital leases	39,523	83,073
Long-Term Indebtedness	<u>845,369</u>	<u>\$ 915,833</u>
Liquidity Ratio	241%	208%
Days Cash on Hand ⁽²⁾	169	180

⁽¹⁾ "Unrestricted Cash" means the sum of cash, securities and investments, including, without limitation, board-designated funds, investments in mutual funds and limited partnerships as shown on the WFB Combined Group financial statements, minus, to the extent included above, (i) trustee-held funds derived from, or held for the payment of, Long-Term Indebtedness, including, without limitation, debt service, reserve and construction funds, and (ii) amounts required to be set aside by donor restriction, contractual agreement or by law or regulation to meet a specific obligation or potential obligation of any Member of the WFB Combined Group, including, without limitation, malpractice exposure, self-insurance or "captive" insurer commitments, and pension or retirement fund payments.

⁽²⁾ Calculated by dividing Unrestricted Cash by daily cash expenses (total operating expenses less depreciation and amortization divided by total days in the period).

ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
KEY FINANCIAL RATIOS
(in thousands)

Debt-to-Capitalization

The capitalization for the WFB Combined Group as of December 31, 2023 and December 31, 2022, is set forth in the following table.

	12/31/2023	12/31/2022
Bonds Payable	805,846	832,760
Notes Payable and capital leases	39,523	83,073
Total Long-Term Debt	845,369	915,833
Less Current Portion	(52,073)	(52,991)
Total Long-Term Debt, net of current	793,296	862,842
Unrestricted Net Assets	2,260,722	2,028,904
Total Capitalization	3,054,018	2,891,746
Total Debt as a % of Total Capitalization	26.0%	29.8%

Debt Service Coverage Ratio

The WFB Combined Group's historical Coverage Ratio (calculated upon actual annual debt service) for the fiscal years ended December 31, 2023 and 2022 is set forth in the following table. The Coverage Ratio for each fiscal year is the ratio determined by dividing Income Available for Debt Service (as defined in the WF Master Indenture) for such fiscal year by the Annual Debt Service Requirement (as defined in the WFB Master Indenture) for such fiscal year. The WFB Master Indenture requires the WFB Combined Group to maintain a Coverage Ratio of 1.20 or higher during each fiscal year, but does not obligate the WFB Combined Group to meet or exceed any maximum annual debt service coverage ratio.

	Year Ended 12/31/2023	Year Ended 12/31/2022
Operating Income	171,364	(13,528)
Unrestricted Contributions	—	—
Interest and Dividend Income	27,538	18,693
Depreciation and Amortization	139,647	137,822
Financing Costs	32,606	30,070
Income Available for Debt Service	371,155	173,057
Actual Debt Service	101,406	60,551
Debt Service Coverage Ratio	3.7	2.9

ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
UTILIZATION STATISTICS AND SOURCES OF REVENUE

Utilization

The utilization of services at the WFB Combined Group's acute care facilities for the fiscal years ended December 31, 2023 and 2022 is summarized below:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Change	% Change
Number of Beds:				
Licensed	1,380	1,380	—	—%
Operational	1,217	1,217	—	—%
Average Daily Census	948	914	34	3.7%
Percent Occupancy				
Licensed Beds	68.7%	66.2%	—	—%
Operational Beds	74.6%	75.1%	—	—%
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)%
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%

Combined Sources of Revenue - Based on Gross Patient Revenue by Payor

The sources of gross patient revenue by payor for the WFB Combined Group expressed as a percentage of gross patient revenue for the fiscal years ended December 31, 2023 and 2022 were as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Payor Mix		
Medicare	45 %	45 %
Medicaid	14 %	16 %
Managed Care	31 %	29 %
Self Pay	5 %	4 %
Other	5 %	6 %
	<u>100 %</u>	<u>100 %</u>