

**SANFORD<sup>®</sup>**

Quarterly Financial Disclosure

As of and for the Three Months Ended March 31, 2023

**SANFORD****CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands)

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 280,345	\$ 217,637
Short-term investments	288,805	296,071
Accounts receivable	851,053	868,796
Inventories	128,104	129,152
Other current assets	109,732	104,465
Total current assets	<u>1,658,039</u>	<u>1,616,121</u>
ASSETS HELD FOR SALE	54,579	55,492
INVESTMENTS	1,900,511	1,827,905
ASSETS WHOSE USE IS LIMITED	237,119	247,269
PROPERTY AND EQUIPMENT, NET	2,798,215	2,814,484
OTHER ASSETS		
Right of use asset	88,623	87,539
Investment in joint ventures	65,105	49,298
Non-operating property	159,625	163,979
Goodwill and intangible assets	81,924	82,457
Notes receivable	59,496	56,105
Other assets	57,332	58,034
Total other assets	<u>512,105</u>	<u>497,412</u>
 TOTAL ASSETS	 <u>\$ 7,160,568</u>	 <u>\$ 7,058,683</u>

**SANFORD**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands)

	March 31, 2023	December 31, 2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 67,817	\$ 68,200
Current portion of other liabilities	122,454	116,515
Accounts payable	144,433	144,341
Accrued compensation and benefits	310,311	317,971
Medical claims payable	71,790	76,664
Other accruals and deferred revenue	208,148	191,026
Total current liabilities	924,953	914,717
<b>LIABILITIES HELD FOR SALE</b>	21,050	19,670
<b>OTHER LIABILITIES</b>		
Operating leases	70,716	69,921
Deferred compensaion	173,013	163,802
Housing entry fees	113,595	117,733
Other non-current liabilities	182,724	177,839
Total other liabilities	540,048	529,295
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	1,461,499	1,465,487
Total liabilities	2,947,550	2,929,169
<b>NET ASSETS</b>		
Without donor restrictions - controlling interest	3,905,321	3,826,317
Without donor restrictions - non-controlling interest	13,977	13,918
With donor restrictions	293,720	289,279
Total net assets	4,213,018	4,129,514
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 7,160,568	\$ 7,058,683

**SANFORD**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(In thousands)

	For the Three Months Ended March 31,	
	2023	2022
<b>OPERATING REVENUES</b>		
Patient revenue	\$ 1,065,507	\$ 1,067,754
Resident revenue	195,665	203,033
Premium revenue	218,984	211,154
Other operating revenue	277,347	256,918
Total operating revenues	<u>1,757,503</u>	<u>1,738,859</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	901,294	893,266
Supplies	325,753	308,364
Purchased services and other	299,364	334,620
Medical claims	130,831	122,551
Depreciation and amortization	54,814	54,696
Interest	11,734	12,322
Total operating expenses	<u>1,723,790</u>	<u>1,725,819</u>
<b>INCOME FROM OPERATIONS</b>	33,713	13,040
<b>NON-OPERATING REVENUE (EXPENSE)</b>		
Investment return (loss)	51,155	(128,497)
Other expenses	(5,530)	(5,982)
Net non-operating revenue (expense)	<u>45,625</u>	<u>(134,479)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS</b>	79,338	(121,439)
Loss from discontinued operations	(20)	(676)
(Less) plus excess of revenues over expenses attributable to non-controlling interest	<u>(59)</u>	<u>905</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 79,259</u>	<u>\$ (121,210)</u>

**SANFORD**

**CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)**

(In thousands)

	For the Three Months Ended March 31,	
	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST		
Excess (deficiency) of revenues over expenses attributable to controlling interest	\$ 79,259	\$ (121,210)
Nets assets released from restrictions for acquisition of property and equipment	188	417
Pension plan related changes	-	484
Other changes in net assets	(443)	(1,247)
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST	79,004	(121,556)
NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST		
Excess (deficiency) of revenues over expenses	59	(905)
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST	59	(905)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	3,283	3,346
Investment return (loss)	6,928	(10,138)
Net assets released from restrictions	(5,770)	(4,231)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	4,441	(11,023)
INCREASE (DECREASE) IN NET ASSETS	83,504	(133,484)
NET ASSETS - BEGINNING OF PERIOD	4,129,514	4,309,136
NET ASSETS - END OF PERIOD	\$ 4,213,018	\$ 4,175,652

**SANFORD**

**CONSOLIDATING SCHEDULE OF BALANCE SHEET (UNAUDITED)**

**AS OF MARCH 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 166,790	\$ 113,555	\$ -	\$ 280,345
Short-term investments	197,474	91,331	-	288,805
Accounts receivable	819,189	85,103	(53,239)	851,053
Inventories	113,333	14,771	-	128,104
Other current assets	105,361	4,371	-	109,732
Total current assets	1,402,147	309,131	(53,239)	1,658,039
ASSETS HELD FOR SALE	9,064	54,579	(9,064)	54,579
INVESTMENTS	1,653,257	247,254	-	1,900,511
ASSETS WHOSE USE IS LIMITED	236,011	1,108	-	237,119
PROPERTY AND EQUIPMENT, NET	2,736,151	62,064	-	2,798,215
<b>OTHER ASSETS</b>				
Right of use asset	77,477	11,146	-	88,623
Investment in joint ventures	38,120	26,985	-	65,105
Non-operating property	129,774	29,851	-	159,625
Goodwill and intangible assets	68,176	13,748	-	81,924
Notes receivable	53,258	6,238	-	59,496
Other assets	55,814	1,518	-	57,332
Total other assets	422,619	89,486	-	512,105
<b>TOTAL ASSETS</b>	<b>\$ 6,459,249</b>	<b>\$ 763,622</b>	<b>\$ (62,303)</b>	<b>\$ 7,160,568</b>

**SANFORD**

**CONSOLIDATING SCHEDULE OF BALANCE SHEET (UNAUDITED)**

**AS OF MARCH 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current maturities of long-term debt	\$ 67,817	\$ -	\$ -	\$ 67,817
Current portion of other liabilities	112,350	10,104	-	122,454
Accounts payable	134,329	19,905	(9,801)	144,433
Accrued compensation and benefits	322,799	2,404	(14,892)	310,311
Medical claims payable	-	100,336	(28,546)	71,790
Other accruals and deferred revenue	80,677	127,471	-	208,148
Total current liabilities	717,972	260,220	(53,239)	924,953
<b>LIABILITIES HELD FOR SALE</b>	-	30,114	(9,064)	21,050
<b>OTHER LIABILITIES</b>				
Operating leases	61,939	8,777	-	70,716
Deferred compensaion	173,013	-	-	173,013
Housing entry fees	113,595	-	-	113,595
Other non-current liabilities	156,719	26,005	-	182,724
Total other liabilities	505,266	34,782	-	540,048
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	1,461,499	-	-	1,461,499
Total liabilities	2,684,737	325,116	(62,303)	2,947,550
<b>NET ASSETS</b>				
Without donor restrictions - controlling interest	3,480,792	424,529	-	3,905,321
Without donor restrictions - non-controlling interest	-	13,977	-	13,977
With donor restrictions	293,720	-	-	293,720
Total net assets	3,774,512	438,506	-	4,213,018
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 6,459,249	\$ 763,622	\$ (62,303)	\$ 7,160,568

**SANFORD**

**CONSOLIDATING SCHEDULE OF STATEMENT OF OPERATIONS (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
<b>OPERATING REVENUES</b>				
Patient revenue	\$ 1,100,206	\$ 26,095	\$ (60,794)	\$ 1,065,507
Resident revenue	196,000	881	(1,216)	195,665
Premium revenue	-	218,984	-	218,984
Other operating revenue	265,663	16,540	(4,856)	277,347
Total operating revenues	<u>1,561,869</u>	<u>262,500</u>	<u>(66,866)</u>	<u>1,757,503</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	872,434	31,674	(2,814)	901,294
Supplies	315,164	10,589	-	325,753
Purchased services and other	274,652	26,953	(2,241)	299,364
Medical claims	-	192,642	(61,811)	130,831
Depreciation and amortization	53,356	1,458	-	54,814
Interest	11,734	-	-	11,734
Total operating expenses	<u>1,527,340</u>	<u>263,316</u>	<u>(66,866)</u>	<u>1,723,790</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	34,529	(816)	-	33,713
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment return	41,109	10,046	-	51,155
Other expenses	(4,406)	(1,124)	-	(5,530)
Net non-operating revenue	<u>36,703</u>	<u>8,922</u>	<u>-</u>	<u>45,625</u>
<b>EXCESS OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS</b>	71,232	8,106	-	79,338
Gain (loss) from discontinued operations	111	(131)	-	(20)
Less excess of revenues over expensess attributable to non-controlling interest	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>(59)</u>
<b>EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 71,343</u>	<u>\$ 7,916</u>	<u>\$ -</u>	<u>\$ 79,259</u>



**SANFORD**

**CONSOLIDATING STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST				
Excess of revenues over expenses attributable to controlling interest	\$ 71,343	\$ 7,916	\$ -	\$ 79,259
Nets assets released from restrictions for acquisition of property and equipment	188	-	-	188
Other changes in net assets	(443)	-	-	(443)
Transfers	(22,869)	22,869	-	-
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST</b>	<b>48,219</b>	<b>30,785</b>	<b>-</b>	<b>79,004</b>
NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST				
Excess of revenues over expenses	-	59	-	59
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>59</b>
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	3,283	-	-	3,283
Investment return	6,928	-	-	6,928
Net assets released from restrictions	(5,770)	-	-	(5,770)
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>4,441</b>	<b>-</b>	<b>-</b>	<b>4,441</b>
<b>INCREASE IN NET ASSETS</b>	<b>52,660</b>	<b>30,844</b>	<b>-</b>	<b>83,504</b>
NET ASSETS - BEGINNING OF PERIOD	3,721,852	407,662	-	4,129,514
NET ASSETS - END OF PERIOD	<u>\$ 3,774,512</u>	<u>\$ 438,506</u>	<u>\$ -</u>	<u>\$ 4,213,018</u>

## SANFORD

### BALANCE SHEET AND LIQUIDITY (UNAUDITED)

(Dollars in thousands)

	Sanford		Obligated Group	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Unrestricted cash and investments	\$ 2,469,661	\$ 2,341,613	\$ 2,017,521	\$ 1,914,828
Days cash on hand	133.2	128.8	123.2	120.3
Total debt	\$ 1,529,316	\$ 1,533,687	\$ 1,529,316	\$ 1,533,687
Net assets without donor restrictions	\$ 3,919,298	\$ 3,840,235	\$ 3,480,792	\$ 3,432,573
Total debt to capitalization	28.1%	28.5%	30.5%	30.9%
Cash to total debt	161.5%	152.7%	131.9%	124.9%
Patients receivables, gross	\$ 1,451,442	\$ 1,425,784	\$ 1,450,793	\$ 1,425,132
Days patient revenue in receivables, gross	43.8	42.4	43.8	42.4

**SANFORD**

**UTILIZATION STATISTICS  
OBLIGATED GROUP**

	For the Three Months Ended March 31,	
	2023	2022
Admissions	19,634	19,793
Acute patient days	94,537	101,899
Average length of stay	4.81	5.15
Average daily census	1,050	1,132
Medical center occupancy % (staffed beds) (1)	73.8%	72.0%
Births	2,299	2,326
Surgical procedures	30,164	28,402
Outpatient visits	500,939	503,270
Emergency room visits	53,440	52,390
Clinic wRVUs	2,994,237	2,986,063
Senior care resident days	528,651	565,738
Swing beds	2,848	2,729

(1) Medical center includes the hospitals in Sioux Falls, SD, Bemidji, MN, Fargo, ND, and Bismarck, ND.