



Quarterly Disclosure Statements
(Unaudited)
For the Three Months Ended March 31, 2023
For



Advocate Aurora Health, Inc.



The Charlotte-Mecklenburg Hospital Authority
Combined Group



Wake Forest Baptist Combined Group

ADVOCATE HEALTH, INC.
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Introduction

Purpose of this Report

The purpose of this report is to provide information necessary to comply with continuing disclosure undertakings with respect to the Advocate Aurora Health Credit Group, The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health Combined Group and the Atrium Health Wake Forest Baptist Combined Group, as described below, all of which are now part of an integrated health care delivery and academic system known as Advocate Health.

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.

In October 2020, 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, became part of a single enterprise (the “AHI Enterprise”), which is 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 (Unaudited)
(in thousands)

	March 31, 2023
Assets	
Current assets	
Cash and cash equivalents	\$ 1,183,012
Short term investments	94,930
Assets limited as to use	210,946
Patient accounts receivable	3,737,844
Other current assets	1,845,548
Total current assets	7,072,280
Other assets	
Assets limited as to use	19,891,435
Property and equipment, net	12,316,759
Operating lease right-of-use assets	924,930
Other noncurrent assets	1,713,674
Total other assets	34,846,798
Total assets	\$ 41,919,078
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 1,014,470
Operating lease liabilities, current portion	182,623
Accrued salaries and employee benefits	1,688,184
Accounts payable and other accrued liabilities	2,470,761
Third-party payors payables	661,150
Total current liabilities	6,017,188
Noncurrent liabilities	
Long-term debt, less current portion	6,979,883
Operating lease liabilities, less current portion	813,272
Obligations under swap agreements	140,270
Other noncurrent liabilities	3,023,080
Total noncurrent liabilities	10,956,505
Total liabilities	16,973,693
Net assets	
Without donor restrictions	
Controlling interest	23,630,379
Noncontrolling interests in subsidiaries	174,207
Total net assets without donor restrictions	23,804,586
With donor restrictions	
Total net assets	1,140,799
	24,945,385
Total liabilities and net assets	\$ 41,919,078

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

	Three Months Ended March 31, 2023
Revenue	
Patient service revenue	\$ 6,368,159
Capitation revenue	301,179
Other revenue	870,839
Total revenue	7,540,177
Expenses	
Salaries, wages and benefits	4,418,422
Supplies and drugs	1,525,085
Purchased services and other expenses	1,212,977
Depreciation and amortization	300,939
Interest	72,333
Total expenses	7,529,756
Operating income (loss)	10,421
Nonoperating income (loss)	
Investment income (loss), net	610,433
Change in fair value of interest rate swaps	(24,738)
Other nonoperating loss, net	(1,514)
Total nonoperating income (loss), net	584,181
Revenue in excess of (less than) expenses	594,602
Less income attributable to noncontrolling interests	(15,859)
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 578,743

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

	Three Months Ended March 31, 2023
Net assets without donor restrictions, controlling interest	
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 578,743
Pension-related changes other than net periodic pension costs	19,499
Other, net	22,737
Increase (decrease) in net assets without donor restrictions, controlling interest	620,979
Net assets without donor restrictions, noncontrolling interests	
Revenues in excess of expenses	15,859
Distributions to noncontrolling interests	(13,443)
Increase (decrease) in net assets without donor restrictions, noncontrolling interests	2,416
Net assets with donor restrictions	
Contributions	52,098
Investment income (loss), net	22,435
Net assets released from restrictions	(48,375)
Other, net	141
Increase (decrease) in net assets with donor restrictions	26,299
Increase (decrease) in net assets	649,694
Net assets at beginning of period	24,295,691
Net assets at end of period	\$ 24,945,385

ADVOCATE HEALTH
COMBINED STATEMENT OF CASH FLOWS (Unaudited)
(in thousands)

	Three Months Ended March 31, 2023
Cash flows from operating activities	
Increase (decrease) in net assets	\$ 649,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation, amortization and accretion	298,411
Amortization of operating lease right-of-use assets	39,318
(Gain) loss on sale of property and equipment	(2,020)
Change in fair value of swap agreements	24,738
Pension-related changes other than net periodic pension cost	(19,499)
Net assets released from restrictions for operations	(53,198)
Distribution to noncontrolling interests	7,983
Distributions from unconsolidated entities	7,070
Other	1,428
Changes in operating assets and liabilities	
Trading securities, net	(254,775)
Patient accounts receivable	(153,178)
Accounts payable and accrued liabilities	(581,683)
Third-party payors receivable and payable, net	10,504
Other assets and liabilities, net	(206,975)
Net cash used in operating activities	(232,182)
Cash flows from investing activities	
Capital expenditures	(334,780)
Proceeds from sale of property and equipment	172
Purchases of investments designated as non-trading, net	416,043
Investments in unconsolidated entities, net	(7,443)
Other	5,430
Net cash provided by (used in) investing activities	79,422
Cash flows from financing activities	
Repayments of long-term debt, net	(98,228)
Proceeds from issuance of long-term debt	50,000
Distribution to noncontrolling interests	(7,983)
Proceeds from restricted contributions and income on investments	39,909
Net cash used in financing activities	(16,302)
Net decrease in cash and cash equivalents	(169,062)
Cash and cash equivalents at beginning of period	1,441,867
Cash and cash equivalents at end of period	\$ 1,272,805
Reconciliation of cash and cash equivalents to the balance sheet	
Cash and cash equivalents	1,183,012
Restricted cash in investments and assets whose use is limited	89,793
	\$ 1,272,805

**ADVOCATE HEALTH
UTILIZATION STATISTICS**

	Three Months Ended March 31, 2023
Census	
Discharges	125,510
Observation Cases	44,599
Total Bedded Patients	<u>170,109</u>
Inpatient Days	706,071
Inpatient Length of Stay	5.62
Case Mix index	1.82
 Other Volume Stats	
Inpatient Surgeries	30,239
Outpatient Surgeries	77,806
Total Surgeries	<u>108,045</u>
ED Visits	532,167
wRVUs	13,090,282



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 three months ended March 31, 2023 and 2022, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board (“FASB”).

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

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 438,582	\$ 372,898
Assets limited as to use	153,558	153,557
Patient accounts receivable	1,864,261	1,796,499
Other current assets	992,158	934,604
Third-party payor receivables	40,387	23,400
Collateral proceeds under securities lending program	11,517	17,402
Total current assets	3,500,463	3,298,360
Assets limited as to use	10,907,195	10,981,192
Property and equipment, net	5,937,755	5,971,542
Other assets		
Goodwill and intangible assets, net	457,451	476,564
Investments in unconsolidated entities	220,910	216,176
Reinsurance receivable	116,786	116,786
Operating lease right-of-use assets	292,657	305,311
Other noncurrent assets	550,003	512,339
Total other assets	1,637,807	1,627,176
Total assets	\$ 21,983,220	\$ 21,878,270

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

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
Liabilities		
Current liabilities		
Long-term debt and commercial paper, current portion	\$ 101,626	\$ 101,204
Long-term debt subject to short-term financing arrangements	118,220	165,035
Operating lease liabilities, current portion	73,311	73,026
Accrued salaries and employee benefits	912,472	1,165,861
Accounts payable and other accrued liabilities	1,051,426	1,111,552
Third-party payors payables	408,271	357,177
Accrued insurance and claims costs, current portion	204,592	204,592
Collateral under securities lending program	11,517	17,402
Total current liabilities	2,881,435	3,195,849
Noncurrent liabilities		
Long-term debt, less current portion	3,293,867	3,255,423
Operating lease liabilities, less current portion	252,393	276,116
Accrued insurance and claims cost, less current portion	650,882	634,468
Accrued losses subject to insurance recovery	116,786	116,786
Obligations under swap agreements	36,605	29,514
Other noncurrent liabilities	958,591	922,567
Total noncurrent liabilities	5,309,124	5,234,874
Total liabilities	8,190,559	8,430,723
Net assets		
Without donor restrictions		
Controlling interest	13,380,991	13,037,580
Noncontrolling interests in subsidiaries	174,207	171,791
Total net assets without donor restrictions	13,555,198	13,209,371
With donor restrictions	237,463	238,176
Total net assets	13,792,661	13,447,547
Total liabilities and net assets	\$ 21,983,220	\$ 21,878,270

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

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Revenue		
Patient service revenue	\$ 3,201,415	\$ 2,991,082
Capitation revenue	301,179	300,397
Other revenue	401,232	274,366
Total revenue	3,903,826	3,565,845
Expenses		
Salaries, wages and benefits	2,229,405	2,083,163
Supplies, purchased services and other	1,259,355	1,159,798
Contracted medical services	135,140	150,781
Depreciation and amortization	152,368	142,190
Interest	31,251	27,408
Total expenses	3,807,519	3,563,340
Operating income	96,307	2,505
Nonoperating income (loss)		
Investment income (loss), net	281,257	(265,968)
Loss on debt refinancing	(40)	(33)
Change in fair value of interest rate swaps	(7,091)	23,250
Other nonoperating loss, net	(14,256)	(2,362)
Total nonoperating income (loss), net	259,870	(245,113)
Revenue in excess of (less than) expenses	356,177	(242,608)
Less income attributable to noncontrolling interests	(15,859)	(10,619)
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 340,318	\$ (253,227)

(Continued)

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

	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>Three Months Ended</u>	<u>Three Months Ended</u>
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Net assets without donor restrictions, controlling interest		
Revenue in excess of (less than) expenses - attributable to controlling interest	\$ 340,318	\$ (253,227)
Pension-related changes other than net periodic pension costs	699	1,810
Net assets released from restrictions for purchase of property and equipment	3,565	1,440
Other, net	(1,171)	8,027
Increase (decrease) in net assets without donor restrictions, controlling interest	<u>343,411</u>	<u>(241,950)</u>
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses	15,859	10,619
Distributions to noncontrolling interests	(13,443)	(20,125)
Increase (decrease) in net assets without donor restrictions, noncontrolling interests	<u>2,416</u>	<u>(9,506)</u>
Net assets with donor restrictions		
Contributions	2,116	1,060
Investment income (loss), net	3,081	(3,428)
Net assets released from restrictions for operations	(2,363)	(2,833)
Net assets released from restrictions for purchase of property and equipment	(3,565)	(1,440)
Other, net	18	(13)
Decrease in net assets with donor restrictions	<u>(713)</u>	<u>(6,654)</u>
Increase (decrease) in net assets	345,114	(258,110)
Net assets at beginning of period	13,447,547	14,330,979
Net assets at end of period	<u>\$ 13,792,661</u>	<u>\$ 14,072,869</u>

(Concluded)

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

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 345,114	\$ (258,110)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	149,840	139,719
Amortization of operating lease right-of-use assets	17,382	18,921
Loss on debt refinancing	40	33
(Gain) loss on sale of property and equipment	(2,017)	424
Change in fair value of swap agreements	7,091	(23,250)
Pension-related changes other than net periodic pension cost	(699)	(1,810)
Net assets released from restrictions for operations	(2,363)	(2,833)
Distribution to noncontrolling interests	7,983	20,125
Distributions from unconsolidated entities	7,070	16,999
Changes in operating assets and liabilities		
Trading securities, net	71,203	1,054,312
Patient accounts receivable	(67,761)	(68,957)
Accounts payable and accrued liabilities	(267,439)	(584,208)
Third-party payors receivable and payable, net	34,106	2,846
Other assets and liabilities, net	(98,815)	(79,376)
Net cash provided by operating activities	<u>200,735</u>	<u>234,835</u>
Cash flows from investing activities		
Capital expenditures	(126,072)	(129,581)
Proceeds from sale of property and equipment	170	658
Purchases of investments designated as non-trading, net	(39)	(234)
Investments in unconsolidated entities, net	(783)	(17,383)
Other	(303)	(435)
Net cash used in investing activities	<u>(127,027)</u>	<u>(146,975)</u>
Cash flows from financing activities		
Repayments of long-term debt, net	(5,238)	(5,929)
Distribution to noncontrolling interests	(7,983)	(20,125)
Proceeds from restricted contributions and income on investments	5,197	(2,368)
Net cash used in financing activities	<u>(8,024)</u>	<u>(28,422)</u>
Net increase in cash and cash equivalents	65,684	59,438
Cash and cash equivalents at beginning of period	372,898	703,725
Cash and cash equivalents at end of period	<u>\$ 438,582</u>	<u>\$ 763,163</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 4,727	\$ 21,885

ADVOCATE AURORA HEALTH, INC.
UTILIZATION STATISTICS

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change	% Change
Historical Utilization Statistics				
Discharges	59,100	56,961	2,139	3.8 %
Observation Cases	26,193	22,504	3,689	16.4 %
Patient Days	320,029	327,520	(7,491)	(2.3)%
Hospital Outpatient Visits	1,119,619	1,036,399	83,220	8.0 %
Physician Visits	2,601,653	2,391,872	209,781	8.8 %
Home Care Visits	218,972	205,226	13,746	6.7 %
Capitated Member Lives ⁽¹⁾	221,223	234,935	(13,712)	(5.8)%

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Payor Mix		
Medicare	53 %	56 %
Medicaid	14 %	12 %
Managed Care	31 %	29 %
Self-pay and Other	2 %	3 %
	<u>100 %</u>	<u>100 %</u>



THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP 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 three months ended March 31, 2023 and 2022. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (“GASB”).

THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP
Financial Highlights

Quarter Ended March 31, 2023 Compared with Quarter Ended March 31, 2022:

For the quarter ended March 31, 2023, net income was \$253,715, a \$642,049 increase from 2022, driven primarily by favorable investment performance and higher income from operations. Operating income was \$10,811 for the quarter ended March 31, 2023, which was \$33,741 above the prior year.

Total operating revenue increased 10.3% to \$2,083,421 largely due to greater hospital and medical group patient volumes; annual increases in reimbursement rates; growth in retail pharmacy sales and additional grant revenue. Total operating expenses increased 8.4% to \$2,072,610, primarily due to personnel costs on higher patient volumes along with other expense inflation.

As of March 31, 2023, days cash on hand was 288 days. Debt-to-capitalization ratio decreased from 32.3% at December 31, 2022, to 31.3% at March 31, 2023, primarily driven by favorable net income in the first quarter.

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEETS
(in thousands)

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 248,023	\$ 402,408
Short term investments	34,856	31,546
Patient receivables, net	1,131,894	1,049,395
Accounts, grants and notes receivable, net	274,901	208,650
Assets limited as to use - investments	54,099	47,950
Other current assets	268,159	215,019
Total current assets	2,011,932	1,954,968
Property and equipment, net	4,255,437	4,226,057
Investments and assets limited as to use	5,822,797	5,946,372
Operating lease right-of-use assets, net	462,705	483,250
Other assets	322,334	319,403
Total assets	12,875,205	12,930,050
Deferred outflows of resources	246,524	165,439
Total assets and deferred outflows of resources	\$ 13,121,729	\$ 13,095,489
Liabilities		
Current liabilities		
Accounts payable	\$ 429,278	\$ 432,365
Salaries and benefits payable	373,349	585,006
Other liabilities and accruals	223,864	290,747
Estimated third party payer settlements	313,455	294,182
Operating lease liabilities	72,859	76,313
Current portion of long-term debt	723,374	767,418
Total current liabilities	2,136,179	2,446,031
Notes payable, finance leases and line of credit, net of current portion	32,999	32,999
Bonds payable, net of current portion	2,279,991	2,274,991
Operating lease liabilities, less current portion	427,143	443,075
Interest rate swap liability	99,607	82,527
Retirement benefits	403,923	401,827
Other liabilities	424,491	425,856
Total liabilities	5,804,333	6,107,306
Deferred inflows of resources	141,526	80,510
Net position		
Net investment in capital assets	1,251,025	1,123,938
Restricted - by donor	474,448	456,115
Unrestricted	5,450,397	5,327,620
Total net position	7,175,870	6,907,673
Total liabilities and deferred inflows and net position	\$ 13,121,729	\$ 13,095,489

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

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Operating revenues and support		
Patient service revenue	\$ 1,876,825	\$ 1,698,752
Other sources	206,596	190,362
Total operating revenues	<u>2,083,421</u>	<u>1,889,114</u>
Operating expenses		
Personnel costs	1,222,563	1,131,278
Supplies	433,883	410,662
Purchased services	149,185	154,928
Other operating expenses	157,283	110,168
Depreciation and amortization	109,696	105,008
Total operating expenses	<u>2,072,610</u>	<u>1,912,044</u>
Operating income (loss)	10,811	(22,930)
Nonoperating gains (losses)		
Interest expense	(31,660)	(27,990)
Net investment gains (losses)	274,849	(336,003)
Other, net	(285)	(1,411)
Total nonoperating gains (losses)	<u>242,904</u>	<u>(365,404)</u>
Excess (deficiency) of revenues and support over expenses and losses before contributions	\$ 253,715	\$ (388,334)
Changes in net position		
Capital and other contributions	14,482	8,692
Changes in net position	268,197	(379,642)
Net position, beginning of year	6,907,673	7,938,673
Net position, end of year	<u>\$ 7,175,870</u>	<u>\$ 7,559,031</u>

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF CASH FLOWS

(in thousands)

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Cash flows from operating activities		
Receipts from third-party payers and patients	\$ 1,813,599	\$ 1,726,996
Payments to suppliers	(839,501)	(766,729)
Payments to employees	(1,431,738)	(1,245,197)
Other receipts - net	156,625	165,666
Net cash used in operating activities	<u>(301,015)</u>	<u>(119,264)</u>
Cash flows from financing activities		
Cash flows from noncapital financing activities:		
Other activities	(6,220)	(2,070)
Net cash used in noncapital financing activities	<u>(6,220)</u>	<u>(2,070)</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(156,427)	(128,807)
Interest payments on short- and long-term debt	(49,666)	(50,964)
Principal payments, refunding and retirements on short- and long-term debt	(86,550)	(188,978)
Proceeds from issuance of long-term debt	50,000	143,064
Contributions restricted for building and equipment purchases	11,110	13,104
Other contributions	2,057	2,852
Net cash used in capital and related financing activities	<u>(229,476)</u>	<u>(209,729)</u>
Net cash used in financing activities	<u>(235,696)</u>	<u>(211,799)</u>
Cash flows from investing activities		
Investment earnings	3,467	(3,934)
Purchases of investments and assets limited as to use	(19,826)	(27,850)
Sales of investments and assets limited as to use	392,737	1,024
Purchase of equity method investments	(6,660)	—
Net cash provided by (used in) investing activities	<u>369,718</u>	<u>(30,760)</u>
Net decrease in cash, cash equivalents and restricted cash	<u>(166,993)</u>	<u>(361,823)</u>
Cash and cash equivalents		
Beginning of year	486,680	1,019,470
End of period	<u>\$ 319,687</u>	<u>\$ 657,647</u>
Reconciliation of cash and cash equivalents to the balance sheet		
Cash and cash equivalents	248,023	479,945
Restricted cash in investments and assets whose use is limited	71,664	177,702
Total cash, cash equivalents and restricted cash	<u>\$ 319,687</u>	<u>\$ 657,647</u>
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ 10,811	\$ (22,930)
Adjustments to reconcile operating income (loss) to net cash used in operating activities		
Depreciation and amortization	109,696	105,008
(Increase) decrease in patient accounts receivable, net	(82,499)	39,281
Increase in inventories and other current assets	(107,328)	(28,206)
(Increase) decrease in other assets affecting operating activities	(66,173)	84,407
Decrease in accounts payable and other current liabilities	(184,799)	(198,249)
Increase (decrease) in other liabilities affecting operating activities	4	(87,538)
Increase (decrease) in estimated third party payer settlements	19,273	(11,037)
Net cash used in operating activities	<u>\$ (301,015)</u>	<u>\$ (119,264)</u>

**THE CMHA COMBINED GROUP
UTILIZATION STATISTICS**

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change	% Change
Medical Group				
Practice locations	541	542	(1)	(0.2)%
Total Physicians	1,869	1,846	23	1.2 %
Patient visits (including faculty)	1,604,103	1,440,785	163,318	11.3 %
Total Acute Care Facilities				
Adjusted patient days (excluding newborn)	485,766	454,091	31,675	7.0 %
Adjusted discharges (excluding newborn)	83,393	70,876	12,517	17.7 %
Surgical Procedures	25,498	22,792	2,706	11.9 %



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 (“WFBMC”), 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.

WFBMC, 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 combined financial statements reflect the financial position and results of operations of Atrium Health Wake Forest Baptist as of and for the three months ended March 31, 2023 and 2022. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board (“FASB”).

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED BALANCE SHEETS
(in thousands)

	(Unaudited) March 31, 2023	(Audited) December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 276,923	\$ 320,705
Patient receivables, net	414,400	393,740
Accounts, grants and note receivables, net	184,253	166,860
Other current assets	102,889	106,701
Total current assets	978,465	988,006
Property and equipment, net	1,272,475	1,260,602
Investments and assets limited as to use	2,125,012	2,098,334
Operating lease right-of-use assets	147,829	157,902
Other assets	167,642	174,550
Total assets	\$ 4,691,423	\$ 4,679,394
Liabilities		
Current liabilities		
Accounts payable	\$ 240,397	\$ 189,755
Salaries and benefits payable	288,714	385,169
Other liabilities and accruals	193,215	190,905
Estimated third party payer settlements	40,108	40,725
Current portion of operating lease liabilities	33,948	36,335
Current portion of long-term debt	53,792	54,468
Total current liabilities	850,174	897,357
Notes payable, finance leases and lines of credit, net of current portion	77,181	79,350
Bonds payable, net of current portion	806,669	806,950
Operating lease liabilities, net of current portion	121,146	128,896
Interest rate swap liability	1,340	1,181
Retirement benefits	90,104	90,646
Other liabilities	140,771	100,620
Total liabilities	2,087,385	2,105,000
Net assets		
Without donor restrictions	2,201,726	2,182,915
With donor restrictions	402,312	391,479
Total net assets	2,604,038	2,574,394
Total liabilities and net assets	\$ 4,691,423	\$ 4,679,394

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

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Operating revenues and support		
Patient service revenue	\$ 910,422	\$ 808,012
Other sources	239,442	218,363
Total operating revenues	<u>1,149,864</u>	<u>1,026,375</u>
Expenses		
Personnel costs	700,504	642,867
Supplies	282,075	252,446
Purchased services	37,337	35,970
Other operating expenses	102,408	91,745
Depreciation and amortization	39,430	41,874
Financing costs	8,579	7,348
Total operating expenses	<u>1,170,333</u>	<u>1,072,250</u>
Operating loss	(20,469)	(45,875)
Nonoperating income (loss)		
Net investment gains (losses)	39,972	(53,944)
Net (gains) losses on interest rate swap valuation	(159)	956
Pension and postretirement costs	542	79
Losses from equity method affiliates	(670)	(5)
Other, net	(405)	(258)
Total nonoperating income (loss), net	<u>39,280</u>	<u>(53,172)</u>
Change in net assets without donor restrictions	18,811	(99,047)
Changes in net assets with donor restrictions		
Contributions	21,684	16,686
Investment return in excess of amounts designated for current operations	2,568	2,187
Net assets released from restrictions	(15,638)	(11,336)
Net investment gains (losses)	2,181	(3,384)
Other	38	(56)
Change in net assets with donor restrictions	<u>10,833</u>	<u>4,097</u>
Change in total net assets	29,644	(94,950)
Net assets, beginning of year	2,574,394	2,816,937
Net assets, end of year	<u><u>\$ 2,604,038</u></u>	<u><u>\$ 2,721,987</u></u>

**ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED STATEMENTS OF CASH FLOWS**
(in thousands)

	(Unaudited) Three Months Ended March 31, 2023	(Unaudited) Three Months Ended March 31, 2022
Cash flows from operating activities		
Receipts from third-party payers and patients	\$ 889,145	\$ 779,712
Payments to suppliers	(365,401)	(394,178)
Payments to employees	(796,959)	(663,062)
Other receipts, net	255,206	208,356
Net cash used in operating activities	(18,009)	(69,172)
Cash flows from financing activities		
Principal payments, refunding and retirements on short and long-term debt	(2,134)	(2,003)
Payments on finance lease obligations	(711)	(671)
Other contributions	1,303	2,869
Net cash (used in) provided by financing activities	(1,542)	195
Cash flows from investing activities		
Net purchases and sales of investments and assets whose use is limited	42,404	(4,912)
Purchases of property and equipment	(51,303)	(24,169)
Net cash used in investing activities	(8,899)	(29,081)
Net decrease in cash, cash equivalents and restricted cash	(28,450)	(98,058)
Cash, cash equivalents and restricted cash		
Beginning of year	323,502	338,517
End of year	\$ 295,052	\$ 240,459
Reconciliation of cash, cash equivalents and restricted cash to the balance sheet		
Cash and cash equivalents	276,923	235,503
Restricted cash in investments and assets whose use is limited	18,129	4,956
Total cash, cash equivalents and restricted cash	\$ 295,052	\$ 240,459

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

	March 31, 2023			
	Atrium Health Wake Forest Baptist	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined
Assets				
Current assets				
Cash and cash equivalents	\$ 276,923	\$ (46,406)	\$ —	\$ 230,517
Patient receivables, net	414,400	(24,764)	—	389,636
Accounts, grants and note receivables, net	184,253	(36,704)	—	147,549
Other current assets	102,889	(4,578)	—	98,311
Total current assets	978,465	(112,452)	—	866,013
Property and equipment, net	1,272,475	(79,840)	—	1,192,635
Investments and assets limited as to use	2,125,012	(103,660)	243	2,021,595
Operating lease right-of-use assets	147,829	(27,238)	—	120,591
Other assets	167,642	(92,487)	—	75,155
Total assets	\$ 4,691,423	\$ (415,677)	\$ 243	\$ 4,275,989
Liabilities				
Current liabilities				
Accounts payable	\$ 240,397	\$ (178,567)	\$ —	\$ 61,830
Salaries and benefits payable	288,714	(8,247)	—	280,467
Other liabilities and accruals	193,215	(8,671)	—	184,544
Estimated third party payer settlements	40,108	(7,018)	—	33,090
Current portion of operating lease liabilities	33,948	(6,764)	—	27,184
Current portion of long-term debt	53,792	(1,441)	—	52,351
Total current liabilities	850,174	(210,708)	—	639,466
Notes payable, finance leases and lines of credit, net of current portion	77,181	(23,132)	—	54,049
Bonds payable, net of current portion	806,669	—	—	806,669
Operating lease liabilities, net of current portion	121,146	(21,602)	—	99,544
Interest rate swap liability	1,340	—	—	1,340
Retirement benefits	90,104	(1,353)	—	88,751
Other liabilities	140,771	(3,853)	—	136,918
Total liabilities	2,087,385	(260,648)	—	1,826,737
Net assets				
Without donor restrictions	2,201,726	(155,021)	243	2,046,948
With donor restrictions	402,312	(8)	—	402,304
Total net assets	2,604,038	(155,029)	243	2,449,252
Total liabilities and net assets	\$ 4,691,423	\$ (415,677)	\$ 243	\$ 4,275,989

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

	Three Months Ended March 31, 2023			
	Atrium Health Wake Forest Baptist	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined
Operating revenues and support				
Patient service revenue	\$ 910,422	\$ (64,863)	\$ —	\$ 845,559
Other sources	239,442	(18,008)	—	221,434
Total operating revenues	<u>1,149,864</u>	<u>(82,871)</u>	<u>—</u>	<u>1,066,993</u>
Expenses				
Personnel costs	700,504	(48,738)	—	651,766
Supplies	282,075	(12,385)	—	269,690
Purchased services	37,337	(2,420)	—	34,917
Other operating expenses	102,408	(21,799)	—	80,609
Depreciation and amortization	39,430	(1,768)	—	37,662
Financing costs	8,579	(243)	—	8,336
Total operating expenses	<u>1,170,333</u>	<u>(87,353)</u>	<u>—</u>	<u>1,082,980</u>
Operating (loss) income	(20,469)	4,482	—	(15,987)
Nonoperating income (loss)				
Net investment gains (losses)	39,972	(256)	—	39,716
Net gains on interest rate swap valuation	(159)	—	—	(159)
Pension and postretirement costs	542	(51)	—	491
Losses from equity method affiliates	(670)	(52)	(5,120)	(5,842)
Other, net	(405)	921	(691)	(175)
Total nonoperating income (loss), net	<u>39,280</u>	<u>562</u>	<u>(5,811)</u>	<u>34,031</u>
Change in net assets without donor restrictions	\$ 18,811	\$ 5,044	\$ (5,811)	\$ 18,044
Changes in net assets with donor restrictions				
Contributions	21,684	(14)	—	21,670
Investment return in excess of amounts designated for current operations	2,568	—	—	2,568
Net assets released from restrictions	(15,638)	—	—	(15,638)
Net investment gains	2,181	—	—	2,181
Other	38	—	—	38
Change in net assets with donor restrictions	<u>\$ 10,833</u>	<u>\$ (14)</u>	<u>\$ —</u>	<u>\$ 10,819</u>
Change in total net assets	\$ 29,644	\$ 5,030	\$ (5,811)	\$ 28,863
Net assets, beginning of year	2,574,394	(160,059)	6,054	2,420,389
Net assets, end of year	<u>\$ 2,604,038</u>	<u>\$ (155,029)</u>	<u>\$ 243</u>	<u>\$ 2,449,252</u>

**ATRIUM HEALTH WAKE FOREST BAPTIST
UTILIZATION STATISTICS**

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Change	% Change
Case Mix Adjusted Equivalent Discharges	76,933	69,423	7,510	10.8 %
Patient Days	87,207	81,915	5,292	6.5 %
Inpatient Admissions	15,862	14,189	1,673	11.8 %
Average Length of Stay	5.50	5.77	(0.27)	(4.7)%
Average Length of Stay (Case Mix Adjusted)	2.84	2.87	(0.03)	(1.0)%
Inpatient Operating Room Cases	4,705	4,232	473	11.2 %
Outpatient Operating Room Cases	11,407	10,344	1,063	10.3 %
Total Operating Room Cases	16,112	14,576	1,536	10.5 %
Emergency Department Visits	53,584	46,831	6,753	14.4 %
Case Mix Index (all payors using Medicare weights)	1.9365	2.0115	(0.0750)	(3.7)%
RVUs	2,447,036	2,016,744	430,292	21.3 %
Outpatient Visit	523,536	476,757	46,779	9.8 %