

**SANFORD<sup>®</sup>**

Quarterly Financial Disclosure

As of and for the Twelve Months Ended December 31, 2023

**SANFORD**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands)

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 105,545	\$ 217,637
Short-term investments	285,632	296,071
Accounts receivable	936,994	868,796
Inventories	134,144	127,931
Other current assets	107,196	104,261
Total current assets	1,569,511	1,614,696
ASSETS HELD FOR SALE	335,401	444,371
INVESTMENTS	2,269,119	1,827,905
ASSETS WHOSE USE IS LIMITED	239,421	246,874
PROPERTY AND EQUIPMENT, NET	2,511,593	2,440,751
OTHER ASSETS		
Right of use asset	90,570	87,031
Investment in joint ventures	68,490	49,298
Non-operating property	138,759	152,298
Goodwill and intangible assets	70,765	81,395
Notes receivable	56,781	56,105
Other assets	49,421	57,959
Total other assets	474,786	484,086
 TOTAL ASSETS	 \$ 7,399,831	 \$ 7,058,683

**SANFORD**

**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

(In thousands)

	December 31, 2023	December 31, 2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 67,609	\$ 68,200
Current portion of other liabilities	90,858	107,081
Accounts payable	136,254	144,341
Accrued compensation and benefits	329,980	317,420
Medical claims payable	75,778	76,664
Other accruals and deferred revenue	147,761	183,961
Total current liabilities	848,240	897,667
<b>LIABILITIES HELD FOR SALE</b>	44,873	87,626
<b>OTHER LIABILITIES</b>		
Operating leases	74,783	69,557
Deferred compensaion	200,980	163,802
Housing entry fees	64,109	67,191
Other non-current liabilities	153,416	177,839
Total other liabilities	493,288	478,389
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	1,398,906	1,465,487
Total liabilities	2,785,307	2,929,169
<b>NET ASSETS</b>		
Without donor restrictions - controlling interest	4,318,190	3,826,317
Without donor restrictions - non-controlling interest	2,237	13,918
With donor restrictions	294,097	289,279
Total net assets	4,614,524	4,129,514
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 7,399,831	\$ 7,058,683

**SANFORD**

**CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

(In thousands)

	For the Twelve Months Ended December 31,	
	2023	2022
<b>OPERATING REVENUES</b>		
Patient revenue	\$ 4,454,746	\$ 4,156,044
Resident revenue	634,518	600,529
Premium revenue	940,435	888,019
Other operating revenue	1,196,238	1,092,312
Total operating revenues	7,225,937	6,736,904
<b>OPERATING EXPENSES</b>		
Salaries and benefits	3,500,854	3,364,509
Supplies	1,388,407	1,248,266
Purchased services and other	1,124,962	1,137,596
Medical claims	583,959	556,210
Depreciation and amortization	184,517	195,896
Interest	41,028	42,123
Total operating expenses	6,823,727	6,544,600
<b>INCOME FROM OPERATIONS</b>	402,210	192,304
<b>NON-OPERATING REVENUE (EXPENSE)</b>		
Investment return (loss)	146,484	(296,719)
Other expenses	(43,307)	(42,790)
Net non-operating revenue (expense)	103,177	(339,509)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS</b>	505,387	(147,205)
Loss from discontinued operations	(22,255)	(16,251)
Plus deficiency of revenues over expeness attributable to non-controlling interest	11,681	10,218
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST</b>	\$ 494,813	\$ (153,238)

**SANFORD**

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

(In thousands)

	For the Twelve Months Ended December 31,	
	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST		
Excess (deficiency) of revenues over expenses attributable to controlling interest	\$ 494,813	\$ (153,238)
Nets assets released from restrictions for acquisition of property and equipment	7,428	2,750
Pension plan related changes	(10,318)	18,185
Other changes in net assets	(50)	636
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST	491,873	(131,667)
NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST		
Deficiency of revenues over expenses	(11,681)	(10,218)
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST	(11,681)	(10,218)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	17,713	12,323
Investment return (loss)	20,062	(30,172)
Net assets released from restrictions	(32,957)	(19,888)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	4,818	(37,737)
INCREASE (DECREASE) IN NET ASSETS	485,010	(179,622)
NET ASSETS - BEGINNING OF PERIOD	4,129,514	4,309,136
NET ASSETS - END OF PERIOD	\$ 4,614,524	\$ 4,129,514

**SANFORD**

**CONSOLIDATING BALANCE SHEET (UNAUDITED)**

**AS OF DECEMBER 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 70,447	\$ 35,098	\$ -	\$ 105,545
Short-term investments	258,155	27,477	-	285,632
Accounts receivable	897,966	102,007	(62,979)	936,994
Inventories	116,548	17,596	-	134,144
Other current assets	103,918	3,278	-	107,196
Total current assets	1,447,034	185,456	(62,979)	1,569,511
ASSETS HELD FOR SALE	330,418	7,436	(2,453)	335,401
INVESTMENTS	2,015,032	254,087	-	2,269,119
ASSETS WHOSE USE IS LIMITED	238,299	1,122	-	239,421
PROPERTY AND EQUIPMENT, NET	2,448,083	63,510	-	2,511,593
<b>OTHER ASSETS</b>				
Right of use asset	83,104	7,466	-	90,570
Investment in joint ventures	38,301	30,189	-	68,490
Non-operating property	109,579	29,180	-	138,759
Goodwill and intangible assets	62,916	7,849	-	70,765
Notes receivable	51,782	4,999	-	56,781
Other assets	47,426	1,995	-	49,421
Total other assets	393,108	81,678	-	474,786
 <b>TOTAL ASSETS</b>	 <b>\$ 6,871,974</b>	 <b>\$ 593,289</b>	 <b>\$ (65,432)</b>	 <b>\$ 7,399,831</b>

**SANFORD**

**CONSOLIDATING BALANCE SHEET (UNAUDITED)**

**AS OF DECEMBER 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	\$ 67,609	\$ -	\$ -	\$ 67,609
Current portion of other liabilities	79,710	11,148	-	90,858
Accounts payable	129,934	21,788	(15,468)	136,254
Accrued compensation and benefits	344,295	1,896	(16,211)	329,980
Medical claims payable	-	107,078	(31,300)	75,778
Other accruals and deferred revenue	109,857	37,904	-	147,761
Total current liabilities	<u>731,405</u>	<u>179,814</u>	<u>(62,979)</u>	<u>848,240</u>
<b>LIABILITIES HELD FOR SALE</b>	41,075	6,251	(2,453)	44,873
<b>OTHER LIABILITIES</b>				
Operating leases	68,819	5,964	-	74,783
Deferred compensaion	200,980	-	-	200,980
Housing entry fees	64,109	-	-	64,109
Other non-current liabilities	137,492	15,924	-	153,416
Total other liabilities	<u>471,400</u>	<u>21,888</u>	<u>-</u>	<u>493,288</u>
<b>LONG-TERM DEBT, LESS CURRENT MATURITIES</b>	1,398,906	-	-	1,398,906
Total liabilities	<u>2,642,786</u>	<u>207,953</u>	<u>(65,432)</u>	<u>2,785,307</u>
<b>NET ASSETS</b>				
Without donor restrictions - controlling interest	3,935,091	383,099	-	4,318,190
Without donor restrictions - non-controlling interest	-	2,237	-	2,237
With donor restrictions	294,097	-	-	294,097
Total net assets	<u>4,229,188</u>	<u>385,336</u>	<u>-</u>	<u>4,614,524</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,871,974</u>	<u>\$ 593,289</u>	<u>\$ (65,432)</u>	<u>\$ 7,399,831</u>

**SANFORD**

**CONSOLIDATING STATEMENT OF OPERATIONS (UNAUDITED)  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
<b>OPERATING REVENUES</b>				
Patient revenue	\$ 4,654,952	\$ 84,755	\$ (284,961)	\$ 4,454,746
Resident revenue	635,849	3,346	(4,677)	634,518
Premium revenue	-	940,435	-	940,435
Other operating revenue	1,140,128	75,432	(19,322)	1,196,238
Total operating revenues	<u>6,430,929</u>	<u>1,103,968</u>	<u>(308,960)</u>	<u>7,225,937</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	3,405,375	106,835	(11,356)	3,500,854
Supplies	1,341,835	46,572	-	1,388,407
Purchased services and other	1,022,153	111,767	(8,958)	1,124,962
Medical claims	-	872,605	(288,646)	583,959
Depreciation and amortization	173,531	10,986	-	184,517
Interest	41,028	-	-	41,028
Total operating expenses	<u>5,983,922</u>	<u>1,148,765</u>	<u>(308,960)</u>	<u>6,823,727</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	447,007	(44,797)	-	402,210
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment return	124,578	21,906	-	146,484
Other expenses	(40,891)	(2,416)	-	(43,307)
Net non-operating revenue	<u>83,687</u>	<u>19,490</u>	<u>-</u>	<u>103,177</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM CONTINUING OPERATIONS</b>	530,694	(25,307)	-	505,387
Loss from discontinued operations	(2,268)	(19,987)	-	(22,255)
Plus deficiency of revenues over expeness attributable to non-controlling interest	<u>-</u>	<u>11,681</u>	<u>-</u>	<u>11,681</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES ATTRIBUTABLE TO CONTROLLING INTEREST</b>	<u>\$ 528,426</u>	<u>\$ (33,613)</u>	<u>\$ -</u>	<u>\$ 494,813</u>



**SANFORD**

**CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

(In thousands)

	Obligated Group	Other	Eliminations	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST				
Excess (deficiency) of revenues over expenses attributable to controlling interest	\$ 528,426	\$ (33,613)	\$ -	\$ 494,813
Nets assets released from restrictions for acquisition of property and equipment	7,428	-	-	7,428
Pension plan related changes	(10,318)	-	-	(10,318)
Other changes in net assets	(50)	-	-	(50)
Transfers	(22,968)	22,968	-	-
<b>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS - CONTROLLING INTEREST</b>	<b>502,518</b>	<b>(10,645)</b>	<b>-</b>	<b>491,873</b>
NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST				
Deficiency of revenues over expenses	-	(11,681)	-	(11,681)
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS - NON-CONTROLLING INTEREST</b>	<b>-</b>	<b>(11,681)</b>	<b>-</b>	<b>(11,681)</b>
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	17,713	-	-	17,713
Investment return	20,062	-	-	20,062
Net assets released from restrictions	(32,957)	-	-	(32,957)
<b>INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>4,818</b>	<b>-</b>	<b>-</b>	<b>4,818</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>507,336</b>	<b>(22,326)</b>	<b>-</b>	<b>485,010</b>
NET ASSETS - BEGINNING OF PERIOD	3,721,852	407,662	-	4,129,514
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 4,229,188</b>	<b>\$ 385,336</b>	<b>\$ -</b>	<b>\$ 4,614,524</b>

## SENIOR CARE SERVICES DIVESTITURE SUMMARY

In 2023, The Evangelical Lutheran Good Samaritan Society (“Society”) publicly announced its intent to consolidate services and investments in seven core states, which include South Dakota, North Dakota, Iowa, Minnesota, Nebraska, Kansas and Colorado. Nearly 70% of the residents served by the Society are in this seven state area. A consolidated footprint will best enable the Society to focus resources and investments to continue to strengthen the quality of care and services and meet the comprehensive and evolving needs of our residents and communities. Society locations outside of the seven state service area have started to and will continue to transition to new senior care providers. Associated with these locations, all assets and liabilities have been classified as held for sale and all revenues and expenses have been classified as discontinued operations for the years ended December 31, 2023 and 2022, which is further summarized below (in thousands).

	2023	2022
<b>ASSETS HELD FOR SALE</b>		
Current assets	\$ 1,052	\$ 1,425
Assets whose use is limited	219	395
Property and equipment, net	317,326	373,733
Other assets	9,843	13,326
Total assets held for sale	\$ 328,440	\$ 388,879
<b>LIABILITIES HELD FOR SALE</b>		
Other liabilities	\$ 5,969	\$ 17,414
Residential housing deposits	36,540	50,542
Total liabilities held for sale	\$ 42,509	\$ 67,956
<b>LOSS FROM DISCONTINUED OPERATIONS</b>		
Operating revenues	\$ 248,618	\$ 348,467
Operating expenses	249,978	352,878
Operating margin	(1,360)	(4,411)
Non-operating revenues	133	290
Loss from discontinued operations	\$ (1,227)	\$ (4,121)

**SANFORD**

**BALANCE SHEET AND LIQUIDITY (UNAUDITED)**  
(Dollars in thousands)

	Sanford		Obligated Group	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Unrestricted cash and investments	\$ 2,660,296	\$ 2,341,613	\$ 2,343,634	\$ 1,914,828
Days cash on hand	146.3	128.8	147.2	120.3
Total debt	\$ 1,466,515	\$ 1,533,687	\$ 1,466,515	\$ 1,533,687
Net assets without donor restrictions	\$ 4,320,427	\$ 3,840,235	\$ 3,935,091	\$ 3,432,573
Total debt to capitalization	25.3%	28.5%	27.1%	30.9%
Cash to total debt	181.4%	152.7%	159.8%	124.9%
Patients receivables, gross	\$ 1,484,875	\$ 1,425,784	\$ 1,484,390	\$ 1,425,132
Days patient revenue in receivables, gross	40.5	42.4	40.5	42.4

**SANFORD**

**UTILIZATION STATISTICS  
OBLIGATED GROUP**

	For the Twelve Months Ended December 31,	
	2023	2022
Admissions	80,563	80,880
Acute patient days	383,806	391,479
Average length of stay	4.76	4.84
Average daily census	1,052	1,073
Medical center occupancy % (staffed beds) (1)	74.2%	75.5%
Births	9,497	9,541
Surgical procedures	124,433	116,827
Outpatient visits	2,077,467	2,088,557
Emergency room visits	228,856	224,223
Clinic wRVUs	12,413,335	12,003,281
Senior care resident days	1,998,658	1,965,609
Swing beds	10,669	10,978

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