

MEMORIAL SLOAN KETTERING CANCER CENTER

Quarterly Disclosure Report

Unaudited Combined Financial
Statements for the Six Months Ended
June 30, 2024



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Introduction

Founded nearly 140 years ago, Memorial Sloan Kettering Cancer Center (MSK) is home to more than 20,000 physicians, scientists, nurses, and others united by a singular mission: **ending cancer for life**. We achieve this mission by leading in the prevention, diagnosis and treatment of cancer and associated diseases through three core pillars: compassionate expert care, research innovation, and training the next generation.

LEADERSHIP IN COMPASSIONATE CARE: At Memorial Sloan Kettering Cancer Center, we go beyond offering leading-edge therapies for our cancer patients; we care for them in the fullest sense of the word. At our core, an unwavering commitment to compassionate care drives our team's mission. Our foremost priority lies in advancing the care of our patients through early detection, precise diagnosis, and optimal treatment. In addition to providing outstanding care, our dedication to excellence is evident in our multidisciplinary approach. We strive to deliver holistic care and exceptional experiences for our patients and their loved ones. We continually embrace principles of equality, diversity, and inclusion, and extend our commitment to ending cancer through outreach programs, broadening the horizons of excellence in cancer care for the wider community, increasing access to world class cancer care, and fostering a culture of civility.

LEADERSHIP IN RESEARCH INNOVATION: Our exceptional patient care relies on swiftly applying new knowledge garnered from rigorous laboratory and clinical research. The symbiotic relationship between scientific discovery and its translation to patient care is a hallmark that fuels MSK's



unwavering dedication to research innovation. Our scientists explore every possibility, persistently pushing the boundaries of our understanding of cancer and uncovering novel therapies. Our leadership in clinical trials has led to groundbreaking advances, resulting in numerous FDA approvals for new therapies that treat today's cancers and open doors for future care.

LEADERSHIP IN TRAINING THE NEXT GENERATION: Memorial Sloan Kettering Cancer Center stands as a beacon for the best and brightest minds, dedicated to the pursuit of knowledge and mentorship. Our commitment to progress is exemplified by providing the highest-quality education and training for the next generation of scientists, clinicians, and healthcare professionals who will shape the future of cancer care. This dedication extends to public and patient education, pivotal pillars for advancement and success in patient care, particularly in vital areas such as prevention, early detection, and treatment.



MSK Overview

MSK has devoted more than a century to providing world-class patient care, driving innovative research, and training the future generations of cancer specialists and researchers. Memorial Hospital for Cancer and Allied Diseases (the "Hospital") was founded in 1884 on Manhattan's Upper West Side by a group that included John J. Astor and his wife, Charlotte. The Sloan Kettering Institute for Cancer Research (the "Institute"), one of the nation's leading biomedical research institutions, was founded in 1948 when two former General Motors executives, Alfred P. Sloan and Charles F. Kettering, joined forces to establish MSK's basic research arm. In 1980 these two entities were unified into a single institution. To strengthen MSK's scientific education efforts, in 2004 the Gerstner Sloan Kettering Graduate School of Biomedical Sciences (GSK) was founded. This novel graduate school offers doctoral degrees in cancer biology and cancer engineering.



As an independent institution, MSK combines nearly 140 years of research and clinical leadership with the freedom to provide highly individualized, exceptional care to each patient. MSK's always-evolving educational programs continue to train new leaders in the field, here and around the world. One of MSK's greatest strengths is the interconnectedness of its physicians and scientists. Their close collaboration enables MSK to provide patients with the best care available while working to discover more effective strategies to prevent, control, and treat cancer. Since its founding, MSK has pioneered countless discoveries in clinical and basic science research that have led to standard-setting innovations across areas of cancer diagnosis and treatment.



To achieve its goals in patient care, the MSK maintains a broad range of clinical expertise required to provide for the care of patients with cancer and to foster the prevention of cancer. MSK strives for excellence in all therapeutic modalities – surgery, chemotherapy, radiotherapy, and the emerging fields of biological and cellular therapies, notably immunotherapy – with primary emphasis on controlling cancer. Exceptional patient care is provided through the collaborative efforts of the clinical medical staff, advanced practice providers, specialized nurses, healthcare professionals, and administrative staff across the continuum of care. This multi-modality approach is formalized by MSK’s “disease management” program of care. Disease Management Teams (“DMTS”) include surgical oncologists, medical oncologists, radiation oncologists, diagnostic radiologists, pathologists, and other healthcare professionals. The approach is reflected in the organization of MSK’s inpatient floors such that all inpatients with a specific type of cancer receive care from the same team of specialists. This provides MSK’s experts with breadth and depth of experience in diagnosing and treating all forms of the disease, from the most common to the very rare. Each year, they treat more than 400 different subtypes of the disease. Additionally, our surgeons perform more cancer operations at MSK than doctors at any other hospital in the nation and have pioneered many surgical innovations, including minimally invasive surgery for the treatment of many cancers.



As a national comprehensive cancer center, MSK is also committed to caring for the whole person. MSK patients have access to a wide range of support services, including nutrition, dermatology, sexual health and fertility, rehabilitation, psychology, integrative medicine, art and music therapy, child life specialists, and many others. The popular Integrative Medicine service offers techniques for nurturing the body, mind, and spirit to enhance patients’ and family members’ quality of life. In addition, MSK is committed to supporting patients after the completion of their care. To ensure the highest quality of life for cancer survivors, MSK established a cancer survivorship program, a comprehensive service for survivors of adult-onset cancers, which includes follow-up care clinics, research, and education and training. The first such program in the nation, MSK’s Survivorship Program has become a model of cancer support programs for cancer centers around the country.

Currently, MSK is home to more than 20,000 physicians, scientists, nurses, and other team members. Our experts have a breadth and depth of experience in diagnosing and treating all forms of the disease, from the most common to the very rare. We treat more than 400 different types of cancer.



Mission: Ending cancer for life.

Our mission statement captures why MSK exists. It serves as a rallying cry, uniting us around what makes us proud to be part of MSK.



Core Values

These values shape the culture of MSK, define the character of our organization, and serve as a foundation of how we act and make decisions. Employees will live our core values through individual behaviors, using our code of conduct to guide them.



RESPECT FOR THE INDIVIDUAL
We value each person's contribution.

We create an environment that embraces diverse perspectives and values each of us for our unique contributions. We care for our patients with compassion and treat our patients, collaborators and one another with respect, warmth, and dignity.

EXCELLENCE THROUGH INCLUSION



We succeed when diversity thrives.

We recruit, retain, and develop diverse talent, and seek to create a community that reflects all populations we serve. Our diverse and inclusive teams unlock innovation across our organization. We actively address barriers to diversity and inclusion in our workforce, our science, and the care we provide. We shape internal policies, practices, and norms to give everyone equal opportunities to thrive and hold ourselves accountable for making change.



INTEGRITY
We do what is right.

We inspire trust by having the courage to say what we mean, matching our behaviors to our words, and taking responsibility for our actions. We value and support transparency, knowing that open, honest communication is critical to our success. We use science and data to inform our decisions and passionately advocate for what is right and fair for our patients, our communities and each other.



INNOVATION WITH LASTING IMPACT
We challenge ourselves to constantly learn and improve.

We create and apply bold new thinking that makes a difference for patients, for our communities, and for our people. We embrace discovery, knowing that exploring the unknown is the best way to fuel progress in cancer treatment and care. We attract, develop, and retain people who possess the curiosity, passion, and drive to learn continuously and to challenge what's been done before in pursuit of a better way.



STEWARDSHIP
We each take responsibility for strengthening MSK to better serve our global cancer community, today and in the future.

We make decisions in service of building a better, stronger, and more durable MSK for our patients, employees and communities. We carefully and responsibly utilize MSK resources. We take personal ownership for achieving our mission, meeting our commitments, protecting our reputation, and developing our people for growth and success.



ONE MSK
We work together to do what no one else can in cancer.

We approach everything we do as a united organization. We build relationships and work collaboratively across all parts of the institution, leveraging our respective expertise to drive collective



success and deliver exceptional and compassionate patient care, research innovation and education to train the next generation of scientists and clinicians.

Locations

From chemotherapy and radiation treatments to cutting-edge clinical trials, plus pre-operative and post-operative check-ins with a surgeon, MSK wants our patient’s care to be as convenient as possible — so that they can get back home to what matters.

NEW YORK CITY LOCATIONS:





NEW FACILITIES WITHIN NEW YORK CITY

Memorial Sloan Kettering's David H. Koch Center for Cancer Care

The David H. Koch Center for Cancer Care at Memorial Sloan Kettering Cancer Center is a comprehensive outpatient facility located on Manhattan's Upper East Side. This 26-story, state-of-the-art facility offers nearly every aspect of cancer care across many specialties, so most patients can get their treatments in one place.



Josie Robertson Surgery Center

Memorial Sloan Kettering surgeons perform more than 20,000 operations each year. More than half of those are done as outpatient procedures. The Josie Robertson Surgery Center on Manhattan's Upper East Side is a first-of-its-kind freestanding surgical facility where our surgeons can perform outpatient procedures in a state-of-the-art setting.

The Josie Robertson Surgery Center has 12 operating rooms and care areas that have been specifically designed for certain procedures. The center has an 18-bed unit where patients can rest before and after surgery. There are also 28 private rooms with bathrooms and caregiver spaces for those staying overnight. In addition, we have a lounge for resting and recharging, a cafe, and a retail pharmacy for cancer-specific medications.



REGIONAL LOCATIONS:



NEW REGIONAL FACILITIES

Memorial Sloan Kettering Nassau

MSK Nassau is our newest center on Long Island, giving residents of Nassau County and eastern Queens the outstanding cancer care of Memorial Sloan Kettering. Our outpatient facility in Uniondale, New York, provides a full range of cancer care.





Disclosures

SPECIAL NOTE CONCERNING FORWARD-LOOKING FINANCIAL STATEMENTS:

Certain statements in this Quarterly Disclosure Report are forward-looking statements that are based on the beliefs of, and assumptions made by, the management of Memorial Sloan Kettering Cancer Center ("MSK" or the "Institution"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Institution to be materially different from expected future results or performance.

The audited financial statements, which contain a full set of footnotes, are available on the DacBond website, www.dacbond.com

THIS DOCUMENT IS DATED AS OF August 15, 2024

MSK has prepared and released this Quarterly Disclosure Report in order to provide certain information regarding its financial and operating performance for June 30, 2024 and to meet its continuing disclosure obligations under certain of its financing documents. Except as required by law or by its contractual obligations, MSK undertakes no obligation to update this Quarterly Disclosure Report after its date.

Memorial Sloan Kettering Cancer Center Management's Discussion and Analysis of Financial Performance

Periods ended June 30, 2024 and 2023

OVERVIEW

MSK's financial performance for the first two quarters of 2024 resulted in an excess of revenue over expenses of \$55.4 million and a year-to-date operating cash flow margin of 5.6%. Following steady improvements in operating results and increased patient activity levels in 2023, MSK continued to effectively manage operating costs and expanding patient access to support clinical growth through Q2 of 2024. Increased patient activity levels led to 12.1% increase in patient revenues while overall expense growth was limited to 9.4% compared to the same period in 2023. Non-operating results were also improved by positive investment market conditions.

OPERATING RESULTS

MSK generated an excess margin of 1.4% compared to an adjusted excess margin of 0.4% for the same period in 2023. The 2023 results include \$10.9 million associated with a one-time reorganization cost.

Compared to the same period in 2023, operating revenues increased 10.5% or \$373.2 million. Growth was primarily driven by increased patient revenues of 12.1% or \$356.5 million despite the growth in Medicaid. Grants and contracts revenue increased by 8.8% or \$20.0 million as clinical trials and research activity increased.

Operating expenses increased by \$319.2 million or 9.0%. After adjusting for one-time costs, operating expenses increased by \$330.1 million or 9.4%. Operating expense growth was driven by increased patient activity, with associated increases in pharmaceutical expenses and medical and surgical supply costs. MSK also incurred continuing inflationary pressures in both labor and nonlabor costs.

MSK monitors its core operating results by adjusting for one-time extraordinary items. For the period ended June 30, 2024, there were no adjusted one-time items. MSK's excess of operating revenue over expenses for the period ended June 30, 2024 is \$55.4 million compared to an adjusted \$12.4 million for the same period ended in 2023. MSK's operating cash flow for the period ended June 30, 2024 is \$211.7 million or 5.6% compared to an adjusted operating cash flow of \$183.3 million or 5.3% for the same period ended in 2023. These results are demonstrated in the following chart:

Memorial Sloan Kettering Cancer Center Management's Discussion and Analysis of Financial Performance

\$ in millions	June 30, 2024	June 30, 2023
Reported Excess of Operating Revenue over Expenses	55.4	1.5
One-time reorganization cost	-	10.9
Adjusted Excess of Operating Revenue over Expenses	55.4	12.4
Adjusted Excess Margin	1.4%	0.4%
Adjusted Operating Cash Flow Margin	5.6%	5.3%

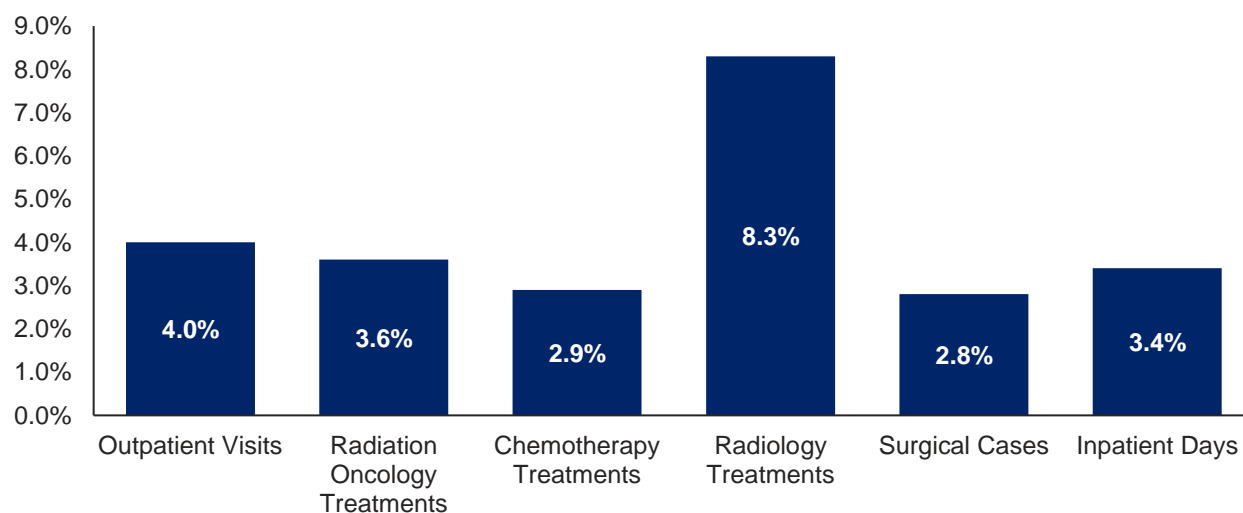
MSK continues to see increases in patient volumes

For the period ended June 30, 2024, clinical volumes have increased compared to the same period ended in 2023 and 2022. Notable increases in patient volume over the last three years are detailed in the following chart:

Patient Volumes	June 30, 2024	June 30, 2023	June 30, 2022
Outpatient Visits	367,178	353,020	314,194
Radiation Oncology Treatments	82,093	79,271	73,749
Chemotherapy Treatments	168,510	163,695	151,939
Radiology Treatments	390,479	360,624	329,803
Surgical Cases	14,987	14,576	13,339
Inpatient Days	90,247	87,252	83,200

Memorial Sloan Kettering Cancer Center Management's Discussion and Analysis of Financial Performance

The following chart demonstrates the year-over-year change for key patient statistics:



NONOPERATING RESULTS AND BALANCE SHEET:

For the period June 30, 2024, MSK's net assets without donor restrictions increased \$276 million compared to a \$132 million increase for the period ended in 2023. This change is demonstrated in the following chart:

<i>\$ in millions</i>	June 30, 2024	June 30, 2023
Revenue	3,910	3,537
Expenses	3,855	3,536
Excess of Operating Revenue over Expenses	55	1
Investment returns	204	114
Other nonoperating items	17	17
Increase in net assets	276	132

For the period ended June 30, 2024, the increase is primarily due to improved investment, as well as operating performance. MSK's long-term investable portfolio of \$7.0 billion shows a positive year-to-date return of 4.9%. The rate of return is reflective of a portfolio that includes 10% domestic and 9% global equity, 21% fixed income and cash, 19% hedge funds, 11% real assets, and 30% private equity and venture capital. MSK's unrestricted cash and investments totaled \$7.2 billion of which \$1.9 billion was held in working capital and short-term funds. Days cash on hand remains strong at 343 days.

COMBINED BALANCE SHEETS

\$ in Thousands	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 456,787	\$ 675,870
Short term investments	1,436,578	1,077,070
Accounts receivable, net	828,225	742,168
Pledges, trusts and estates receivable	118,140	156,096
Other current assets	210,450	197,948
Total current assets	<u>3,050,180</u>	<u>2,849,152</u>
Noncurrent assets:		
Assets whose use is limited:		
Construction and debt service funds	65,506	102,510
Captive insurance funds	79,813	65,625
Employee benefit funds	111,848	107,114
Total investments in marketable securities whose use is limited	<u>257,167</u>	<u>275,249</u>
Investments – at fair value	6,092,473	6,089,699
Property and equipment, net	4,482,199	4,502,520
Pledges, trusts and estates receivable	504,600	368,862
Other noncurrent assets	612,215	596,301
Total noncurrent assets	<u>11,948,654</u>	<u>11,832,631</u>
Total assets	<u>\$ 14,998,834</u>	<u>\$ 14,681,783</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 651,409	\$ 634,340
Accrued expenses	618,008	694,804
Current portion of operating lease liabilities	24,836	26,137
Current portion of long-term debt and finance lease liability	28,948	28,821
Total current liabilities	<u>1,323,201</u>	<u>1,384,102</u>
Noncurrent liabilities:		
Long-term debt and finance lease liability, less current portion	3,160,289	3,173,140
Operating lease liability, net of current portion	63,342	75,087
Other noncurrent liabilities	822,908	815,595
Total noncurrent liabilities	<u>4,046,539</u>	<u>4,063,822</u>
Total liabilities	<u>5,369,740</u>	<u>5,447,924</u>
Net assets:		
Without donor restrictions:		
Undesignated	7,155,865	6,886,856
Board-designated	608,404	600,768
Total without donor restrictions	<u>7,764,269</u>	<u>7,487,624</u>
With donor restrictions	1,864,825	1,746,235
Total net assets	<u>9,629,094</u>	<u>9,233,859</u>
Total liabilities and net assets	<u>\$ 14,998,834</u>	<u>\$ 14,681,783</u>

COMBINED STATEMENTS OF ACTIVITIES WITHOUT DONOR RESTRICTIONS

\$ in Thousands	Period Ended June 30,	
	2024	2023
Undesignated operating revenues		
Hospital care and services	\$ 3,307,749	\$ 2,951,290
Grants and contracts	247,425	227,416
Contributions	82,464	84,044
Net assets released from restrictions	60,253	75,071
Other income	88,521	88,523
Investment earnings supporting operations	124,088	110,996
Total operating revenues	<u>3,910,500</u>	<u>3,537,340</u>
Operating expenses		
Compensation and fringe benefits	1,948,419	1,845,819
Purchased supplies and services	1,626,268	1,408,148
Depreciation and amortization	214,233	215,673
Interest	66,148	66,182
Total operating expenses	<u>3,855,068</u>	<u>3,535,822</u>
Excess of operating revenue over expenses	<u>55,432</u>	<u>1,518</u>
Nonoperating income and expenses, net		
Investment returns, net of expenses, allocation to operations and amounts recorded in net assets with donor restrictions	203,795	114,127
Net assets released from restrictions – capital	1,000	-
Other nonoperating income and expenses, net	1,352	(1,825)
Total nonoperating income and expenses, net	<u>206,147</u>	<u>112,302</u>
Change in pension and postretirement benefit obligations other than net periodic benefit credits to be recognized in future periods	14,978	18,302
Transfer of board-designated funds	(7,548)	(6,104)
Increase in undesignated net assets	<u>269,009</u>	<u>126,018</u>
Board-designated		
Board-designated other additions and transfers	7,548	6,104
Board-designated philanthropy	88	271
Increase in Board-designated net assets	<u>7,636</u>	<u>6,375</u>
Increase in net assets without donor restrictions	<u>\$ 276,645</u>	<u>\$ 132,393</u>



COMBINED STATEMENTS OF CHANGES IN NET ASSETS

\$ in Thousands	WITH DONOR RESTRICTIONS					Total Net Assets
	Total Without Donor Restrictions	Time Restricted	Purpose Restricted	Endowments	Total With Donor Restrictions	
Net assets at January 1, 2023	\$ 7,055,808	\$ 871,439	\$ 39,949	\$ 773,086	\$ 1,684,474	\$ 8,740,282
Increase in net assets without donor restrictions	132,393	—	—	—	—	132,393
Contributions, pledges, and bequests	—	133,930	(1,617)	1,527	133,840	133,840
Investment return on donor restricted assets	—	—	—	1,090	1,090	1,090
Net assets released from restrictions	—	(74,476)	(607)	—	(75,071)	(75,071)
Net asset transfers	—	(20,320)	8,667	11,653	—	—
Net assets at June 30, 2023	7,188,201	910,573	46,392	787,356	1,744,333	8,932,534
Net assets at January 1, 2024	7,487,624	894,428	50,449	801,358	1,746,235	9,233,859
Increase in net assets without donor restrictions	276,645	—	—	—	—	276,645
Contributions, pledges, and bequests	—	180,143	785	(156)	180,772	180,772
Investment return on donor restricted assets	—	—	—	(929)	(929)	(929)
Net assets released from restrictions	—	(60,470)	(783)	—	(61,253)	(61,253)
Net asset transfers	—	(26,338)	13,667	12,671	—	—
Net assets at June 30, 2024	\$ 7,764,269	\$ 987,763	\$ 64,118	\$ 812,944	\$ 1,864,825	\$ 9,629,094



COMBINED STATEMENTS OF CASH FLOWS

\$ in Thousands	Period Ended June 30,	
	2024	2023
Operating activities		
Change in net assets	\$ 395,235	\$ 192,253
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	214,233	215,673
Equity in earnings of investments, net	(1,020)	1,850
Unrealized net gains on investments	(81,320)	(53,108)
Realized net gains on investments	(193,091)	(134,677)
Amortization of bond premium and issuance costs	(2,365)	(2,338)
Donor restricted contributions, pledges and bequests transferred to financing activities	(180,772)	(133,840)
Change in pension and postretirement benefit obligation other than net periodic benefit credits to be recognized in future periods	(14,978)	(18,302)
Changes in assets:		
Accounts receivable, net	(86,057)	(88,302)
Pledges, trusts and estates receivable	(97,782)	(38,296)
Other current assets	(12,502)	(26,974)
Other noncurrent assets	(14,894)	(17,531)
Changes in liabilities:		
Accounts payable and accrued expenses	(49,683)	55,383
Other noncurrent liabilities	10,546	15,371
Net cash used in operating activities	<u>(114,450)</u>	<u>(32,838)</u>
Investing activities		
Net acquisitions of property and equipment	(205,257)	(181,636)
Decrease (increase) in investments, net	(115,440)	179,191
Net cash used in investing activities	<u>(320,697)</u>	<u>(2,445)</u>
Financing activities		
Finance lease payments	(1,118)	(1,039)
Repayment of debt	(9,241)	(13,179)
Donor restricted contributions, pledges and bequests transferred from operating activities	180,772	133,840
Net cash provided by financing activities	<u>170,413</u>	<u>119,622</u>
Net change in cash, cash equivalents, and restricted cash	(264,734)	84,338
Cash, cash equivalents, and restricted cash at beginning of year	803,771	453,147
Cash, cash equivalents, and restricted cash at end of period	539,037	537,486

Notes to Unaudited Interim Combined Financial Statements

June 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying financial statements are presented on a combined basis and include the accounts of the following tax exempt, Section 501(c)(3), incorporated affiliates: Memorial Sloan Kettering Cancer Center, Memorial Hospital for Cancer and Allied Diseases (the "Hospital"), Sloan Kettering Institute for Cancer Research, S.K.I. Realty, Inc., MSK Insurance US, Inc., MSK Proton, Inc., Prostate Cancer Clinical Trials Consortium, LLC, Ralph Lauren Center for Cancer Care and Prevention, and the Louis V. Gerstner Jr. Graduate School of Biomedical Sciences. All these entities are collectively referred to as the "Institution".

The accompanying unaudited combined financial statements have been prepared in accordance with U.S. generally accepted accounting principles applied on a basis consistent with that of the 2022 audited combined financial statements of the Institution. The Institution presumes that users of this unaudited interim combined financial information have read or have access to the Institution's audited combined financial statements and that the adequacy of additional disclosures needed for a fair presentation may be determined in that context. Information contained in the Institution's audited combined financial statements for the years ended December 31, 2023 and 2022 is incorporated herein. Footnotes and other disclosures that would substantially duplicate the disclosures contained in the Institution's most recent audited combined financial statements have been omitted. Accordingly, these unaudited interim combined financial statements do not include all the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all transactions considered necessary for a fair presentation of the results have been included in the accompanying unaudited interim combined financial statements.

Patient volumes and net operating revenue and results are subject to variations caused by several factors. Monthly and periodic operating results are not necessarily representative of operations for a full year for various reasons, including the level of occupancy and other patient volumes, interest rates, fluctuations in financial markets, unusual or infrequent items and other seasonal fluctuations. These same considerations apply to year-to-year comparisons.

Certain amounts in the accompanying unaudited interim combined financial statements are projections based on amounts that are only updated annually and are therefore projected for interim financial reporting purposes. Such amounts and estimates are subject to change and are evaluated by the Institution periodically and on an annual basis.



Notes to Unaudited Interim Combined Financial Statements

June 30, 2024

NOTE B – USE OF ESTIMATES

The preparation of the combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make prudent and conservative estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 15, 2024 which is the date the unaudited interim combined financial statements have been published. No subsequent events have occurred that require disclosure in or adjustment to the combined financial statements.

Debt Compliance Analysis

DEBT RATIO ANALYSIS (\$ in Thousands)	6/30/2024	12/31/2023
Debt Ratio		
Cash & Equivalents	456,787	675,870
Short Term Investments	1,436,578	1,077,070
Assets Whose Use is Limited	257,167	275,249
Investments	6,092,473	6,089,699
Total Cash & Investments	8,243,005	8,117,888
Endowments	812,944	801,358
Unrestricted Cash & Investments	7,430,061	7,316,530
Long Term Debt & Financing Lease Liability	3,189,237	3,201,961
	2.33	2.29
Minimum Debt Ratio Required	0.60	0.60
	Pass	Pass
Loss Allowed		
Income From Operations	55,432	134,277
Less: Investment Earnings Supporting Operations	(124,088)	(221,992)
Add: 8% of Unrestricted Investments (3 yr. avg)	548,955	564,250
Adjusted Operating Income	480,299	476,535
Maximum Loss Allowed	(50,000)	(50,000)
	Pass	Pass
Calculation of 8% of Unrestricted Investments		
Total Cash and Investments	8,243,005	8,117,888
Less: Endowments, net of Endowment Pledges	812,944	801,358
Less: Assets Whose Use is Limited	257,167	275,249
Unrestricted Investments	7,172,894	7,041,281
3 yr. average	6,861,934	7,053,119
X 8%	548,955	564,250
LT Debt to Net Assets Without Donor Restrictions		
Net Assets Without Donor Restrictions	7,764,269	7,487,624
Long Term Debt & Financing Lease Liability	3,189,237	3,201,961
	0.41	0.43
LT Debt to Net Assets Without Donor Restrictions not to exceed	2.00	2.00
	Pass	Pass
LT Debt to Unrestricted Cash & Investments Ratio		
Unrestricted Cash & Investments	7,430,061	7,316,530
Long Term Debt & Financing Lease Liability	3,189,237	3,201,961
	0.43	0.44
LT Debt to Unrestricted Cash Ratio not to exceed	2.00	2.00
	Pass	Pass



Key Patient Statistics and Other Data

	Period Ended June 30, 2024	Period Ended June 30, 2023	Year Ended December 31, 2023
Licensed Beds	514	514	514
Beds in Service	514	514	514
Admissions	12,759	12,626	25,187
Discharges	12,658	12,501	25,187
Average Length of Stay	7.0	7.0	7.0
Occupancy Rate	95.9%	93.8%	94.2%
Patient Days	90,247	87,252	177,204
Surgical Cases	14,987	14,576	28,646
Manhattan	14,237	13,929	27,341
Regional Network	750	647	1,305
Total Clinic Visits	367,178	353,020	704,744
Manhattan	207,913	202,037	400,925
Regional Network	159,265	150,983	303,819
Telemedicine Visits	155,856	152,544	297,598
Chemotherapy Treatments	168,510	163,695	331,668
Manhattan	64,043	64,678	130,118
Regional Network	104,467	99,017	201,550
Radiology	390,479	360,624	738,363
Manhattan	205,174	190,813	393,577
Regional Network	185,305	169,811	344,786
Radiation Oncology	82,093	79,271	162,157
Manhattan	25,673	25,632	50,799
Regional Network	56,420	53,639	111,358
Full Time Equivalents	21,810	21,325	21,373



Case Mix Index and Patient Revenue Distribution

	Period Ended June 30, 2024	Period Ended June 30, 2023	Year Ended December 31, 2023
Case Mix Index (1)	2.38	2.48	2.48
Medicare Only CMI	2.36	2.46	2.46
Revenue Distribution (2)			
Medicare	30%	30%	30%
Medicaid	7%	3%	4%
Self Pay & Other	1%	3%	4%
Commercial	<u>62%</u>	<u>64%</u>	<u>62%</u>
	100%	100%	100%

(1) The grouper and weights applicable at the time of discharge were used in the CMI calculation. This CMI is for the total Hospital.

(2) Includes net inpatient, outpatient, and medical practice revenue



Certificate of Compliance

For the Period Ended June 30, 2024

Re: **Memorial Sloan Kettering Cancer Center**


**Bond Series 2015 Series 1, 2016 Series 1, 2016 Series 2, 2017 Series 1, 2019 Series 1,
and 2022 Series 1**

The undersigned hereby certifies as follows:

1. I am the Vice President Finance, Controller of Memorial Sloan Kettering Cancer Center, herein after referred to as the Institution, and I am authorized to sign this certificate.
2. I have read the Loan Agreements, and Tax Certificates executed on behalf of the Institution in connection with the referenced Bond issues.
3. By virtue of my position at the Institution I would expect to become aware in the ordinary course of business of any breach of the terms, conditions and covenants contained in the Loan Agreements or Tax Certificates.
4. To the best of knowledge, there has not been and is not now existing any breach of any of the terms, conditions or covenants contained in the Loan Agreements or Tax Certificates.
5. The Institution has not received an insurance payment, eminent domain award or property damage award for any part of the Project or Mortgaged Property.
6. Except as permitted by the Loan Agreements or Tax Certificates executed in connection with the issuances of the Bonds or as subsequently consented to by the Authority and any other parties required to consent thereto, (1) the Institution owns, occupies and uses for its tax exempt purposes all of the Project(s) financed with the proceeds of the referenced Bond issue(s); (2) no other party has the right to use or occupy any portion of such Project(s); (3) the Institution receives no payment from any party or parties for occupying all or any part of such Project(s); (4) the Institution has not entered into any contract for the management of any part of the Project(s) by another party or person. (Payment does not include fees from students for occupying dormitory rooms and fees from staff members for occupying staff housing).
7. The Institution has not received any correspondence from the Internal Revenue Service questioning its tax-exempt status and hereby reaffirms its status as a not-for-profit corporation that is exempt from federal income tax pursuant to Section 501 (c)(3) of the Internal Revenue Code or as a tax-exempt governmental entity.



8. The Institution has implemented adequate policies and procedures to enable the Institution to comply with any reporting requirements of the Internal Revenue Service applicable to the Bonds, including but not limited to Schedule K (Form 990).
9. To the best of my knowledge, the Institution has not granted or permitted any liens against the Mortgaged Property or leases of any part thereof except those which were filed prior to, or in connection, with the issuance of the Bonds or those which were subsequently consented to by the Authority and any other parties required to consent thereto.


Kevin Malarkey (Aug 14, 2024 10:42 EDT) Aug 14, 2024
Signature **Date**

Kevin Malarkey
Print Name

Vice President Finance, Controller
Title