

West Virginia University Health System and Controlled Entities

**Independent Auditor's Report,
Consolidated Financial
Statements, and Supplementary
Consolidating Information**

December 31, 2022 and 2021

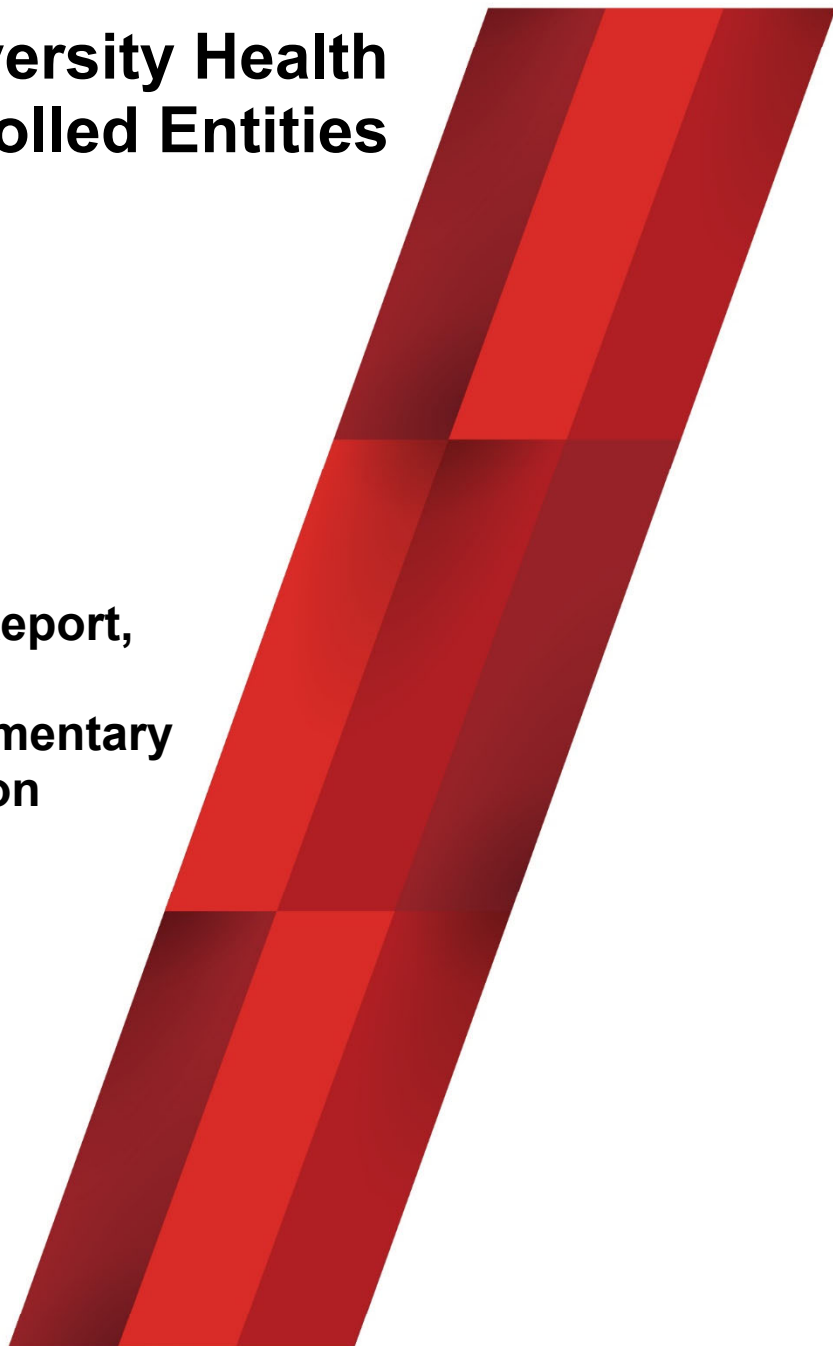


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Independent Auditor's Report

Board of Directors
West Virginia University Health System and Controlled Entities
Morgantown, WV

Opinion

We have audited the accompanying consolidated financial statements of West Virginia University Health System and Controlled Entities (the "System"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Augusta Insurance Company, Ltd., a wholly-owned subsidiary, whose statements reflect total assets constituting 2.1% and 2.6% of consolidated total assets at December 31, 2022 and 2021, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Augusta Insurance Company, Ltd. is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about System's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, which insofar as it relates to Augusta Insurance Company, Ltd. is based on the report of other auditors, the consolidating supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

FORVIS, LLP

**Charleston, WV
April 19, 2023**

West Virginia University Health System and Controlled Entities
Consolidated Balance Sheets
December 31, 2022 and 2021
(in thousands)

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 545,204	\$ 697,049
Current portion of assets whose use is limited	33,079	43,572
Accounts receivable:		
Patients	626,718	504,178
Other	76,448	57,928
Inventories of supplies	84,689	78,691
Estimated third-party payor settlements	40,736	7,788
Prepaid expenses and other current assets	45,243	43,422
	<u>1,452,117</u>	<u>1,432,628</u>
Assets whose use is limited:		
Board-designated funds:		
Funded depreciation	1,253,429	1,268,808
Strategic initiatives	23,707	18,209
Under trust indenture, held by trustee	27,667	49,028
Malpractice investments	74,997	85,608
Foundation investments	12,615	16,267
	<u>1,392,415</u>	<u>1,437,920</u>
Noncurrent portion of assets whose use is limited	1,392,415	1,437,920
Property and equipment, net	1,897,227	1,758,578
Restricted assets held by third-parties	13,742	16,545
Right-of-use operating lease assets	41,519	37,589
Other investments	26,379	31,082
Other assets, net	130,413	132,805
	<u>\$ 4,953,812</u>	<u>\$ 4,847,147</u>
Total assets	<u>\$ 4,953,812</u>	<u>\$ 4,847,147</u>

West Virginia University Health System and Controlled Entities
Consolidated Balance Sheets
December 31, 2022 and 2021
(in thousands)

Continued

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit	\$ 27,135	\$ 15,479
Current maturities of long-term debt	76,023	37,190
Accounts payable, accrued expenses and other	330,656	250,764
Estimated third-party payor settlements	34,473	35,357
Salaries and benefits payable	182,892	179,077
Accrued interest payable	4,545	4,610
Medicare advance payments liability	-	155,427
Current portion of malpractice costs	24,671	21,819
	<u>680,395</u>	<u>699,723</u>
Total current liabilities	<u>680,395</u>	<u>699,723</u>
Long-term debt, net	1,579,088	1,615,585
Malpractice costs	49,751	57,860
Right-of-use operating lease obligations	29,661	26,045
Derivative financial instruments	15,346	41,539
Pension liability	20,149	17,594
Other liabilities	18,445	20,467
	<u>2,392,835</u>	<u>2,478,813</u>
Total liabilities	<u>2,392,835</u>	<u>2,478,813</u>
Net assets:		
Without donor restrictions:		
Controlling interest	2,480,848	2,299,129
Noncontrolling interest	3,105	3,726
	<u>2,483,953</u>	<u>2,302,855</u>
Net assets without donor restrictions	<u>2,483,953</u>	<u>2,302,855</u>
With donor restrictions:		
Controlling interest	50,636	65,479
Noncontrolling interest	26,388	-
	<u>77,024</u>	<u>65,479</u>
Net assets with donor restrictions	<u>77,024</u>	<u>65,479</u>
Total net assets	<u>2,560,977</u>	<u>2,368,334</u>
Total liabilities and net assets	<u>\$ 4,953,812</u>	<u>\$ 4,847,147</u>

West Virginia University Health System and Controlled Entities
Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021
(in thousands)

	2022	2021
Operating revenues:		
Net patient service revenues	\$ 4,056,784	\$ 3,561,170
CARES Act funding	18,944	48,996
Other revenues	588,199	439,364
Total operating revenues	<u>4,663,927</u>	<u>4,049,530</u>
Operating expenses:		
Salaries and wages	1,557,576	1,368,131
Employee benefits	433,907	378,981
Supplies and purchased services	998,559	866,840
Physician support	332,625	276,753
Professional fees	351,929	197,624
Depreciation and amortization	212,841	194,144
Interest	62,728	58,160
Other	511,946	494,296
Total operating expenses	<u>4,462,111</u>	<u>3,834,929</u>
Operating income	<u>201,816</u>	<u>214,601</u>
Nonoperating income (loss):		
Investment (loss) income	(120,781)	229,987
Inherent contributions	26,325	99,444
Change in fair value of derivative financial instruments, net	26,193	11,880
Other, net	(1,089)	(2,171)
Total nonoperating (loss) income	<u>(69,352)</u>	<u>339,140</u>
Revenues in excess of expenses	132,464	553,741
Change in noncontrolling interest	2,221	98
Revenues in excess of expenses attributable to controlling interest	134,685	553,839
Pension liability adjustment	7,124	7,403
Transfers to the School of Medicine	(18,720)	(21,366)
Contributions of and grants for long-lived assets	12,843	3,377
Net assets released from restrictions for long-lived assets	42,599	-
Net asset contribution	4,800	-
Other	(1,612)	(286)
Change in net assets without donor restrictions, controlling interest	<u>\$ 181,719</u>	<u>\$ 542,967</u>

See notes to consolidated financial statements.

West Virginia University Health System and Controlled Entities
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2022 and 2021
(in thousands)

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions, controlling interest:		
Revenues in excess of expenses	\$ 134,685	\$ 553,839
Pension liability adjustment	7,124	7,403
Transfers to the School of Medicine	(18,720)	(21,366)
Contributions and grants for/of long-lived assets	12,843	3,377
Net assets released from restrictions for long-lived assets	42,599	-
Net asset contribution	4,800	-
Other	(1,612)	(286)
	<u>181,719</u>	<u>542,967</u>
Change in net assets without donor restrictions, controlling interest		
Changes in net assets without donor restrictions, noncontrolling interest:		
Revenues in excess of (under) expenses	(2,221)	(98)
Noncontrolling interest net asset contributions	1,600	-
	<u>(621)</u>	<u>(98)</u>
Change in net assets without donor restrictions, noncontrolling interest		
Changes in net assets with donor restrictions:		
Change in restricted assets held by West Virginia University Foundation	(1,871)	5,665
Contributions and grants	28,257	453
Contribution - noncontrolling interest	28,148	-
Change in restricted assets held by affiliated foundation	(1,080)	547
Inherent contributions with donor restrictions	690	1,661
Net assets released from restrictions, noncontrolling interest	(1,760)	-
Net assets released from restrictions for long-lived assets	(40,839)	(35)
	<u>11,546</u>	<u>8,291</u>
Change in net assets with donor restrictions		
Change in net assets	192,643	551,160
Net assets, beginning of year	<u>2,368,334</u>	<u>1,817,174</u>
Net assets, end of year	<u>\$ 2,560,977</u>	<u>\$ 2,368,334</u>

West Virginia University Health System and Controlled Entities
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021
(in thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 192,643	\$ 551,160
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	212,841	194,144
Amortization of debt issuance costs, premiums and discounts included in interest expense	(1,573)	(1,166)
Net realized and unrealized (gains) losses on investments	138,313	(209,126)
Change in fair value of derivative financial instruments	(26,193)	(11,880)
Net asset contributions	(6,400)	-
Pension liability adjustment	(7,124)	(7,403)
Inherent contributions	(27,015)	(101,105)
Change in value of restricted assets held by third parties	1,080	(481)
Restricted contributions of property and grants	(56,405)	-
Changes in assets and liabilities:		
Patient accounts receivable	(114,011)	(65,357)
Other receivables	(12,603)	(3,129)
Estimated third-party payor settlements	(33,832)	25,340
Inventories of supplies, prepaid expenses and other assets	(575)	(5,534)
Accounts payable, accrued expenses and other	72,345	47,800
Salaries and benefits payable	3,815	(9,312)
Medicare advance payments liability	(157,781)	(103,380)
Malpractice costs	(5,257)	(13,152)
Other	(11,157)	(7,784)
Net cash provided by operating activities	<u>161,111</u>	<u>279,635</u>
Cash flows from investing activities:		
Purchases of property and equipment	(253,540)	(285,367)
Net increase of assets limited as to use	(21,676)	(52,990)
Net cash acquired through acquisitions	<u>13,713</u>	<u>23,279</u>
Net cash used in investing activities	<u>(261,503)</u>	<u>(315,078)</u>
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	19,564	29,549
Repayment of long-term obligations	(45,200)	(69,902)
Net asset contributions	6,400	-
Net proceeds from line of credit	<u>11,656</u>	<u>3,158</u>
Net cash used in financing activities	<u>(7,580)</u>	<u>(37,195)</u>
Decrease in cash, cash equivalents and restricted cash	(107,972)	(72,638)
Cash, cash equivalents and restricted cash, beginning	<u>791,829</u>	<u>864,467</u>
Cash, cash equivalents and restricted cash, ending	<u>\$ 683,857</u>	<u>\$ 791,829</u>
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	<u>\$ 64,367</u>	<u>\$ 57,602</u>
Financing leases for purchase of property and equipment	<u>\$ 5,160</u>	<u>\$ 44,806</u>

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Organizational Structure and Nature of Operations

West Virginia United Health System, Inc. d/b/a West Virginia University Health System ("WVUHS" or the "System") is a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system. WVUHS serves as the parent corporation to an affiliated group of healthcare providing entities that includes West Virginia University Hospitals, Inc. and controlled entities, United Hospital Center, Inc. and controlled entities, Camden-Clark Health Services, Inc. and controlled entities, Allied Health Services, Inc., United Physicians Care, Inc., West Virginia United Insurance Services, Inc, Peak Health, LLC and West Virginia University Innovation Corporation.

West Virginia University ("WVU" or the "University") commenced operations of a tertiary care teaching hospital in 1960 as a component of the Medical Center of the University. In 1984, the West Virginia legislature adopted legislation which authorized separation of the hospital operations from the University and establishment of a separate corporate entity. At that time, West Virginia University Hospitals, Inc. ("WVUH") was incorporated as a not-for-profit corporation to operate one or more hospitals in order to provide patient care, including specialized services not widely available in West Virginia, and to facilitate clinical education and research. WVUH currently operates Ruby Memorial Hospital, which is located in Morgantown, West Virginia. Ruby Memorial Hospital serves as a major statewide and regional healthcare referral center and provides the principal clinical, education, and research functions for the University.

On January 1, 2005, WVUH became the sole member of West Virginia University Hospitals - East, Inc. d/b/a University Healthcare ("University Healthcare"), a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system. University Healthcare serves as the parent corporation to an affiliated group of healthcare providing entities which includes City Hospital, Inc. d/b/a Berkeley Medical Center ("BMC"), The Charles Town General Hospital d/b/a Jefferson Medical Center ("JMC") and University Healthcare Foundation, Inc. ("UHCF"). BMC is a not-for-profit acute care hospital located in Martinsburg, West Virginia. BMC provides inpatient, outpatient, and emergency care services for residents of the eastern panhandle of West Virginia and the surrounding communities. JMC is a not-for-profit acute care critical access hospital located in Ranson, West Virginia. JMC provides inpatient, outpatient, and emergency care services to the residents of the eastern panhandle of West Virginia and the surrounding communities. JMC was designated as a critical access hospital by the Centers for Medicare and Medicaid Services ("CMS") effective December 15, 2005. UHCF is a not-for-profit corporation formed for the purpose of performing fund raising and other activities that benefit University Healthcare and its controlled entities. Effective March 1, 2022, WVUHS became the sole member of University Healthcare.

On February 28, 2014, WVUH became the sole member of Potomac Valley Hospital of W. Va., Inc. ("PVH"), a for-profit acute care critical access hospital located in Keyser, West Virginia. Immediately following the transaction, PVH was converted to a not-for-profit corporation. Effective April 1, 2022, WVUHS became the sole member of PVH.

On October 1, 2016, WVUH became the sole member of Reynolds Memorial Hospital, Inc. ("RMH"), a not-for-profit acute care hospital located in Glen Dale, West Virginia. RMH is the sole member of Reynolds Memorial Foundation, Inc. ("RMF"). Effective December 1, 2022, WVUHS became the sole member of RMH.

West Virginia University Health System and Controlled Entities

Notes to Consolidated Financial Statements

United Hospital Center, Inc. ("UHC") is a not-for-profit acute care hospital located in Bridgeport, West Virginia. UHC provides inpatient, outpatient, psychiatric, and skilled nursing services for residents of its primary service area, which includes Harrison County, West Virginia and north central West Virginia. UHC is a major referral center in north central West Virginia. UHC is the sole member of United Health Foundation, Inc. ("UHF"). UHF is a not-for-profit corporation formed for the purpose of performing support activities, including fundraising, that primarily benefit UHC.

On October 1, 2015, UHC became the sole member of St. Joseph's Hospital of Buckhannon, Inc. ("SJH"), a not-for-profit acute care critical access hospital located in Buckhannon, West Virginia. This acquisition allows SJH and UHC to operate in an integrated fashion, promoting health in their respective communities through more efficient operations, quality enhancement and more cost effective use of resources, as well as enhanced access to care. SJH is the sole member of St. Joseph's Foundation of Buckhannon, Inc. ("SJF"). SJH was designated as a critical access hospital by the CMS effective April 1, 2014. Effective September 1, 2022, WVUHS became the sole member of SJH.

On March 1, 2011, WVUHS became the sole member of Camden Clark Health Services, Inc. ("CCHS"), a not-for-profit corporation formed to serve as part of an integrated health science and healthcare delivery system. CCHS serves as the parent corporation to an affiliated group of healthcare providing entities which includes Camden Clark Medical Center ("CCMC"), Camden Clark Foundation ("CCF") and Camden Clark Physician Corporation ("CCPC"). CCMC is a not-for-profit acute care hospital located in Parkersburg, West Virginia. CCMC provides inpatient, outpatient, and emergency services for the residents of Wood County and the surrounding communities. CCF is a not-for-profit corporation formed for the purpose of performing fundraising and other activities that benefit CCMC. CCPC is a not-for-profit corporation that operates physician practices in Wood County.

Allied Health Services, Inc. ("AHS") is a for-profit corporation engaged in the business of providing laboratory, laundry, and contracted specialty pharmacy services.

United Physicians Care, Inc. ("UPC") is a not-for-profit corporation that operates family practice clinics in north central West Virginia.

West Virginia United Insurance Services, Inc. ("WVUIS"), formerly HPN Services, Inc., is a for-profit corporation formed for the purposes of providing services to Health Partners Network, Inc., a physician-hospital organization, negotiating managed care contracts for WVUHS affiliates, and providing other property-casualty-accident and health insurance services for WVUHS affiliates.

Gateway Home Care, LLC ("GHC") is a West Virginia limited liability company wholly owned by AHS, LLC. GHC provides durable medical equipment in Berkeley County and Jefferson County, West Virginia.

On October 18, 2017, WVUH executed a management and operating agreement with Recovery Properties, LLC ("Recovery"), an unrelated third-party, to operate and manage a 40-unit detox and addiction recovery treatment program (the "Program") in a facility to be designed, financed and constructed by Recovery. WVUH had no ownership or control over Recovery, but the operation of the Program is jointly controlled and operated by both entities. Additionally, both parties shared in the risks and rewards of the Program. Based on the joint control and sharing of risks and rewards of the Program, this transaction was recorded as a collaborative arrangement. Construction of the facility was complete in early 2019 and operation of the Program began on March 4, 2019. On August 1, 2022, WVUH executed a purchase agreement to acquire 100% membership interest in Recovery for \$4,800,000, at which time Recovery became fully controlled by WVUH. WVUH guarantees the debt service commitment of the Program, which had a total debt balance outstanding of \$11,719,000 and \$12,054,000 as of December 31, 2022 and 2021, respectively.

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

Augusta Insurance Company, Ltd. (“Augusta”) is a wholly owned captive insurance company incorporated as an exempted company under the Companies Law of the Cayman Islands. Augusta facilitates the structuring of a unified insurance program for the WVUHS, while remaining flexible to meet unique needs that may vary across the WVUHS (Note 12).

United Summit Center, Inc. (“USC”) is a not-for-profit corporation formed for the purpose of providing community mental health and related services to residents of Harrison, Braxton, Doddridge, Lewis, Gilmer, Preston and Marion counties in West Virginia.

Braxton County Memorial Hospital (“BCMh”) is a not-for-profit critical access hospital located in Gassaway, WV. Effective April 1, 2022, WVUHS became the sole member of BCMh.

On July 1, 2019, West Virginia Health Care Cooperative Inc. (“WVHCC”), a not-for-profit corporation with its sole membership held by WVUH, entered into a lease agreement with Summersville Regional Medical Center (“SRMC”), a critical access hospital, and City of Summersville Building Commission, to form a lease agreement, to operate SRMC for 50 years. SRMC is included in the accompanying consolidated financial statement based on the control gained through the lease agreement. Effective April 1, 2022, WVUHS became the sole member of SRMC.

Jackson General Hospital (“JGH”) is a not-for-profit critical access hospital located in Ripley, WV. Effective October 1, 2022, WVUHS became the sole member of JGH.

Effective July 1, 2020, Wetzel County Hospital, Inc. (“WCH”) a not-for-profit corporation with its sole membership held by WVUH, entered into a lease agreement with the County Commission of Wetzel County, a public corporation and governing body of Wetzel County and Wetzel County Hospital Association, a non-profit county hospital, to lease Wetzel County Hospital to WCH under a 50-year term for WCH to operate the hospital. Effective October 1, 2022, WVUHS became the sole member of WCH.

Effective April 1, 2021, WVUH became the sole member of BHA, a not-for-profit tax-exempt corporation which owns and operates Barnesville Hospital (“BH”), a critical access hospital located in Belmont County, OH. BHA is also the sole member of Barnesville Hospital Foundation and the sole shareholder of Belmont County Health Services, a for-profit corporation, which operates a retail pharmacy in Belmont, OH. In addition, BHA provides management services to Belmont Professional Associates, which employs physicians and advanced practice providers that provide services for and on behalf of BH. No consideration was exchanged and the System recorded an inherent contribution totaling \$5,527,000 in 2021, which represents the excess of the fair value of assets acquired over the fair value of liabilities assumed from the transaction. Effective July 1, 2022, WVUHS became the sole member of BH. Effective July 1, 2022, WVUHS became the sole member of BH.

Effective January 1, 2021, WVUH became the sole member of Uniontown Hospital (“UH”), a not-for-profit acute care hospital that provides inpatient, outpatient, and emergency services for residents of southwestern Pennsylvania. Also effective January 1, 2021, WVUHS became the sole member of Fayette Physician Network (“FPN”), a not-for-profit corporation that operates physician practices in southwestern Pennsylvania. Prior to this agreement, WVUH and UH entered into a physician service agreement effective July 1, 2019 for emergency room and inpatient hospitalist coverage. Amounts owed under this agreement were forgiven at closing as part of the transaction and, therefore, were being recorded by the System as prepayment consideration. Unreimbursed services were provided by WVUH that approximated \$13,215,000 in exchange for assets acquired and liabilities assumed. Effective November 1, 2022, WVUHS became the sole member of UH.

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

Effective April 1, 2021, WVUHS entered into a member substitution agreement to become the sole member of Wheeling Hospital, Inc. (“WH”). WH is a not-for-profit tax-exempt corporation and owns and operates an acute care hospital located in Wheeling, WV. WH subsidiaries, which will also be part of the transaction, include Harrison Community Hospital (“HCH”), an ambulatory surgery center, 144-bed skilled and intermediate care center, and a group of primary care and multispecialty physicians. Effective July 1, 2022, a governance restructuring was approved in which WVUHS replaced WH as the sole member of HCH.

Peak Health, LLC (“Peak”) is a third-party administrator licensed with the West Virginia Offices of the Insurance Commissioner (“WV OIC”). Peak currently performs administrative services on behalf of self-insured employer-sponsored group health benefit plans, including for its own its non-profit members. Peak is majority-owned by Peak Health Holdings, LLC (“PHH”), whose sole member is WVUHS, along with minority owners Mountain Health Network, Inc. (“MHN”), University Physicians & Surgeons d/b/a Marshall Health (“Marshall Health”), and Valley Health System (“Valley”). Peak Health Holdings is also the sole shareholder of the Peak Health Insurance Corporation (“PHIC”), which is a domestic accident and sickness insurer licensed with WV OIC formed with the intent to offer government and commercial health insurance products. Peak was initially formed on July 2, 2021, as a member-managed West Virginia limited liability company with WVUHS as its sole member. On January 31, 2022, WVUHS, MHN, and Marshall Health entered into an Amended and Restated Operating Agreement whereby WVUHS remained the majority member of Peak with a 92% membership interest and MHN and Marshall Health became minority members with 4% membership interest each. On August 16, 2022, PHH was formed as a member-managed West Virginia limited liability company with WVUHS as its sole member. Thereafter, on August 23, 2022, WVUHS transferred its 92% membership interest in Peak to PHH. PHIC was formed on August 15, 2022, as a West Virginia corporation with PHH as the sole shareholder.

Effective April 1, 2022, an asset purchase agreement was executed whereby West Virginia University Innovation Corporation (“WVUIC”) acquired a former pharmaceutical manufacturing facility (the “Facility”) from Viatris, Inc., Mylan Inc., and Mylan Pharmaceuticals Inc. at an aggregate purchase price of \$1. Included in the asset purchase agreement, the Facility cannot be sold for the first 12 years from the date the Facility was acquired. The Facility includes underlying real estate, two buildings, and certain furniture, fixtures, and equipment within the Facility. The Facility was valued at approximately \$56,295,000 based on the estimated fair value of comparable facilities, and recorded in restricted contributions and grants and restricted contribution – noncontrolling interest on the consolidated statements of changes in net assets. Restrictions of the contribution are released over the term of the 12-year restriction and approximately \$3,519,000 was released from restriction during the year ended December 31, 2022. In valuing the contributed Facility, WVUIC estimated the fair value on the basis of comparable real estate in the market. The Facility is no longer being operated as a pharmaceutical manufacturing facility and WVUIC intends to sub-divide, market, and lease the approximate 1,000,000 available square feet of space to potential future tenants. WVUHS and WVU have equal voting control in WVUIC through appointment of 50% each of the Board of Directors of WVUIC. WVUHS entered into a management services and operations agreement (“MSOA”) with WVUIC, whereby WVUHS agreed to provide management and operational services to WVUIC and to serve as the fiscal agent of WVUIC with respect to WVUIC’s operation and management of the Facility. During the first two years of WVUIC’s operation of the Facility, costs and excess revenues will be allocated 75% to WVUHS and 25% to WVU. WVUHS has control over WVUIC through the MSOA and economic interest, thus, WVUIC’s financial statements are included in the System’s consolidated financial statements. Upon dissolution of WVUIC the remaining net assets after settling of outstanding obligations shall be distributed for one or more exempt purposes.

Effective July 1, 2022, WVUHS became the sole member of GRMC, Inc. (“GRMC”), a Maryland non-profit corporation and an Operating and Lease Agreement went into effect whereby GRMC will operate Garrett County Memorial Hospital (“GCMH”). GCMH is a 55-bed county hospital and a Maryland governmental entity. The initial term of the lease is 15 years.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

2. Significant Accounting Policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of WVUHS and its controlled entities, (collectively, the “System”). All significant intercompany transactions and balances have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include certain investments in highly-liquid debt instruments purchased with a maturity of three months or less, excluding assets whose use is limited. The carrying amount of cash and cash equivalents approximates fair value.

The System maintains cash and cash equivalent accounts that may, at times, exceed federally insured limits. The System has not experienced any losses from maintaining these accounts in excess of federally insured limits. Management believes it is not subject to significant risks associated with these accounts.

Following is a reconciliation of cash, cash equivalents and restricted cash as presented in the accompanying consolidated statements of cash flows as of December 31 (in thousands):

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 545,204	\$ 697,049
Assets whose use is limited	130,326	84,730
Restricted assets held by third-parties	<u>8,327</u>	<u>10,050</u>
 Total cash, cash equivalents and restricted cash shown in the accompanying consolidated statements of cash flows	 <u>\$ 683,857</u>	 <u>\$ 791,829</u>

Amounts included in restricted cash held in assets whose use is limited represent those set aside by the Board of Directors (the “Board”) for future capital improvements or strategic initiatives over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by trustees under debt agreements where the restriction will lapse when the related debt is paid off; and assets designated for the malpractice programs. Amounts included in restricted cash within restricted assets held by third parties represent those held by foundations and restricted as to use by donor restriction.

Assets whose use is limited

Assets whose use is limited include assets set aside by the Board for future capital improvements or strategic initiatives over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by trustees under debt agreements; assets designated for malpractice programs; and assets held by the foundations. Amounts required to meet current maturities of certain debt and the current portion of malpractice costs have been classified as current in the consolidated balance sheet.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Patient accounts receivable

Patient accounts receivable are reported at net realizable value. For accounts receivable associated with services provided to patients who have third-party coverage, the System estimates net realizable value based on the estimated contractual reimbursement percentage, which in turn is based on current contract provisions and historical paid claims by payor. For self-pay accounts, including uninsured and patient responsibility accounts, the net realizable value is determined using historical collection experience, adjusted for estimated conversions of patient responsibility portions, expected recoveries and changes in trends to estimate implicit price concessions. Management continually reviews the estimated net realizable value of accounts receivable by monitoring cash collections, economic conditions and trends, changes in payor mix, changes in federal or state healthcare coverage and other matters.

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements, primarily with Medicare, Medicaid and various commercial insurance companies. The System records accounts receivable net of estimated price concessions and such amounts have historically been within management's expectations.

The mix of accounts receivable at December 31, 2022 and 2021, from patients and third-party payors is as follows:

	<u>2022</u>	<u>2021</u>
Medicare	27%	31%
Medicaid	16%	16%
Blue Cross	19%	21%
Commercial, managed care and other	35%	28%
Patients	<u>3%</u>	<u>4%</u>
Total	<u>100%</u>	<u>100%</u>

Inventories of supplies

Inventories are recorded at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis.

Investments and investment risk

Investments in equity securities with readily determinable fair values, debt securities, exchange traded funds and mutual funds are measured at fair value. Investments in hedge funds, private equity funds and other limited partnerships are measured at net asset value. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law.

The System's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the accompanying consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, particularly for alternative investments, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

The System has an agreement with the West Virginia University Foundation, Inc. ("WVU Foundation"), an affiliate of the University, to manage the System's board-designated funds. Some of the System's and WVU Foundation's investments are jointly managed in commingled funds. The investment income and realized and unrealized gains and losses are allocated to the System based upon its relative ownership of each fund.

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

Restricted assets held by third-parties

WVU Foundation holds cash and securities, which are available for WVUH's purposes, subject to donor restrictions. Restricted assets are those whose use has been limited by donors to a specific time period or purpose, primarily for capital expenditures, or are required to be maintained in perpetuity.

JMC is a beneficiary of several perpetual income trusts held by third parties. JMC has an irrevocable right to receive its portion, designated by the trust agreements, of the income from the trusts' assets, which are held in perpetuity. JMC has valued its portion of the trusts based on the pro-rata share of the fair value of the assets held in each trust, which represents a proxy for the present value of future cash flows. Income received from the trusts, the use of which has not been restricted by the donors, is included in investment income. Valuation gains and losses are classified as increases or decreases in net assets with donor restrictions.

Other assets

Other assets include the System's investment in several entities in which the System has a financial interest. Where the System has the ability to influence management, or has a twenty percent but not more than fifty percent interest in the entity, the investment is recorded using the equity method of accounting and adjusted periodically to reflect the System's proportionate share of the entity's undistributed earnings or losses. All other investments in such entities where the System does not have the ability to influence management or has less than twenty percent interest in the entity are recorded at cost.

Property and equipment

Property and equipment acquisitions costing more than \$5,000 individually or \$10,000 in the aggregate and having a useful life longer than two years are capitalized and recorded at cost. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Such lives, in the opinion of management, are adequate to allocate asset costs over their productive lives. Maintenance, repairs and minor improvements are expensed as incurred. Equipment under financing leases (formerly capital leases; hereafter referred to as finance leases) is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Depreciation expense, including amortization of equipment under finance leases, was \$208,410,000 in 2022 and \$192,218,000 in 2021.

Gifts of long-lived assets such as land, buildings or equipment are recorded at fair value and reported as increases in net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as increases in net assets with donor restrictions unless the restrictions are met in the same period as receipt, in which case such amounts are classified within net assets without donor restrictions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Impairment of property and equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets and reported in the non-operating section of the consolidated statement of operations.

Leases

At lease inception, the System determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current lease liabilities and noncurrent lease liabilities in the accompanying consolidated financial statements. Finance leases are included in property and equipment,

West Virginia University Health System and Controlled Entities

Notes to Consolidated Financial Statements

current liabilities and long-term liabilities in the accompanying consolidated financial statements. ROU assets represent the System's right to use leased assets over the term of the lease. Lease liabilities represent the System's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured as the present value of the lease payments over the lease term. The System uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the System uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the lease payments plus initial direct costs and any prepayments less any lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates and the presence of factors that would cause a significant economic penalty to the System if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The System has elected not to recognize a ROU asset and obligation for leases with an initial term of twelve months or less. The expense associated with short-term leases is included in lease expense in the accompanying consolidated statements of operations.

For finance leases, after lease commencement, the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payment made during the period. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The ROU asset is subsequently measured at cost, less any accumulated amortization and any accumulated impairment losses. Amortization on the ROU asset is recognized over the period from the commencement date to the earlier of (1) the end of the useful life of the ROU asset, or (2) the end of the lease term. The discount rate used by the System for finance leases is generally the incremental borrowing rate, as most such leases do not provide a readily determinable implicit interest rate. To the extent a lease arrangement includes both lease and non-lease components, the components are not accounted for separately.

Goodwill and other non-amortizable intangible assets

Goodwill and other non-amortizable intangible assets represent the excess of the amount paid to acquire certain businesses over the fair value of the net assets purchased and identifiable intangible assets acquired. Prior to 2021, goodwill and other intangible assets with indefinite lives were not subject to periodic amortization, but rather are reviewed for impairment if circumstances require. Effective January 1, 2021, the System prospectively adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2019-06, *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. In accordance with this alternative, the System amortizes goodwill over 10 years on the straight-line basis and only evaluates goodwill for impairment at the entity level when a triggering event occurs. For the years ended December 31, 2022 and 2021, amortization expense of approximately \$4,431,000 and \$4,297,000, respectively, was recognized in depreciation and amortization in the accompanying statements of operations. Amortization expense over the next five years is expected to approximate \$4,400,000 annually. In 2022, the System recognized \$1,993,000 of goodwill and other non-amortizable intangible assets related to acquisitions. In 2021, the System recognized \$562,000 of goodwill related to acquisitions. Goodwill and other non-amortizable intangible assets of \$37,212,000 and \$39,650,000 at December 31, 2022 and 2021, respectively, net of accumulated amortization of \$8,728,000 and \$4,297,000 at December 31, 2022 and 2021, respectively, is included in non-current other assets, net in the accompanying consolidated balance sheets.

Estimated malpractice costs

The provision for estimated medical malpractice costs includes estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. Anticipated insurance recoveries, if any, associated with reported claims are recorded separately in the accompanying consolidated balance sheets at net realizable value.

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

Debt issuance costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the related debt using the straight-line method, which approximates the effective interest method. Such costs are reflected as a reduction of long-term debt in the accompanying consolidated balance sheets. Amortization of debt issuance costs was \$636,000 in 2022 and \$1,088,000 in 2021.

Advertising costs

Advertising costs are charged to operations when incurred. Advertising expense for the years ended December 31, 2022 and 2021 were approximately \$9,174,000 and \$8,948,000, respectively.

Noncontrolling interest

The accompanying consolidated financial statements include all assets, liabilities, revenues and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interest in the accompanying consolidated balance sheets represents the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Net assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions – net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If the restriction expires during the same period as the amount was received, the contribution is reported as an increase in net assets without donor restrictions.

Measure of operations

The accompanying consolidated statements of operations reflect operating income, which includes all operating revenues and expenses that are an integral part of the System's healthcare services and supporting activities and net assets released from donor restrictions to support operating expenditures. Changes in revenues in excess of expenses that are excluded from operating income, consistent with industry practice, include investment income (including realized and unrealized gains and losses on investments, interest, dividends and investment expenses), changes in net unrealized gains and losses on derivative financial instruments, inherent contributions recognized from acquisitions and losses on refinancing of long-term debt.

West Virginia University Health System and Controlled Entities

Notes to Consolidated Financial Statements

Revenues in excess of expenses

The consolidated statements of operations include the determination of revenues in excess of expenses. Changes in net assets without donor restrictions that are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, adjustments to pension obligations and contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purposes of acquiring such assets).

Net patient service revenues

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments.

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted, as necessary, in future periods as tentative and final settlements are received. It is reasonably possible that the estimates used could change in the near term.

For uninsured patients, the System recognizes revenues on the basis of its standard rates, discounted in accordance with the System's policy. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System estimates an implicit price concession related to uninsured patients in the period the services are provided.

Capitation payments

The System has agreements with various managed care organizations to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of participants, regardless of services actually performed.

Charity care

The System provides care to patients who meet certain criteria under its patient financial assistance policy without charge or at amounts less than its established rates. Because the System does not pursue collections of amounts determined to qualify as charity care, they are not reported as patient service revenues. The costs associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care. The estimated cost of charity care provided by the System was approximately \$24,244,000 in 2022 and \$32,479,000 in 2021.

Provider Relief Funding

These relief funds are considered non-exchange transactions subject to terms and conditions specified by the resource provider distributed by the Health Resources Service Administration ("HRSA") section of the U.S. Department of Health and Human Services ("HHS"). These conditions create a restriction that such funds must be used to prevent, prepare or respond to the coronavirus ("COVID-19"), creating purpose restriction in addition to conditions. These revenues are recognized as operating revenues to the extent conditions/restrictions for entitlement are met for COVID-19 related expenses or lost revenues. Such funds are subject to recoupment to the extent the conditions for entitlement are not met.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Contributions

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received.

Medicaid provider tax

The West Virginia Broad Based Health Care Related Tax of 1993 assesses a tax on net patient service revenues at rates ranging from 1.75% to 5.50%, depending on the type of services provided. Additionally, the West Virginia Department of Tax and Revenue assesses a tax on net patient service revenues related to the Directed Payment Program ("DPP"), formerly known as the Upper Payment Limit ("UPL") program (Note 3). The System incurred related taxes of \$89,812,000 in 2022 and \$77,028,000 in 2021, which are included in other operating expenses in the accompanying consolidated statements of operations.

Federal and state income taxes

Most of the entities that comprise the System are tax-exempt organizations and not subject to federal or state income taxes in accordance with Section 501c(3) of the Internal Revenue Code. On such basis, they will not incur any liability for income taxes, except for possible unrelated business income. AHS, WVUIS and GHC are organizations subject to federal and/or state income taxes. The System does not have any material uncertain tax positions as of December 31, 2022 and 2021.

Health insurance benefits

The System self-funds its employee health insurance coverages and accrues the estimated costs of incurred and reported and incurred but not reported claims, after consideration of its individual and aggregate stop-loss insurance coverages, based upon data provided by the third-party administrators of the programs and its historical claims experience.

Subsequent events

The System evaluated subsequent events for recognition or disclosure through April 19, 2023, the date the consolidated financial statements were issued.

3. Net Patient Service Revenues

Patient care service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurer and government programs) and others. This also includes variable consideration for retroactive revenue adjustments due to settlement of audit, reviews and investigations by third-party payors. Generally, the System bills patients and third-party payors several days after services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services. The System measures the performance obligation from admission to the hospital to the point when the hospital is no longer required to provide services to that patient, which is generally the time of discharge. Revenue for performance obligations satisfied at a point in time generally relate to patients receiving outpatient services or patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the System does not believe it is required to provide additional goods or services.

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

Because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy and implicit price concessions provided to uninsured patients and patients with third-party payer arrangements that require a copayment or deductible. The System determines its estimates of explicit price concessions for contractual adjustments based on contractual agreements, or discount policies and historical experience. Estimated uncollectible amounts from patients are considered implicit price concessions and, therefore, included in net patient service revenues. The System determines its estimate of implicit price concessions based on its historical collection experience with this class of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Management believes that the financial effects of using this practical expedient are not materially different from an individual contract approach.

Management has determined that the System has an unconditional right to payment only subject to the passage of time for services provided to date based on just the need to either finalize billing for such services (i.e., charge lag) or to discharge the patient and bill for such services for patients who are still receiving inpatient care in the System's facilities at the balance sheet date. Accordingly, the System accrues revenues and the related accounts receivables for services performed but not yet billed at the consolidated balance sheet date for in-house patients. Thus, management has determined that the System does not have any amounts that should be reflected separately as contract assets.

The System does not recognize the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the System's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the System does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract. Additionally, all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the System otherwise would have recognized is one year or less in duration.

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A significant portion of the System's net patient service revenues are derived from the following third-party payor programs. Revenues received under third-party arrangements are subject to audit and retroactive adjustment. A summary of the payment arrangements with major third-party payors follows:

Medicare

The majority of the System's inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits, which are subject to retroactive audit and adjustment. Physician services are paid based upon established fee schedules. The System's critical access hospitals are reimbursed based on allowable costs for all services rendered to Medicare and Medicaid beneficiaries.

The Medicare cost reports for certain hospitals within the System have been settled by the Medicare fiscal intermediary through various years ranging from 2015 to 2020.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Medicaid

Inpatient acute care services rendered to the West Virginia Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services are paid on a published fee schedule.

The State of West Virginia's disproportionate share plan reimburses hospitals in the State that provide Medicaid services and meet other eligibility criteria. Under the disproportionate share program, the System received approximately \$26,756,000 in 2022 and \$24,993,000 in 2021, which is included in patient service revenues in the accompanying consolidated statements of operations.

The State of West Virginia increases Medicaid reimbursement to qualified hospitals for services to Medicaid-eligible patients. Supplemental payments may be received in an amount up to the difference between current reimbursement and the maximum permissible payments under DPP regulations. The DPP payments are recorded in the period in which they are earned. The System earned DPP revenue of approximately \$94,606,000 in 2022 and \$109,307,000 in 2021, which is included in patient service revenues in the accompanying consolidated statements of operations.

The laws and regulations governing DPP reimbursement are complex and subject to interpretation. DPP reimbursement is funded by a portion of the Medicaid Provider Tax (Note 2). There is risk that federal policy may change in the future in a way that might limit or eliminate the DPP payments but maintain the Provider Tax.

Blue Cross

Inpatient and outpatient services rendered to Blue Cross subscribers are paid at either prospectively determined rates per case or discounts from established charges. Revenues from Blue Cross were approximately 19% in 2022 and 23% in 2021 of total net patient service revenues.

Other payors

The System has also entered into payment agreements with certain commercial insurance carriers, managed care organizations and preferred provider organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, capitation payments and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. The results of such governmental review could include fines, penalties and exclusion from participation in the Medicare and Medicaid programs. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with each payor, correspondence from such payor and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, review and investigations. Adjustments arising from a change in the transaction price increased net patient service revenue approximately \$2,025,000 and \$53,000 for the years ended December 31, 2022 and 2021, respectively.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge for any discounts and price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with those patients.

The System has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines and method of reimbursement.

The System's revenues from third-party payors and others (including uninsured patients) for the years ended December 31, 2022 and 2021 and by primary hospitals and all other facilities are summarized in the following tables (in thousands):

	2022							
	WVUH	UHC	CCMC	BMC	WH	All Others	Total	Ratio
Medicare & Medicare Managed care	\$ 449,013	\$ 214,945	\$ 143,005	\$ 96,756	\$ 208,063	\$ 304,377	\$ 1,416,159	35%
Medicaid & Medicaid Managed care	241,955	65,998	45,767	43,206	70,792	173,449	641,167	16%
Commercial insurers	848,852	231,239	165,644	161,513	141,332	411,441	1,960,021	48%
Other	13,754	4,170	3,050	2,749	5,695	10,019	39,437	1%
Revenues	<u>\$1,553,574</u>	<u>\$ 516,352</u>	<u>\$ 357,466</u>	<u>\$ 304,224</u>	<u>\$ 425,882</u>	<u>\$ 899,286</u>	<u>\$ 4,056,784</u>	<u>100%</u>

	2021							
	WVUH	UHC	CCMC	BMC	WH	All Others	Total	Ratio
Medicare & Medicare Managed care	\$ 391,127	\$ 203,432	\$ 127,550	\$ 86,777	\$ 134,590	\$ 340,642	\$ 1,284,118	36%
Medicaid & Medicaid Managed care	226,616	68,840	49,596	44,086	69,052	147,092	605,282	17%
Commercial insurers	758,368	215,608	151,505	147,247	76,045	243,899	1,592,672	45%
Other	14,932	1,900	3,988	3,087	32,852	22,339	79,098	2%
Revenues	<u>\$1,391,043</u>	<u>\$ 489,780</u>	<u>\$ 332,639</u>	<u>\$ 281,197</u>	<u>\$ 312,539</u>	<u>\$ 753,972</u>	<u>\$ 3,561,170</u>	<u>100%</u>

Revenue from payment of deductibles and coinsurance by patients and guarantors are included in the categories presented above based on the primary payor.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

4. Assets Whose Use is Limited

The composition of assets whose use is limited at December 31, 2022 and 2021 is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 130,326	\$ 84,730
U.S. Government and agency obligations	8,302	23,017
Marketable equity securities	59,870	54,290
Marketable debt securities	30,730	41,843
Mutual funds:		
Domestic equity	116,008	170,330
International equity	116,059	193,666
Domestic fixed income	62,851	82,580
Global bonds	10,029	12,125
Natural resources	35,760	36,406
Exchange traded funds, domestic equity	300,102	293,840
Exchange traded funds, domestic fixed income	67,336	73,583
Alternative investments	<u>488,121</u>	<u>415,082</u>
 Total assets whose use is limited	 1,425,494	 1,481,492
 Less current portion of assets whose use is limited	 <u>33,079</u>	 <u>43,572</u>
 Noncurrent portion of assets whose use is limited	 <u>\$ 1,392,415</u>	 <u>\$ 1,437,920</u>

The System has commitments for the additional purchase of ownership in limited partnerships (private equity and venture capital funds), which are classified as alternative investments in the table above. Total unfunded commitments at December 31, 2022 and 2021 were approximately \$147,367,000 and \$163,937,000, respectively, and are due over approximately the next ten years. Funding for these commitments is expected to come from board-designated funded depreciation assets.

Investment income, gains and losses included in net assets without donor restrictions are comprised of the following in 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Investment income (loss):		
Interest and dividend income	\$ 24,640	\$ 30,485
Fees	(7,108)	(9,624)
Net realized and unrealized gains (losses)	<u>(138,313)</u>	<u>209,126</u>
 Total	 <u>\$ (120,781)</u>	 <u>\$ 229,987</u>

5. Fair Value Measurements and Financial Instruments

The System measures its assets whose use is limited, restricted assets held by third-parties and derivative financial instruments on a recurring basis in accordance with accounting principles generally accepted in the United States. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the same term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets and other observable inputs.

Level 3 – Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques. Significant changes in these inputs could result in significant increases or decreases in fair value.

The System has elected the practical expedient to estimate the fair value of certain alternative investments using the net asset value per share (“NAV”).

West Virginia University Health System and Controlled Entities
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The fair value of financial instruments listed below was determined using the following valuation hierarchy at December 31, 2022 (in thousands):

	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>NAV (1)</u>	<u>Total</u>
Assets – recurring fair value measurements:					
Assets whose use is limited:					
Cash and cash equivalents	\$ 130,326	\$ -	\$ -	\$ -	\$ 130,326
U.S. Government and agency obligations	-	8,302	-	-	8,302
Marketable equity securities	59,870	-	-	-	59,870
Marketable debt securities	26,662	4,068	-	-	30,730
Mutual funds:					
Domestic equity	116,008	-	-	-	116,008
International equity	116,059	-	-	-	116,059
Domestic fixed income	62,851	-	-	-	62,851
Global bonds	10,029	-	-	-	10,029
Natural resources	35,760	-	-	-	35,760
Exchange traded funds, domestic equity	300,102	-	-	-	300,102
Exchange traded funds, domestic fixed income	67,336	-	-	-	67,336
Alternative investments	-	-	-	488,121	488,121
Total assets whose use is limited investments at fair value					
	<u>\$ 925,003</u>	<u>\$ 12,370</u>	<u>\$ -</u>	<u>\$ 488,121</u>	<u>\$ 1,425,494</u>
Other investments:					
Marketable equity securities	<u>\$ 21,940</u>	<u>\$ 4,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,379</u>
Restricted assets held by third-parties					
Cash and equivalents	\$ 8,327	\$ -	\$ -	\$ -	\$ 8,327
Other	-	-	5,415	-	5,415
	<u>\$ 8,327</u>	<u>\$ -</u>	<u>\$ 5,415</u>	<u>\$ -</u>	<u>\$ 13,742</u>
Liabilities – recurring fair value measurements:					
Derivative financial instruments	<u>\$ -</u>	<u>\$ 15,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,346</u>
Assets disclosed at fair value:					
Cash and cash equivalents	<u>\$ 545,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,204</u>

1. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated balance sheets.

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The fair value of financial instruments listed below was determined using the following valuation hierarchy at December 31, 2021 (in thousands):

	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>NAV (1)</u>	<u>Total</u>
Assets – recurring fair value measurements:					
Assets whose use is limited:					
Cash and cash equivalents	\$ 84,730	\$ -	\$ -	\$ -	\$ 84,730
U.S. Government and agency obligations	-	23,017	-	-	23,017
Marketable equity securities	54,290	-	-	-	54,290
Marketable debt securities	21,815	20,028	-	-	41,843
Mutual funds:					
Domestic equity	95,143	75,187	-	-	170,330
International equity	152,150	41,516	-	-	193,666
Domestic fixed income	82,580	-	-	-	82,580
Global bonds	12,125	-	-	-	12,125
Natural resources	36,406	-	-	-	36,406
Exchange traded funds, domestic equity	293,840	-	-	-	293,840
Exchange traded funds, domestic fixed income	73,583	-	-	-	73,583
Alternative investments	-	-	-	415,082	415,082
Total assets whose use is limited investments at fair value	<u>\$ 906,662</u>	<u>\$ 159,748</u>	<u>\$ -</u>	<u>\$ 415,082</u>	<u>\$ 1,481,492</u>
Other investments:					
Marketable equity securities	<u>\$ 27,644</u>	<u>\$ 3,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,082</u>
Restricted assets held by third-parties					
Cash and equivalents	\$ 10,050	\$ -	\$ -	\$ -	\$ 10,050
Other	-	-	6,495	-	6,495
	<u>\$ 10,050</u>	<u>\$ -</u>	<u>\$ 6,495</u>	<u>\$ -</u>	<u>\$ 16,545</u>
Liabilities – recurring fair value measurements:					
Derivative financial instruments	<u>\$ -</u>	<u>\$ 41,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,539</u>
Assets disclosed at fair value:					
Cash and cash equivalents	<u>\$ 697,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,049</u>

1. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated balance sheets.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

The following table presents the nature and risk of investments reported at NAV as of December 31, 2022 and 2021 (in thousands):

	<u>Fair Value at</u> <u>12/31/2022</u>	<u>Fair Value at</u> <u>12/31/2021</u>
Alternative investments		
Hedge funds:		
Diversifying strategies	\$ 77,420	\$ 62,888
International equities	8,249	9,957
Private investments:		
Venture capital	219,350	189,545
Buyouts	82,632	72,064
Private opportunistic fixed income	21,975	21,447
Natural resources - private	35,648	28,761
Real estate - private	27,657	19,850
Co-investments	9,990	7,039
Infrastructure	<u>5,200</u>	<u>3,531</u>
Total	<u>\$ 488,121</u>	<u>\$ 415,082</u>

Hedge Funds

The System invests in certain equity and fixed income strategies which, due to lockups, are classified as hedge funds. These investments are estimated using the NAV provided by the hedge fund managers as a practical expedient due to varying levels of determinable fair values and potential inability for redemption. Certain hedge funds may permit partial liquidity upon redemption with the remaining illiquid assets possessing no definite schedule for distribution.

The investments in these strategies are in assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices.

Buyouts and Venture Capital

The System invests in buyout and venture capital funds that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Co-Investments

The System invests in co-investments that are limited partnerships and not publicly traded. These vehicles are unique from other private market funds as they are an additional investment in a single private company that is also held within one of the System's larger total fund investments, and can be located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the co-investment vehicle whenever the investment is realized or distributes dividends. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 10 years with an option to extend additional years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

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Private Opportunistic Fixed Income

The System invests in private opportunistic fixed income funds (distressed debt, mezzanine, and private credit) that are limited partnerships and not publicly traded. These funds have investments in private companies located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives are generally 6 to 10 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Natural Resources – Private

The System invests in energy, timber, infrastructure, and farmland funds that are limited partnerships and not publicly traded. These funds have investments in private natural resource assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Infrastructure

The System invests in private infrastructure funds that are limited partnerships and not publicly traded. These funds have investments in private infrastructure assets located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the funds mature. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 10 to 15 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Real Estate – Private

The System invests in real estate funds that are limited partnerships and not publicly traded. These funds have investments in properties located both in and outside the United States. Investments in this category, for which there are no readily determinable fair values, are estimated using the NAV provided by the general partner due to the inability for redemption and the lack of market prices. Distributions are made from the funds as the fund matures. Redemptions are not permitted during the life of the partnerships. Partnership lives range from 8 to 12 years with an option to extend an additional 2 to 3 years. When assets are sold, the proceeds, less any incentives due to the partnership's general partner, are to be distributed to investors.

Beneficial interests in perpetual trusts, which are included in restricted assets held by third-parties, are measured at fair value based on the trusts' underlying investments using unobservable inputs (Level 3). The following is a reconciliation of the opening and closing balances during the period ended December 31, 2022 and 2021:

Balance at December 31, 2020	\$ 6,014
Valuation gain	<u>481</u>
Balance at December 31, 2021	6,495
Valuation loss	<u>(1,080)</u>
Balance at December 31, 2022	<u>\$ 5,415</u>

West Virginia University Health System and Controlled Entities Notes to Consolidated Financial Statements

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value and for financial instruments disclosed at fair value. There have been no changes in methodologies used at December 31, 2022 and 2021.

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of these financial instruments.

U.S. Government and agency obligations and marketable debt securities: Valued based on spreads of published interest rate curves.

Marketable equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange traded funds: Valued at the quoted NAV of shares (basis for trade) held by the System at year end.

Mutual funds: Mutual funds include investments in individual mutual funds and commingled funds (fund of funds). The individual mutual funds are valued at the quoted NAV of shares (basis for trade) held by the System at year end and are considered Level 1 or 2. The System has access to a detailed listing of the underlying assets of the commingled funds, the majority of which are publicly traded, but shares of the commingled funds themselves are not publicly traded. The System is provided a NAV per share for these funds that has been calculated in accordance with investment company rules, which among other requirements indicates that the underlying investments be measured at fair value.

Alternative investments: Alternative investments are comprised of hedge funds and private limited partnerships. The fair values of these investments are estimated using the NAV provided by the general partner as a practical expedient. Hedge funds are not publicly traded and offer some liquidity with partial redemptions being permitted while remaining illiquid assets possess no definite schedule for distribution. Hedge fund investments are fully funded at the beginning of the life of the investment. Investments in private limited partnerships in the following asset classes are not publicly traded and do not allow for redemptions during the life of the investment: private equity, venture capital, private opportunistic fixed income, private real estate, private natural resources, and infrastructure. The life of a private partnership is typically 10 to 15 years with some having an option to extend an additional 2 to 3 years. Private limited partnerships have an investment commitment amount that is drawn down over time based on the cash needs of each individual partnership. Management anticipates that distributions from existing limited partnerships will provide much of the liquidity necessary to satisfy remaining unfunded commitments.

Restricted assets held by third-parties: Assets consist primarily of cash and cash equivalents and mutual funds. Beneficial interests in perpetual trusts are valued based on the fair value of the trusts' underlying assets, which represents a proxy for discounted present value of future cash flows.

Derivative financial instruments: Valued based on proprietary models of a valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments and was estimated using the zero-coupon discounting method. This method calculates the future payments required by the derivative financial instruments, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the derivative financial instruments. The value represents the estimated exit price the System would pay to terminate the agreements.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Property and Equipment

Property and equipment and related accumulated depreciation consist of the following at December 31, 2022 and 2021 (in thousands). Buildings and building improvements and equipment include assets classified as financing leases:

	<u>2022</u>	<u>2021</u>
Land	\$ 68,713	\$ 61,745
Land improvements	91,453	86,877
Buildings and building improvements	1,534,437	1,273,166
Equipment	1,650,722	1,432,853
Leased assets and improvements	<u>93,542</u>	<u>89,857</u>
Total	3,438,867	2,944,498
Less accumulated depreciation	<u>(1,693,143)</u>	<u>(1,490,301)</u>
	1,745,724	1,454,197
Construction in progress	<u>151,503</u>	304,381
Property and equipment, net	<u>\$ 1,897,227</u>	<u>\$ 1,758,578</u>

Construction in progress consists primarily of major renovation and expansion projects. Interest costs incurred on borrowed funds, net of income earned, during the period of construction of facilities are capitalized as a component of the cost of those assets. WVUHS has capitalized approximately \$2,290,000 and \$6,865,000 of interest associated with outstanding projects during the period ending December 31, 2022 and 2021, respectively. Purchase commitments related to these and other capital related projects were approximately \$41,452,000 and \$77,331,000 at December 31, 2022 and 2021, respectively.

7. Line of Credit

WVUHS maintains unsecured revolving lines of credit in the amount of \$200,000,000. There were borrowings outstanding of approximately \$19,135,000 and \$15,479,000 at December 31, 2022 and 2021, respectively. Borrowings under the agreements bear interest at a variable rate determined by adding 65 basis points to the Daily One Month LIBOR, and by adding 1.5% to the LIBOR rate.

WH maintained a revolving line of credit in the amount of \$10,000,000. There were borrowings outstanding of approximately \$8,000,000 as of December 31, 2022. There were no borrowings outstanding as of December 31, 2021. Borrowings under the agreement bear interest at either the base rate (higher of the prime rate; the sum of the federal funds open rate, plus 50 basis points; or the sum of the daily LIBOR, plus 100 basis points, so long as the daily LIBOR is offered, ascertainable, and not unlawful) or LIBOR, plus 0.60%, at the option of WH. This line of credit is secured by certain investments of WH.

West Virginia University Health System and Controlled Entities
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8. Long-Term Debt

A summary of long-term debt at December 31, 2022 and 2021 is as follows (in thousands):

	<u>2022</u>	<u>2021</u>
West Virginia Hospital Finance Authority Bonds:		
2020 Series – WVUHS, WVUH, CCMC	\$ 335,000	\$ 335,000
2018 Series – WVUH, UHC, CCMC, BMC, JMC	539,900	548,190
2017 Series – WVUH, UHC	185,320	185,320
2016 Series – WVUH, UHC, CCMC, BMC	224,650	231,040
2015 Series – UHC, SJH, PVH	26,158	33,860
2012 Series – WVUH, UHC, CCMC, BMC, JMC, UHCF	12,315	13,650
2007 Series – UTN	32,660	34,210
Other notes payable	210,662	182,186
Finance lease obligations	<u>72,269</u>	<u>68,756</u>
 Total long-term debt	 1,638,934	 1,632,212
 Net unamortized bond premium	 25,325	 30,293
Debt issuance costs	(9,148)	(9,730)
Current maturities of long-term debt	<u>(76,023)</u>	<u>(37,190)</u>
 Long-term debt	 <u>\$ 1,579,088</u>	 <u>\$ 1,615,585</u>

The scheduled principal repayments as of December 31, 2022 are as follows (in thousands):

<u>Years ending</u> <u>December 31:</u>	
2023	\$ 76,023
2024	47,702
2025	43,308
2026	43,373
2027	41,813
Thereafter	<u>1,386,715</u>
 Total	 <u>\$ 1,638,934</u>

Obligated group

The Obligated Group consists of WVUHS, WVUH, UHC, CCMC, BMC, JMC, UHCF, RMH, STJ, PVH, BCMH, SRMC, JGH, WCH, UH and BHA. All members of the Obligated Group are jointly and severally liable for all outstanding obligations of the Obligated Group. Payments of principal and interest are collateralized by a pledge of revenues of the Obligated Group.

The Obligated Group is required to maintain certain financial ratios, maintain adequate insurance coverage, maintain net revenue requirements, maintain average annual debt service requirements, comply with certain limitations on additional debt and comply with annual reporting requirements.

The variable rate demand bonds, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. Such variable rate demand bonds are classified as long-term in the accompanying balance sheets as they are secured by letters of credit or standby bond purchase agreements, totaling \$65,085,000 at December 31, 2022, that do not expire within the next year.

**West Virginia University Health System and Controlled Entities
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2020 Series – Hospital Revenue Refunding Bonds

In 2020, the West Virginia Hospital Finance Authority (the “Authority”) issued \$335,000,000 of Hospital Revenue Refunding and Improvement Bonds (the “2020 Bonds”) on behalf of the Obligated Group. The proceeds of the 2020 Bonds were used to advance refund the Series 2013 Bonds; refinance the 2020 Term Loan; finance the acquisition of Wheeling Hospital; reimburse the costs of various capital improvements and equipment for WVUH; and pay for the costs of issuance. The 2020 Bonds are fixed rate taxable bonds that are scheduled to mature in 2050 with an interest rate of 3.15%.

2018 Series – Hospital Revenue Improvement Bonds

In 2018, the Authority issued \$567,870,000 of Hospital Revenue Refunding and Improvement Bonds (the “2018 Bonds”) on behalf of the Obligated Group. The proceeds of the 2018 Bonds were used to advance refund certain then-outstanding debt; reimburse the costs of various capital improvements and equipment for WVUH; and pay for the costs of issuance.

The outstanding 2018 Bonds include fixed rate tax-exempt term bonds of \$218,550,000 maturing in 2051 and 2052 with interest rates ranging from 4.00% to 5.00%; fixed rate taxable term bonds of \$210,850,000 maturing in 2048 with an interest rate of 4.9%, variable rate bonds of \$110,500,000 maturing in 2033, 2034 and 2041 with interest rates ranging from 1.6% to 1.9%.

2017 Series – Hospital Revenue Improvement Bonds

In 2017, the Authority issued \$185,320,000 of Hospital Revenue Improvement Bonds (the “2017 Bonds”) on behalf of the Obligated Group. The proceeds of the 2017 Bonds were used to complete the construction and equipping of the SouthEast Tower at WVUH; construct and equip the Heart and Vascular Institute in the SouthEast Tower at WVUH; construct, equip and/or expand existing space at WVUH; and pay for the costs of issuance.

The 2017 Bonds include fixed rate serial bonds of \$46,135,000 maturing in 2027 through 2037 with interest rates ranging from 3.375% to 5.000%; and fixed rate term bonds of \$139,185,000 maturing in 2042 and 2047 with interest rates ranging from 4.25% to 5.00%.

2016 Series – Hospital Revenue Refunding Bonds

In 2016, the Authority issued \$260,890,000 of Hospital Revenue Refunding Bonds (the “2016 Bonds”) on behalf of the Obligated Group. The proceeds of the 2016 Bonds were used to advance refund certain then-outstanding debt and pay for the costs of issuance.

The outstanding 2016 Bonds include fixed rate serial bonds of \$187,160,000 scheduled to mature in 2018 through 2036 with interest rates ranging from 2.50% to 5.00% and fixed rate term bonds of \$37,490,000 maturing in 2039 and 2041 with interest rates ranging from 3.25% to 4.00%.

2015 Series – Hospital Revenue Bonds

In 2015, the Authority issued \$33,860,000 of Hospital Revenue Bonds (the “2015 Bonds”) on behalf of the Obligated Group, PVH and SJH. The proceeds of the 2015 Bonds were used to refund the existing PVH debt; reimburse the costs of various capital improvements and equipment for PVH; finance the acquisition of SJH; refund the existing SJH debt; and pay for the costs of issuance.

The 2015 Bonds include variable rate bonds of \$26,158,000 maturing in 2027 through 2044 with interest rates ranging from 2.90% to 3.19% at December 31, 2022.

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2012 Series – Hospital Refunding Bonds

In 2012, the Authority issued \$178,000,000 of Hospital Refunding Bonds (the “2012 Bonds”) on behalf of the Obligated Group. The proceeds of the 2012 Bonds were used to refund certain then-outstanding debt; reimburse the costs of various capital improvements and equipment for WVUH, CCMC and BMC; and pay for the costs of issuance.

The outstanding Bonds of \$12,315,000 are scheduled to mature at various times through 2030 with a variable interest rate of 4.17% at December 31, 2022.

2007 Series – Hospital Revenue Bonds

In 2007, the Fayette County Hospital Authority issued \$50,000,000 Hospital Revenue Bonds (the “2007 Bonds”) on behalf UH. The proceeds of the 2007 Bonds were used to construct a new patient tower, demolition of existing building and refunding of prior bonds. The outstanding 2007 Bonds of \$32,660,000 are scheduled to mature at various times through 2037 with a variable interest rate of 2.87% at December 31, 2022.

Other notes payable and finance lease obligations

In June 2022, GRMC obtained a \$12,500,000 term loan from a commercial bank. Annual principal payments of \$833,000 are due beginning on June 30, 2023 with a final maturity on June 30, 2037. Interest is assessed at a fixed rate of 3.35% per annum. The principal balance of the loan was \$12,500,000 at December 31, 2022.

In July 2021, the System converted a taxable term loan and the Series 2011 Bond to a term loan in the amount of \$14,900,000. Principal and interest payments of \$139,488 are due monthly beginning August 1, 2021 with one final payment for the remaining balance in July 2031. The loan bears a fixed interest rate of 2.73% per annum. The balance of the loan was \$13,082,000 at December 31, 2022 and \$14,374,000 at December 31, 2021.

In April 2020, the System obtained a \$50,000,000 term loan from a commercial bank. The outstanding principal amount of the loan is due in full on maturity date of April 28, 2023. The System is permitted to make option prepayments. Interest is assessed at a variable rate equal to one month LIBOR plus 1.79%. The loan is guaranteed by the Obligated group. The principal balance of the loan was \$30,000,000 at December 31, 2022 and \$30,000,000 at December 31, 2021.

In June 2019, WVHCC obtained a \$10,000,000 term loan from a commercial bank to refinance SRMC existing debt as part of the SRMC acquisition. Principal payments of \$42,000 are due monthly. Interest is also payable monthly at a variable rate equal to one month LIBOR plus 0.75%. All remaining principal and interest is due on the loan maturity date of June 27, 2029. The term loan is guaranteed by the Obligated Group. The principal balance of the loan was \$8,250,000 and \$8,875,000 at December 31, 2022 and 2021, respectively.

In December 2018, the System converted the majority of the then outstanding line of credit balance to a term loan (“2018 Term Loan”) in the amount of \$28,500,000. Equal principal payments of \$237,500 are due monthly beginning January 2, 2019 with a balloon payment for the remaining balance due in December 2023. Interest is payable monthly at a variable rate equal to one month LIBOR plus 0.65%. The balance of this loan was \$17,058,000 at December 31, 2022 and \$20,595,000 at December 31, 2021.

In November 2017, Recovery obtained a \$12,954,000 note payable from a commercial bank. Principal and interest payments of \$70,395 are due monthly beginning December 15, 2017 with a final maturity on January 15, 2044. The note bears a fixed interest rate of 4.28% per annum. The balance of the loan was \$11,719,000 at December 31, 2022.

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In November 2014, the System obtained a \$10,372,000 taxable term loan to finance various WVUH capital improvements. Interest only payments were due monthly through December 2018. Variable monthly interest and principal payments are due thereafter. All outstanding principal and interest is due on the loan maturity date of June 30, 2021. The loan bears interest at a fixed interest rate of 4.63% per annum. The loan was converted to another loan during the year ended December 31, 2021.

In August 2014, WVUH purchased a parcel of land and office building for a purchase price of \$21,547,000. WVUH paid \$3,715,500 in cash at closing and financed the remaining purchase price with a 20-year promissory note. Principal and interest payments approximating \$133,000 are due monthly and the note bears interest at a fixed rate of 6.50% per annum. The principal balance of this note was \$12,900,000 at December 31, 2022 and \$13,807,000 at December 31, 2021.

In July 2014, WH entered into a convertible line of credit note that converted to an amortizing term loan payable in the amount of \$10,000,000 to finance various WH capital improvements. The loan bears interest at the daily LIBOR rate plus 1.05%. The loan converted on July 28, 2016, to an amortizing term loan payable and equal monthly principal payments of \$31,000, which began in August 2016. Principal payments are being made over a period of eight years, with a balloon payment due at the end of 2024. This loan is secured by certain investments of WH. The principal balance of this note was \$5,125,000 at December 31, 2022 and \$5,469,000 at December 31, 2021.

In November 2010, WH entered into a mortgage loan agreement in the amount of \$58,370,000 to finance various WH capital improvements. Interest and principal payments are due over a 25-year term maturing in April 2037. The loan bears interest at a fixed interest rate of 4.35% per annum. The balance of this note was \$41,363,000 at December 31, 2022 and \$43,582,000 at December 31, 2021.

Other notes payable and finance leases consist of bank loan agreements and finance leases that are secured by equipment and property with various expiration dates and require monthly principal and interest payments.

9. Derivative Financial Instruments

The System's primary objective for holding derivative financial instruments is to manage interest rate risk. The System does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes. The derivative financial instruments are recorded at fair value based upon information supplied by the counterparty as described in Note 5.

In 2003, the System entered into two interest rate swap agreements (the "2003 Agreements") in connection with certain then-existing debt. The first agreement had a notional value of \$4,700,000 and terminated on June 1, 2016. The second agreement, which has transferred to the 2012 Bonds, has a notional value of \$34,850,000 and terminates on June 1, 2033. The 2003 Agreements require the System to pay a fixed rate while receiving variable interest rates based upon 70% of LIBOR. The fair value of the 2003 Agreements liability was \$2,300,000 at December 31, 2022 and \$6,495,000 at December 31, 2021.

In 2004, CCHS entered into an interest rate swap agreement (the "2004 Agreement") in connection with certain then-existing debt. In conjunction with the affiliation with WVUHS on March 1, 2011, the 2004 Agreement was amended to include the Obligated Group. Further, the 2004 Agreement was amended and restated effective March 13, 2014. The 2004 Agreement, which transferred to the 2018 Bonds, has a notional value of \$46,100,000 and terminates on February 15, 2034. The 2004 Agreement requires the System to pay a fixed rate while receiving a variable interest rate based upon 67% of LIBOR. The fair value of the 2004 Agreement liability was \$3,108,000 at December 31, 2022 and \$8,675,000 at December 31, 2021.

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In 2005, the System entered into an interest rate swap agreement (the “2005 Agreement”) in connection with certain then-existing debt. The 2005 Agreement, which has transferred to the 2012 Bonds, has a notional value of \$10,600,000 and terminates on June 1, 2030. The 2005 Agreement requires the System to pay a fixed rate while receiving a variable interest rate of 70% of LIBOR. The fair value of the 2005 Agreement liability was \$274,000 at December 31, 2022 and \$1,240,000 at December 31, 2021.

In 2006, the System entered into two interest rate swap agreements (the “2006 Agreements”) in connection with certain then-existing debt, which were most recently amended and restated effective March 13, 2014. The first agreement, which has transferred to the 2012 Bonds, has a notional value of \$20,350,000 and terminates on June 1, 2041. The second agreement has a notional value of \$37,025,000 and terminates on June 1, 2041. The 2006 Agreements require the System to pay a fixed rate while receiving variable interest rates based upon 70% of LIBOR. The fair value of the 2006 Agreements liability was \$6,669,000 at December 31, 2022 and \$16,754,000 at December 31, 2021.

In 2007, CCHS entered into an interest rate swap agreement (the “2007 Agreement”) in connection with certain then-existing debt. In conjunction with the affiliation with WVUHS on March 1, 2011, the 2007 Agreement was amended to include the Obligated Group. Further, the 2007 Agreement was amended and restated effective March 13, 2014. The 2007 Agreement has a notional value of \$16,025,000 and terminates on February 15, 2034. The 2007 Agreement requires the System to pay a fixed rate while receiving a variable interest rate based upon 67% of LIBOR. The fair value of the 2007 Agreement liability was \$1,043,000 at December 31, 2022 and \$2,955,000 at December 31, 2021.

In 2007, UH entered into an interest rate swap agreement (the “2007 UH Agreement”) in connection with certain then-existing debt. The 2007 UH Agreement has a notional value of \$24,225,000 and terminates on June 1, 2037. The 2007 UH Agreement requires the System to pay a fixed rate while receiving a variable interest rate based upon 67% of LIBOR. The fair value of the 2007 UH Agreement liability was \$1,952,000 at December 31, 2022 and \$5,420,000 at December 31, 2021.

The System recognizes gains and losses from changes in fair values of interest rate swap agreements as non-operating revenue or expense within revenues in excess of expenses in the accompanying consolidated statement of operations. The net cash paid or received under the swap agreements is recognized as an adjustment to interest expense. No termination payments would be required if the swap agreements are held to maturity.

Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk. Such risks involve the possibility that there will be no liquid market for these agreements, the counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates. The notional amounts of the swap agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreements. Management believes that losses related to credit risk are remote.

10. Pension Plans

Defined contribution plans

The System provides a defined contribution plan that covers substantially all full-time and part-time employees. Employees who are not part of the WVUH local union are eligible to contribute, and the System will match a percentage of their base compensation up to a limit of 4.5%. Employee contributions are 100% vested upon entry into the plan, and employer contributions are subject to a three-year cliff vesting schedule. Employees who are members of the WVUH local union are eligible to contribute, and the System will match a percentage of their

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based compensation up to a limit of 5%. The employer matching contribution begins after the completion of two-years' service, and both the employee and employer contributions are 100% vested upon entry into the plan.

The System also maintains a frozen defined contribution plan. This plan was used to merge prior 401(k) and 401(a) defined contribution plans as part of a benefit standardization process in January 2019. The plan is frozen to new contributions.

Less than 1% of WVUH's employees continue to be paid by the State of West Virginia. Those employees also participate in a defined contribution plan for State employees. WVUH reimburses the State for all costs of these employees, including salaries and wages, pension expense, and other related fringe benefits.

AHS, LLC provides a defined contribution plan that covers all employees. Employees are eligible to contribute, and AHS, LLC will match, a percentage of their base compensation up to a limit of 4.5%. Employee contributions are 100% vested upon entry into the plan and employer contributions are subject to a three-year cliff vesting schedule.

The System's expense related to the employer match to the 403(b) plans was \$40,658,000 in 2022 and \$38,396,000 in 2021, respectively.

Defined benefit plans

Current financial reporting standards require the service cost component of net benefit cost to be reported in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. There is no service cost associated with the System's defined benefit plans as they were either frozen or terminated as of December 31, 2022. The other components of net periodic pension cost are required to be presented in the statement of operations separately from the service cost component and outside the subtotal operating income. The System's net period benefit costs for the years ended December 31, 2022 and 2021 are presented in other nonoperating expenses in the accompanying consolidated statements of operations.

SJH maintains a noncontributory defined benefit pension plan that covers substantially all of its employees who were employed on or before December 31, 2013, at which time the plan was frozen to new entrants. Accrued benefits were also frozen as of that date.

UH has a noncontributory defined benefit pension plan covering all employees who meet certain eligibility requirements. UH's funding policy is to make the minimum annual contributions that are required by applicable regulations, plus such amounts as WVUHS may determine to be appropriate from time to time. Effective June 23, 2012, UH amended the defined benefit plan to effectively freeze the defined benefit pension plan, whereby no further benefits will be accrued under the plan.

BHA sponsored a defined benefit pension plan covering employees who met certain eligibility requirements as to age and length of service. The defined benefit pension plan provides pension benefits that are based on the employee's compensation during their period of credited service. The defined benefit pension plan was frozen February 1, 2009, therefore, no new plan participants have been permitted since that date. BHA's funding policy is to contribute the minimum annual amount required by applicable regulators, plus additional amounts as WVUHS may determine to be appropriate from time to time.

GRMC has a noncontributory defined benefit pension plan covering all employees who meet certain eligibility requirements. GRMC's funding policy is to contribute the minimum annual contributions required by applicable regulations, plus such amounts as WVUHS may determine to be appropriate from time to time. Accruals for benefits froze for active participants effective June 30, 2022.

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The following table sets forth the combined information for the plans noted above related to the change in benefit obligation, the fair value of plan assets and the amounts recognized in the accompanying consolidated balance sheets at December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Change in projected benefit obligation:		
Projected benefit obligation, beginning of year	\$ 97,813	\$ 17,620
Acquisition of BHA, UH and GRMC	50,653	87,620
Service cost	810	793
Interest cost	3,213	1,869
Actuarial loss	(25,302)	(2,776)
Benefits paid	(7,580)	(7,313)
Settlement	(2,193)	-
	<u>117,414</u>	<u>97,813</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	80,219	10,384
Acquisition of BHA, UH and GRMC	34,058	66,555
Actual return (loss) on plan assets (net of expense)	(11,492)	8,343
Employer contributions	4,253	2,250
Benefits paid	(7,580)	(7,313)
Settlement	(2,193)	-
	<u>97,265</u>	<u>80,219</u>
Fair value of plan assets, end of year	<u>97,265</u>	<u>80,219</u>
Funded status at end of year	<u>\$ (20,149)</u>	<u>\$ (17,594)</u>

The following table sets forth the components of net periodic pension costs in 2022 and 2021, recognized in the accompanying consolidated statements of operations (in thousands):

	<u>2022</u>	<u>2021</u>
Interest cost	\$ 3,213	\$ 1,869
Service cost	810	793
Settlement charge	649	-
Expected return on plan assets	(5,738)	(4,377)
Amortization of actuarial loss	501	660
	<u>501</u>	<u>660</u>
Net periodic pension (benefit) cost	<u>\$ (565)</u>	<u>\$ (1,055)</u>

A net actuarial gain of \$3,875,000 at December 31, 2022 and loss of \$3,251,000 at December 31, 2021, represents the unrecognized component of net periodic pension cost included in net assets without donor restrictions. Estimated amortization of the net gain of \$254,000 is expected to be recognized in net periodic pension cost in the next fiscal year.

The following assumptions were used to determine benefit obligations at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Discount rate:		
UH plan	5.17%	2.67%
SJH plan	4.97%	2.70%
BHA plan	5.05%	2.65%
GRMC plan	5.24%	N/A

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The weighted-average assumptions used in the measurement of net periodic benefit cost for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Discount rate:		
UH plan	5.17%	2.67%
SJH plan	4.97%	2.70%
BHA plan	5.05%	2.65%
GRMC plan	5.24%	N/A
Expected long-term return on plan assets:		
UH plan	6.00%	6.00%
SJH plan	6.75%	6.75%
BHA plan	4.25%	4.10%
GRMC plan	7.00%	N/A

The basis for determining the overall expected long-term rate of return on assets has been based on the assumption that future real returns will approximate historic long-term rates of return experienced for each asset class in the investment policy statement. Based on this analysis, it was determined that the long-term rate of return should be consistently applied.

When determining an appropriate risk tolerance, the System examines the financial ability to accept risk within the investment program and the willingness to accept return volatility. Based on these factors, a range of investment percentages has been established, by asset type, to which the mix of assets should be generally maintained. When necessary, the portfolio will be rebalanced within the target allocations.

Actual allocation and targeted percentages as of December 31, 2022 and 2021 are as follows:

	<u>Actual Percentage</u>		<u>Targeted Percentage</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	6%	6%	-%	-%
Equity securities	54%	55%	25%	25%
Fixed income securities	40%	39%	75%	75%

The following table summarizes the plans' Level 1 assets measured at fair value on a recurring basis at December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 5,621	\$ 4,572
Marketable equity securities	52,287	44,101
Mutual funds, fixed income	<u>39,357</u>	<u>31,546</u>
Total	<u>\$ 97,265</u>	<u>\$ 80,219</u>

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The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2022 and 2021.

Cash and cash equivalents: The carrying amounts approximate fair value because of the short maturity of these financial instruments.

Marketable equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and exchange traded funds: Valued at the quoted net asset value of shares (basis for trade) held by the System at year end.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following benefit payments are expected to be paid (in thousands):

Years ending December 31:	
2023	\$ 8,582
2024	\$ 8,457
2025	\$ 8,499
2026	\$ 8,508
2027	\$ 8,514
2028-2032	\$ 41,636

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Pediatric care	\$ 2,606	\$ 7,328
Purchases of property and equipment	875	35,384
Various healthcare related activities	4,375	5,085
Other	<u>4,003</u>	<u>3,907</u>
Total subject to expenditure for specified purposes	11,859	51,704
Contributed property restricted from sale	52,777	-
Endowment funds – income expendable to support various healthcare services and purchase equipment	6,936	7,240
Perpetual income trusts – income expendable to support charity care and other healthcare services	<u>5,452</u>	<u>6,535</u>
Total net assets with donor restrictions	<u>\$ 77,024</u>	<u>\$ 65,479</u>

12. Medical Malpractice Claims Coverage

Effective January 1, 2018, the System formed Augusta Insurance Company, Ltd. (“Augusta”), a wholly owned captive insurance company incorporated as an exempt company under the Companies Law of the Cayman Islands. Augusta facilitates the structuring of a unified insurance program for the System, while remaining flexible to meet unique needs that may vary across the System. In conjunction with the formation of Augusta, the System terminated the previous self-funded programs and transferred approximately \$73,000,000 in assets and approximately \$53,000,000 in liabilities from the self-funded malpractice trusts to Augusta. Ongoing operations of Augusta are funded by premiums paid by the System entities. The operations of Augusta are included in the System’s accompanying consolidated financial statements.

Augusta provides claims-made general and professional liability coverage to WVUHS and its controlled entities. Augusta accepted loss portfolio transfer of remaining liabilities on pre-2018 reported claims from the prior self-funded programs. Additionally, the System has obtained excess claims made coverage policies with five different third-party commercial insurance companies.

A summary of primary and excess coverage is summarized below:

Augusta Insurance Company, Ltd.	\$10 million per occurrence \$35 million aggregate
Other Third-Party Commercial Excess	\$70 million per occurrence \$70 million aggregate
Total Liability Coverage (including Augusta)	\$80 million per occurrence \$105 million aggregate

Management estimates the provision for malpractice losses using an actuarial reserve analysis prepared by its independent actuaries. The recorded estimated malpractice obligation reflected in the consolidated financial statements is discounted using a 3.0% discount rate is \$74,422,000 and \$78,713,000 at December 31, 2022 and 2021, respectively. The undiscounted amount of the reserve is \$80,385,000 and \$83,608,000 at December 31, 2022 and 2021, respectively. The actuarial estimates are based on the historical data of the program blended together with relevant insurance industry loss development statistics. Actuarial estimates include claims made and tail liabilities. Management believes that the estimated malpractice reserves are reasonable in all material respects.

Medical malpractice and general liability claims are managed by the System’s legal staff. Specialized experts and outside attorneys are utilized when such expertise is considered necessary. The System believes it has adequate insurance coverages and accruals for all asserted claims and it has no knowledge of unasserted claims that would exceed its self-insurance and insurance coverages and accruals. However, because of the extended period over which losses are settled and the general uncertainty surrounding the estimates, the ultimate settlement costs could vary and these differences could be material. The estimate is continually reviewed and, as adjustments to the liability become necessary, the adjustments are reflected in current operations.

UH is a member of the Community Hospital Alternative for Risk Transfer (“CHART”), a reciprocal risk retention group approved to provide malpractice coverage in Pennsylvania. This group was formed in order to stabilize the cost and availability of malpractice insurance for community hospitals throughout the region by taking advantage of the self-funding capabilities of a large homogenous group and leveraging the group’s purchasing power. UH purchases primary and excess medical malpractice insurance under claims-made policies. Based upon UH’s claims experience, an accrual has been made for UH’s estimated medical malpractice costs (reported and unreported incidents), including costs associated with litigating or settling claims, under its malpractice insurance policy. The recorded estimated malpractice obligation reflected in the consolidated financial statements for UH is \$1,511,000 and 3,012,000 at December 31, 2022 and 2021, respectively.

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GRMC is a shareholder of Freestate, a captive insurance company, that provides insurance coverage on a claims-made basis for professional liability claims and comprehensive general liability of \$2,000,000 for each loss event. Freestate has entered into reinsurance and excess policy agreements with independent insurance companies to limit its losses for professional liability and comprehensive general liability claims. Freestate has \$4,000,000 of additional insurance in the aggregate through such reinsurance arrangements which is applicable to GRMC. Retrospective premium assessments and credits are calculated based on the aggregate experience of all named insureds under the policy. Each named insured's assessment or credit is based on the percentage of their actual exposure to the actual exposure of all named insureds. Each named insured will not be charged or entitled to any retrospective premium assessments or credits until the policy period has been closed and no further claim obligations are expected. If the financial condition of Freestate were to materially deteriorate in the future, and Freestate was unable to pay its claim obligations, the payment of such claims would be the responsibility of the member hospitals. The estimated cost of claims is actuarially determined based upon past experience and discounted using a discount rate of 3.5%.

Since the formation of Augusta on January 1, 2018, new hospitals and physician practice acquisitions are evaluated by its independent actuaries for coverage within Augusta. Barnesville Hospital continued to maintain their primary coverage from commercial third-party insurance carriers through December 31, 2022, with coverage moving to Augusta effective January 1, 2023.

As part of the Member Transfer Agreement, WH's wholly owned insurance captive domiciled in the Cayman Islands, Mountaineer Freedom ("MFLTD"), was acquired by WVUHS. The MFLTD insurance program was for medical professional liability and general liability, including excess coverage. MFLTD annually provided WH with primary professional liability coverage of \$1,000,000 per incident or \$3,000,000 in the aggregate and primary general liability coverage of \$1,000,000 per occurrence or \$1,000,000 in the aggregate. There were no deductibles. Additionally, MFLTD provided WH with two layers of excess coverage. The first excess coverage was \$2,000,000 per incident or \$4,000,000 in the aggregate with respect to professional liability and \$2,000,000 per occurrence or \$2,000,000 in the aggregate with respect to general liability. The second excess coverage was \$15,000,000 per medical incident or \$15,000,000 in the aggregate with respect to professional liability and \$15,000,000 per occurrence or \$15,000,000 in the aggregate with respect to general liability. WH owned 100% of the common stock of MFLTD. Accordingly, MFLTD is included within these consolidated financial statements. As part of the overall malpractice risk management, on October 1, 2021, MFLTD merged with Augusta. As a result of this merger, assets of approximately \$21,850,000 and liabilities of \$19,178,000 of MFLTD were transferred to Augusta.

In management's opinion, the assets of Augusta are sufficient to meet its obligations as of December 31, 2022 and 2021. If the financial condition of Augusta were to materially deteriorate in the future, and Augusta was unable to pay its claim obligations, the responsibility to pay those claims would return to WVUHS and its controlled entities. Additionally, in the event that other third-party commercial general liability companies were unable to meet their obligations under the insurance agreements, the responsibility to pay those claims would return to WVUHS and its controlled entities.

13. Related-Party Transactions

WVUH has entered into a Joint Operating Agreement ("JOA") with West Virginia University Medical Corporation d/b/a University Health Associates ("UHA") and the University in order to further integrate their mission and purpose, management, clinical activities and economic and financial activities. WVUH and UHA will function as a single strategic and economic unit while retaining their separate corporate identities. The JOA, as amended, requires an equalization of the operating margin between WVUH and UHA on a three to one basis, respectively. WVUH recorded approximately \$192,784,000 and \$172,237,000 for the periods ending December 31, 2022 and 2021, respectively, associated with these support payments. These amounts have been recorded as physician support in the consolidated statement of operations.

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Additionally, the JOA, as amended, requires a transfer of excess funds from WVUH to the University's School of Medicine ("SOM"). In 2022, \$22,095,000 was transferred to the SOM, with WVUH responsible for funding \$18,720,000 and UHA responsible for funding \$3,375,000. In 2021 total required transfers were \$24,741,000, with WVUH responsible for funding \$21,366,000 and UHA responsible for funding \$3,375,000. These contributions are included in transfers to the School of Medicine in the accompanying consolidated statements of changes in net assets. Amounts payable to the University associated with this required transfer was \$4,103,000 and \$3,379,000 at December 31, 2022 and 2021, respectively, and is recorded in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

WVUHS and UHA agree to finance the University's resident and intern program and provide clinical teaching subsidies. Total support of \$13,650,000 for the years ended December 31, 2022 and 2021, with WVUHS responsible for funding \$10,275,000 and UHA responsible for funding \$3,375,000, is recorded as operating expenses in the accompanying consolidated statements of operations. WVUH also pays the University for other expenses such as state employee salaries, certain utilities and rents. Other payments made to the University were \$42,662,000 and \$43,971,000 for the periods ending December 31, 2022 and 2021, respectively, all of which are recorded as operating expense in the accompanying consolidated statements of operations.

WVUHS provides certain information technology services on behalf of UHA, for which approximately \$14,164,000 and \$12,172,000 was recorded for the periods ending December 31, 2022 and 2021, respectively. Approximately \$10,202,000 and \$9,409,000 was recorded for the periods ending December 31, 2022 and 2021, respectively, for other services provided by WVUHS on behalf of UHA. These amounts have been included in other revenues in the accompanying consolidated statements of operations. The total amount payable from UHA is \$673,000 and \$1,699,000 at December 31, 2022 and 2021, respectively, and is recorded in other accounts receivable in the accompanying consolidated balance sheets.

UHA provides various medical director services and other medical service support to WVUH, BMC and JMC. Payments for these services were \$3,540,000 in 2022 and \$3,682,000 in 2021 and the associated expenses are included in physician support and purchased services in the accompanying consolidated statements of operations. The total amount payable to UHA for these services was \$710,000 and \$786,000 at December 31, 2022 and 2021, respectively, and is recorded in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Effective January 1, 2013, University Healthcare entered into a Mission Support Agreement ("MSA") with University Healthcare Physicians ("UHP"). The MSA ensures UHP operating losses are funded by University Healthcare on a monthly basis. Break even operations are calculated on a monthly basis for UHP and any losses are recorded by BMC and JMC as mission support. Total mission support was \$21,265,000 in 2022 and \$20,006,000 in 2021 and is included in physician support in the accompanying consolidated statements of operations. The total amount payable to UHP for these support payments was \$1,304,000 and \$2,119,000 at December 31, 2022 and 2021, respectively, and is recorded in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

WVUH, Charleston Area Medical Center and Cabell Huntington Hospital are members of HealthNet, Inc. ("HNET"), an aeromedical transport service company. Each member's ownership percentage is 33 $\frac{1}{3}$ %. HNET is a West Virginia nonprofit corporation, which the Internal Revenue Service has determined is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. HNET's members are required to support HNET to the extent that expenses exceed revenues. HNET had total assets of \$42,214,000 and total liabilities of \$42,184,000 and total equity of \$30,000 as of December 31, 2022. Amounts due from HNET were \$15,213,000 at December 31, 2022 and \$10,486,000 at December 31, 2021 and are included in other assets, net in the accompanying consolidated balance sheets. WVUH guaranteed certain capital equipment loans for HNET. The outstanding balance for these equipment loans was approximately \$6,891,000 and \$9,618,000 as of December 31, 2022 and 2021, respectively. The outstanding loans are scheduled to mature in November 2030 and September 2023. WVUH is obligated to pay the amounts due under the loans in the event of a default. There are no known events of default on these loans as of December 31, 2022.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

The total amount receivable from affiliated organizations was \$62,840,000 and \$28,661,000 at December 31, 2022 and 2021, respectively, and is recorded in other accounts receivable in the accompanying consolidated balance sheets.

14. Leases

The System leases certain equipment and office buildings under the terms of non-cancellable operating leases. For leases with terms greater than 12 months, the related right-of-use assets and right-of-use obligations are recorded at the present value of lease payments over the term. Many of the leases include rental escalation clauses and renewal options that are factored into the determination of lease payments when appropriate.

The components of lease expense (and related classification in the accompanying statements of operations) were as follows during 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Operating lease cost (other expense)	\$ 24,830	\$ 23,030
Finance lease cost:		
Amortization of right-of use assets (depreciation and amortization)	8,489	3,533
Interest on lease liabilities (interest expense)	2,846	1,108
Sublease income (other operating income)	<u>(1,825)</u>	<u>(2,359)</u>
Total lease cost	<u>\$ 34,340</u>	<u>\$ 25,312</u>

Cash paid for amounts included in the measurement of lease liabilities for the years ended December 31 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Operating cash flows from operating leases	\$ 21,554	\$ 20,480
Operating cash flows from finance leases	3,486	1,108
Financing cash flows from finance leases	<u>4,893</u>	<u>3,046</u>
Total	<u>\$ 29,933</u>	<u>\$ 24,634</u>

Right-of-use assets obtained in exchange for new lease obligations for the years ended December 31 are as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 9,332	\$ 48,702
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 24,837	\$ 24,834

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

The following table presents lease-related assets and liabilities at December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Operating leases:		
Right-of-use operating lease assets	\$ 41,519	\$ 37,589
Current operating lease liabilities	\$ 13,042	\$ 12,051
Noncurrent operating lease liabilities	<u>29,661</u>	<u>26,045</u>
Total operating lease liabilities	<u>\$ 42,703</u>	<u>\$ 38,096</u>

Current operating lease liabilities are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Noncurrent operating lease liabilities are included in right-of-use operating lease obligations in the accompanying consolidated balance sheets as of December 31, 2022 and 2021 (in thousands):

	<u>2022</u>	<u>2021</u>
Finance leases:		
Property and equipment, net	\$ 64,815	\$ 63,946
Current finance lease liabilities	\$ 7,523	\$ 5,667
Noncurrent finance lease liabilities	<u>64,746</u>	<u>63,089</u>
Total finance lease liabilities	<u>\$ 72,269</u>	<u>\$ 68,756</u>

Current finance lease liabilities are included in current maturities of long-term debt in the accompanying consolidated balance sheets. Noncurrent finance lease liabilities are included in long-term debt, net, in the accompanying consolidated balance sheets.

	<u>2022</u>	<u>2021</u>
Other information:		
Weighted-average remaining lease term – operating leases	5.2 years	4.7 years
Weighted-average remaining lease term – finance leases	9.2 years	9.4 years
Weighted-average discount rate – operating leases	4.83%	3.93%
Weighted-average discount rate – finance leases	4.76%	4.76%

The following is a schedule of lease liability maturities related to leases with third-parties for the years ending (in thousands):

	<u>Operating</u>	<u>Finance</u>
2023	\$ 13,585	\$ 7,953
2024	9,639	4,900
2025	6,379	4,325
2026	4,545	3,486
2027	3,384	2,270
Thereafter	<u>8,075</u>	<u>14,429</u>
Total	45,607	37,363
Less: interest	<u>(4,857)</u>	<u>(7,329)</u>
Lease liability	<u>\$ 40,750</u>	<u>\$ 30,034</u>

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

The following is a schedule of lease liability maturities related to leases with affiliates for the years ending (in thousands):

	<u>Operating</u>	<u>Finance</u>
2023	\$ 1,046	\$ 933
2024	421	842
2025	421	746
2026	181	646
2027	-	541
Thereafter	<u>-</u>	<u>106,025</u>
Total	2,069	109,733
Less: interest	<u>(116)</u>	<u>(67,498)</u>
Lease liability	<u>\$ 1,953</u>	<u>\$ 42,235</u>

15. Commitments and Contingencies

Workers' compensation claims coverage

The System maintains insurance policies with a stated per occurrence deductible and a stated deductible aggregate for workers' compensation claims. The policies provide statutory workers' compensation limits of liability. The System was required to establish loss funds and provide letters of credit to secure the deductible obligations. The letters of credit total \$5,392,000 at December 31, 2022 and \$4,992,000 at December 31, 2021 and are automatically renewed by the issuing bank every July 1 unless notified 90 days prior to the renewal date.

Asbestos

Certain facilities owned by the System, which were constructed prior to the passage of the Clean Air Act, contain encapsulated asbestos material. Current law requires that this asbestos be removed in an environmentally safe fashion prior to the demolition and renovation of these buildings. The fair value of the liability for such asbestos removal cannot be reasonably estimated at this time. Management does not believe that remediation of such items will have a material effect on the consolidated financial statements.

Disproportionate Share Hospital State Plan

The State of West Virginia Disproportionate Share Hospital ("DSH") State Plan was amended to provide for a settlement process among participating hospitals. Beginning with 2011, the State is completing a final settlement and redistribution process. In December 2020, the 2017 DSH audits were finalized. The redistribution based on these results has not yet occurred. The Bureau for Medical Services of the State of West Virginia Department of Health and Human Resources has contracted with a third-party vendor to assist with the audit settlement process for DSH. The laws and regulations governing the DSH settlement process are complex, involving a wide range of data from all participating hospitals and subject to interpretation. Accordingly, the System is not able to estimate the possible loss or gain that could arise upon completion of the DSH settlement process. The results of the resolution of the settlement process could materially impact the System's future results of operations or cash flows in a particular period.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Healthcare industry

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Management is not aware of any material incidents of noncompliance that have not been provided for in the accompanying consolidated financial statements; however, the possible future financial effects of this matter on the System, if any, are not presently determinable.

16. Liquidity and Availability

As of December 31, 2022 and 2021, the System has a working capital of approximately \$771,722,000 and \$732,905,000, respectively, and average days (based on normal expenditures) cash and board designated investments on hand of 149 days and 195 days, respectively.

Financial assets available for general expenditure within one year of the balance sheet date consist of the following at December 31 (in thousands):

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 545,204	\$ 697,049
Patients accounts receivable	626,718	504,178
Other accounts receivables	76,448	57,928
Assets whose use is limited, current	<u>33,079</u>	<u>43,572</u>
Total	<u>\$ 1,281,449</u>	<u>\$ 1,302,727</u>

In addition to the assets in the table above, the System has other assets whose use is limited for specified purposes and because they are not available for general expenditure within one year are not reflected in the amounts above. The System does, however, have certain long term assets whose use is limited by board designation and could be made available for general expenditure within one year, if necessary.

Additionally, the System has \$210,000,000 in revolving lines of credit (Note 7). As of December 31, 2022, approximately \$182,865,000 remained available on the System's lines of credit for use in the normal course of operations if needed.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

17. Functional Expenses

The System provides general health care and related services to individuals within its geographic region. Expenses related to providing these services for the years ended December 31, 2022 and 2021 are as follows (in thousands):

	2022			Total
	Healthcare Services	General and Administrative	Fundraising	
Salaries and wages	\$ 1,255,703	\$ 301,801	\$ 72	\$ 1,557,576
Employee benefits	325,319	108,573	15	433,907
Supplies and purchased services	998,556	3	-	998,559
Physician support	332,267	358	-	332,625
Professional fees	233,538	118,359	32	351,929
Depreciation and amortization	111,479	101,362	-	212,841
Interest	39,334	23,394	-	62,728
Other	320,538	191,339	69	511,946
Total	\$ 3,616,734	\$ 845,189	\$ 188	\$ 4,462,111

	2021			Total
	Healthcare Services	General and Administrative	Fundraising	
Salaries and wages	\$ 1,113,476	\$ 254,596	\$ 59	\$ 1,368,131
Employee benefits	289,163	89,809	9	378,981
Supplies and purchased services	866,782	58	-	866,840
Physician support	271,392	5,361	-	276,753
Professional fees	119,414	78,188	22	197,624
Depreciation and amortization	117,394	76,750	-	194,144
Interest	39,490	18,670	-	58,160
Other	279,910	213,643	743	494,296
Total	\$ 3,097,021	\$ 737,075	\$ 833	\$ 3,834,929

The accompanying consolidated financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization, interest and other occupancy costs, are allocated to a function based on location of the respective assets.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

18. Business Combinations

Garrett County Memorial Hospital

Effective July 1, 2022, WVUHS became the sole member of GRMC, Inc. ("GRMC"), a Maryland non-profit corporation and an Operating and Lease Agreement went into effect whereby GRMC will operate Garrett County Memorial Hospital ("GCMH").

The following table summarizes the fair value of the assets acquired and the liabilities assumed as of the date of acquisition (in thousands):

Assets:	
Cash and cash equivalents	\$ 18,189
Current portion of assets whose use is limited	408
Patient receivables	8,529
Other receivables	4,162
Inventories of supplies	1,978
Prepaid expenses and other current assets	907
Property and equipment, net	20,726
Right-of-use operating lease assets	74
Investments	9,932
Other assets, net	<u>891</u>
Total assets	<u>\$ 65,796</u>
Liabilities:	
Current maturities of long-term debt	\$ 849
Accounts payable and accrued expenses	7,810
Estimated third-party payor settlements	544
Long-term debt, net	11,676
Pension liability	16,595
Right-of-use operating lease obligations	8
Other liabilities	<u>1,299</u>
Total liabilities	<u>38,781</u>
Net assets without donor restrictions	26,325
Net assets with donor restrictions	<u>690</u>
Net assets acquired over liabilities assumed	<u>\$ 27,015</u>

The results of operations for GRMC are included in the consolidated schedule of operations and changes in net assets beginning July 1, 2022. For the period July 1, 2022 through December 31, 2022, GRMC had total operating revenues of \$33,829,000, operating loss of \$125,000 and excess or revenues over expenses of \$30,446,000. Additionally, for the period July 1, 2022 through December 31, 2022, GRMC recognized an increase in net assets without donor restriction of \$29,652,000 and an increase of \$858,000 in net assets with donor restrictions.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Recovery Properties, LLC

On August 1, 2022, WVUH executed a purchase agreement to acquire 100% membership interest in Recovery for \$4,800,000, at which time Recovery became fully controlled by WVUH.

The following table summarizes the fair value of the assets acquired and the liabilities assumed as of the date of acquisition (in thousands):

Assets:	
Cash and cash equivalents	\$ 324
Other receivables	1,756
Prepaid expenses and other current assets	27
Property and equipment, net	15,660
Other assets, net	<u>1,050</u>
Total assets	<u>\$ 18,817</u>
Liabilities:	
Accounts payable and accrued expenses	\$ 2,157
Long-term debt, net	<u>11,860</u>
Total liabilities	<u>14,017</u>
Net assets without donor restrictions	<u>4,800</u>
Net assets acquired over liabilities assumed	<u>\$ 4,800</u>

Wheeling Hospital, Inc.

In December 2020, WVUHS, The Most Reverend Mark E. Brennan, Bishop, on behalf of the Roman Catholic Diocese of Wheeling-Charleston (the "Diocese") and WH entered into a Member Substitution Agreement for WVUHS to become the sole member of WH and for the WH and its subsidiaries to become financially, clinically, and administratively integrated into WVUHS. This transaction closed on April 1, 2021. WH contemporaneously entered into a long-term lease agreement with the Diocese to lease real property that was transferred through a Real Property Transfer Agreement with the Diocese. As part of the Member Substitution Agreement, WVUHS was required to transfer approximately \$33,931,000 to the Wheeling Hospital Foundation, Inc. (the "WH Foundation"). WVUHS and the Diocese both have 50% membership in the Foundation, but due to the noted lack of control, WVUHS has not included the results of the WH Foundation within the consolidated results of WVUHS. Any future support provided by the Foundation will be recorded by the System as contribution income in the respective period earned. Additionally, the System agreed to provide \$100,000,000 in future capital improvements over the next 10 years among other operation commitments.

WVUHS has elected to apply pushdown accounting whereby individual assets and liabilities were adjusted to the new basis of accounting established by WH as of the acquisition date. As part of the transaction, WVUHS has recorded an inherent contribution totaling approximately \$82,214,000 in 2021, which represents the excess of the fair value of assets acquired over the fair value of liabilities assumed from the transaction.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

The following information summarizes the recorded values of the assets acquired and liabilities assumed for WVUHS on April 1, 2021, reflecting the pushdown accounting associated with the change in control caused by the Member Substitution Agreement (in thousands):

Assets:	
Cash and cash equivalents	\$ 33,387
Current portion of assets whose use is limited	18,509
Patient receivables	34,916
Other receivables	6,255
Inventories of supplies	5,100
Prepaid expenses and other current assets	4,245
Property and equipment, net	97,367
Right-of-use operating lease assets	7,013
Investments	78,723
Other assets, net	<u>1,580</u>
Total assets	<u>\$ 287,095</u>
Liabilities:	
Current maturities of long-term debt	\$ 5,121
Accounts payable and accrued expenses	18,987
Due to affiliates	6,016
Estimated third-party payor settlements	4,196
Salaries and benefits payable	27,282
Current portion of malpractice costs	3,090
Long-term debt, net	90,210
Malpractice costs	15,393
Right-of-use operating lease obligations	5,711
Other liabilities	<u>2,103</u>
Total liabilities	<u>178,109</u>
Net assets without donor restrictions	107,153
Net assets with donor restrictions	<u>1,833</u>
Total net assets	<u>108,986</u>
Net assets acquired over liabilities assumed	<u>\$ 287,095</u>

WH contemporaneously executed a long-term lease agreement with the Diocese to lease real property that was transferred to the Diocese through the Real Property Transfer Agreement. The 50 year lease agreement indicates that WH is required to make annual lease payments of \$3,000,000 throughout the life of the lease. The first lease payment is due to the Diocese on April 1, 2022. The Diocese has agreed to forgive lease payments for the first fifteen years of the agreement equal to principal payments made by WH associated with their Berkadia commercial Mortgage that is insured by the United States Secretary of HUD. Based on the expectation that WH will be able to benefit from above mentioned lease forgiveness, the net lease payments expected to be paid to the Diocese have been discounted using the risk free 50 year High Quality Market Corporate Spot rate. The System has recorded a right of use asset and liability of approximately \$40,700,000 that has been recorded within property and equipment, net and long-term debt, net, respectively, within the consolidated balance sheet.

The results of operations for WH are included in the consolidated schedule of operations and changes in net assets beginning on April 1, 2021. For the period from April 1 through December 31, 2021, WH had total operating revenues of \$336,549,000, an operating loss of \$15,907,000 and revenues in excess of expenses of \$70,422,000. Additionally, for the period April 1 through December 31, 2021, WH recognized an increase in net assets without donor restriction of \$107,153,000, and an increase of \$1,833,000 in net assets with donor restrictions.

West Virginia University Health System and Controlled Entities
Notes to Consolidated Financial Statements

Uniontown Hospital

Effective January 1, 2021, WVUH became the sole member of Uniontown Hospital (“UH”), a not-for-profit acute care hospital that provides inpatient, outpatient, and emergency services for residents of southwestern Pennsylvania. Also effective January 1, 2021, WVUHS became the sole member of Fayette Physician Network (“FPN”), a not-for-profit corporation that operates physician practices in southwestern Pennsylvania. Prior to this agreement, WVUH and UH entered into a physician service agreement effective July 1, 2019 for emergency room and inpatient hospitalist coverage. Amounts owed under this agreement were forgiven at closing as part of the transaction and, therefore, were being recorded by the System as prepayment consideration. Unreimbursed services that were provided by WVUH under this arrangement approximated \$13,215,000 in exchange for assets acquired and liabilities assumed, the amount of which has been recognized as consideration upon acquisition. Additionally, the System agreed to provide \$50,000,000 in capital improvements over a five-year period among other operational commitments.

The following table summarizes the fair value of the assets acquired and liabilities assumed as of the date of acquisition (in thousands):

Assets:	
Cash and cash equivalents	\$ 22,417
Patient receivables	12,921
Other receivables	711
Inventories of supplies	2,742
Prepaid expenses and other current assets	1,999
Property and equipment, net	37,347
Right-of-use operating lease assets	1,653
Investments	17,651
Other assets, net	<u>14,629</u>
Total assets	<u>\$ 112,070</u>
Liabilities:	
Accounts payable and accrued expenses	\$ 13,544
Long-term debt, net	35,734
Estimated third-party payor settlements	1,237
Derivative financial instruments	7,088
Malpractice costs	6,199
Pension liability	17,485
Medicare advance payments liability	11,273
Right-of-use operating lease obligations	1,328
Other liabilities	<u>4,823</u>
Total liabilities	<u>\$ 98,711</u>
Net assets without donor restrictions	\$ 13,145
Net assets with donor restrictions	<u>214</u>
Net assets acquired over liabilities assumed	<u>\$ 13,359</u>

The results of operations for UH are included in the consolidated schedule of operations and changes in net assets beginning January 1, 2021. For the year ended December 31, 2021, UH had total operating revenues of \$133,422,000, operating income of \$937,000 and excess or revenues over expenses of \$18,977,000. Additionally, for the year ended December 31, 2021, UH recognized an increase in net assets without donor restriction of \$18,646,000 and an increase of \$189,000 in net assets with donor restrictions.

19. COVID-19 Pandemic

In March 2020, in response to the COVID-19 pandemic across the United States, the federal government and a large number of state governments, including West Virginia, had imposed strict measures to curtail aspects of public life in an effort to control further spreading of COVID-19, including limitations on public gatherings, wearing of masks in public, and restrictions on restaurant and other businesses operating capacity. Additionally, state-wide executive orders issued on March 31, 2020 required providers to defer elective procedures until those orders were rescinded on April 27, 2020. These measures resulted in reduced patient volumes and operating revenues to the System for the months of March through May 2020.

On March 27, 2020, the federal CARES Act was signed into law, which is intended to provide economic relief and emergency assistance for individuals, families and businesses affected by COVID-19. Various state governments are also taking action to provide economic relief and emergency assistance. HHS has issued Post-Payment Notices of Reporting Requirements (“PPNRR”) and frequently asked questions and answers (“FAQs”) which establish the reporting criteria for providers who received Provider Relief Fund (“PRF”) funding under the CARES Act. The PPNRR and FAQs also provide guidance related to the determination of lost revenues and COVID-19 related expenses under the terms and conditions of the PRF funding received by the System. This guidance is advisory in nature and subject to change, and it is unknown at the report date what impact future guidance will have on PRF funding and revenue recognition. During the years ended December 31, 2022 and 2021, the System received approximately \$11,787,000 and \$60,074,000, respectively, in general and targeted PRF and other COVID-19 related grant funding.

The System has recognized other operating revenue of \$18,994,000 and \$48,996,000 related to PRF funding for the years ended December 31, 2022 and 2021, respectively, to the extent the conditions for entitlement to such funding for healthcare related expenses or lost revenues to prevent, prepare for or respond to COVID-19, have been met, resulting in the simultaneous release of restrictions. The remaining funds of \$14,787,000 and \$14,151,000 at December 31, 2022 and 2021, respectively, are reflected as a current liability in the accompanying consolidated statements of financial position in accounts payable, accrued expenses and deferred revenue. The System has until December 31, 2023 to utilize remaining funds toward expenses attributable to coronavirus but not reimbursed by other sources or to lost revenues per the terms and conditions. The funds are also subject to future audits and potential adjustment and certain amounts may need to be repaid to the government.

In addition, the System received \$247,534,000 of Medicare Advance Payments during 2020, of which \$154,611,000 and \$77,295,000 was recouped by Medicare during fiscal year 2022 and 2021, respectively. On September 30, 2020, the Continuing Appropriations Act (“CAA”) was signed into law, which includes provision to relax the recoupment of Medicare Advance Payments, including delaying recoupment for one year from when the advances were made. It also staggers the percentage of claims processed that will be recouped over a twenty-nine-month period. The System has recognized these amounts as Medicare advance payments liability in the consolidated balance sheets.

As of December 31, 2021, payroll taxes of approximately \$22,010,000 were deferred by the System, as permitted under the CARES Act and are recorded in salaries and benefits payable within the consolidated balance sheet. There were no deferred payroll taxes as of December 31, 2022, as all deferrals were paid back prior to December 31, 2022.

20. Subsequent Events

On October 26, 2021, WVUHS entered into a letter of intent with the City of Princeton, WV and Princeton Community Hospital Association, Inc. whereby WVUHS would become the sole member of Princeton Community Hospital ("PCH"). PCH is a not-for-profit acute care hospital located in Princeton, WV. PCH had annual operating revenue of approximately \$230,000,000, total assets of approximately \$184,000,000, and total net assets of approximately \$134,000,000 as of and for the year-ended June 30, 2022. Closing of this transaction occurred on December 31, 2022 with an effective date of January 1, 2023. The purchase price accounting for this transaction is not complete.

On November 3, 2022, WVUHS entered into an agreement and plan of affiliation with Thomas Health System, Inc. whereby WVUHS would become the sole member of Thomas Health System, Inc. ("THS"). THS is a West Virginia nonprofit corporation, which is the sole member of Herbert J. Thomas Memorial Hospital Association d/b/a Thomas Memorial Hospital, a not-for-profit acute care hospital located in South Charleston, WV and Charleston Hospital, Inc. d/b/a St. Francis Hospital, a not-for-profit acute care hospital located in Charleston, WV. THS had annual operating revenue of approximately \$300,121,000, total assets of approximately \$233,641,000, and total net assets of approximately \$110,653,000 as of and for the year-ended September 30, 2022. Closing of this transaction occurred on December 31, 2022 with an effective date of January 1, 2023. The purchase price allocation for this transaction is not complete.

On December 27, 2022, a lease agreement was signed with Grant County Commission and the Board of Trustees of Grant Memorial Hospital, which owns and operates Grant Memorial Hospital ("GMH"), whereby the real property and assets of GMH would be leased and GMH would be operated by a new West Virginia non-profit corporation to be formed as a subsidiary of WVUHS for a term of 50 years. GMH is a critical access hospital located in Petersburg, WV with annual operating revenue of approximately \$42,011,000, total assets of approximately \$30,150,000, and total net assets of approximately \$14,581,000 as of and for the year ended June 30, 2022. Based on gaining control of GMH through the lease agreement, the assets and liabilities will be consolidated within the WVUHS financial statements upon its effective date. Closing of this transaction is expected to occur on or around July 1, 2023 and is subject to satisfactory completion of due diligence.

On December 1, 2022, Welch Medical Center, Inc. ("WMC") a West Virginia nonprofit corporation with WVUHS as the sole member, entered into a letter of intent with Welch Community Hospital ("WCH"), the County Commission of McDowell County, and the State of West Virginia Department of Health and Human Resources to negotiate the terms of a lease agreement, whereby WMC would operate WCH for a term of at least 30 years. WCH is a 65-bed acute care hospital located in McDowell County, West Virginia with annual operating revenue of approximately \$27,843,000, total assets of approximately \$7,609,000, and total liabilities of approximately \$14,982,000 as of and for the year ended June 30, 2022. Based on WMC's control of WCH through the lease agreement, the assets and liabilities will be consolidated within the WVUHS financials statements after the effective date of the lease agreement. Closing of this transaction is expected to occur on or around December 31, 2023 and is subject to satisfactory completion of due diligence and regulatory approvals.

Effective January 1, 2023, WVUHS sold a 15% membership interest in Peak to Valley Health System ("VHS") for \$2,250,000. WVUHS is the majority member of Peak with a 77% membership interest. MHN, Marshall Health and VHS are minority members, with MHN with a 4% membership interest, Marshall Health with a 4% membership interest, and VHS with a 15% membership interest.

Consolidating Supplementary Information

West Virginia University Health System and Controlled Entities
 Consolidating Balance Sheet
 December 31, 2022
 (in thousands)

	OBLIGATED GROUP																	NON-OBLIGATED GROUP					Total Consolidated		
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Garrett Regional Medical Center	Augusta	Other Non-obligated		Eliminations	
ASSETS																									
Current assets:																									
Cash and cash equivalents	\$ 101,009	\$ 116,758	\$ 7,010	\$ 19,490	\$ 15,408	\$ 2,495	\$ 81,974	\$ 20,949	\$ 10,984	\$ 6,060	\$ 22,320	\$ 11,456	\$ 18,611	\$ 4,486	\$ 2,496	\$ 1,681	\$ -	\$ 443,187	\$ 25,088	\$ 17,759	\$ 9,155	\$ 50,015	\$ -	\$ -	\$ 545,204
Current portion of assets whose use is limited	7,477	2,196	1,184	1,068	-	-	741	-	-	116	-	-	-	-	-	-	-	12,782	17,371	-	24,671	-	-	(21,745)	33,079
Accounts receivable:																									
Patients	267,415	62,305	54,765	44,851	12,602	-	(2,694)	12,704	12,011	18,436	7,697	3,078	5,464	4,853	21,088	3,871	-	528,446	59,948	10,365	-	27,959	-	-	626,718
Other	15,361	2,584	8,002	2,989	298	99	7,431	436	720	1,834	263	144	479	(69)	1,172	194	-	41,937	5,422	1,233	212	31,160	(3,516)	-	76,448
Affiliates	36,440	23,519	9,901	5,660	234	528	32,416	179	499	4,123	257	7	33	17	130	(50,443)	-	63,509	1,579	96	-	6,185	(71,369)	-	-
Inventories of supplies	30,765	8,014	8,630	5,661	1,121	-	2,630	2,181	821	2,198	1,963	464	437	403	3,602	218	-	69,108	5,474	1,869	-	8,238	-	-	84,689
Estimated third-party payor settlements	9,772	8,982	6,232	4,699	-	-	-	-	-	2,749	-	-	-	-	850	428	-	33,712	4,579	-	-	2,445	-	-	40,736
Prepaid expenses and other current assets	3,643	6,060	3,790	1,119	408	-	19,097	1,078	405	476	694	267	134	153	1,631	-	-	38,955	4,255	748	-	1,285	-	-	45,243
Total current assets	471,882	230,418	99,514	85,537	30,071	3,122	141,595	37,527	25,440	35,992	33,194	15,416	25,134	9,859	30,856	6,522	(50,443)	1,231,636	123,716	32,070	34,038	127,287	(96,630)	-	1,452,117
Assets whose use is limited:																									
Board-designated funds:																									
Funded depreciation	550,109	512,704	17,265	29,704	53,380	15,045	5,978	28,434	-	318	-	-	-	-	18,017	-	-	1,230,954	6,968	-	-	15,507	-	-	1,253,429
Strategic initiatives	23,707	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,707	-	-	-	-	-	-	23,707
Under trust indenture, held by trustee	7	8	4	1	12	-	-	-	-	-	-	-	-	-	-	-	-	32	27,635	-	-	-	-	-	27,667
Malpractice investments	22,986	14,035	12,494	6,967	-	-	20,802	-	-	(116)	-	-	-	-	-	-	-	77,168	9,998	-	70,503	-	(82,672)	-	74,997
Foundation investments	-	-	-	-	-	-	-	-	-	7,944	-	-	-	-	-	-	-	7,944	1,741	-	-	2,930	-	-	12,615
Noncurrent portion of assets whose use is limited	596,809	526,747	29,763	36,672	53,392	15,045	26,780	28,434	-	8,146	-	-	-	-	18,017	-	-	1,339,805	46,342	-	70,503	18,437	(82,672)	-	1,392,415
Property and equipment, net	881,063	288,502	117,943	64,252	15,958	18,904	149,920	16,327	20,361	30,110	10,481	5,780	11,636	12,015	43,770	3,940	-	1,690,962	90,394	19,204	-	96,667	-	-	1,897,227
Restricted assets held by third-parties	8,124	-	-	-	5,415	11	-	-	-	-	-	-	-	38	-	-	-	13,588	-	154	-	-	-	-	13,742
Right-of-use operating lease asset	6,954	2,334	4,812	1,173	39	-	3,977	157	3,392	1,539	225	236	204	129	9	-	-	25,180	5,941	382	-	10,016	-	-	41,519
Due from affiliates	5,270	-	-	-	-	-	40,111	-	-	-	-	-	-	-	-	-	(37,955)	7,426	-	-	-	-	(7,426)	-	-
Other investments	9,963	10,761	5,082	110	463	-	-	-	-	-	-	-	-	-	-	-	-	26,379	-	-	-	-	-	-	26,379
Other assets, net	49,959	1,411	369	3,768	351	1,133	6,265	8,616	4,421	292	2,154	317	1,205	1,292	10,152	4,453	-	96,158	1,527	9,122	-	23,606	-	-	130,413
Total assets	\$ 2,030,024	\$ 1,060,173	\$ 257,483	\$ 191,512	\$ 105,689	\$ 38,215	\$ 368,648	\$ 91,061	\$ 53,614	\$ 76,079	\$ 46,054	\$ 21,749	\$ 38,179	\$ 23,333	\$ 102,804	\$ 14,915	\$ (88,398)	\$ 4,431,134	\$ 267,920	\$ 60,932	\$ 104,541	\$ 276,013	\$ (186,728)	\$ -	\$ 4,953,812

	OBLIGATED GROUP																	NON-OBLIGATED GROUP					Total Consolidated		
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barresville Hospital	Eliminations	Total Obligated Group	Wheeling	Garrett Regional Medical Center	Augusta	Other Non-obligated		Eliminations	
LIABILITIES AND NET ASSETS																									
Current liabilities:																									
Line of credit	\$ 848	\$ -	\$ 3,711	\$ -	\$ -	\$ -	\$ 1,925	\$ -	\$ -	\$ 1,727	\$ -	\$ 2,211	\$ 1,813	\$ -	\$ -	\$ -	\$ -	\$ 12,235	\$ 8,000	\$ -	\$ -	\$ 6,900	\$ -	\$ 27,135	
Current maturities of long-term debt	9,070	6,029	6,583	3,284	529	347	30,887	806	989	2,432	876	749	673	570	4,042	-	-	67,866	5,124	833	-	-	2,200	76,023	
Accounts payable, accrued expenses and other	101,096	20,923	27,433	20,921	5,100	143	52,945	5,332	3,494	5,057	3,183	1,621	2,772	2,069	12,209	1,152	-	266,050	25,615	4,425	3,761	30,022	783	330,656	
Due to affiliates	10,734	4,246	11,017	3,916	2,612	207	6,370	1,555	750	4,570	788	395	1,060	4,487	10,955	98	-	22,507	10,468	231	-	32,674	(65,880)	-	
Estimated third-party payor settlements	-	-	-	-	4,446	-	-	10,108	5,491	-	5,679	1,152	6,763	50	-	-	-	33,689	-	544	-	240	-	34,473	
Salaries and benefits payable	51,862	20,163	11,186	5,482	1,220	45	26,147	3,624	1,434	5,893	2,632	758	1,516	1,118	7,967	1,039	-	142,086	24,056	2,457	-	14,293	-	182,892	
Accrued interest payable	3,003	796	313	132	11	1	220	24	45	-	-	-	-	-	-	-	-	4,545	-	-	-	-	-	4,545	
Current portion of malpractice costs	7,477	2,198	1,184	1,068	-	-	741	-	-	116	-	-	-	-	-	-	-	12,782	4,469	-	24,671	27	(17,278)	24,671	
Total current liabilities	184,090	54,353	61,427	34,803	13,918	743	119,235	21,449	12,203	19,795	13,158	4,675	14,995	10,707	35,173	2,289	(41,253)	561,760	77,732	8,490	28,432	86,356	(82,375)	680,395	
Long-term debt, net	841,281	176,679	195,777	33,490	6,286	5,999	99,392	6,554	18,202	5,457	10,917	2,237	2,602	2,267	41,851	4,596	-	1,453,587	86,417	11,678	-	27,406	-	1,579,088	
Malpractice costs	9,114	9,710	7,283	3,176	-	-	23,554	-	-	295	-	365	100	1,511	-	-	-	55,108	9,012	447	49,751	668	(65,235)	49,751	
Right-of-use operating lease obligations	3,944	1,346	3,952	722	11	-	3,228	-	3,090	1,198	48	161	106	65	562	154	-	18,587	4,621	106	-	6,347	-	29,661	
Derivative financial instruments	2,300	6,502	4,318	240	34	-	-	-	-	-	-	-	-	-	1,952	-	-	15,346	-	-	-	-	-	15,346	
Due to affiliates	-	-	13,014	-	-	-	9,190	-	-	24,530	-	-	-	-	230	-	(47,145)	(181)	-	-	-	30,103	(29,922)	-	
Pension liability	-	-	-	-	-	-	-	-	1,899	-	-	-	-	(681)	8,107	1,733	-	11,058	-	9,091	-	-	-	20,149	
Other liabilities	2,801	420	241	-	-	65	6,236	81	-	-	-	-	-	2,486	2,878	-	-	15,208	1,877	610	-	750	-	18,445	
Total liabilities	1,043,530	249,010	286,012	72,431	20,249	6,807	260,835	29,983	33,495	50,980	24,418	7,073	18,068	14,944	92,264	8,772	(88,398)	2,130,473	179,659	30,422	78,183	151,630	(177,532)	2,392,835	
Net assets (deficit):																									
Without donor restrictions:																									
Controlling interest	978,352	811,163	(31,431)	119,081	80,025	30,513	107,813	60,818	20,102	23,183	22,736	14,306	20,273	8,389	10,342	5,356	-	2,281,021	87,035	29,652	26,358	65,978	(9,196)	2,480,848	
Noncontrolling interest	-	-	2,902	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,902	-	-	-	203	-	3,105	
Net assets without donor restrictions	978,352	811,163	(28,529)	119,081	80,025	30,513	107,813	60,818	20,102	23,183	22,736	14,306	20,273	8,389	10,342	5,356	-	2,283,923	87,035	29,652	26,358	66,181	-	2,483,953	
With donor restrictions:																									
Controlling interest	8,142	-	-	-	5,415	895	-	260	17	1,916	(1,100)	370	(162)	-	198	787	-	16,738	1,226	858	-	31,815	-	50,636	
Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,388	-	26,388	
Net assets with donor restrictions	8,142	-	-	-	5,415	895	-	260	17	1,916	(1,100)	370	(162)	-	198	787	-	16,738	1,226	858	-	58,203	-	77,024	
Total net assets	986,494	811,163	(28,529)	119,081	85,440	31,408	107,813	61,078	20,119	25,099	21,636	14,676	20,111	8,389	10,540	6,143	-	2,300,661	88,261	30,510	26,358	124,383	(9,196)	2,560,977	
Total liabilities and net assets	\$ 2,030,024	\$ 1,060,173	\$ 257,483	\$ 191,512	\$ 105,689	\$ 38,215	\$ 368,648	\$ 91,061	\$ 53,614	\$ 76,079	\$ 46,054	\$ 21,749	\$ 38,179	\$ 23,333	\$ 102,804	\$ 14,915	\$ (88,398)	\$ 4,431,134	\$ 267,920	\$ 60,932	\$ 104,541	\$ 276,013	\$ (186,728)	\$ 4,953,812	

West Virginia University Health System and Controlled Entities
 Consolidating Schedule of Operations
 Year Ended December 31, 2022
 (in thousands)

	OBLIGATED GROUP																NON-OBLIGATED GROUP					Total Consolidated			
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Garrett Regional Medical Center	Augusta		Non-Obligated Group	Eliminations	
Operating revenues:																									
Net patient service revenues	\$ 1,553,574	\$ 516,352	\$ 357,466	\$ 304,224	\$ 85,474	\$ -	\$ -	\$ 98,506	\$ 66,614	\$ 123,605	\$ 60,642	\$ 26,721	\$ 47,883	\$ 33,680	\$ 141,804	\$ 21,098	\$ 144	\$ 3,437,787	\$ 425,882	\$ 32,613	\$ -	\$ -	\$ 160,502	\$ -	\$ 4,056,784
CARES Act funding	2,125	1,889	7,750	192	48	-	-	713	138	134	1,379	141	45	362	552	-	-	15,468	581	-	-	-	2,895	-	18,944
Other revenues	242,045	46,245	32,490	14,908	792	3,264	353,120	4,631	1,830	6,043	4,406	2,236	1,136	437	4,662	1,453	(277,752)	441,946	24,883	1,216	19,626	265,469	(164,941)	588,199	
Total operating revenues	1,797,744	564,486	397,706	319,324	86,314	3,264	353,120	103,850	68,582	129,782	66,427	29,098	49,064	34,479	147,018	22,551	(277,608)	3,895,201	451,346	33,829	19,626	428,866	(164,941)	4,663,927	
Operating expenses:																									
Salaries and wages	466,517	156,972	93,538	69,950	17,990	732	151,488	30,667	21,825	50,877	26,043	7,541	18,587	15,238	44,991	8,824	585	1,182,365	174,630	16,594	-	180,011	3,976	1,557,576	
Employee benefits	144,351	40,081	32,408	22,284	5,778	215	48,229	9,407	5,913	13,492	7,650	2,681	4,932	3,659	10,982	2,962	85	355,109	34,658	3,487	-	40,653	-	433,907	
Supplies and purchased services	432,850	105,892	76,737	60,458	8,429	3	835	15,601	9,694	18,176	7,861	2,417	5,107	3,360	24,209	1,493	3	773,125	116,845	5,211	-	123,245	(19,867)	998,559	
Physician support	207,606	24,708	47,697	35,160	10,829	-	-	4,514	3,043	326	3,135	3,590	-	5	21,250	71	(10,341)	351,583	15,594	344	-	23,807	(59,103)	332,625	
Professional fees	105,582	29,905	39,355	59,660	17,528	46	35,909	7,076	4,383	10,222	2,831	1,790	2,682	1,863	22,753	3,301	(5,791)	339,085	44,376	2,164	-	18,121	(51,817)	351,929	
Depreciation and amortization	77,908	22,568	16,586	10,804	2,605	903	41,374	3,398	2,168	2,805	1,275	643	1,367	659	4,539	455	-	190,057	14,969	1,761	-	6,054	-	212,841	
Interest	32,474	6,884	9,823	1,430	316	146	3,273	264	523	858	327	96	55	79	1,445	70	-	58,063	4,292	220	-	1,070	(917)	62,728	
Other	275,659	80,808	69,785	52,889	13,700	973	95,136	15,753	10,643	22,178	11,338	5,245	9,116	5,667	25,258	4,320	(262,149)	436,319	51,048	4,173	26,338	48,457	(54,389)	511,946	
Total operating expenses	1,742,947	467,818	385,929	312,635	77,175	3,018	376,244	86,680	58,192	118,934	60,460	23,983	41,846	30,530	155,427	21,496	(277,608)	3,685,706	456,812	33,954	26,338	441,418	(182,117)	4,462,111	
Operating income (loss)	54,797	96,668	11,777	6,689	9,139	246	(23,124)	17,170	10,390	10,848	5,967	5,115	7,218	3,949	(8,409)	1,055	-	209,495	(5,466)	(125)	(6,712)	(12,552)	17,176	201,816	
Nonoperating income (loss):																									
Investment income (loss)	(50,225)	(39,688)	(2,421)	(5,732)	(6,977)	(2,657)	(1,225)	(769)	-	(794)	27	6	99	(7)	335	-	-	(110,028)	(12,972)	4,025	(11,465)	(1,263)	10,922	(120,781)	
Inherent contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,325	-	-	-	-	-	26,325
Change in fair value of derivative financial instruments	4,195	10,251	7,312	847	120	-	-	-	-	-	-	-	-	-	3,468	-	-	26,193	-	-	-	-	-	-	26,193
Other, net	(343)	65	37	(106)	-	(91)	-	(474)	-	-	-	-	-	-	(319)	61	-	-	(523)	221	-	383	-	(1,089)	
Total nonoperating income (loss)	(46,373)	(29,372)	4,928	(4,991)	(6,857)	(2,748)	(1,225)	(1,243)	-	(794)	27	6	99	(326)	3,864	-	-	(85,005)	(13,495)	30,571	(11,465)	(880)	10,922	(69,352)	
Revenues in excess of (less than) expenses	8,424	67,296	16,705	1,698	2,282	(2,502)	(24,349)	15,927	10,390	10,054	5,994	5,121	7,317	3,623	(4,545)	1,055	-	124,490	(18,961)	30,446	(18,177)	(13,432)	28,098	132,464	
Change in noncontrolling interest	-	-	824	-	-	-	-	-	-	-	-	-	-	-	-	-	-	824	-	-	-	1,397	-	-	2,221
Revenues in excess of expenses attributable to controlling interest	8,424	67,296	17,529	1,698	2,282	(2,502)	(24,349)	15,927	10,390	10,054	5,994	5,121	7,317	3,623	(4,545)	1,055	-	125,314	(18,961)	30,446	(18,177)	(12,035)	28,098	134,685	
Pension liability adjustment	-	-	-	-	-	-	-	1,181	-	-	-	-	-	-	1,039	1,152	-	3,372	-	3,752	-	-	-	-	7,124
Transfers to the School of Medicine and strategic initiatives	(18,720)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,720)	-	-	-	-	-	-	(18,720)
Contributions for and grants of long-lived assets	12,808	-	-	-	-	-	-	35	-	-	-	-	-	-	-	-	-	12,843	-	-	-	-	-	-	12,843
Net assets released from restriction for long-lived assets	38,473	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,473	607	-	-	3,519	-	-	42,599
Other	89	-	-	-	-	-	677	1,054	-	-	-	-	-	-	-	-	-	(1,846)	(26)	-	-	(1,586)	-	-	(1,612)
Net asset contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-	-	4,800
Transfers (to) from affiliates	(27,211)	(7,696)	(5,592)	(4,350)	(1,336)	-	42,034	(1,275)	(707)	(1,534)	(856)	191	(748)	(618)	(4,798)	(314)	-	(14,810)	(1,764)	(4,546)	-	24,112	(2,992)	-	
Change in net assets without donor restrictions	\$ 13,883	\$ 59,600	\$ 11,937	\$ (2,652)	\$ 946	\$ (2,502)	\$ 18,362	\$ 16,922	\$ 9,683	\$ 8,520	\$ 5,138	\$ 5,312	\$ 6,569	\$ 3,005	\$ (8,304)	\$ 47	\$ -	\$ 146,446	\$ (20,118)	\$ 29,652	\$ (18,177)	\$ 18,810	\$ 25,106	\$ 181,719	

See independent auditor's report on supplementary information.

West Virginia University Health System and Controlled Entities
 Consolidating Schedule of Changes in Net Assets
 Year Ended December 31, 2022
 (in thousands)

	OBLIGATED GROUP																	NON-OBLIGATED GROUP					Total Consolidated		
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Garrett Regional Medical Center	Augusta	Non-Obligated Group	Eliminations			
Changes in net assets without donor restrictions:																									
Revenues in excess of (less than) expenses	\$ 8,424	\$ 67,296	\$ 17,529	\$ 1,698	\$ 2,282	\$ (2,502)	\$ (24,349)	\$ 15,927	\$ 10,390	\$ 10,054	\$ 5,994	\$ 5,121	\$ 7,317	\$ 3,623	\$ (4,545)	\$ 1,055	\$ -	\$ 125,314	\$ (18,961)	\$ 30,446	\$ (18,177)	\$ (12,035)	\$ 28,098	\$ 134,685	
Pension liability adjustment	-	-	-	-	-	-	-	1,181	-	-	-	-	-	-	1,039	1,152	-	3,372	-	3,752	-	-	-	7,124	
Transfers to the School of Medicine and strategic initiatives	(18,720)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,720)	-	-	-	-	-	(18,720)	
Contributions and grants for/long-lived assets	12,808	-	-	-	-	-	35	-	-	-	-	-	-	-	-	-	-	12,843	-	-	-	-	-	12,843	
Net assets released from restrictions for long-lived assets	38,473	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,473	607	-	-	3,519	-	42,599	
Net asset contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-	4,800	
Other	89	-	-	-	-	-	677	1,054	-	-	-	-	-	-	-	(1,846)	-	(26)	-	-	-	(1,586)	-	(1,612)	
Investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers (to) from affiliates	(27,211)	(7,696)	(5,592)	(4,350)	(1,336)	-	42,034	(1,275)	(707)	(1,534)	(856)	191	(748)	(618)	(4,798)	(314)	-	(14,810)	(1,764)	(4,546)	-	24,112	(2,992)	-	
Change in net assets without donor restrictions, controlling interest	13,863	59,600	11,937	(2,652)	946	(2,502)	18,362	16,922	9,683	8,520	5,138	5,312	6,569	3,005	(8,304)	47	-	146,446	(20,118)	29,652	(18,177)	18,810	25,106	181,719	
Change in net assets without donor restrictions, noncontrolling interest:																									
Revenues in excess of (less than) expenses	-	-	(824)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(824)	-	-	-	(1,397)	-	(2,221)	
Noncontrolling interest net asset contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,600	-	1,600	
Change in net assets without donor restrictions, noncontrolling interest	-	-	(824)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(824)	-	-	-	203	-	(621)	
Changes in net assets with donor restrictions:																									
Increase in restricted assets held by WVU Foundation	(1,863)	-	-	-	-	-	-	-	(8)	-	-	-	-	-	-	-	-	(1,871)	-	-	-	-	-	(1,871)	
Contributions and grants	-	-	-	-	-	(160)	-	-	12	(139)	-	-	-	(284)	-	9	-	(562)	-	168	-	28,651	-	28,257	
Contribution - noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,148	-	28,148	
Restricted inherent contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	690	-	-	-	690	
Change in restricted assets held by affiliated foundation	-	-	-	-	(1,080)	-	-	-	-	-	-	-	-	-	-	-	-	(1,080)	-	-	-	-	-	(1,080)	
Net assets released from restrictions, noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,760)	-	(1,760)	
Net assets released from restrictions for long-lived assets	(38,473)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(38,473)	(607)	-	-	(1,759)	-	(40,839)	
Change in net assets with donor restrictions	(40,336)	-	-	-	(1,080)	(160)	-	-	4	(139)	-	-	(284)	-	9	-	-	(41,986)	(607)	858	-	53,281	-	11,546	
Change in net assets	(26,473)	59,600	11,113	(2,652)	(134)	(2,662)	18,362	16,922	9,687	8,381	5,138	5,312	6,285	3,005	(8,295)	47	-	103,636	(20,725)	30,510	(18,177)	72,293	25,106	192,643	
Net assets (deficit), beginning	1,012,967	751,563	(39,642)	121,733	85,574	34,070	89,451	44,156	10,432	16,718	16,498	9,364	13,826	5,384	18,835	6,096	-	2,197,025	108,986	-	44,535	52,090	(34,302)	2,368,334	
Net assets (deficit), ending	\$ 986,494	\$ 811,163	\$ (28,529)	\$ 119,081	\$ 85,440	\$ 31,408	\$ 107,813	\$ 61,078	\$ 20,119	\$ 25,099	\$ 21,636	\$ 14,676	\$ 20,111	\$ 8,389	\$ 10,540	\$ 6,143	\$ -	\$ 2,300,661	\$ 88,261	\$ 30,510	\$ 26,358	\$ 124,383	\$ (9,196)	\$ 2,560,977	

West Virginia University Health System and Controlled Entities
 Consolidating Balance Sheet
 December 31, 2021
 (in thousands)

	OBLIGATED GROUP																	NON-OBLIGATED GROUP					
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Augusta	Other Non-Obligated Group	Eliminations	Total Consolidated
ASSETS																							
Current assets:																							
Cash and cash equivalents	\$ 182,164	\$ 144,015	\$ 38,860	\$ 40,160	\$ 30,090	\$ 2,301	\$ 71,643	\$ 30,172	\$ 5,725	\$ 6,693	\$ 22,701	\$ 9,934	\$ 8,490	\$ 4,151	\$ 20,795	\$ 268	\$ -	\$ 618,162	\$ 33,387	\$ 17,065	\$ 28,435	\$ -	\$ 697,049
Current portion of assets whose use is limited	6,227	8,406	1,184	1,068	-	-	741	-	-	116	-	-	-	-	151	-	-	17,893	18,509	21,817	-	(14,647)	43,572
Accounts receivable:																							
Patients	228,770	51,285	45,809	36,406	12,324	-	(145)	9,669	7,821	13,836	6,686	2,552	5,287	3,267	16,312	3,020	-	442,899	34,916	-	26,363	-	504,178
Other	5,364	2,995	2,360	4,710	(1,946)	499	3,710	827	750	1,720	508	173	290	212	653	(75)	-	22,750	6,255	214	17,861	10,848	57,928
Affiliates	42,554	9,177	-	80	-	-	14,947	-	-	1,379	-	-	-	-	-	-	(3,299)	64,838	-	-	(50,643)	(14,195)	-
Inventories of supplies	27,632	6,566	7,311	5,992	1,176	-	5,589	2,121	640	1,753	1,963	471	396	359	2,882	344	-	65,195	5,100	-	8,396	-	78,691
Estimated third-party payor settlements	2,735	206	2,201	572	32	-	-	-	-	524	-	-	-	-	-	-	-	6,238	-	-	1,550	-	7,788
Prepaid expenses and other current assets	4,123	5,088	4,522	255	-	30	16,907	1,208	466	521	746	496	386	228	1,476	340	-	36,824	4,246	-	2,352	-	43,422
Total current assets	499,569	227,738	102,247	89,243	41,676	2,830	113,392	43,997	15,402	26,542	32,604	13,626	14,849	8,217	42,269	3,897	(3,299)	1,274,799	102,413	39,096	34,314	(17,994)	1,432,628
Assets whose use is limited:																							
Board-designated funds:																							
Funded depreciation	597,440	502,296	18,591	34,998	44,444	17,719	3,118	6,056	-	317	-	-	-	-	19,387	-	-	1,244,366	7,745	-	16,697	-	1,268,808
Strategic initiatives	18,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,209	-	-	-	-	18,209
Under trust indenture, held by trustee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	49,028	-	-	-	49,028
Majorpractice self-insurance, investments	41,884	17,505	12,274	6,300	-	-	13,741	-	-	(116)	-	-	-	-	-	-	-	91,588	18,347	85,583	-	(109,910)	85,608
Foundation investments	-	-	-	-	-	-	-	-	-	9,700	-	-	-	-	-	-	-	9,700	3,603	-	2,964	-	16,267
Noncurrent portion of assets whose use is limited:	657,533	519,801	30,865	41,298	44,444	17,719	16,859	6,056	-	9,901	-	-	-	-	19,387	-	-	1,363,863	78,723	85,583	19,661	(109,910)	1,437,920
Property and equipment, net	852,249	284,189	129,005	68,946	16,187	19,493	142,022	16,849	19,733	29,190	9,473	5,110	9,578	12,117	40,690	4,295	-	1,659,126	97,367	-	12,051	(9,966)	1,758,578
Restricted assets held by third-parties	9,987	-	-	-	6,495	19	-	-	-	-	-	-	-	44	-	-	-	16,545	-	-	-	-	16,545
Right-of-use operating lease asset	8,465	1,834	6,222	1,929	61	-	2,428	343	1,444	1,828	317	309	302	-	870	-	-	26,352	7,013	-	4,224	-	37,589
Due from affiliates	6,053	-	-	-	-	-	40,694	-	-	-	-	-	-	-	-	-	-	(40,694)	6,053	-	-	(6,053)	-
Other investments	11,734	12,675	5,986	130	557	-	-	-	-	-	-	-	-	-	-	-	-	31,082	-	-	-	-	31,082
Other assets, net	57,810	1,886	450	3,172	97	993	7,407	9,742	4,906	763	1,247	575	1,351	1,356	9,726	6,034	-	107,515	1,580	-	23,710	-	132,805
Total assets	\$ 2,103,400	\$ 1,048,123	\$ 274,775	\$ 204,718	\$ 109,517	\$ 41,054	\$ 322,802	\$ 76,987	\$ 41,485	\$ 68,224	\$ 43,641	\$ 19,620	\$ 26,080	\$ 21,734	\$ 112,942	\$ 14,226	\$ (43,993)	\$ 4,485,335	\$ 287,096	\$ 124,679	\$ 93,960	\$ (143,923)	\$ 4,847,147

	OBLIGATED GROUP																	NON-OBLIGATED GROUP						
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Augusta	Other Non-Obligated Group	Eliminations	Total Consolidated	
LIABILITIES AND NET ASSETS																								
Current liabilities:																								
Line of credit	\$ -	\$ -	\$ 3,978	\$ -	\$ -	\$ -	\$ 600	\$ -	\$ 1,919	\$ -	\$ -	\$ -	\$ 2,082	\$ -	\$ -	\$ -	\$ -	\$ 8,579	\$ -	\$ -	\$ 6,900	\$ -	\$ 15,479	
Current maturities of long-term debt	7,469	3,928	7,013	2,986	499	343	807	-	92	2,792	620	776	741	-	3,735	-	-	31,801	5,121	-	-	268	37,190	
Accounts payable, accrued expenses and other	68,795	19,388	23,840	13,998	3,495	33	54,019	4,616	2,808	3,004	4,994	1,512	2,450	2,657	7,761	1,805	-	215,175	18,987	1,632	15,266	(296)	250,764	
Due to affiliates	-	1	3,144	2	31	55	1,144	739	758	2,137	920	470	584	3,506	1,148	479	(3,182)	11,936	6,017	-	(1,232)	(16,721)	-	
Estimated third-party payor settlements	-	-	-	-	7,713	-	-	9,551	3,174	-	4,423	2,036	3,599	626	-	-	-	31,122	4,196	-	39	-	35,357	
Salaries and benefits payable	54,667	21,252	12,505	7,404	1,759	32	21,444	3,192	1,596	3,857	2,651	692	1,171	694	9,408	858	-	143,182	27,282	-	8,613	-	179,077	
Accrued interest payable	3,002	711	452	133	29	1	220	21	41	-	-	-	-	-	-	-	-	4,610	-	-	-	-	4,610	
Medicare advance payments liability	65,323	27,144	22,633	16,459	3,477	-	-	1,945	2,929	3,010	1,663	943	204	836	7,042	993	-	154,601	-	-	826	-	155,427	
Current portion of malpractice costs	6,227	2,196	1,184	1,068	-	-	741	-	-	116	-	-	-	-	-	-	-	11,532	3,090	21,817	27	(14,647)	21,819	
Total current liabilities	205,483	74,620	74,749	42,050	17,003	464	78,975	20,064	11,398	16,835	15,271	6,429	8,749	10,401	29,094	4,135	(3,182)	612,538	64,693	23,449	30,707	(31,664)	699,723	
Long-term debt, net	850,437	191,030	201,799	36,501	6,752	6,452	130,247	7,542	18,920	6,585	11,363	2,983	3,262	3,363	44,984	802	-	1,523,022	90,210	-	2,353	-	1,615,585	
Malpractice costs	19,873	12,482	6,513	2,068	-	-	15,059	-	-	-	363	-	50	100	1,051	-	-	57,559	15,393	56,695	89	(71,876)	57,860	
Right-of-use operating lease obligations	5,106	1,196	5,353	1,279	34	-	1,740	143	735	1,419	146	244	193	-	581	333	-	18,502	5,711	-	1,832	-	26,045	
Derivative financial instruments	6,495	16,753	11,630	1,087	154	-	-	-	-	-	-	-	-	-	5,420	-	-	41,539	-	-	-	-	41,539	
Due to affiliates	-	-	14,027	-	-	-	-	-	-	26,667	-	-	-	-	117	-	(40,811)	-	-	-	6,081	(6,081)	-	
Pension liability	-	-	-	-	-	-	-	4,979	-	-	-	-	-	-	9,755	2,860	-	17,594	-	-	-	-	17,594	
Other liabilities	3,039	479	346	-	-	68	7,330	103	-	-	-	600	-	2,486	3,105	-	-	17,556	2,103	-	808	-	20,467	
Total liabilities	1,090,433	296,560	314,417	82,985	23,943	6,984	233,351	32,831	31,053	51,506	27,143	10,256	12,254	16,350	94,107	8,130	(43,993)	2,288,310	178,110	80,144	41,870	(109,621)	2,478,813	
Net assets (deficit):																								
Without donor restrictions:																								
Controlling interest	964,489	751,563	(43,368)	121,733	79,079	33,015	89,451	43,896	10,419	14,663	17,598	8,994	13,704	5,384	18,646	5,309	-	2,134,575	107,153	44,535	47,168	(34,302)	2,299,129	
Noncontrolling interest	-	-	3,728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,728	-	-	-	-	-	3,728
Net assets without donor restrictions	964,489	751,563	(39,642)	121,733	79,079	33,015	89,451	43,896	10,419	14,663	17,598	8,994	13,704	5,384	18,646	5,309	-	2,138,301	107,153	44,535	47,168	-	2,302,855	
Net assets with donor restrictions	48,478	-	-	-	6,495	1,055	-	260	13	2,055	(1,100)	370	122	-	189	787	-	58,724	1,833	-	4,922	-	65,479	
Total net assets	1,012,967	751,563	(39,642)	121,733	85,574	34,070	89,451	44,156	10,432	16,718	16,498	9,364	13,826	5,384	18,835	6,096	-	2,197,025	108,986	44,535	52,090	(34,302)	2,368,334	
Total liabilities and net assets	\$ 2,103,400	\$ 1,048,123	\$ 274,775	\$ 204,718	\$ 109,517	\$ 41,054	\$ 322,802	\$ 76,987	\$ 41,485	\$ 68,224	\$ 43,641	\$ 19,620	\$ 26,080	\$ 21,734	\$ 112,942	\$ 14,226	\$ (43,993)	\$ 4,485,335	\$ 287,096	\$ 124,679	\$ 93,960	\$ (143,923)	\$ 4,847,147	

West Virginia University Health System and Controlled Entities
 Consolidating Schedule of Operations
 Year Ended December 31, 2021
 (in thousands)

	OBLIGATED GROUP																	NON-OBLIGATED GROUP						
	West Virginia University Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Memorial Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Augusta	Non-Obligated Group	Eliminations	Total Consolidated	
Operating revenues:																								
Net patient service revenues	\$ 1,391,372	\$ 489,780	\$ 332,730	\$ 281,273	\$ 82,744	\$ -	\$ -	\$ 82,308	\$ 51,207	\$ 109,192	\$ 59,976	\$ 23,752	\$ 37,375	\$ 27,762	\$ 128,362	\$ 14,460	\$ -	\$ 3,112,293	\$ 312,539	\$ -	\$ 136,338	\$ -	\$ 3,561,170	
CARES Act funding	12,753	12,202	7,973	1,152	142	-	-	1,804	984	802	726	506	749	2,448	990	-	43,231	3,850	-	1,915	-	-	48,996	
Other revenues	212,684	35,254	21,184	13,124	379	3,099	289,193	3,182	401	4,132	3,026	1,790	1,056	2,333	4,070	647	(245,146)	350,408	20,160	24,251	248,593	(204,048)	439,364	
Total operating revenues	1,616,809	537,236	361,887	295,549	83,265	3,099	289,193	87,294	52,592	114,126	63,728	26,048	39,180	32,543	133,422	15,107	(245,146)	3,505,932	336,549	24,251	386,846	(204,048)	4,049,530	
Operating expenses:																								
Salaries and wages	433,322	149,769	85,258	71,346	18,166	596	131,310	27,652	18,994	45,181	24,633	6,961	17,250	13,861	43,092	5,489	(2,921)	1,089,959	143,109	-	135,063	-	1,368,131	
Employee benefits	132,258	37,179	28,582	20,050	5,993	182	38,784	8,233	4,988	11,931	7,004	2,432	5,046	3,364	10,807	2,309	-	319,152	27,798	-	53,644	(21,613)	378,981	
Supplies and purchased services	375,840	97,408	73,636	55,235	7,191	2	18	12,886	6,647	17,650	7,598	2,304	3,132	3,087	19,752	735	-	683,121	84,144	-	99,575	-	866,840	
Physician support	191,973	19,547	47,778	32,604	9,390	-	-	3,688	1,405	245	2,979	2,943	-	-	14,545	-	(24,034)	303,063	12,388	-	11,872	(50,570)	276,753	
Professional fees	59,167	16,936	23,997	32,055	10,587	41	17,995	4,621	2,914	6,914	1,867	1,152	2,244	1,441	18,645	2,721	(8,802)	194,495	26,318	-	12,152	(35,341)	197,624	
Depreciation and amortization	74,985	20,925	17,235	10,905	2,394	906	34,431	3,271	1,968	2,478	1,001	532	1,230	487	4,398	365	-	177,511	13,843	-	2,790	-	194,144	
Interest	27,275	7,488	9,180	1,726	348	83	4,745	267	487	907	156	101	109	96	1,780	25	-	54,783	2,348	-	1,514	(485)	58,160	
Other	263,106	83,072	65,129	49,491	12,290	851	103,186	13,795	8,910	19,830	10,903	4,704	7,187	5,288	19,466	2,272	(209,389)	460,091	42,508	6,895	67,878	(83,076)	494,296	
Total operating expenses	1,557,926	432,324	350,795	273,412	66,359	2,661	330,469	74,413	46,333	105,136	56,141	21,129	36,198	27,624	132,485	13,916	(245,146)	3,282,175	352,456	6,895	384,488	(191,085)	3,834,929	
Operating income (loss)	58,883	104,912	11,092	22,137	16,906	438	(41,276)	12,881	6,259	8,990	7,587	4,919	2,982	4,919	937	1,191	-	223,757	(15,907)	17,356	2,358	(12,963)	214,601	
Nonoperating income (loss):																								
Investment income	113,721	81,744	4,973	4,802	5,082	2,225	757	1,096	-	922	-	3	21	87	3,250	-	-	218,683	6,798	7,865	3,879	(7,238)	229,987	
Inherent contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,145	5,527	-	18,672	80,772	-	-	-	-	99,444
Change in fair value of derivative financial instruments	2,258	4,248	3,983	530	75	-	-	-	-	-	-	-	-	-	1,668	-	-	12,762	-	-	(802)	-	11,880	
Other, net	(25)	(87)	84	(307)	(42)	-	-	(51)	-	4	-	-	(94)	1	(23)	-	-	(540)	(1,241)	-	(594)	4	(2,171)	
Loss on refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total nonoperating income	115,954	85,905	9,040	5,025	5,115	2,225	757	1,045	-	926	-	3	(73)	88	18,040	5,527	-	249,577	86,329	7,865	2,603	(7,234)	339,140	
Revenues in excess of (less than) expens	174,837	190,817	20,132	27,162	22,021	2,663	(40,519)	13,926	6,259	9,916	7,587	4,922	2,909	5,007	18,977	6,718	-	473,334	70,422	25,221	4,961	(20,197)	553,741	
Less noncontrolling interest	-	-	98	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98	-	-	-	-	98
Revenues in excess of expenses attributable to controlling interest	174,837	190,817	20,230	27,162	22,021	2,663	(40,519)	13,926	6,259	9,916	7,587	4,922	2,909	5,007	18,977	6,718	-	473,432	70,422	25,221	4,961	(20,197)	553,839	
Pension liability adjustment	-	-	-	-	-	-	-	858	-	-	-	-	-	-	5,756	789	-	7,403	-	-	-	-	7,403	
Transfers to the School of Medicine and strategic initiatives	(21,366)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,366)	-	-	-	-	(21,366)	
Contributions and grants for long-lived assets	577	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	577	2,800	-	-	-	3,377	
Other	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134	-	-	(420)	-	(286)	
Contribution	-	-	-	-	-	-	(33,931)	-	-	-	-	-	-	-	-	-	-	-	(33,931)	-	-	-	-	
Transfers (to) from affiliates	(32,328)	(99)	(4,481)	(3,725)	(698)	-	49,622	(1,027)	(569)	(1,188)	333	293	(460)	(204)	(6,087)	(2,198)	-	(3,016)	-	-	(1,006)	4,022	-	
Change in net assets without donor restri	\$ 121,854	\$ 190,718	\$ 15,749	\$ 23,437	\$ 21,123	\$ 2,663	\$ (24,828)	\$ 13,757	\$ 5,690	\$ 8,728	\$ 7,920	\$ 5,215	\$ 2,449	\$ 4,803	\$ 18,646	\$ 5,309	\$ -	\$ 423,233	\$ 73,222	\$ 25,221	\$ 3,535	\$ (16,175)	\$ 542,967	

West Virginia University Health System and Controlled Entities
Consolidating Schedule of Changes in Net Assets
Year Ended December 31, 2021
(in thousands)

	OBLIGATED GROUP																	NON-OBLIGATED GROUP						
	West Virginia Hospital	United Hospital Center	Camden Clark Medical Center	Berkeley Medical Center	Jefferson Medical Center	University Healthcare Foundation	West Virginia University Health System	St. Joseph's Hospital	Potomac Valley Hospital	Reynolds Memorial Hospital	Summersville Regional Hospital	Braxton County Memorial Hospital	Jackson General Hospital	Wetzel County Hospital	Uniontown Hospital	Barnesville Hospital	Eliminations	Total Obligated Group	Wheeling	Augusta	Non-Obligated Group	Eliminations	Total Consolidated	
Changes in net assets without donor restrictions:																								
Revenues in excess of (less than) expenses	\$ 174,837	\$ 190,817	\$ 20,230	\$ 27,162	\$ 22,021	\$ 2,663	\$ (40,519)	\$ 13,926	\$ 6,259	\$ 9,916	\$ 7,587	\$ 4,922	\$ 2,909	\$ 5,007	\$ 18,977	\$ 6,718	\$ -	\$ 473,432	\$ 70,422	\$ 25,221	\$ 4,961	\$ (20,197)	\$ 553,839	
Pension liability adjustment	-	-	-	-	-	-	-	858	-	-	-	-	-	-	5,756	789	-	7,403	-	-	-	-	7,403	
Transfers to the School of Medicine and strategic initiatives	(21,366)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(21,366)	-	-	-	-	(21,366)	
Contributions and grants for long-lived assets	577	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	577	2,800	-	-	-	3,377	
Other	134	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	134	-	-	(420)	-	(286)	
Investment in subsidiary	-	-	-	-	-	-	(33,931)	-	-	-	-	-	-	-	-	-	-	(33,931)	33,931	-	-	-	-	
Transfers (to) from affiliates	(32,328)	(99)	(4,481)	(3,725)	(898)	-	49,622	(1,027)	(569)	(1,188)	333	293	(460)	(204)	(6,087)	(2,198)	-	(3,016)	-	-	(1,006)	4,022	-	
Change in net assets without donor restrictions, controlling interest	121,854	190,718	15,749	23,437	21,123	2,663	(24,828)	13,757	5,690	8,728	7,920	5,215	2,449	4,803	18,646	5,308	-	423,233	107,153	25,221	3,535	(16,175)	542,967	
Change in net assets without donor restrictions, noncontrolling interest:																								
Revenues in excess of (less than) expenses	-	-	(98)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(98)	-	-	-	-	(98)	
Change in net assets without donor restrictions, noncontrolling interest	-	-	(98)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(98)	-	-	-	-	(98)	
Changes in net assets with donor restrictions:																								
Increase in restricted assets held by WVU Foundation	5,527	-	-	-	195	69	-	197	(10)	-	(1,100)	-	-	-	-	787	-	5,665	-	-	-	-	5,665	
Contributions and grants	-	-	-	-	-	-	-	-	-	62	-	-	-	-	-	-	-	62	391	-	-	-	453	
Other	-	-	-	-	-	-	-	-	-	-	4	-	-	-	215	-	-	219	1,442	-	-	-	1,661	
Changes in restricted assets held by affiliated foundation	-	-	-	-	-	-	-	-	-	-	-	-	46	-	-	-	-	46	-	-	501	-	547	
Net assets released from restrictions	-	-	(9)	-	-	-	-	-	-	-	-	-	-	-	(26)	-	-	(35)	-	-	-	-	(35)	
Change in net assets with donor restrictions	5,527	-	-	(9)	195	69	-	197	(10)	62	(1,100)	4	46	-	189	787	-	5,957	1,833	-	501	-	8,291	
Change in net assets	127,381	190,718	15,651	23,428	21,318	2,732	(24,828)	13,954	5,680	8,790	6,820	5,219	2,495	4,803	18,835	6,096	-	429,092	108,986	25,221	4,036	(16,175)	551,160	
Net assets (deficit), beginning	885,586	560,845	(55,293)	98,305	64,256	31,338	114,279	30,202	4,752	7,928	9,678	4,145	11,331	581	-	-	-	1,767,933	-	19,314	48,054	(18,127)	1,817,174	
Net assets (deficit), ending	\$ 1,012,967	\$ 751,563	\$ (39,642)	\$ 121,733	\$ 85,574	\$ 34,070	\$ 89,451	\$ 44,156	\$ 10,432	\$ 16,718	\$ 16,498	\$ 9,364	\$ 13,826	\$ 5,384	\$ 18,835	\$ 6,096	\$ -	\$ 2,197,025	\$ 108,986	\$ 44,535	\$ 52,090	\$ (34,302)	\$ 2,368,334	

West Virginia University Health System and Controlled Entities
Consolidating Balance Sheet - Non-Obligated Group
December 31, 2022
(In thousands)

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHS GPO	AHSL	SJHF	WVUHSHC	FPN	GATEWAY	HCH	HCHF	PEAK	PHIC	PEPS	GAS	WVUIC	RECOVERY	SPGC	
ASSETS																											
Current assets:																											
Cash and cash equivalents	\$ 50,015	\$ -	\$ 1,267	\$ 1,132	\$ 20	\$ 703	\$ 3,080	\$ 9,879	\$ -	\$ 110	\$ 378	\$ 9,896	\$ 1,880	\$ 237	\$ 636	\$ 7,768	\$ 313	\$ 4,734	\$ 403	\$ 3,616	\$ 2,015	\$ 172	\$ 37	\$ 1,076	\$ 601	\$ 62	
Accounts receivable:																											
Patients, net	27,959	-	-	8,569	274	-	712	4,184	-	-	2,057	-	-	-	5,274	3,373	1,658	1,329	-	-	-	146	159	-	-	224	
Other	31,160	-	38	33	-	9	24,987	(3)	-	72	721	2,195	(165)	-	111	226	(3)	539	19	150	-	47	165	163	1,767	95	
Affiliates	6,185	(2,309)	633	110	-	-	67	338	-	321	16	1,644	1,604	-	47	636	46	-	-	5,206	-	-	-	-	-	(2,174)	
Inventories of supplies	8,238	-	-	-	298	-	7,209	-	-	-	-	-	-	-	-	-	-	-	731	-	-	-	-	-	-	-	
Estimated third-party payor settlements	2,445	-	-	1,632	-	-	-	813	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses and other current assets	1,285	-	122	139	5	3	46	58	-	-	63	90	-	-	208	331	44	6	-	35	-	53	-	77	5		
Total current assets	127,287	(2,309)	2,060	11,615	597	709	36,101	15,269	-	503	3,235	13,825	3,319	237	6,276	12,334	2,058	7,339	422	9,007	2,015	418	361	1,316	199	381	
Assets whose use is limited:																											
Board-designated funds:																											
Funded depreciation	15,507	-	-	-	-	-	-	-	-	12,062	3,445	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Malpractice investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Foundation investments	2,930	-	-	-	-	2,881	-	-	-	-	-	-	-	-	-	-	-	-	49	-	-	-	-	-	-	-	
Noncurrent portion of assets whose use is limited	18,437	-	-	-	-	2,881	-	-	-	12,062	3,445	-	-	-	-	-	-	-	49	-	-	-	-	-	-	-	
Property and equipment, net	96,667	-	130	2,660	120	150	7,626	217	-	-	368	-	-	-	3,094	576	1,944	3,458	-	3,292	-	-	-	57,431	15,533	68	
Restricted assets held by third-parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Right-of-use operating lease asset	10,016	-	425	81	875	-	-	1,783	-	-	779	-	-	-	1,103	3,877	550	-	-	543	-	-	-	-	-	-	
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets, net	23,606	-	537	17	7,211	12	8,292	2,690	-	2,567	9	94	-	-	-	869	140	6	-	-	112	-	-	-	1,050	-	
Total assets	\$ 276,013	\$ (2,309)	\$ 3,152	\$ 14,373	\$ 8,803	\$ 3,752	\$ 52,019	\$ 19,959	\$ -	\$ 15,132	\$ 7,836	\$ 13,919	\$ 3,319	\$ 237	\$ 10,473	\$ 17,656	\$ 4,692	\$ 10,803	\$ 471	\$ 12,842	\$ 2,127	\$ 418	\$ 361	\$ 58,747	\$ 16,782	\$ 449	

LIABILITIES AND NET ASSETS	Non-	University	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHS GPO	AHS L	S JHF	WVUHSHC	FPN	GATEWAY	HCH	HCHF	PEAK	PHIC	PEPS	GAS	WVUIC	RECOVERY	SPGC	
	Obligated																									Eliminations
LIABILITIES AND NET ASSETS																										
Current liabilities:																										
Line of credit	\$ 6,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ -	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Current maturities of long-term debt	2,200	-	-	211	45	-	252	-	-	-	-	-	-	688	23	48	583	-	-	-	-	-	-	350	-	
Accounts payable, accrued expenses and deferred revenue	30,022	-	761	2,810	940	(11)	1,054	1,602	-	329	3,614	5,913	-	-	1,486	8,286	403	590	-	346	-	34	75	1,572	142	76
Due to affiliates	32,674	(2,309)	1,062	5,308	-	73	4,518	11,012	-	-	475	170	2,066	-	1,775	1,774	710	342	-	3,852	-	-	-	1,846	-	
Estimated third-party payor settlements	240	-	-	-	-	-	-	-	-	-	37	-	-	-	-	-	-	203	-	-	-	-	-	-	-	
Salaries and benefits payable	14,293	-	531	2,383	22	23	800	1,880	-	-	597	611	600	-	1,982	2,998	202	622	-	336	-	123	70	-	513	
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Current portion of malpractice costs	27	-	-	-	-	-	-	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total current liabilities	86,356	(2,309)	2,354	10,712	1,007	85	6,624	14,521	-	329	4,723	6,694	2,666	-	11,431	13,081	2,763	2,340	-	4,534	-	157	145	3,418	492	589
Long-term debt, net	27,406	-	-	711	56	-	2,033	-	-	-	-	-	-	-	2,451	11	17	10,758	-	-	-	-	-	-	11,369	-
Malpractice costs	668	-	-	-	-	-	-	(10)	-	-	-	-	-	-	-	273	-	168	-	-	-	237	-	-	-	
Right-of-use operating lease obligations	6,347	-	279	35	-	-	-	807	-	-	481	-	-	-	663	3,258	427	-	-	397	-	-	-	-	-	
Due to affiliates	30,103	-	-	-	-	-	25,793	-	-	28	-	-	-	-	1,319	396	-	-	-	-	-	-	-	2,567	-	
Pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other liabilities	750	-	537	-	-	-	-	119	-	-	94	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total liabilities	151,630	(2,309)	3,170	11,458	1,063	85	34,450	15,437	-	357	5,204	6,788	2,666	-	15,864	17,019	3,207	13,266	-	4,931	-	394	145	5,985	11,861	589
Net assets (deficit):																										
Net assets without donor restrictions:																										
Controlling interest	65,978	-	(18)	2,915	7,740	2,072	17,569	4,522	-	11,110	2,632	7,131	653	237	(5,373)	637	1,485	(2,463)	288	6,824	2,127	24	216	869	4,921	(140)
Noncontrolling interest	203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,087	-	-	-	-	(884)	-	-
Net assets with donor restrictions:																										
Controlling interest	31,815	-	-	-	-	1,595	-	-	-	3,665	-	-	-	-	(18)	-	-	-	183	-	-	-	-	26,390	-	-
Noncontrolling interest	26,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,388	-	-
Total net assets	124,383	-	(18)	2,915	7,740	3,667	17,569	4,522	-	14,775	2,632	7,131	653	237	(5,391)	637	1,485	(2,463)	471	7,911	2,127	24	216	52,762	4,921	(140)
Total liabilities and net assets	\$ 276,013	\$ (2,309)	\$ 3,152	\$ 14,373	\$ 8,803	\$ 3,752	\$ 52,019	\$ 19,959	\$ -	\$ 15,132	\$ 7,836	\$ 13,919	\$ 3,319	\$ 237	\$ 10,473	\$ 17,656	\$ 4,692	\$ 10,803	\$ 471	\$ 12,842	\$ 2,127	\$ 418	\$ 361	\$ 58,747	\$ 16,782	\$ 449

West Virginia University Health System and Controlled Entities
 Consolidating Schedule of Operations - Non-Obligated Group
 Year Ended December 31, 2022
 (In thousands)

	Non-Obligated	University																																			
	Consolidated	Eliminations	Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHSGPO	AHSL	SJHF	WVUHSHC	FPN	GATEWAY	HCH	HCHF	PEAK	PHIC	PEPS	GAS	WVUIC	RECOVERY	SPGC											
Operating revenues:																																					
Net patient service revenues	\$ 160,502	\$ (82)	\$ -	\$ 41,888	\$ 4,065	\$ -	\$ 6,994	\$ 34,609	\$ -	\$ -	\$ 8,609	\$ -	\$ -	\$ -	\$ 31,421	\$ 19,523	\$ 4,539	\$ 6,066	\$ -	\$ -	\$ -	\$ 780	\$ 666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,404
CARES Act funding	2,895	-	-	2,277	-	-	-	107	-	-	108	-	9	-	-	47	-	347	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other revenues	265,469	(260)	13,764	23,428	-	51	146,400	11,562	-	-	7,330	16,356	-	132	38	42,417	(132)	1,966	4	-	-	-	1	2,371	-	-	-	-	-	-	-	-	-	-	-	41	
Total operating revenues	428,866	(322)	13,764	67,593	4,065	51	153,394	46,278	-	-	16,047	16,356	9	132	31,459	61,987	4,407	8,379	4	-	-	780	667	2,371	-	-	-	-	-	-	-	-	-	-	-	1,445	
Operating expenses:																																					
Salaries and wages	180,011	(2)	8,833	42,260	1,247	134	10,120	28,719	-	176	9,468	3,978	69	-	23,376	35,313	2,102	3,219	-	4,282	-	1,261	1,342	1,435	-	-	-	-	-	-	-	-	-	-	-	2,679	
Employee benefits	40,653	2	2,640	7,787	314	28	3,032	6,730	-	53	4,172	1,089	135	-	6,984	4,119	612	615	-	1,229	-	79	69	431	-	-	-	-	-	-	-	-	-	-	-	533	
Supplies and purchased services	123,245	-	2	799	797	-	113,268	2,548	-	-	69	-	-	-	1,446	726	1,238	2,282	-	-	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-	71	
Physician support	23,307	-	357	5,528	-	-	-	708	-	-	-	-	-	-	-	16,317	-	897	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Professional fees	18,121	(63)	344	5,568	96	13	4,953	1,699	-	10	555	310	15	-	681	947	823	358	-	197	185	63	438	812	29	88	-	-	-	-	-	-	-	-	-		
Depreciation and amortization	6,054	-	36	474	949	-	947	447	-	-	216	-	-	-	433	446	292	395	-	169	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,097	
Interest	1,070	(129)	-	24	4	-	687	-	-	-	-	-	-	-	92	33	13	128	-	-	-	-	-	-	7	210	-	-	-	-	-	-	-	-	-	1	
Other	46,457	(130)	1,481	5,152	883	22	13,639	5,408	-	329	3,583	4,558	42	48	5,085	3,872	794	1,052	11	535	-	173	132	2,123	(719)	384	-	-	-	-	-	-	-	-	-		
Total operating expenses	441,418	(322)	13,693	67,592	4,290	197	146,646	46,259	-	568	18,063	9,935	261	48	38,097	61,773	5,874	8,946	11	6,412	185	1,576	1,981	5,905	(354)	3,782	-	-	-	-	-	-	-	-	-		
Operating income (loss)	(12,552)	-	71	1	(225)	(146)	6,748	19	-	(569)	(2,016)	6,421	(252)	84	(6,638)	214	(1,467)	(567)	(7)	(6,412)	(185)	(796)	(1,314)	(3,534)	354	(2,337)	-	-	-	-	-	-	-	-	-		
Nonoperating income (loss):																																					
Investment income	(1,263)	-	(79)	-	-	(83)	20	(19)	-	(858)	(251)	-	-	-	5	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inherent contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	383	-	-	-	85	-	15	-	-	343	3	-	-	-	-	(65)	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total nonoperating income	(880)	-	(79)	-	85	(83)	35	(19)	-	(515)	(248)	-	-	-	5	(65)	-	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenues in excess of (less than) expenses	(13,432)	-	(8)	1	(140)	(229)	6,783	-	-	(1,083)	(2,264)	6,421	(252)	84	(6,633)	149	(1,467)	(565)	(7)	(6,412)	(183)	(796)	(1,314)	(3,534)	354	(2,337)	-	-	-	-	-	-	-	-	-	-	
Change in noncontrolling interest	1,397	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	513	-	-	884	-	-	-	-	-	-	-	-	-	-	-	-	
Revenues in excess of expenses attributable to controlling interest	(12,035)	-	(8)	1	(140)	(229)	6,783	-	-	(1,083)	(2,264)	6,421	(252)	84	(6,633)	149	(1,467)	(565)	(7)	(5,899)	(183)	(796)	(1,314)	(2,650)	354	(2,337)	-	-	-	-	-	-	-	-	-	-	
Pension liability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions for and grants of long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(1,586)	-	-	-	(862)	-	-	-	-	(34)	-	(700)	-	-	-	-	-	-	-	-	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net assets released from restrictions for long-lived assets	3,519	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,519	-	-	-	-	-	-	-	-	-	-	-	-	-
Net asset contribution	4,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-	-	-	-	-	-	-	-	-	-	-	-
Transfers (to) from affiliates	24,112	-	-	(197)	-	68	(346)	(114)	-	-	(81)	(1,325)	-	-	6,426	447	1,500	(1,898)	295	12,713	2,310	820	1,530	-	(233)	2,197	-	-	-	-	-	-	-	-	-		
Change in net assets without donor restr	\$ 18,810	\$ -	\$ (8)	\$ (196)	\$ (1,002)	\$ (161)	\$ 6,437	\$ (114)	\$ -	\$ (1,117)	\$ (2,345)	\$ 4,396	\$ (252)	\$ 84	\$ (207)	\$ 596	\$ 33	\$ (2,463)	\$ 288	\$ 6,824	\$ 2,127	\$ 24	\$ 216	\$ 868	\$ 4,921	\$ (140)	-	-	-	-	-	-	-	-	-		

West Virginia University Health System and Controlled Entities
Consolidating Schedule of Changes in Net Assets - Non-Obligated Group
Year Ended December 31, 2022
(In thousands)

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHSGPO	AHSL	SJHF	WVUHSCHC	FPN	GATEWAY	HCH	HCHF	PEAK	PHIC	PEPS	GAS	WVUIC	RECOVERY	SPGC
Changes in net assets without donor restrictions:																										
Revenues in excess of (less than) expenses	\$ (12,035)	\$ -	\$ (8)	\$ 1	\$ (140)	\$ (229)	\$ 6,783	\$ -	\$ -	\$ (1,083)	\$ (2,264)	\$ 6,421	\$ (252)	\$ 84	\$ (6,633)	\$ 149	\$ (1,467)	\$ (565)	\$ (7)	\$ (5,899)	\$ (183)	\$ (796)	\$ (1,314)	\$ (2,650)	\$ 354	\$ (2,337)
Pension liability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to the School of Medicine and strategic initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions of and grants for long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for long-lived assets	3,519	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,519	-	-
Net asset contribution	4,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,800	-
Other	(1,586)	-	-	-	(862)	-	-	-	-	(34)	-	(700)	-	-	-	-	-	-	-	10	-	-	-	-	-	-
Transfers (to) from affiliates	24,112	-	-	(197)	-	68	(346)	(114)	-	-	(81)	(1,325)	-	-	6,426	447	1,500	(1,898)	295	12,713	2,310	820	1,530	-	(233)	2,197
Change in net assets without donor restrictions	18,810	-	(8)	(196)	(1,002)	(161)	6,437	(114)	-	(1,117)	(2,345)	4,396	(252)	84	(207)	596	33	(2,463)	288	6,824	2,127	24	216	869	4,921	(140)
Change in net assets without donor restrictions, noncontrolling interest:																										
Revenues in excess of (less than) expenses	(1,397)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(513)	-	-	-	(884)	-	-
Noncontrolling interest net asset contributions	1,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,600	-	-	-	-	-	-
Change in net assets without donor restrictions, noncontrolling interest	203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,087	-	-	-	(884)	-	-
Changes in net assets with donor restrictions:																										
Change in restricted assets held by affiliated foundation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and grants	28,651	-	-	-	304	-	-	-	-	34	-	-	-	-	(18)	-	-	-	183	-	-	-	-	28,148	-	-
Contribution - noncontrolling interest	28,148	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,148	-	-
Net assets released from restrictions, noncontrolling interest	(1,760)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,760)	-	-
Net assets released from restrictions	(1,759)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,759)	-	-
Change in net assets with donor restrictions	53,281	-	-	-	304	-	-	-	-	34	-	-	-	-	(18)	-	-	-	183	-	-	-	-	52,778	-	-
Change in net assets	72,293	-	(8)	(196)	(1,002)	143	6,437	(114)	-	(1,083)	(2,345)	4,396	(252)	84	(225)	596	33	(2,463)	471	7,911	2,127	24	216	52,762	4,921	(140)
Net assets (deficit), beginning	52,090	-	(10)	3,111	8,742	3,524	11,132	4,636	-	15,858	4,977	2,735	905	153	(5,166)	41	1,452	-	-	-	-	-	-	-	-	-
Net assets (deficit), ending	\$ 124,383	\$ -	\$ (18)	\$ 2,915	\$ 7,740	\$ 3,667	\$ 17,569	\$ 4,522	\$ -	\$ 14,775	\$ 2,632	\$ 7,131	\$ 653	\$ 237	\$ (5,391)	\$ 637	\$ 1,485	\$ (2,463)	\$ 471	\$ 7,911	\$ 2,127	\$ 24	\$ 216	\$ 52,762	\$ 4,921	\$ (140)

West Virginia University Health System and Controlled Entities
Consolidating Balance Sheet - Non-Obligated Group
December 31, 2021
(in thousands)

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHS GPO	AHSL	SJHF	WVUHSHC	FPN	GATEWAY
ASSETS																	
Current assets:																	
Cash and cash equivalents	\$ 28,435	\$ -	\$ 2,156	\$ 772	\$ 97	\$ 425	\$ 11,429	\$ 3,742	\$ -	\$ 136	\$ 465	\$ 4,111	\$ 2,136	\$ 153	\$ 129	\$ 2,033	\$ 651
Accounts receivable:																	
Patients, net	26,363	-	-	7,033	308	-	2,432	4,757	-	-	3,590	-	-	-	4,668	2,145	1,430
Other	17,861	-	1,038	38	-	-	14,909	69	-	123	627	957	(9)	-	80	7	22
Affiliates	(50,643)	-	(4,248)	(4,020)	-	-	(31,661)	(5,454)	-	(31)	(542)	273	(640)	-	(2,735)	(1,477)	(108)
Inventories of supplies	8,396	-	-	-	293	-	8,103	-	-	-	-	-	-	-	-	-	-
Estimated third-party payor settlements	1,550	-	-	1,148	-	-	-	402	-	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	2,352	-	484	250	-	4	1,238	52	-	-	60	55	-	-	104	69	36
Total current assets	34,314	-	(570)	5,221	698	429	6,450	3,568	-	228	4,200	5,396	1,487	153	2,246	2,777	2,031
Assets whose use is limited:																	
Board-designated funds:																	
Funded depreciation	16,697	-	-	-	-	-	-	-	-	12,988	3,709	-	-	-	-	-	-
Foundation investments	2,964	-	-	-	-	2,964	-	-	-	-	-	-	-	-	-	-	-
Noncurrent portion of assets whose use is limited	19,661	-	-	-	-	2,964	-	-	-	12,988	3,709	-	-	-	-	-	-
Property and equipment, net	12,051	-	152	1,189	41	150	8,001	247	-	-	583	2	-	-	-	452	1,234
Right-of-use operating lease asset	4,224	-	522	568	-	-	-	631	-	-	1,057	-	-	-	370	1,052	24
Other assets, net	23,710	-	573	45	8,113	12	8,644	3,038	-	2,689	28	94	-	-	64	250	160
Total assets	\$ 93,960	\$ -	\$ 677	\$ 7,023	\$ 8,852	\$ 3,555	\$ 23,095	\$ 7,484	\$ -	\$ 15,905	\$ 9,577	\$ 5,492	\$ 1,487	\$ 153	\$ 2,680	\$ 4,531	\$ 3,449

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHS GPO	AHSL	SJHF	WVUHSCH	FPN	GATEWAY
LIABILITIES AND NET ASSETS																	
Current liabilities:																	
Line of credit	\$ 6,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,500	\$ -	\$ 1,400
Current maturities of long-term debt	268	-	-	-	-	-	251	-	-	-	-	-	-	-	-	17	-
Accounts payable, accrued expenses and deferred revenue	15,266	-	598	1,953	78	31	2,787	1,060	-	19	2,888	2,335	-	-	895	2,191	431
Due to affiliates	(1,232)	-	(1,238)	-	-	-	-	6	-	-	-	-	-	-	-	-	-
Estimated third-party payor settlements	39	-	-	-	-	-	-	-	-	-	39	-	-	-	-	-	-
Salaries and benefits payable	8,613	-	377	1,468	21	-	549	1,239	-	-	1,142	328	582	-	1,304	1,471	132
Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medicare advance payments liability	826	-	-	429	-	-	7	272	-	-	-	-	-	-	-	84	34
Current portion of malpractice costs	27	-	-	-	-	-	-	27	-	-	-	-	-	-	-	-	-
Total current liabilities	30,707	-	(263)	3,850	99	31	3,594	2,604	-	19	4,069	2,663	582	-	7,699	3,763	1,997
Long-term debt, net	2,353	-	-	-	11	-	2,316	-	-	-	-	-	-	-	-	26	-
Malpractice costs	89	-	-	-	-	-	-	(10)	-	-	(1)	-	-	-	-	100	-
Right-of-use operating lease obligations	1,832	-	381	62	-	-	-	109	-	-	532	-	-	-	147	601	-
Due to affiliates	6,081	-	-	-	-	-	6,053	-	-	28	-	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	808	-	569	-	-	-	-	145	-	-	-	94	-	-	-	-	-
Total liabilities	41,870	-	687	3,912	110	31	11,963	2,848	-	47	4,600	2,757	582	-	7,846	4,490	1,997
Net assets (deficit):																	
Net assets without donor restrictions	47,168	-	(10)	3,111	8,742	2,233	11,132	4,636	-	12,227	4,977	2,735	905	153	(5,166)	41	1,452
Net assets with donor restrictions	4,922	-	-	-	-	1,291	-	-	-	3,631	-	-	-	-	-	-	-
Total net assets	52,090	-	(10)	3,111	8,742	3,524	11,132	4,636	-	15,858	4,977	2,735	905	153	(5,166)	41	1,452
Total liabilities and net assets	\$ 93,960	\$ -	\$ 677	\$ 7,023	\$ 8,852	\$ 3,555	\$ 23,095	\$ 7,484	\$ -	\$ 15,905	\$ 9,577	\$ 5,492	\$ 1,487	\$ 153	\$ 2,680	\$ 4,531	\$ 3,449

West Virginia University Health System and Controlled Entities
Consolidating Schedule of Operations - Non-Obligated Group
Year Ended December 31, 2021
(in thousands)

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHSGPO	AHSL	SJHF	WVUHSCH	FPN	GATEWAY
Operating revenues:																	
Net patient service revenues	\$ 136,338	\$ -	\$ -	\$ 37,841	\$ 4,448	\$ -	\$ 8,805	\$ 30,309	\$ -	\$ -	\$ 11,569	\$ -	\$ -	\$ -	\$ 28,222	\$ 10,675	\$ 4,469
CARES Act funding	1,915	-	-	912	-	-	-	640	-	-	335	-	-	-	-	28	-
Other revenues	248,593	82	63,509	21,839	-	60	117,916	11,348	-	(8)	5,840	7,833	361	-	263	18,850	700
Total operating revenues	386,846	82	63,509	60,592	4,448	60	126,721	42,297	-	(8)	17,744	7,833	361	-	28,485	29,553	5,169
Operating expenses:																	
Salaries and wages	135,063	-	7,922	39,276	1,236	134	8,834	26,186	3	253	10,350	2,962	(367)	-	20,873	15,505	1,896
Employee benefits	53,644	-	24,371	7,283	307	20	2,723	6,147	43	75	4,675	849	(1,232)	-	5,395	2,416	572
Supplies and purchased services	99,575	-	12	1,172	804	-	91,883	2,159	-	-	93	-	-	-	1,645	393	1,414
Physician support	11,872	82	335	2,063	-	-	-	1,020	-	-	-	-	-	-	-	8,372	-
Professional fees	12,152	-	228	3,598	98	21	4,912	405	-	7	620	377	1	-	671	620	594
Depreciation and amortization	2,790	-	118	300	18	-	905	490	4	17	300	-	-	-	-	412	226
Interest	1,514	-	-	-	902	-	573	-	-	-	-	-	-	-	-	39	-
Other	67,878	-	30,585	6,862	891	19	9,846	5,857	90	512	3,849	2,561	16	214	4,270	1,742	564
Total operating expenses	384,488	82	63,571	60,554	4,256	194	119,676	42,264	140	864	19,887	6,749	(1,582)	214	32,854	29,499	5,266
Operating income (loss)	2,358	-	(62)	38	192	(134)	7,045	33	(140)	(872)	(2,143)	1,084	1,943	(214)	(4,369)	54	(97)
Nonoperating income (loss):																	
Investment income	3,879	-	70	-	-	260	15	19	-	2,362	1,152	-	-	-	-	1	-
Inherent contribution	(882)	-	-	-	(882)	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	(394)	-	-	-	(879)	-	1	(19)	(4)	326	-	-	-	195	-	(14)	-
Total nonoperating income	2,603	-	70	-	(1,761)	260	16	-	(4)	2,688	1,152	-	-	195	-	(13)	-
Revenues in excess of (less than) expenses	4,961	-	8	38	(1,569)	126	7,061	33	(144)	1,816	(991)	1,084	1,943	(19)	(4,369)	41	(97)
Pension liability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and grants for long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(420)	-	-	-	(102)	-	-	-	(200)	(118)	-	-	-	-	-	-	-
Transfers (to) from affiliates	(1,006)	46	-	(195)	216	154	(346)	(114)	135	-	(80)	(25)	-	-	(797)	-	-
Change in net assets without donor restriction	\$ 3,535	\$ 46	\$ 8	\$ (157)	\$ (1,455)	\$ 280	\$ 6,715	\$ (81)	\$ (209)	\$ 1,698	\$ (1,071)	\$ 1,059	\$ 1,943	\$ (19)	\$ (5,166)	\$ 41	\$ (97)

West Virginia University Health System and Controlled Entities
Consolidating Schedule of Changes in Net Assets - Non-Obligated Group
Year Ended December 31, 2021
(in thousands)

	Non-Obligated Consolidated	Eliminations	University Healthcare	CCPC	OVASC	CCF	AHS	UPC	WVUIS	UHF	USC	AHSGPO	AHSL	SJHF	WVUHSHC	FPN	GATEWAY
Changes in net assets without donor restrictions:																	
Revenues in excess of (less than) expenses	\$ 4,961	\$ -	\$ 8	\$ 38	\$ (1,569)	\$ 126	\$ 7,061	\$ 33	\$ (144)	\$ 1,816	\$ (991)	\$ 1,084	\$ 1,943	\$ (19)	\$ (4,369)	\$ 41	\$ (97)
Pension liability adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to the School of Medicine and strategic initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and grants for long-lived assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(420)	-	-	-	(102)	-	-	-	(200)	(118)	-	-	-	-	-	-	-
Transfers (to) from affiliates	(1,006)	46	-	(195)	216	154	(346)	(114)	135	-	(80)	(25)	-	-	(797)	-	-
Change in net assets without donor restriction	3,535	46	8	(157)	(1,455)	280	6,715	(81)	(209)	1,698	(1,071)	1,059	1,943	(19)	(5,166)	41	(97)
Changes in net assets with donor restrictions:																	
Change in restricted assets held by affiliated foundation	501	-	-	-	-	122	-	-	-	379	-	-	-	-	-	-	-
Contributions and grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	501	-	-	-	-	122	-	-	-	379	-	-	-	-	-	-	-
Change in net assets	4,036	46	8	(157)	(1,455)	402	6,715	(81)	(209)	2,077	(1,071)	1,059	1,943	(19)	(5,166)	41	(97)
Net assets (deficit), beginning	48,054	(46)	(18)	3,268	10,197	3,122	4,417	4,717	209	13,781	6,048	1,676	(1,038)	172	-	-	1,549
Net assets (deficit), ending	\$ 52,090	\$ -	\$ (10)	\$ 3,111	\$ 8,742	\$ 3,524	\$ 11,132	\$ 4,636	\$ -	\$ 15,858	\$ 4,977	\$ 2,735	\$ 905	\$ 153	\$ (5,166)	\$ 41	\$ 1,452