

Consolidated statements of operations and changes in net assets

For the years ended June 30,	2018	2017
Unrestricted revenues and other support:		
Net patient service revenues	\$ 1,093,857,784	\$ 969,489,075
Provision for patient service bad debts	(24,066,040)	(9,250,412)
Net patient service revenues, less provision for bad debts	1,069,791,744	960,238,663
Other revenues, less provision for grant and other bad debts (2018 – \$1,495,797; 2017 – \$822,952)	206,200,986	136,485,850
Net assets released from restrictions and used for operating expenses	34,971,144	36,114,342
Total unrestricted revenues and other support	1,310,963,874	1,132,838,855
Expenses:		
Salaries, wages, and benefits	605,409,082	541,787,156
Faculty fees	10,260,193	10,133,621
Purchased services	120,275,718	107,923,088
Supplies	364,080,125	310,954,634
Other operating expenses	79,568,486	74,866,793
Depreciation and amortization	48,447,411	43,122,286
Interest	8,912,493	9,551,617
Total expenses	1,236,953,508	1,098,339,195
Income from operations	74,010,366	34,499,660
Nonoperating gains, net	18,868,122	16,412,223
Excess of revenues and gains over expenses and losses before tax	92,878,488	50,911,883
Income tax (expense) / benefit	(7,516,097)	6,140,659
Excess of revenues and gains over expenses and losses	85,362,391	57,052,542
Other changes:		
Net assets released from restrictions and used to purchase property, plant, and equipment	257,886	85,412
Net assets released from restrictions and used for payment of long-term debt	10,191,238	7,721,968
Grants received for reimbursement of property, plant, and equipment	149,845	212,273
Net proceeds from sale of M2Gen Corp. convertible preferred stock	69,714,844	-
Restricted investment income	(673,506)	(642,121)
Other	595,654	1,203,289
Increase in unrestricted net assets	165,598,352	65,633,363

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of operations and changes in net assets

For the years ended June 30,	2019	2018
Net assets w without donor restrictions:		
Net patient service revenues before provision for bad debts		\$ 1,093,857,784
Less: Provision for patient service bad debts		(24,066,040)
Net patient service revenues	\$ 1,279,823,716	1,069,791,744
Other revenues, less provision for grant and other bad debts (2019 – \$4,822,833; 2018 – \$1,495,797)	190,963,890	206,200,986
Net assets released from restrictions and used for operating expenses	38,421,601	34,971,144
Total revenues and other support w without donor restrictions	1,509,209,207	1,310,963,874
Expenses:		
Salaries, wages, and benefits	671,416,828	605,409,082
Faculty fees	9,619,453	10,260,193
Purchased services	127,798,236	120,275,718
Supplies	470,513,542	364,080,125
Other operating expenses	89,566,271	79,568,486
Depreciation and amortization	52,882,258	48,447,411
Interest	9,263,379	8,912,493
Total expenses	1,431,059,967	1,236,953,508
Income from operations	78,149,240	74,010,366
Nonoperating gains, net	24,466,912	18,868,122
Excess of revenues and gains over expenses and losses before tax	102,616,152	92,878,488
Income tax expense	(7,134,919)	(7,516,097)
Excess of revenues and gains over expenses and losses	95,481,233	85,362,391
Other changes:		
Net assets released from restrictions and used to purchase property, plant, and equipment	2,246,147	257,886
Net assets released from restrictions and used for payment of long-term debt	9,669,401	10,191,238
Grants received for reimbursement of property, plant, and equipment	73,256	149,845
Net proceeds from sale of M2Gen Corp. convertible preferred stock	-	69,714,844
Restricted investment income	(719,764)	(673,506)
Other	2,250,034	595,654
Increase in net assets without donor restrictions	109,000,307	165,598,352

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

For the years ended June 30,	2018	2017
Operating activities and nonoperating gains:		
Increase in net assets	\$ 178,655,923	\$ 76,603,361
Adjustments to reconcile increase in net assets to net cash provided by operating activities and nonoperating gains:		
Loss on sale of property, plant, and equipment	848,850	1,151,286
Restricted contributions and restricted investment income	(37,718,938)	(32,862,830)
Contribution of unrestricted and restricted securities	(15,751)	(253,722)
Grants and contracts with purpose restrictions	(20,906,203)	(22,041,694)
Net proceeds from sale of M2Gen Corp. convertible preferred stock	(69,714,844)	-
Change in deferred income tax benefit	3,450,190	(7,244,248)
Grants received for reimbursement of property, plant, and equipment purchases	(149,845)	(167,909)
Change in net unrealized (gains) losses on investments	(6,670,768)	(15,255,237)
Depreciation and amortization	48,447,411	43,122,286
Amortization of bond premium, discount and issuance costs	(2,275,401)	(1,953,210)
Loss on early extinguishment of debt	-	3,141,075
Provision for bad debts	25,561,837	10,073,364
Changes in operating assets and liabilities:		
Accounts receivable	(49,160,056)	(20,616,691)
Inventories	(2,786,607)	(1,179,186)
Grant receivables	(6,810,694)	(4,358,683)
Prepaid and other assets	(757,824)	(11,310,179)
Pledges receivable	(5,659,359)	(1,722,259)
Accounts payable and accrued expenses	2,050,735	24,628,589
Accrued employee compensation	6,917,176	5,527,291
Accrued interest	(179,561)	(11,673)
Estimated third-party settlements	(14,288,106)	(1,656,636)
Income tax payable	(1,103,589)	1,103,589
Other liabilities	(3,643,528)	1,407,846
Net cash provided by operating activities and nonoperating gains	44,091,048	46,124,530
Investing activities:		
Purchases of property, plant, and equipment	(50,228,328)	(72,507,930)
Purchases of investments	(40,000,000)	-
Change in Avatar clinical and molecular data	(18,517,718)	(7,505,804)
Change in assets limited as to use	4,306,539	(31,158,108)
Net cash used in investing activities	(104,439,507)	(111,171,842)
Financing activities:		
Payments on long-term debt	(11,170,000)	(119,483,755)
Restricted contributions and restricted investment income	37,718,938	32,862,830
Grants and contracts with purpose restrictions	20,906,203	22,041,694
Net proceeds from sale of M2Gen Corp. convertible preferred stock	69,714,844	-
Contribution of securities with purpose restrictions	187,545	274,149
Proceeds from issuance of long-term debt	-	152,575,316
Payments for debt financing costs	-	(1,595,739)
Grants received for reimbursement of property, plant, and equipment purchases	149,845	167,909
Net cash provided by financing activities	117,507,375	86,842,404
Increase in cash and cash equivalents	57,158,916	21,795,092
Cash and cash equivalents at beginning of year	201,030,321	179,235,229
Cash and cash equivalents at end of year	\$ 258,189,237	\$ 201,030,321

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

For the years ended June 30,	2019	2018
Operating activities and nonoperating gains:		
Increase in net assets	\$ 111,665,623	\$ 178,655,923
Adjustments to reconcile increase in net assets to net cash provided by operating activities and nonoperating gains:		
Loss on sale of property, plant, and equipment	14,786	848,850
Restricted contributions and restricted investment income	(35,618,620)	(37,718,938)
Contribution of unrestricted and restricted securities	763,850	(15,751)
Grants and contracts with purpose restrictions	(19,254,769)	(20,906,203)
Net proceeds from sale of M2Gen Corp. convertible preferred stock	-	(69,714,844)
Change in deferred income tax benefit	3,794,059	3,450,190
Grants received for reimbursement of property, plant, and equipment purchases	(73,256)	(149,845)
Unrealized (gains) losses on investments	(9,740,795)	(6,670,768)
Depreciation and amortization	52,882,258	48,447,411
Amortization of bond premium, discount and issuance costs	(2,228,105)	(2,275,401)
Provision for grant bad debts	4,822,833	1,495,797
Provision for bad debts (prior to the adoption of ASU 2014-09)	-	24,066,040
Changes in operating assets and liabilities:		
Accounts receivable	(31,325,252)	(49,160,056)
Inventories	(3,151,566)	(2,786,607)
Grant receivables	(5,977,163)	(6,810,694)
Prepaid and other assets	(2,646,979)	(757,824)
Pledges receivable	3,981,660	(5,659,359)
Accounts payable and accrued expenses	19,006,372	588,622
Accrued employee compensation	12,703,179	6,917,176
Accrued interest	(193,980)	(179,561)
Estimated third-party settlements	(17,054,562)	(14,288,106)
Income tax payable	-	(1,103,589)
Other liabilities	(7,264,933)	(3,643,528)
Net cash provided by operating activities and nonoperating gains	75,104,640	42,628,935
Investing activities:		
Purchases of property, plant, and equipment	(85,804,581)	(48,766,215)
Purchases of investments	(16,000,000)	(40,000,000)
Change in Avatar clinical and molecular data	(26,547,455)	(18,517,718)
Change in assets limited as to use	16,657,778	4,306,539
Net cash used in investing activities	(111,694,258)	(102,977,394)
Financing activities:		
Payments on long-term debt	(11,515,000)	(11,170,000)
Restricted contributions and restricted investment income	35,618,620	37,718,938
Grants and contracts with purpose restrictions	19,254,769	20,906,203
Net proceeds from sale of M2Gen Corp. convertible preferred stock	-	69,714,844
Contribution of securities with purpose restrictions	493,916	187,545
Grants received for reimbursement of property, plant, and equipment purchases	73,256	149,845
Net cash provided by financing activities	43,925,561	117,507,375
Increase in cash and cash equivalents	7,335,943	57,158,916
Cash and cash equivalents at beginning of year	258,189,237	201,030,321
Cash and cash equivalents at end of year	\$ 265,525,180	\$ 258,189,237
Supplemental information:		
Capital expenditures accrued in accounts payable	\$ 3,884,852	\$ 1,462,113

The accompanying notes are an integral part of these consolidated financial statements.