



**IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH**

Consolidated Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

**IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH**

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Independent Auditors' Report

To the Board of Directors
Iowa Health System and Subsidiaries
d/b/a UnityPoint Health:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Iowa Health System and its subsidiaries d/b/a UnityPoint Health (the System), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iowa Health System and its subsidiaries d/b/a UnityPoint Health as of December 31, 2019 and 2018, and the results of their operations and changes in net assets and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in Note 1(v) to the consolidated financial statements, the System adopted new accounting guidance for ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2019 accompanying supplementary financial information in schedules 1 through 13 are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Minneapolis, Minnesota

April 29, 2020

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidated Balance Sheet

December 31, 2019 and 2018

(In thousands)

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Assets

Current assets:

Cash and cash equivalents
Short-term investments
Assets limited as to use – required for current liabilities
Patient accounts receivable
Other receivable
Inventories
Prepaid expenses

Total current assets

Assets limited as to use, noncurrent:

Held by trustee under bond indenture agreements
Internally designated for capital improvements
Internally designated for insurance reserve

Total assets limited as to use, noncurrent

Property, plant and equipment, net
Operating lease right of use asset
Other long-term investments
Investments in joint ventures and other investments
Contributions receivable, net
Other

Total assets

	2019	2018
	\$	
	278,444	251,006
	25,926	21,782
	20,167	16,721
	565,461	557,280
	129,421	100,486
	84,406	83,889
	57,360	48,085
	<u>1,161,185</u>	<u>1,079,249</u>
	485	2,171
	1,311,258	1,182,648
	<u>22,988</u>	<u>21,717</u>
	→ 1,334,731	1,206,536
	1,875,363	1,843,907
	220,215	—
	→ 1,102,503	958,201
	121,916	152,773
	114,617	89,047
	86,151	91,826
	<u>\$ 6,016,681</u>	<u>5,421,539</u>

Liabilities and Net Assets

Current liabilities:

Current maturities of long-term debt
Current portion of operating lease liabilities
Accounts payable
Accrued payroll
Accrued interest
Estimated settlements due to third-party payors
Other current liabilities

Total current liabilities

Long-term debt, net

Long-term operating lease liabilities
Other long-term liabilities

Total liabilities

Net assets:

Without donor restrictions:

Attributable to UnityPoint Health
Attributable to noncontrolling interest

Total without donor restrictions

With donor restrictions:

Attributable to UnityPoint Health
Attributable to noncontrolling interest

Total with donor restrictions

Total net assets

Total liabilities and net assets

	\$	
	129,121	62,658
	31,450	—
	236,412	198,681
	217,910	210,985
	9,704	8,752
	57,252	92,810
	81,039	77,897
	<u>762,888</u>	<u>651,783</u>
	895,871	1,042,488
	188,765	—
	396,016	382,076
	<u>2,243,540</u>	<u>2,076,347</u>
	3,515,956	3,125,454
	31,952	31,852
	<u>3,547,908</u>	<u>3,157,306</u>
	224,446	187,042
	787	844
	<u>225,233</u>	<u>187,886</u>
	<u>3,773,141</u>	<u>3,345,192</u>
	\$ <u>6,016,681</u>	<u>5,421,539</u>

See accompanying notes to consolidated financial statements.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2019 and 2018

(In thousands)

	2019	2018
Unrestricted revenues:		
Patient service revenue	\$ 4,184,332	4,075,430
Other operating revenue	389,961	324,611
Net assets released from restrictions used for operations	14,173	11,420
Total unrestricted revenues	4,588,466	4,411,461
Expenses:		
Salaries and wages	1,624,925	1,570,724
Provider compensation and services	696,151	662,784
Employees benefits	418,627	420,498
Supplies	755,353	725,630
Other expenses	762,670	707,691
Depreciation and amortization	195,119	241,334
Interest	35,107	38,754
Provision for uncontrollable accounts	64	3,275
Total expenses	4,488,016	4,370,690
Operating Income	100,450	40,771
Nonoperating gains (losses):		
Investment income (loss)	313,065	(87,642)
Contributions received in affiliations, net of disaffiliation	(2,317)	34,806
Other, net	(25,226)	10,636
Total nonoperating gains (losses), net	285,522	(42,200)
Revenue over expenses before loss on board refinancing transaction	385,972	(1,429)
Loss on bond refinancing transactions	—	(2,558)
Excess (deficiency) of revenues over expenses from continuing operations	385,972	(3,987)
Discontinued operations	—	539
Excess (deficiency) of revenues over expenses	385,972	(3,448)
Less noncontrolling interest	(4,974)	(5,979)
Excess (deficiency) of revenues over expenses attributable to UnityPoint health	380,998	(9,427)

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2019 and 2018

(In thousands)

	2019	2018
Net assets without donor restrictions:		
Excess (deficiency) of revenues over expenses	\$ 380,998	(9,427)
Amortization of previously hedged interest swaps fair value	1,360	1,360
Net assets released from restrictions used for capital expenditures	13,100	10,120
Change in defined benefit pension plan gains (losses) and prior costs and credits	3,192	(28,895)
Contributions of or for acquisition of property and equipment	1,399	261
Other, net	(9,547)	427
Increase (decrease) in net assets without donor restrictions, UnityPoint Health	390,502	(26,154)
Net assets without donor restrictions, noncontrolling interest:		
Excess of revenues over expenses	4,974	5,979
Distributions of capital	(5,973)	(6,337)
Contributions of capital	336	—
Net assets released from restrictions used for capital expenditures	58	58
Other	705	(3,850)
Increase (decrease) in net assets without donor restrictions, noncontrolling interests	100	(4,150)
Net assets with donor restrictions:		
Contributions	35,710	16,901
Contribution received in affiliations, net of disaffiliation	1,648	2,499
Investment income	5,129	2,042
Government grants	41	23
Net assets released from restrictions used for operations	(14,173)	(11,420)
Net assets released from restrictions used for capital expenditures	(13,100)	(10,120)
Change in net unrealized gains (losses) on investments	7,823	(6,909)
Change in beneficial interest in net assets of affiliate	9,601	(1,454)
Other, net	4,726	5,070
Increase (decrease) in net assets with donor restrictions, UnityPoint Health	37,405	(3,368)
Net assets with donor restrictions, noncontrolling interest:		
Net assets released from restrictions used capital expenditures	(58)	(58)
Decrease in net assets with donor restrictions, noncontrolling interests	(58)	(58)
Increase (decrease) in net assets	427,949	(33,730)
Net assets, beginning of year	3,345,192	3,378,922
Net assets, end of year	\$ 3,773,141	3,345,192

See accompanying notes to consolidated financial statements.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidated Statements of Cash Flows

Years ended December 31, 2019 and 2018

(In thousands)

	2019	2018
Operating activities:		
Increase (decrease) in net assets	\$ 427,949	(33,730)
Items not requiring (providing) operating cash:		
Net (gain) loss on investments	(279,861)	128,398
Net unrealized (gains) loss on swaps	11,234	(13,887)
Restricted contributions, investment income and government grants received	(26,707)	(7,546)
Contributions of or for acquisition of property and equipment	(1,399)	(261)
Depreciation and amortization	195,119	241,334
Change in defined pension plans' liability	(3,192)	28,895
Contribution received in affiliations, net of disaffiliation	669	(37,305)
Amortization of bond premium and debt issuance costs, net	(2,549)	6,415
(Gain) loss on disposition of assets	927	(9,020)
Equity in earnings of joint ventures	(24,082)	(27,116)
Change in beneficial interest in net assets of affiliates	(9,601)	1,454
Provision for uncollectible accounts	64	3,275
Changes in:		
Receivables	(38,557)	34,449
Inventories, prepaid expenses and other assets	(19,323)	1,781
Accounts payable, accrued liabilities and other liabilities	52,786	(41,561)
Due to third-party payors	(35,305)	102
Net cash provided by operating activities	248,172	275,677
Investing activities:		
Capital expenditures	(239,012)	(161,349)
Proceeds from sale of assets	277	3,381
Cash acquired in affiliations, net of disaffiliation	3,335	9,949
Increase in loans receivable	(3,606)	(14,304)
Increase in, short-term investments	(3,283)	(2,144)
Purchases of other long-term investments and assets limited to use	(354,687)	(315,442)
Proceeds from sales of other long-term investments and assets limited to use	339,768	319,878
Investment in joint ventures	(3,257)	(7,019)
Distributions received from joint ventures	64,692	30,425
Net cash used in investing activities	(195,773)	(136,625)
Financing activities:		
Proceeds from issuance of long-term debt	2,590	380,819
Payments of debt	(46,895)	(217,411)
Payments of financing costs	—	(2,162)
Payments on early extinguishment of debt	(8,762)	(308,755)
Proceeds from restricted contributions, investment income and government grants	26,707	7,546
Proceeds from contributions for acquisition of property and equipment	1,399	261
Net cash used in financing activities	(24,961)	(139,702)
Increase (decrease) in cash and cash equivalents	27,438	(650)
Cash and cash equivalents, beginning of year	251,006	251,656
Cash and cash equivalents, end of year	\$ 278,444	251,006

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidated Statements of Cash Flows

Years ended December 31, 2019 and 2018

(In thousands)

	<u>2019</u>	<u>2018</u>
Supplemental cash flows information:		
Interest paid (net of amount capitalized)	\$ 34,155	40,218
Capital lease obligations incurred for property and equipment	3,952	9,122
Property and equipment purchases in accounts payable	10,271	7,929
Affiliations:		
Assets acquired, less cash	7,705	75,810
Liabilities assumed	2,859	48,456
Disaffiliations:		
Assets removed, less cash	(42,235)	—
Liabilities released	(33,385)	—

See accompanying notes to consolidated financial statements.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Organization

Iowa Health System is an Iowa nonprofit corporation formed in December 1994. Iowa Health System and its subsidiaries provide inpatient and outpatient care and physician services from twenty-one hospital facilities and various ambulatory service and clinic locations in Iowa, Illinois and Wisconsin. Primary, secondary, and tertiary care services are provided to residents of Iowa, Illinois, Wisconsin, and adjacent states.

Iowa Health System publicly operates as UnityPoint Health (the System). The legal name of the parent remains Iowa Health System, with the UnityPoint Health name reflecting a doing business as (d/b/a). This “d/b/a” name reflects the transformation of clinical processes underway within the System and the adaptation to better address the healthcare needs of communities, including building a model of delivering healthcare that coordinates care around the patient while focusing on improving the quality of care and reducing costs.

(b) Basis of Presentation

The consolidated financial statements include the accounts of UnityPoint Health and its subsidiaries listed below:

- Central Iowa Health System and Subsidiaries (d/b/a UnityPoint Health – Des Moines) (Des Moines)
- Methodist Health Services Corporation and Subsidiaries (Peoria)
- Trinity Regional Health System and Subsidiaries (Rock Island)
- Meriter Health Services, Inc. and Subsidiaries (Madison)
- St. Luke’s Healthcare and Subsidiaries (Cedar Rapids)
- Allen Health Systems, Inc. and Subsidiaries (Waterloo)
- St. Luke’s Health System, Inc. and Subsidiaries (Sioux City)
- Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
- Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
- Memorial Hospital Association (Carthage; affiliated as of July 1, 2018; unaffiliated as of September 30, 2019)
- Keokuk Health Systems and Subsidiaries, Inc. (Keokuk)
- Iowa Physicians Clinic Medical Foundation (d/b/a UnityPoint Clinic)
- UnityPoint at Home

All significant intercompany balances and transactions have been eliminated in consolidation.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

On January 1, 2018, the System's subsidiary, Central Iowa Health System, became the sole corporate member of Grinnell Regional Medical Center (GRMC) with assets and liabilities of \$32,284 and \$11,699, respectively. Included in assets is cash of \$4,983.

On January 1, 2018, the System's subsidiary, Central Iowa Health System, became the sole corporate member of Eyerly Ball Community Mental Health Services (Eyerly Ball) with assets and liabilities of \$2,990 and \$1,386, respectively. Included in assets is cash of \$195.

On July 1, 2018, the System became the sole corporate member of Memorial Hospital Association with assets and liabilities of \$50,487 and \$35,371, respectively. Included in assets is cash of \$4,771. On September 30, 2019, the System and Memorial Hospital Association terminated their affiliation. At the time of termination, Memorial Hospital Association assets and liabilities of \$47,183 and \$33,385, respectively, were removed from the System's consolidated balance sheets. Included in assets was cash of \$4,948.

On May 1, 2019, the System's subsidiary, Methodist Health Services Corporation, became the sole corporate member of UnityPlace with assets and liabilities of \$15,988 and \$2,859, respectively. Included in assets is cash of \$8,283.

These transactions were accounted for as acquisitions in accordance with Accounting Standards Codification (ASC) Topic 958-805, *Business Combinations – Not-for-Profit Entities* and assets and liabilities were recorded at fair value.

(c) Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenue, and expenses of entities that are controlled by the System and, therefore, consolidated. Noncontrolling interests in the consolidated balance sheets and statements of operations and changes in net assets represent the portion of net assets owned by entities outside the System and the portion of operating results attributed to the noncontrolling ownership interest.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Cash, Cash Equivalents, and Short-Term Investments

Cash equivalents consist of demand deposits, money market funds, and other debt securities with original maturities of three months or less at the date of purchase, other than those included in assets limited as to use or held in brokerage accounts. A portion of these balances are held in a pooled cash management account, with the balances and activity remaining within the respective subsidiaries. Short-term investments consist of debt securities with weighted average maturities between 91 and 365 days of the consolidated balance sheet date, and other debt securitized products, and other

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

investments held as part of deferred compensation arrangements whose distributions will occur within one year.

At times, the System's cash accounts exceeded federally insured limits. Management believes that the institutions where cash accounts are maintained are financially stable and that the credit risk related to deposits is minimal.

(f) *Assets Limited as to Use*

Assets limited as to use include amounts held by trustees under bond indenture agreements and related documents and assets internally designated by the Board of Directors for identified purposes and over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities are classified as current assets.

(g) *Inventories*

Inventories consist of supplies and are stated at the lower of cost or market.

(h) *Short-Term Investments, Other Long-Term Investments, Investments in Joint Ventures, and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in fixed-income securities are measured at fair value in the consolidated balance sheets. The fair values are based on quoted market prices or dealer quotes.

Investments in joint ventures and other affiliates, which are more than 20% and not more than 50% owned, are recorded using the equity method. Other investments are reported at cost, as adjusted for permanent impairment in value, if any.

Realized gains and losses from the sale of investments, interest and dividends (except those earned as a function of operations) and unrealized gains and losses on investments classified as trading securities and those carried at fair value pursuant to ASC Topic 825 are reported as nonoperating gains (losses) unless restricted by a donor. Income from investments restricted by donors is included as a component of the change in net assets based upon the nature of the restriction.

The System elected the net asset value as practical expedient option for its alternative investments (including hedge funds and private equity funds) that are primarily limited liability corporations and partnerships. Management has elected this option for the alternative investments because it more accurately reflects the portfolio returns and consolidated financial position of the System. Gains and losses on investments subject to the net asset value option are reported in investment income in nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets.

Refer to notes 5 and 12 for additional disclosures regarding balance sheet line items and fair value of those investments carried under Financial Accounting Standards Board (FASB) ASC Topic 825.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs), and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

(i) Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost, less accumulated depreciation. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the assets, including componentized building costs. Depreciation of assets under capital lease is provided using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Donated property, plant and equipment are recorded at fair value at the date of donation.

Property, plant, and equipment assets are depreciated on the straight-line method over the following estimated useful lives:

Buildings	10–80 yrs.
Fixed equipment	5–30 yrs.
Movable equipment	2–30 yrs.
Computer software	3 yrs.

Property, plant, and equipment is stated at cost and is summarized at December 31 as follows:

	2019	2018
Land	\$ 197,311	196,472
Land improvements	73,656	71,405
Buildings, improvements and fixed equipment	2,543,003	2,471,925
Moveable equipment	1,643,338	1,564,786
	4,457,308	4,304,588
Less accumulated depreciation and amortization	2,695,488	2,536,379
	1,761,820	1,768,209
Construction/information systems installation in progress	113,543	75,698
Net property, plant and equipment	\$ 1,875,363	1,843,907

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of construction in progress, net of interest earned on investments acquired with the proceeds of the borrowing. During 2019 and 2018, the System capitalized \$1 and \$90 of interest expense, respectively.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

As of December 31, 2019 and 2018, the System has committed \$209,079 and \$156,920, respectively, for costs related to various construction projects. The System plans to fund the majority of these projects through internal funds, with supplemental debt financing for certain projects.

(j) Asset Retirement Obligation

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations and changes in net assets. Liabilities for such obligations of \$20,707 and \$19,979 are recorded in other long-term liabilities as of December 31, 2019 and 2018, respectively. The year-over-year increase of \$728 is primarily due to the accretion of the liability.

(k) Long-Lived Asset Impairment

The System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2019 and 2018.

(l) Other Assets

Other assets include certain intangible assets that are stated at cost less accumulated amortization. In addition, other assets include goodwill. The System follows ASU 2014-04, which simplifies the goodwill impairment test. Goodwill is an asset representing the future economic benefits arising from other assets acquired as part of business combinations that are not individually identified and separately recognized. The System has \$36,708 and \$37,064 of goodwill at December 31, 2019 and 2018, respectively. If necessary based on qualitative factors, the System will perform an impairment test of its goodwill and intangible assets using a discounted cash flow method, and any identified impairment loss is recognized as expense. The analysis performed during 2019 and 2018 showed the carrying amount exceeded fair value for two of the System's subsidiaries, and \$575 and \$1,373 of impairment was recognized in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets in 2019 and 2018, respectively.

Other intangible assets at December 31, 2019 and 2018 were \$3,786 and \$4,205, respectively, which are subject to amortization.

(m) Net Assets

Net assets are classified into two mutually exclusive classes: without donor restrictions and with donor restrictions. The two classes are based on the presence or absence of donor-imposed restrictions. The release of net assets from donor restrictions is recorded in the period in which the restrictions are met.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
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Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

Contributions with donor-imposed restrictions that are met in the same reporting period are reported as without donor restriction.

Donor-imposed restrictions are generally restricted for capital expenditures, passage of time, or other donor-specified restrictions.

For entities in which the System has less than full ownership but has a controlling interest, a noncontrolling interest is recorded for the portion of net assets controlled by unrelated parties.

(n) Excess (Deficiency) of Revenues over Expenses

Excess (deficiency) of revenues over expenses transactions affecting net assets without donor restrictions are reflected in the consolidated statements of operations and changes in net assets. Consistent with industry practice, the effective portion of derivative instruments qualifying for hedge accounting carried at fair value, changes in defined benefit plans, and contributions of long-lived assets (including assets acquired with donor-restricted cash contributions) are excluded from determination of the excess (deficiency) of revenues over expenses. Transactions with donor restrictions are recorded as additions or deductions to net assets with donor restrictions and are reflected in the consolidated statements of operations and changes in net assets.

(o) Patient Service Revenue and Accounts Receivable

Patient 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, representing transaction price, are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the services are performed and/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 (or actual) charges. The System believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient and outpatient acute care services. The System measures the performance obligation from admission into the healthcare provider to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the System does not believe it is required to provide additional goods or services. Because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to 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

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generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with policy, and/or implicit price concessions based on the historical collection experience of patient accounts. The System determines the transaction price associated with services provided to patients who have third-party payor coverage based on reimbursement terms per contractual agreements, discount policies, and historical experience. For uninsured patients who do not qualify for charity care, the System determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet the System's criteria for free care "charity" are provided care without charge; such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. 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 using the most-likely outcome method. These settlements are estimated based on the terms of the payment agreements with the payor, correspondence from the payor, and 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 settlements are adjusted in future periods as new information becomes available or as years are settled or are no longer subject to such audits, reviews, and investigations.

The System uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends and other analyses, the System believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

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The percentage of patient service revenue by payor recognized in the years ended December 31 was as follows:

	2019	2018
Medicare	35 %	36 %
Medicaid	15	14
Wellmark/Blue Cross	21	22
Commercial and other	28	28
Self-pay	1	—
	100 %	100 %

The percentage of patient accounts receivable by payor at December 31 was as follows:

	2019	2018
Medicare	28 %	27 %
Medicaid	15	13
Wellmark/Blue Cross	19	22
Commercial and other	34	34
Self-pay	4	4
	100 %	100 %

The sources of patient service revenue, disaggregated by lines of service, for the years ended December 31 were as follows:

	2019											
	Central Iowa	Madison	Quad Cities	Central Illinois	Cedar Rapids	Waterloo	Sioux City	Fort Dodge	Dubuque	Carthage	Keokuk/ Quincy	Total
Service lines:												
Hospital	\$ 813,441	418,169	443,600	457,150	387,633	316,165	184,121	87,579	102,500	15,363	10,957	3,236,678
Physician services	199,988	36,268	66,996	106,047	86,031	79,724	15,961	51,270	7,835	3,769	—	653,889
Home health and hospice	74,740	10,200	36,789	23,711	21,332	24,585	12,509	18,114	4,743	—	3,403	230,126
Other	17,138	(6,859)	21,284	—	26,849	2,603	—	984	1,500	2,140	—	63,639
	\$ 1,105,307	455,778	568,669	586,908	521,845	423,077	212,591	157,947	116,578	21,272	14,360	4,184,332

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	2018											
	Central Iowa	Madison	Quad Cities	Central Illinois	Cedar Rapids	Waterloo	Sioux City	Fort Dodge	Dubuque	Carthage	Keokuk/ Quincy	Total
Service lines:												
Hospital	\$ 782,100	392,180	460,186	502,816	382,924	291,742	174,576	87,834	103,779	9,643	11,550	3,199,330
Physician services	185,525	41,798	56,775	77,234	83,485	71,964	15,511	46,954	7,756	2,894	20	589,916
Home health and hospice	71,500	10,441	33,804	16,988	17,807	21,881	11,378	16,557	4,331	—	3,709	208,396
Other	16,640	4,661	22,948	(28)	30,170	1,741	(2,177)	894	1,612	1,327	—	77,788
	<u>\$ 1,055,765</u>	<u>449,080</u>	<u>573,713</u>	<u>597,010</u>	<u>514,386</u>	<u>387,328</u>	<u>199,288</u>	<u>152,239</u>	<u>117,478</u>	<u>13,864</u>	<u>15,279</u>	<u>4,075,430</u>

Other operating revenue primarily includes income from joint ventures, reference lab, retail pharmacy and shared savings revenue from value based contracts with third party payors. Revenue from services recorded as other operating revenue is primarily recognized at the time of service rendered. Other operating revenue for the years ended December 31 was as follows:

	Central Iowa	Madison	Quad Cities	Central Illinois	Cedar Rapids	Waterloo	Sioux City	Fort Dodge	Dubuque	Carthage	Keokuk/ Quincy	Total
2019	\$ 98,933	36,656	40,456	61,868	47,110	45,762	33,111	13,862	9,910	1,822	471	389,961
2018	97,834	22,980	32,151	48,412	31,723	42,117	27,000	12,260	8,763	894	477	324,611

(p) Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Amounts determined to be charity care are not reported as revenue.

(q) Contributions and Beneficial Interest in Net Assets

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-imposed restrictions are considered fulfilled as soon as the stipulated time has expired or the qualifying expenditure has been made. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Contributions not expected to be collected within a year are recorded at the present value of expected future cash flows using a risk-free interest rate over the term of the contribution. Contributions of property are recorded at fair value when received.

Interests in charitable trusts and perpetual trusts are carried at the present value of expected future cash flows, which approximates fair value. The System's interest in the net assets (the Interest) of certain foundations that raise and hold assets on behalf of the System is accounted for in a manner similar to the equity method. The Interest is recorded at its beneficial interest in the underlying assets, and changes in the Interest are included in the change in net assets. Transfers of assets between these foundations and the System are recognized as increases or decreases in the Interest.

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(r) *Estimated Malpractice Costs, Health Insurance, and Workers' Compensation*

An annual estimated provision is accrued for the self-insured portion of medical malpractice, health insurance, and workers' compensation claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Claims liabilities are recorded at the gross amount without consideration of insurance recoveries. Expected recoveries are presented separately as receivables in the consolidated balance sheets.

(s) *Interest Rate Swap Agreements*

The System has entered into various interest rate swap agreements (the Swaps) to reduce the effect of changes in cash flows primarily related to interest rate fluctuations on the System's various variable rate debt.

As described in note 7, the System no longer has any swaps that qualify for hedge accounting, so changes in fair value for all swap agreements are recorded as a component of nonoperating gains (losses) in excess of revenue over expense.

The Swaps are recognized on the consolidated balance sheets at fair value. The net cash payments or receipts under the Swaps are recorded as an increase or decrease to other nonoperating income (loss).

(t) *Income Taxes*

UnityPoint Health and most of its subsidiaries are classified as tax-exempt organizations as described in Sections 501(c)(3) and 501(c)(2) of the Internal Revenue Code (the Code). Tax-exempt organizations are not subject to federal and state income taxes on related income, pursuant to Section 501(a) of the Code. These organizations are subject to federal and state income taxes to the extent they have unrelated business income as described under provisions of Section 511 of the Code.

The System files Form 990 for substantially all of its operating entities in the U.S. federal jurisdiction and is no longer subject to examination by tax authorities for the years before 2015. The System has no material uncertain tax positions.

Certain subsidiaries are subject to federal and state income taxes. Some of these corporations have accumulated net operating loss carryforwards that are available to offset future taxable income, if any, during the carryforward period. Deferred tax assets and liabilities related to these subsidiaries were not material.

(u) *Retirement Plans*

Substantially all employees meeting age and length of service requirements participate in defined-contribution plans. Certain subsidiaries also have defined-benefit plans, most of which have been substantially frozen. Pension costs for the defined-benefit plans, which are composed of normal costs and amortization of prior service costs related to defined-benefit plans, are funded currently.

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(v) Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the lessee to recognize assets and liabilities for leases with lease terms of more than twelve months. For leases with a term of twelve months or less, the System is permitted to make an accounting policy election, by class of underlying asset, not to recognize lease assets and lease liabilities. Further, the lease requires a finance lease to recognize both an interest expense and an amortization of the associated expense. Operating leases generally recognize the associated expense on a straight-line basis. On January 1, 2019, the System adopted the standard and all related amendments and applied it to all leases using the optional transition method, which requires the amended guidance to be applied at the date of adoption. The standard does not require the guidance to be applied to the earliest comparative period presented in the consolidated financial statements. As such, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. At adoption, the System included in their balance sheet a right of use asset and a right of use liability of \$215,960.

Under the new lease standard, companies may elect various practical expedients upon adoption. The System elected the package of practical expedients related to transition, which states that an entity need not reassess initial direct costs for existing leases, the lease classification for any expired or existing leases, and whether any expired or existing contracts are or contain leases.

The System also elected the practical expedient for lessees to include both the lease and non-lease components as a single component and account for them as a lease. Certain of the System's arrangements provide for maintenance costs to be the responsibility of the System as incurred or charged by the lessor. The maintenance cost is a non-lease component that the System elected to combine with the total monthly rental payment and account for the total cost as operating lease expense.

Also, a lessees may elect not to apply the recognition requirements in the new lease standard for short term leases.

(w) Reclassifications

Certain 2018 amounts have been reclassified in order to conform to the 2019 presentation. In connection therewith, purchases and sales of investments were historically presented on a net basis, instead of a gross basis. For the year ended December 31, 2018, the System corrected the previously reported net basis of purchase and sales of investments by presenting them on a gross basis which are reflected in the investing section of the cash flows statement.

(2) Charity Care

The System provides charity care and financial assistance discounts for medically necessary healthcare services provided to persons who meet the System's policy. The policy provides a percentage discount to the patient that decreases at gradually higher income levels or higher levels of household net assets. The benchmark, which the income level is compared to, is the Federal Poverty Income Guideline and is

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updated annually. Patients who are already receiving benefits from certain identified government programs qualify for presumptive eligibility.

The availability of charity care is widely communicated to all patients, and patients are notified prior to receiving services if their treatment does not fall within the guidelines of the policy. Amounts charged for care that is provided to individuals eligible for charity may not be more than the amounts generally billed to individuals who have insurance covering such care. Amounts billed are based on either the best, or an average of the three best, negotiated commercial rates or Medicare rates.

Accounts that are classified by the System as charity care are not reported as patient service revenue. In some cases, the charity care is subsidized by contributions from volunteer organizations or other donors. Charity care subsidies are not material to the consolidated financial statements.

Cost of charity care is calculated by applying hospital specific cost-to-charge ratios to the total amount of charity care deductions from gross revenue. The cost-to-charge ratio is calculated by taking the hospital total expenses and gross charges and applying adjustments to remove the cost of nonpatient care activity, Medicaid provider taxes paid, identifiable community benefit expenses, as well as gross patient charges that are generated for identifiable community benefit services. The amount of charity care provided at cost was \$25,377 and \$26,912 for the years ended December 31, 2019 and 2018, respectively. The expansion of Medicaid coverage, under the provisions of the PPACA, for a large population of previously uninsured patients has had a significant impact on the amount of self-pay charges and resulting charity care provided.

Community benefit is also provided through reduced price services and free programs offered throughout the year. The System provides an array of uncompensated activities and services intended to meet the community health needs. These activities include wellness programs, community education programs and various health screening programs.

(3) Third-Party Reimbursement

As a provider of healthcare services, the System generally grants credit to patients without requiring collateral or other security. The System routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies. These health insurance programs or providers are commonly referred to as third-party payors and include the Medicare and Medicaid programs, Wellmark/Blue Cross and various health maintenance and preferred provider organizations.

A major portion of the System's revenue is derived from these third-party payors. Significant changes have been made, and may be made, in certain of these programs, which could have a material, adverse impact on the financial condition of the System. These changes include federal and state laws and regulations, particularly those pertaining to Medicare and Medicaid.

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The System has agreements with certain third-party payors that provide for payment of services at amounts that differ from established rates. Third-party payor payment rates vary by payor and include established charges; contracted rates less than established charges; prospectively determined rates per discharge, bundled payment per episode of care, per procedure, or per diem; and retroactively determined cost-based rates.

(a) Medicaid State Plans

The System has operations within states that have enacted a Medicaid State Plan. Under each of these plans, a tax assessment is levied on certain hospital providers in order to provide funding for Medicaid to obtain federal matching funds. A portion of these additional federal funds are then redistributed to participating hospitals through increased Medicaid payments in order to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients.

The System's aggregate tax assessment during 2019 and 2018 was \$55,348 and \$56,856, respectively, and is included in operating expenses in the consolidated statements of operations and changes in net assets. Additional Medicaid reimbursement in the same periods was \$104,933 and \$114,007, respectively, and is included in patient service revenue in the consolidated statements of operations and changes in net assets, resulting in a net increase in operating income of \$49,585 and \$57,153 for 2019 and 2018, respectively.

(4) Functional Expenses

The System provides general healthcare services, including hospital, physician and home health and hospice, and incurs related general and administrative expenses. Expenses related to providing these services for the years ended December 31 were as follows:

	2019					
	Hospital Services	Physician Services	Home Health and Hospice	Other	MG&A	Total
Salaries and wages	\$ 742,445	159,548	52,348	91,217	579,367	1,624,925
Physician compensation and services	59,248	582,872	407	12,678	40,946	696,151
Employee benefits	180,321	47,912	12,586	26,305	151,503	418,627
Supplies	558,291	57,143	10,845	100,753	28,321	755,353
Other expenses	173,613	54,992	8,361	65,858	459,846	762,670
Depreciation and amortization	53,678	7,777	196	5,470	127,998	195,119
Interest	—	339	—	114	34,654	35,107
Provision for uncollectible accounts	—	—	—	9	55	64
	<u>\$ 1,767,596</u>	<u>910,583</u>	<u>84,743</u>	<u>302,404</u>	<u>1,422,690</u>	<u>4,488,016</u>

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	2018					
	Hospital Services	Physician Services	Home Health and Hospice	Other	MG&A	Total
Salaries and wages	\$ 729,079	152,509	53,284	80,786	555,066	1,570,724
Physician compensation and services	69,692	538,360	296	11,483	42,953	662,784
Employee benefits	181,393	47,540	12,542	22,880	156,143	420,498
Supplies	535,932	54,120	11,413	94,337	29,828	725,630
Other expenses	165,343	58,364	9,282	55,284	419,418	707,691
Depreciation and amortization	67,969	9,328	316	4,953	158,768	241,334
Interest	1	376	—	124	38,253	38,754
Provision for uncollectible accounts	—	—	560	2,244	471	3,275
	\$ 1,749,409	860,597	87,693	272,091	1,400,900	4,370,690

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare 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 are allocated based on revenue.

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(5) Investments

(a) Investment Summary

A summary of short-term investments at December 31 is as follows:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 489	340
U.S. Treasury obligations	750	3,862
U.S. government agency obligations	720	200
Asset-backed securities:		
Home equity	—	53
Other	5,108	3,519
Mortgage-backed securities:		
Government	1,156	299
Nongovernment	1,347	348
Certificates of deposit	—	2,267
Corporate bonds	6,592	6,988
Municipal bonds	466	189
Mutual funds:		
Domestic	—	7
International	191	57
Index	892	279
Equity	1,081	294
Fixed income	469	166
Other	6,665	2,914
Total short-term investments	<u>\$ 25,926</u>	<u>21,782</u>

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A summary of investments reported as assets limited as to use at December 31 is as follows:

	<u>2019</u>	<u>2018</u>
Held by trustees under bond indenture agreements:		
Cash equivalents	\$ 485	906
Certificates of deposit	—	1,265
	<u>485</u>	<u>2,171</u>
Internally designated:		
Cash equivalents	2,580	2,266
U.S. Treasury obligations	2,146	3,616
Certificates of deposit	—	880
Corporate bonds	191	387
Equity securities:		
Domestic	16,299	13,221
International	858	902
Mutual funds:		
Domestic	4,469	7,694
International	358,788	306,417
Emerging markets	637	—
Equity	279,341	230,465
Fixed income	344,054	330,485
Alternative funds	101,853	100,314
Hedge funds	109,037	97,793
Private equity funds	57,019	52,836
Fund of funds	77,141	73,810
	<u>1,354,413</u>	<u>1,221,086</u>
Total assets limited as to use	1,354,898	1,223,257
Less amount required to meet current obligations	<u>20,167</u>	<u>16,721</u>
Noncurrent portion of assets limited as to use	<u>\$ 1,334,731</u>	<u>1,206,536</u>

Assets held by trustee under bond indenture agreements are required to be held in separate trust accounts. A summary of these trust accounts aggregated by their required use at December 31 is as follows:

	<u>2019</u>	<u>2018</u>
Debt service accounts	\$ 485	2,171

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Internally designated assets are summarized below based on the designation at December 31:

	<u>2019</u>	<u>2018</u>
Capital improvements	\$ 1,311,257	1,183,110
Self-insured reserves	43,156	37,976
	<u>\$ 1,354,413</u>	<u>1,221,086</u>

Investments presented as other long-term investments at December 31 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 2,588	1,092
U.S. Treasury obligations	3,619	803
U.S. government agency obligations	708	998
Asset-backed securities:		
Home equity	—	4,001
Other	6,099	—
Mortgage-backed securities:		
Government	2,989	658
Nongovernment	1,279	1,574
Certificates of deposit	—	2,328
Corporate bonds	8,131	17,235
Municipal bonds	585	—
Equity securities:		
Domestic	1,054	2,826
International	—	79
Equity securities – PIF:		
Domestic	200	10,098
Mutual funds:		
Domestic	13,061	12,056
International	261,753	213,977
Emerging markets	8	—
Index	7,019	5,384
Equity	215,453	169,434
Fixed income	253,722	236,397
Other	50,837	48,050

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	2019	2018
Alternative funds	\$ 75,284	70,615
Hedge funds	80,595	68,843
Private equity funds	42,145	37,195
Fund of funds	57,018	51,960
Insurance policies	16,915	1,756
Interest rate swaps (see note 7)	1,441	842
Total other long-term investments	\$ 1,102,503	958,201

The following schedule summarizes the investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended December 31:

	2019	2018
Investment return (loss):		
Interest and dividends	\$ 47,016	37,056
Realized gains on sales of investments	29,496	84,473
Unrealized gains (losses) on trading investments	192,556	(218,774)
Unrealized gains (losses) on other-than-trading investments	12,952	(6,909)
Equity in earnings of joint ventures	24,082	27,116
Change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	44,857	12,812
	\$ 350,959	(64,226)
Investment return classification:		
Net assets without donor restrictions:		
Other operating revenue	\$ 24,942	28,283
Nonoperating gains (losses) – investment income	313,065	(87,642)
Net assets with donor restrictions	12,952	(4,867)
	\$ 350,959	(64,226)

(b) Alternative Investments

At December 31, 2019 and 2018, 24% and 25%, respectively, of the System's investments was invested in alternative investment vehicles. These investments are included in either internally designated or other long-term investments in the investment summary tables (previously presented) based on the underlying investments. Due to the nature of the alternative investments and the need for the fund managers to execute on long-term strategies, many of the vehicles contain specific lock-up periods, restricted redemption timing, as well as advanced notice of redemption requests.

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Alternative investments that have been estimated using net asset value per share as a practical expedient consist of the following at December 31:

	Fair value	Unfunded commitments	December 31, 2019	
			Redemption frequency	Redemption notice period
Diversified property alternative fund	\$ 134,159	—	Quarterly	95 days
Structured credit alternative fund	105,194	—	Quarterly	65 days
Diversified private equity alternative fund III	54,306	22,450	No specific lock-up provision	N/A
Diversified private equity alternative fund IV	21,384	54,185	No specific lock-up provision	N/A
Diversified private equity alternative fund V	—	42,000	No specific lock-up provision	N/A
Hedge fund segregated portfolio	189,632	—	Based on holdings***	N/A
Energy debt alternative fund	71,943	—	Semi-annual, 3 year lock-up*	95 days
Healthcare private equity fund I	11,488	168	10 year lock-up**	N/A
Healthcare private equity fund II	7,446	2,159	10 year lock-up**	N/A
Healthcare private equity fund III	—	10,000	10 year lock-up**	N/A
Health Velocity	4,540	5,300	No specific lock-up provision	N/A
	<u>\$ 600,092</u>	<u>136,262</u>		

	Fair value	Unfunded commitments	December 31, 2018	
			Redemption frequency	Redemption notice period
Diversified property alternative fund	\$ 125,770	—	Quarterly	95 Days
Structured credit alternative fund	96,243	—	Quarterly	65 Days
Diversified private equity alternative fund III	56,664	30,961	No specific lock-up provision	N/A
Diversified private equity alternative fund IV	11,820	62,325	No specific lock-up provision	N/A
Hedge fund segregated portfolio	166,637	—	Based on holdings***	N/A
Energy debt alternative fund	74,687	—	Semiannual, 3-year lockup*	95 Days
Healthcare private equity fund I	11,414	273	10-year lockup**	N/A
Healthcare private equity fund II	4,174	4,669	10-year lockup**	N/A
Health Catalyst	4,005	—	No specific lock-up provision	N/A
Health Velocity	1,952	8,050	No specific lock-up provision	N/A
	<u>\$ 553,366</u>	<u>106,278</u>		

* Subject to 3-year lockup based on initial subscriptions in the investment, which was originally set to expire in 2019 (50% available after lock-up period ends and 25% available for each of the following semiannual reporting periods); in 2018, the System recommitted to this fund, which extended the lock-up period. 50% is available at the next redemption window in June 2022, 25% in December 2022, and the remainder in June 2023.

** Subject to 10-year lockup based on initial subscriptions in the investment, which will expire between 2021 and 2025

*** The liquidity of the Segregated portfolio and the availability for redemptions will be determined based on the liquidity and redemption terms set forth in the underlying funds. As a result, the System's ability to obtain liquidity or redeem participating shares will be limited.

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As of December 31, 2019, the alternative investment vehicles consist of two alternative funds, one fund of funds, one hedge fund and seven private equity funds. The investment strategy of the diversified property alternative fund is to invest in income producing real estate properties utilizing a low level of leverage. The structured credit alternative fund is a fixed-income fund with an objective of generating high total returns using a strategy of investing in domestic credit markets, primarily through collateralized debt obligations and other structured credit instruments, such as loan participations and derivative instruments. The investment strategy of the energy debt alternative fund is to generate high absolute returns by taking advantage of the energy and related industries, market dislocation, and commodity price volatility, primarily by investing in debt securities, which are purchased or acquired at a significant discount to fair value and/or offer higher coupon rates. The hedge fund segregated portfolio has an investment object to produce returns comparable to those of the equity markets over a full market cycle while targeting substantially less volatility than equities by investing in a diversified portfolio of hedge funds. The three diversified private equity alternative funds have an objective of investing in a diversified set of private equity real estate funds. The healthcare private equity funds have a strategy of investing in early stage companies and entrepreneurs within the healthcare industry. There is no public market for shares in these alternative investment vehicles. Health Velocity invests in private healthcare industry companies, similar to the healthcare private equity funds. The value of the investments in the funds is determined based on the fair values of the underlying investments, as determined by the net asset value per share.

In situations when investments do not have readily determinable fair values, the fund managers provide the net asset value (NAV) per share, or its equivalent, to the System. The NAV provided by the fund managers is supported by quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals of the private investment funds. The System follows ASU 2009-12, which provided a practical expedient for certain investments to use net asset value per share to measure fair value. Accordingly, the System uses the NAV as a practical expedient for fair value for each of its alternative investments.

(c) Investments in Joint Ventures

At December 31, 2019 and 2018, investments in joint ventures amounted to \$104,415 and \$141,636, respectively. Other investments also included in this line in the consolidated balance sheets consist primarily of investments reported at cost and real estate held for investment.

The joint ventures consist of 50 privately held healthcare organizations in which the System's ownership interest ranges from 20% to 50%. The collective financial position of the joint ventures as of and for the years ended December 31 were:

	<u>2019</u>	<u>2018</u>
Total assets	\$ 359,359	388,645
Total equity	180,556	229,423
Net revenues	405,877	379,621
Net income	62,998	68,740

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The System's share of earnings on the investments in joint ventures is included in other operating revenue in the consolidated statements of operations and changes in net assets. The System recorded activity related to joint ventures for the years ended December 31 as follows:

	<u>2019</u>	<u>2018</u>
Earnings on investments in joint ventures	\$ 24,082	27,116
New investments in joint ventures	3,257	7,019
Distributions received from joint ventures	64,692	30,425

The System both purchases services and sells services and supplies to several joint ventures. In 2019 and 2018, services purchased from joint ventures totaled \$19,093 and \$20,526, respectively. Services and supplies sold to joint ventures in 2019 and 2018 were \$1,866 and \$2,207, respectively. The System has loaned \$4,500 to a joint venture as of December 31, 2019 and 2018. This loan is interest bearing and carries a rate of interest commensurate with prevailing market rates.

(d) Investments at Cost

Investments reported at cost include direct equity and convertible-debt investments in early stage companies within the healthcare industry. These investments are directed to generate financial and strategic returns in companies with high-growth potential that are addressing areas of targeted innovation within the System. The funds are drawn from the balance sheet and the System has governance approval to deploy a total of \$100,000. The expectation is to invest the majority of the allocated capital aggressively over the next three to four years. Financial returns on these investments are anticipated throughout the next 10 to 12 years. These investments are reported on the cost. As of December 31, 2019, the System has contributed \$6,500 to these investments which are accounted for at cost.

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(6) Long-Term Debt

Long-term debt at December 31, 2019 and 2018 is summarized as follows:

	<u>Payable through</u>	<u>Issuance type (1)</u>	<u>Interest rate (2)</u>	<u>2019</u>	<u>2018</u>
Hospital Facility Revenue Bonds:					
Series 2018A	2035	VRDB	2.17 %	\$ 78,300	82,330
Series 2018B	2048	Fixed	5.00	72,980	72,980
Series 2018C	2041	VRDB	1.65	56,950	57,415
Series 2018D	2041	VRDB	1.65	56,945	57,415
Series 2018E	2041	VRDB	1.61	56,995	57,415
Series 2018F	2041	VRDB	1.60	56,970	57,415
Series 2017A	2027	Fixed	3.15	18,765	19,170
Series 2016	2036	Fixed	4.00	—	17,100
Series 2016D	2046	Fixed	4.00%–5.00%	40,420	42,305
Series 2016E	2046	Fixed	4.00%–5.00%	161,410	165,130
Series 2014A (WHEFA)	2029	Fixed	5.00	65,725	70,115
Series 2014A	2019	Fixed	3.25	—	6,990
Series 2014B	2018	Fixed	5.00	—	1,772
Series 2014C	2035	Fixed	4.47%–5.00%	69,145	69,145
Series 2013A	2044	Fixed	5.25	103,175	103,175
Series 2013B	2039	VRDB	1.61%, 1.26%	72,960	74,125
Series 2012A	2024	Fixed	2.16	7,750	9,300
Series 2012C	2037	Fixed	2.43	16,860	17,260
Series 2011A	2021	Fixed	3.29	13,115	19,360
Series 2011	2031	Fixed	4.40	360	404
Series 2005	2031	Fixed	1.45%–4.00%	2,590	2,745
Series 1992A	2022	Fixed	6.00	2,990	3,880
Total hospital facility revenue bonds				<u>954,405</u>	<u>1,006,946</u>
Finance lease obligations net book value: 2019 – \$2,077; 2018 – \$2,655	2026	Fixed	0%–9.05%	17,832	18,306
Commercial paper	Ongoing	Variable	Various	16,857	22,857
Other notes and mortgages	2022	Fixed	1.00%–8.00%	7,292	25,881
				<u>996,386</u>	<u>1,073,990</u>
Current maturities				(129,121)	(62,658)
Unamortized bond issuance costs				(6,468)	(6,937)
Unamortized bond premium				35,074	38,093
Long-term portion				<u>\$ 895,871</u>	<u>1,042,488</u>

(1) Fixed rate, variable rate, or variable rate demand bonds (VRDB)

(2) Variable rates shown as of December 31, 2019 and 2018, respectively, and do not include letter of credit and remarketing fees.

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The Series 2011 Bonds are obligations of one of the System's subsidiaries that were issued prior to their affiliation. The proceeds were used to refund a prior outstanding bond, repay a construction line-of-credit, and fund the remainder of the facility addition. The bond is secured by a first mortgage lien on the facility and a security interest in certain personal property, machinery and equipment. The amount outstanding as of December 31, 2019 and 2018 was \$360 and \$404, respectively.

In August 2014, one of the System's subsidiaries issued tax-exempt Hospital Revenue Bonds, Series 2014A, with an aggregate principal amount not to exceed \$8,250 and taxable Hospital Revenue Bonds, Series 2014B, with an aggregate principal not to exceed \$2,750 through the City of Anamosa, Iowa, to finance a renovation and expansion capital project. Amounts are only reflected as a liability as funds are drawn down. The amounts outstanding at December 31, 2019 were both \$0 as both of these series were paid prior to coming due. The amounts outstanding at December 31, 2018 were \$6,990 and \$1,772, respectively.

The Series 2016 Bonds are obligations of one of the System's subsidiaries that were issued prior to their affiliation with the System, and thus they were the sole obligor under the bond indenture. The debt agreement for the bonds contains loan covenants which require maintaining certain measures of financial performance as long as the bonds are outstanding.

On October 20, 2017, the System issued \$19,500 of direct note obligations, Series 2017A, to retire existing taxable debt, pay costs for renovations and expansion capital projects in Pekin, Illinois, and pay costs of issuance of the bond.

On March 20, 2018, the System issued \$82,330 of variable rate demand refunding revenue bonds, Series 2018A, to refund the Series 2016A bonds, which were direct note obligations.

On November 20, 2018, the System issued \$72,980 of Iowa Finance Authority Revenue Bonds, Series 2018B, which included refinancing a portion of the Series 2005A bonds, and issued new money to finance various capital projects. A portion of the Series 2005A bonds were cash-defeased as a part of this transaction.

On November 20, 2018, the System also issued \$229,660 of Iowa Finance Authority Revenue Bonds, Series 2018C, 2018D, 2018E, and 2018F to refund the Series 2009D, 2009E, 2016B, 2016C, 2016F, and 2016G bonds. The purpose of this deal was to enter into more favorable interest rate terms and refinance the Series 2009D and 2009E bonds.

The Series 2018B, 2018C, 2018D, 2018E, 2018F, 2016D, 2016E, 2014A, 2014C, 2013A, 2013B, and 1992A bonds (collectively, the Bonds) and the Series 2018A, 2017A, 2012A, 2012C, and 2011A direct note obligations (collectively, the Notes) are general obligations of the System and its affiliates. The System is required to meet certain operating and financial ratios contained in the master bond trust indenture, bond insurance agreements, and bank letter of credit agreements (related to the variable rate demand bonds).

The Bonds and Notes are subject to the provisions of amended and restated master trust indentures, which generally require monthly or quarterly deposits for principal and interest payments be made and certain

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funds be maintained by the trustee for interest payment and bond retirement purposes. The Bonds and the Notes are secured by the System's revenue.

The variable interest rates on substantially all of the bonds are adjusted daily or weekly by remarketing agents. The bonds may be tendered by the bond holders each interest rate period. The System maintains letters of credit that can be drawn on should the Series 2013B, 2018C, 2018D, 2018E, or 2018F variable rate demand bonds not be remarketed. The letter of credit for the Series 2013B bonds has an expiration date in 2020, and thus the related debt is shown as current debt in the System's consolidated financial statements. The remaining letters of credit have varying expiration dates, with the earliest expiration beginning 2021, and are renewable, subject to approval and at the option of the providers, through the term of the bonds. Outstanding amounts under the letters of credit are due at the earlier of expiration of the agreement or over a period of three years, commencing after an initial outstanding period of 366 days or more.

On December 1, 2014, the System established a \$200,000 taxable commercial paper program, which had \$16,857 drawn on it as of December 31, 2019 and \$22,857 as of December 31, 2018. During 2019 the System drew down no additional amounts from the commercial paper program and paid down a portion of the amount outstanding. The System's commercial paper program is sold in tranches, with varying maturities of 1 to 270 days so that no more than \$25,000 will mature in any 5-business-day period.

The System maintains separate revolving line-of-credit facilities that provide for revolving credit in an aggregate principal amount of up to \$50,000 each. The interest rates applicable to loans under the credit agreements are based on LIBOR plus certain margins, as defined in the agreements. Additionally, the facilities carry a commitment fee, which is charged on the average daily undrawn portion of the facilities. Both of these credit facilities mature in 2020. These agreements contain various financial covenants that mirror those in the System's master bond trust indenture.

Aggregate annual maturities of long-term debt during the years ending December 31 are as follows:

	Accelerated maturities with letter of credit expirations	Scheduled maturities based on loan agreements
2020	\$ 129,121	129,121
2021	147,112	39,407
2022	32,818	34,833
2023	136,760	35,005
2024	30,296	34,236
Thereafter	<u>520,279</u>	<u>723,784</u>
	<u>\$ 996,386</u>	<u>996,386</u>

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(7) Interest Rate Swaps

The System uses interest rate swap agreements as a risk management strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations.

The system has no swaps that are currently designated as hedging instruments, and all changes in fair values are recorded as a component of nonoperating gains (losses) in excess (deficiency) of revenue over expenses. Effective January 1, 2018, one swap that was previously designated as hedged was deemed to no longer be effective. As a result, the cumulative change in fair value of the hedge previously deemed effective of \$(15,036) is being amortized into income over the remaining life of the swap agreement. As of December 31, 2019 and 2018, \$(13,276) and \$(14,156), respectively, of net unrealized losses remains in net assets to be amortized, and \$880 was amortized into other loss in both 2019 and 2018.

In prior years, other swap agreements previously designated as hedges by the System were deemed to be ineffective. The ineffective portion of these changes in fair value, previously deemed effective, is being amortized into other income (loss) over the remaining life of the swap. As of December 31, 2019 and 2018, \$(211) and \$(272), respectively, of net unrealized losses remain in net assets to be amortized and \$61 was amortized into other loss in both 2019 and 2018.

In previous years, the System reduced the notional amount of certain swap agreements by \$58,395 by paying \$8,450 as of the date of the transactions to the counterparty. This fair value remains a component of unrestricted net assets and will be amortized into interest expense over the remaining life of the swap. As of December 31, 2019 and 2018, \$6,326 and \$6,745, respectively, remains in unrestricted net assets to be amortized and \$419 was amortized into interest expense in 2019 and 2018.

The System has provisions within certain interest rate swap agreements that would require it to post collateral should the negative fair value of the agreements exceed certain thresholds that are dependent on the System's credit rating. As of December 31, 2019, the System has not been required to post collateral under these agreements.

The respective fair values of interest rate swaps in an asset-and-liability position for the System were as follows:

Trade date	Maturity date	Notional amount	System pays	System receives	Fair value	
					2019	2018
2006	2030	60,000	100% of SIFMA	68.0% of 10Y LIBOR + 14.3 bps	\$ 1,440	842
2005	2035	95,070	3.5 %	62.4% of 3m LIBOR + 29 bps	(15,149)	(11,810)
2006	2037	126,050	3.8	61.9% of 1m LIBOR + 31 bps	(33,041)	(25,875)
2006	2023	37,800	3.5	61.9% of 1m LIBOR + 31 bps	(2,213)	(2,221)
2005	2035	47,535	3.3	62.4% of 1m LIBOR + 29 bps	(6,955)	(5,272)
2008	2026	14,250	3.5	63.0% of 1m LIBOR + 30 bps	(1,219)	(1,139)
2008	2024	7,750	3.5	63.0% of 1m LIBOR + 30 bps	(490)	(504)
2005	2032	21,900	3.5	67.0% of 1m LIBOR	(4,331)	(3,385)
					\$ (61,958)	(49,364)

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The aggregate fair value of the unhedged swap agreements is recorded as long-term investments of \$1,440 and \$842 and long-term liabilities of \$(63,398) and \$(50,206), including the swap that previously qualified for hedge accounting, as of December 31, 2019 and 2018, respectively. The change in fair value of \$(12,594) and \$12,527 is included as a component of other income (loss) as of December 31, 2019 and 2018, respectively. The net of what the System pays and receives, is settled monthly or quarterly on each swap agreement and is reported as other income (loss).

The table below presents certain information regarding the System's interest rate swap agreements:

	2019	2018
Other long-term investments:		
Fair value of interest rate swap agreement	\$ 1,440	842
Other long-term liabilities:		
Fair value of interest rate swap agreements	(63,398)	(50,206)
Net assets without donor restrictions:		
Change in unrestricted net assets amortizing into other, net	941	941
Operating expenses:		
Nonoperating other, net:		
Gain (loss) recognized in income from changes in fair value of interest rate swaps	(12,594)	12,527
Loss recognized in income from amortization of unrecognized losses in unrestricted net assets	(941)	(941)

(8) Liquidity

As part of the System's cash management policy, cash and investments feature a high degree of safety and liquidity to support general expenditures and debt service within one year in the normal course of operations.

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The following table represents financial assets available for general expenditures within one year at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at December 31:		
Cash and cash equivalents	\$ 278,444	251,006
Short-term investments	25,926	21,782
Patient accounts receivable	565,461	557,280
Assets limited as to use – required for current liabilities	20,167	16,721
Assets limited as to use, noncurrent:		
Held by trustee under bond indenture agreements	485	2,171
Internally designated	1,334,246	1,204,365
Other long-term investments	1,102,503	958,201
Contribution receivable, net	114,617	89,047
Total financial assets	<u>3,441,849</u>	<u>3,100,573</u>
Less amounts not available to be used within one year:		
Funds held by trustee under bond indenture agreements	485	2,171
Assets internally designated for self-insured reserves	43,156	37,976
Assets internally designated for capital improvements with liquidity horizons greater than one year	98,386	96,668
Other long-term investments with liquidity horizons greater than one year	72,721	67,848
Assets attributable to noncontrolling interest	31,952	31,852
Donor restricted assets	225,233	187,886
Financial assets not available to be used within one year	<u>471,933</u>	<u>424,401</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,969,916</u>	<u>2,676,172</u>

The System has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the table above representing financial assets to meet general expenditures within one year. The System has other assets limited to use under bond indenture agreement, for self-insurance reserves, and for capital expenditures. These assets are limited to use, which are more fully described in notes 5 and 12, and are not available for general expenditure within the next year. The assets internally designated for capital improvements could be made available, if necessary.

As part of the System's pooled cash management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

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The System maintains a \$200,000 commercial paper program, as discussed in more detail in note 6. As of December 31, 2019 and 2018, \$183,000 and \$177,000 remained available on the System's commercial paper program, respectively.

The System maintains separate revolving line of credit facilities that provide for revolving credit in aggregate principal amount of up to \$50,000 each, as discussed in more detail in note 6. As of December 31, 2019 and 2018, \$50,000 remained available on each of the System's revolving line of credit facilities.

As of December 31, 2019, the System was in compliance with bond covenants. Long-term debt is discussed in more detail in note 6.

(9) Retirement Benefit Plans

(a) *Defined-Contribution Retirement Plans*

The System has several defined-contribution benefit plans, which are available to substantially all employees meeting age and length of service requirements. Participating employers annually determine the amount, if any, of the System's contributions to the plans. Total benefit expenses under the defined-contribution plans were approximately \$74,384 and \$79,012 for 2019 and 2018, respectively. The System also has deferred compensation plans for certain employees. Total expenses under the deferred compensation plans were \$2,625 and \$2,879 for 2019 and 2018, respectively.

(b) *Defined-Benefit Plans*

Prior to 2001, substantially all employees of four of the System's subsidiaries were covered by noncontributory defined-benefit pension plans, all of which have subsequently been frozen to new participants or terminated. The System's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the System may determine to be appropriate from time to time.

The noncontributory defined-benefit plan for Methodist Health Services, Inc. (Methodist Peoria) has been frozen to new participants since 2007. As of December 31, 2012, Methodist Peoria froze its defined-benefit pension plan with regard to accrual of additional benefits by participants in the plan. The noncontributory defined-benefit pension plan for Proctor Health Care (Proctor Peoria) has been frozen with regard to the accrual of additional benefits and new participants since 2008. The unrecognized pension benefit costs in unrestricted net assets were eliminated prior to affiliation for both the Methodist Peoria and Proctor Peoria plans as part of the accounting for the affiliation with the System. Progressive Health Systems, Inc. (Pekin Peoria) has a defined-contribution plan that covers nearly all hospital employees. The board of trustees determines the amount, if any, of contributions to the plan annually. In addition, Pekin Peoria has a noncontributory defined-benefit plan covering all employees who met eligibility requirements. This plan has been curtailed since 2008 and was replaced by the defined-contribution plan. Effective December 31, 2018, the defined-benefit plans for Methodist Peoria and Proctor Peoria were merged into the Pekin Peoria plan and are now referred to as the UnityPoint Health Central Illinois pension plan.

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Upon the affiliation with Meriter Health Services, Inc. (Madison) during 2014, the System inherited their defined-benefit pension plan. Substantially all of the employees of Madison are eligible to participate in the plan. Benefits under this plan are based primarily on years of service and employees' compensation. As of December 31, 2014, Madison froze the plan for all nonunion-and service union – covered employees. As of December 31, 2015, Madison froze the plan for all nurses' union participants. Subsequent to these dates, no additional benefits will be accrued by the frozen participants in the plan.

The System expects to contribute \$20,744 to the plans in 2019. The System uses a December 31 measurement date for the plans.

The following tables set forth information about each defined benefit plan:

	December 31, 2019				
	Methodist Peoria	Central Illinois	Madison	Cedar Rapids	Waterloo
Change in benefit obligation:					
Benefit obligation, beginning of year	\$ 1,053	322,461	223,858	124,619	12,829
Service cost	—	—	—	—	632
Interest cost	49	14,765	9,824	5,675	584
Actuarial (gain) loss	(17)	39,071	22,740	14,824	1,292
Benefits paid	—	(67,860)	(13,283)	(6,943)	(332)
Effect of settlement	(1,085)	—	—	—	—
Effect of plan restatement	—	2,762	—	—	—
Benefit obligation, end of year	—	311,199	243,139	138,175	15,005
Change in fair value of plan assets:					
Fair value of plan assets, beginning of year	—	242,813	192,607	123,393	11,270
Actual return on plan assets	—	44,138	35,478	21,612	2,251
Employer contributions	1,085	12,616	8,000	5,004	300
Benefits paid	—	(67,860)	(13,283)	(6,943)	(332)
Effect of settlement	(1,085)	—	—	—	—
Effect of plan restatement	—	(1,237)	—	—	—
Fair value of plan assets, end of year	—	230,470	222,802	143,066	13,489
Funded status, end of year	—	(80,729)	(20,337)	4,891	(1,516)
Accumulated benefit obligation	\$ —	311,199	243,139	138,175	15,005

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	December 31, 2019				
	Methodist Peoria	Central Illinois	Madison	Cedar Rapids	Waterloo
Assets and liabilities recognized in the consolidated balance sheets:					
Noncurrent assets	\$ —	—	—	4,891	—
Noncurrent liabilities	—	(80,729)	(20,337)	—	(1,516)
	<u>\$ —</u>	<u>(80,729)</u>	<u>(20,337)</u>	<u>4,891</u>	<u>(1,516)</u>
Amounts recognized in unrestricted net assets but not yet recognized as components of net periodic benefit cost:					
Net loss	\$ —	59,381	23,975	41,078	2,387
Net prior service credit	—	—	1,219	—	17
	<u>\$ —</u>	<u>59,381</u>	<u>25,194</u>	<u>41,078</u>	<u>2,404</u>
Amounts expected to be recognized within one year:					
Net loss	\$ —	1,010	(3,191)	3,880	100
Net prior service credit	—	—	—	—	9
	<u>\$ —</u>	<u>1,010</u>	<u>(3,191)</u>	<u>3,880</u>	<u>109</u>
Other changes in plan assets recognized in changes in net assets:					
Net (gain) loss	\$ —	14,861	(3,269)	1,893	(40)
Amount recognized due to curtailment	—	—	—	—	—
Amount recognized due to settlement	—	(10,022)	—	—	(194)
Amortization of:					
Net loss	—	(1,102)	(666)	(4,310)	(141)
Prior service credit	—	—	(190)	—	(12)
Total recognized in changes in net assets	<u>\$ —</u>	<u>3,737</u>	<u>(4,125)</u>	<u>(2,417)</u>	<u>(387)</u>

	December 31, 2019				
	Methodist Peoria	Central Illinois	Madison	Cedar Rapids	Waterloo
Weighted average assumptions used to determine benefit obligations for the year ended December 31, 2019:					
Discount rate	4.67 %	3.71 %	3.53 %	3.68 %	3.68 %
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A
Weighted average assumptions used to determine benefit costs for the year ended December 31, 2019:					
Discount rate	N/A	4.70 %	4.55 %	4.69 %	4.62 %
Expected return on plan assets	N/A	8.20 %	6.52 %	7.10 %	8.20 %
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A

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	December 31, 2019				
	Methodist Peoria	Central Illinois	Madison	Cedar Rapids	Waterloo
Components of net periodic benefit cost:					
Service cost	\$ —	—	—	—	632
Interest cost	—	14,764	9,823	5,674	583
Expected return on plan assets	—	(18,692)	(9,468)	(8,680)	(919)
Amortization of prior service credit	—	—	190	—	12
Amortization of net (gain)/loss	—	1,102	666	4,310	141
Recognized net actuarial loss	—	—	—	—	—
Effect of settlement	—	—	—	—	—
Curtailment gain from freezing benefits	—	10,022	—	—	—
Net periodic benefit cost (benefit)	\$ —	7,196	1,211	1,304	449

The service cost component of \$632 is presented with other employee compensation costs in employee benefits within operating income on the consolidated statement of operations and changes in net assets for the year ended December 31, 2019. All other components of net benefit cost, which total \$9,473, are reported separately outside of operating income in Other, net for the year ended December 31, 2019 in the accompanying consolidated financial statements.

	December 31, 2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Change in benefit obligation:						
Benefit obligation, beginning of year	\$ 253,354	72,061	32,868	241,273	130,808	13,044
Service cost	—	—	—	—	—	656
Interest cost	10,166	2,874	1,320	9,568	5,223	527
Actuarial (gain) loss	(18,735)	(6,783)	(3,390)	(10,155)	(4,809)	(1,156)
Benefits paid	(10,433)	(3,809)	(5,979)	(3,882)	(6,603)	(242)
Effect of settlement	—	—	—	(12,946)	—	—
Effect of plan restatement	(233,299)	(64,343)	297,642	—	—	—
Benefit obligation, end of year	1,053	—	322,461	223,858	124,619	12,829

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	December 31, 2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Change in fair value of plan assets:						
Fair value of plan assets, beginning of year	\$ 188,496	54,150	26,464	188,382	129,867	11,764
Actual return on plan assets	(14,341)	(4,259)	(1,924)	(11,447)	(4,875)	(552)
Employer contributions	9,987	4,176	285	32,500	5,004	300
Benefits paid	(10,433)	(3,809)	(5,979)	(3,882)	(6,603)	(242)
Effect of settlement	—	—	—	(12,946)	—	—
Effect of plan restatement	(173,709)	(50,258)	223,967	—	—	—
Fair value of plan assets, end of year	—	—	242,813	192,607	123,393	11,270
Funded status, end of year	(1,053)	—	(79,648)	(31,251)	(1,226)	(1,559)
Accumulated benefit obligation	\$ 1,053	—	322,461	223,858	124,619	12,829

	December 31, 2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Assets and liabilities recognized in the consolidated balance sheets:						
Noncurrent liabilities	\$ (1,053)	—	(79,648)	(31,251)	(1,226)	(1,559)
	\$ (1,053)	—	(79,648)	(31,251)	(1,226)	(1,559)
Amounts recognized in unrestricted net assets but not yet recognized as components of net periodic benefit cost:						
Net loss	\$ 90	—	55,644	27,911	43,496	2,569
Net prior service credit	—	—	—	1,409	—	29
	\$ 90	—	55,644	29,320	43,496	2,598
Amounts expected to be recognized within one year:						
Net loss	\$ —	—	1,102	—	4,310	141
Net prior service credit	—	—	—	—	—	12
	\$ —	—	1,102	—	4,310	153

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	December 31, 2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Other changes in plan assets recognized in changes in net assets:						
Net (gain) loss	\$ (1)	—	13,551	10,854	9,222	359
Amount recognized due to curtailment	—	—	318	—	—	—
Amount recognized due to settlement	—	—	—	(1,615)	—	—
Amortization of:						
Net loss	—	—	(431)	—	(3,312)	(118)
Prior service credit	—	—	—	(190)	—	(12)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(190)</u>	<u>—</u>	<u>(12)</u>
Total recognized in changes in net assets	\$ (1)	—	13,438	9,049	5,910	229

	December 31, 2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Weighted average assumptions used to determine benefit obligations for the year ended December 31, 2018:						
Discount rate	4.67 %	N/A	4.69 %	4.55 %	4.69 %	4.62 %
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average assumptions used to determine benefit costs for the year ended December 31, 2018:						
Discount rate	4.10 %	N/A	4.10 %	4.10 %	4.10 %	4.10 %
Expected return on plan assets	N/A	N/A	7.00	6.90	7.10	8.20
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A
Components of net periodic benefit cost:						
Service cost	\$ —	—	—	—	—	656
Interest cost	41	—	14,319	9,568	5,223	527
Expected return on plan assets	—	—	(21,933)	(9,562)	(9,156)	(962)
Amortization of prior service credit	—	—	—	190	—	12
Amortization of net (gain)/loss	—	—	431	—	—	—
Recognized net actuarial loss	—	—	—	—	3,312	118
Effect of settlement	—	—	—	1,615	—	—
Curtailment gain from freezing benefits	—	—	(318)	—	—	—
	<u>—</u>	<u>—</u>	<u>(318)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net periodic benefit cost (benefit)	\$ 41	—	(7,501)	1,811	(621)	351

The System has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

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Plan assets are held by bank-administered trust funds, which invest each plan's assets in accordance with the provisions of the plan agreements. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. government securities, and other specified investments based on certain target allocation percentages.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through investment in equity securities and limited exposure to alternative investments. Target asset allocation percentages for 2019 and 2018 were as follows:

	2019				
	Methodist Peoria	Central Illinois	Madison	Cedar Rapids	Waterloo
Equity securities	100 %	56 %	45 %	22 %	38 %
Fixed income	—	29	40	78	48
Alternative investments	—	15	15	—	14

	2018					
	Methodist Peoria	Proctor Peoria	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Equity securities	100 %	100 %	100 %	45 %	23 %	34 %
Fixed income	—	—	—	40	77	51
Alternative investments	—	—	—	15	—	15

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Plan assets are re-balanced quarterly. At December 31, 2019 and 2018, plan asset allocations are as follows:

	2019				2018			
	Central Illinois	Madison	Cedar Rapids	Waterloo	Pekin Peoria	Madison	Cedar Rapids	Waterloo
Cash equivalents	— %	2 %	— %	— %	— %	2 %	— %	— %
U.S. Treasury obligations	6	—	13	10	—	—	16	9
Corporate bonds	—	—	—	—	—	5	—	—
Equity securities:								
Domestic	—	8	—	—	—	7	—	—
Mutual funds:								
Domestic	32	—	8	27	33	—	8	23
International	22	—	13	12	20	—	13	11
Equity	—	21	—	—	—	20	—	—
Fixed income	21	10	66	38	30	10	63	42
Other	—	5	—	—	—	5	—	—
Alternative investments	5	16	—	6	5	14	—	7
Hedge funds	6	38	—	—	5	37	—	—
Fund of funds	8	—	—	7	7	—	—	8
	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %

(c) Defined Benefit Plan Assets

The valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy, are described below. There have been no significant changes in the valuation techniques during the year ended December 31, 2019 or 2018.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include exchange traded equities and mutual funds as well as cash equivalents held in money market accounts. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified within Level 2 of the valuation hierarchy. Level 2 plan assets include U.S. Treasury obligations and corporate debt. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. There are no Level 3 plan assets.

The value of certain plan assets classified as alternative investments is determined using net asset value (or its equivalent) as a practical expedient.

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The following table presents the fair value measurements of the System's pension plans' assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	<u>Fair value</u>	<u>Fair value measurements using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
2019:				
Cash equivalents	\$ 4,575	4,575	—	—
U.S. Treasury obligations	33,906	33,906	—	—
Equity securities:				
Domestic	17,627	17,627	—	—
International	986	986	—	—
Mutual funds:				
Domestic	87,535	87,535	—	—
International	71,693	71,693	—	—
Equity	46,932	46,932	—	—
Fixed income	168,809	168,809	—	—
Other	11,117	—	11,117	—
Alternative funds *	49,322	—	—	—
Hedge funds*	97,916	—	—	—
Fund of funds	18,992	—	—	—
Accrued income	417	—	—	—
	<u>\$ 609,827</u>	<u>432,063</u>	<u>11,117</u>	<u>—</u>

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	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2018:				
Cash equivalents	\$ 2,480	2,480	—	—
U.S. Treasury obligations	20,201	20,201	—	—
Corporate bonds	8,954	—	8,954	—
Equity securities:				
Domestic	14,200	14,200	—	—
International	672	672	—	—
Mutual funds:				
Domestic	92,174	92,174	—	—
International	65,194	65,194	—	—
Equity	37,862	37,862	—	—
Fixed income	174,728	174,728	—	—
Other	9,895	—	9,895	—
Alternative funds *	40,888	—	—	—
Hedge funds*	84,426	—	—	—
Fund of funds	17,726	—	—	—
Accrued income	683	—	—	—
	<u>\$ 570,083</u>	<u>407,511</u>	<u>18,849</u>	<u>—</u>

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to amounts presented in the change in fair value of plan assets above.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2019:

2020	\$ 40,194
2021	40,842
2022	42,608
2023	42,702
2024	42,761
2025–2029	208,872

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(10) Risk Management

The System's hospitals are primarily self-insured for professional and general liability for amounts of \$5,000 per claim (\$3,000 per claim for Methodist Health Services Corporation) and \$30,000 in the aggregate annually. Other entities of the System maintain their professional and general liability coverage primarily on a claims-made basis with no significant deductibles.

The System is primarily self-insured for workers' compensation and employee healthcare claims. Workers' compensation claims individually and in the aggregate that exceed certain amounts are covered by insurance.

Property insurance is maintained with at least 90% replacement value coverage and minimal deductibles. Network security and information privacy insurance as well as business interruption insurance coverage is also maintained by the System.

The System has accrued as other liabilities \$132,976 and \$122,742 for self-insured losses at December 31, 2019 and 2018, respectively. These liabilities are presented on a gross basis, and the expected offsetting insurance recoveries are reported as a receivable. The accrued liabilities are based on management's evaluation of the merits of various claims, historical experience, and consultation with external insurance consultants and actuaries, and these liabilities include estimates for incurred but not reported claims. There can be no assurance that the accrued liabilities will be sufficient for the ultimate amounts that will be paid for claims and settlements. Also, in the ordinary course of business, the System is involved in other litigation and claims, none of which management believes will ultimately result in losses that will adversely affect the System's consolidated net assets or results of operations to a material degree.

Cash and investments have been internally designated to be held for payments of claims, if any, which may result from the self-insured or uninsured portion of liability insurance and workers' compensation claims. At December 31, 2019 and 2018, cash and investments designated for this purpose amounted to \$42,899 and \$37,978, respectively.

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(11) Lease Commitments

Certain equipment and property are being leased, with remaining terms ranging from less than one year to 30 years. Certain leases contain renewal options. The renewal options are included in the lease term only for those situations in which they are reasonably certain to be renewed.

	2019
Lease cost:	
Finance lease cost:	
Amortization of right-to-use assets	\$ 463
Interest on lease liabilities	1,252
Operating lease cost	43,435
Short term lease cost	27,081
Sublease income	(724)
Total lease cost	\$ 71,507
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	\$ 39,663
Operating cash flows from finance lease	5,079
Finance cash flows from finance lease	3,673
Right-of-use assets obtained in exchange for new operating lease liabilities	245,991
Weighted average remaining lease term – finance lease	5.1 yrs.
Weighted average remaining lease term – operating lease	8.5 yrs.
Weighted average discount rate – finance lease	2.1 %
Weighted average discount rate – operating lease	5.0 %

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The components of lease expense for the year ended December 31, 2019 are as follows:

	Operating Lease	Finance Lease
2020	\$ 38,990	3,808
2021	35,634	3,605
2022	33,062	3,604
2023	29,304	2,838
2024	25,701	1,653
Thereafter	93,914	2,326
Total	256,605	17,834
Less: Present value discount	36,390	—
Total lease liability	\$ 220,215	17,834

The following is a schedule by year of future minimum rental payments required under noncancelable operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2018:

2019	\$ 62,568
2020	49,416
2021	42,705
2022	37,813
2023	33,111
Thereafter	125,143
	\$ 350,756

(12) Disclosures about Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. An entity must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in active markets that are not active, or other inputs, that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

(a) Financial Instruments Measured at Fair Value on a Recurring Basis

The valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy, are described below. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 or 2018. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

(b) Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities and mutual funds, certificates of deposit and cash equivalents held in money market accounts. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified within Level 2 of the valuation hierarchy. Level 2 securities include U.S. Treasury obligations, U.S. government agency obligations, municipal bonds, collateralized mortgage and other collateralized asset obligations, corporate debt, and certain beneficial interest in perpetual trusts. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 financial instruments include beneficial interest in perpetual trusts, which are discussed below. Inputs and valuation techniques used for these Level 3 interests are described below.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

(c) Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

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(d) Beneficial Interest in Perpetual Trusts

The fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Trusts that have a definite duration based on the terms of the trust document, and where the System has the ability to redeem the investment for the underlying assets at some future point, are classified within Level 2 of the valuation hierarchy due to the nature of the valuation inputs. For trusts that are perpetual in nature in which the underlying assets will never be available to the System, the interest is classified within Level 3 of the hierarchy.

(e) Fair Value Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	2019			
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments:				
Cash equivalents	\$ 6,142	6,142	—	—
U.S. Treasury obligations	6,515	—	6,515	—
U.S. government agency obligations	1,428	—	1,428	—
Municipal bonds	1,051	—	1,051	—
Asset-backed securities:				
Other	11,207	—	11,207	—
Mortgage-backed securities:				
Government	4,145	—	4,145	—
Nongovernment	2,626	—	2,626	—
Corporate bonds	14,914	—	14,914	—
Equity securities:				
Domestic	17,353	17,353	—	—
International	858	858	—	—
Equity securities – PIF:				
Domestic	200	200	—	—

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	2019			
	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual funds:				
Domestic	\$ 17,530	17,530	—	—
International	620,732	620,732	—	—
Emerging markets	645	645	—	—
Index	7,911	7,911	—	—
Equity	495,875	495,875	—	—
Fixed income	598,245	598,245	—	—
Other	57,502	57,502	—	—
Alternative investments*	NAV * 177,137	—	—	—
Hedge funds*	See 189,632	—	—	—
Private equity funds*	PDF 99,164	—	—	—
Fund of funds*	Page 54 134,159	—	—	—
Interest rate swap agreements	1,441	—	1,441	—
Other items at cost**	16,915	—	16,915	Not this. —
Total short-term investments, assets limited as to use and other long-term investments	\$ 2,483,327	1,822,993	60,242	—
Beneficial interests in perpetual trusts included in contributions receivable	\$ 20,622	—	13,264	7,358
Interest rate swap agreements included in other long-term liabilities	(63,399)	—	(63,399)	—

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	2018			
	Fair value	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments:				
Cash equivalents	\$ 4,604	4,604	—	—
U.S. Treasury obligations	8,281	—	8,281	—
U.S. government agency obligations	1,198	—	1,198	—
Municipal bonds	189	—	189	—
Asset-backed securities:				
Home equity	4,054	—	4,054	—
Other	3,519	—	3,519	—
Mortgage-backed securities:				
Government	957	—	957	—
Nongovernment	1,922	—	1,922	—
Certificates of deposit	6,740	6,740	—	—
Corporate bonds	24,610	—	24,610	—
Equity securities:				
Domestic	16,047	16,047	—	—
International	981	981	—	—
Equity securities – PIF:				
Domestic	10,098	10,098	—	—
Mutual funds:				
Domestic	19,757	19,757	—	—
International	520,451	520,451	—	—
Index	5,663	5,663	—	—
Equity	400,193	400,193	—	—
Fixed income	567,048	567,048	—	—
Other	50,964	50,964	—	—

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	2018			
	Fair value measurements using			
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Alternative investments*	\$ 170,929	—	—	—
Hedge funds*	166,636	—	—	—
Private equity funds*	90,031	—	—	—
Fund of Funds	125,770			
Interest rate swap agreements	842	—	842	—
Other items at cost**	1,756	—	1,756	—
Total short-term investments, assets limited as to use and other long-term investments	<u>\$ 2,203,240</u>	<u>1,602,546</u>	<u>47,328</u>	<u>—</u>
Beneficial interests in perpetual trusts included in contributions receivable	\$ 19,051	—	11,897	7,154
Interest rate swap agreements included in other long-term liabilities	(50,206)	—	(50,206)	—

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

** Other items at cost primarily includes insurance policies and accrued interest.

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(f) Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs:

			Beneficial interest in Perpetual Trusts
Balance, December 31, 2017	\$	7,456	
Change in beneficial interest in perpetual trusts		(302)	
Balance, December 31, 2018		7,154	
Change in beneficial interest in perpetual trusts		204	
Balance, December 31, 2019	\$	7,358	

(g) Goodwill

Goodwill is evaluated for impairment when qualitative events indicate goodwill might be impaired. If the System performs an impairment test, any impairment loss is recognized as expense when it is determined that the carrying amount of the goodwill exceeds its implied fair value. The key inputs used to assess for potential impairment are a qualitative analysis of the applicable reporting unit and a quantitative discounted cash flow analysis.

(h) Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements:

		Fair value	Valuation technique	Adjustment to NAV
Recurring:				
Beneficial interests in perpetual trusts	\$	7,358	Present value of future distributions expected to be received over term of agreement	N/A
Nonrecurring:				
Goodwill	\$	36,708	Discounted cash flows	N/A

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(13) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods as of December 31:

	2019	2018
Purchase of equipment	\$ 25,517	25,849
Indigent care/operations	67,473	60,091
Health education	16,247	12,666
For use in future periods	34,356	13,402
Investments (generally including net investment appreciation and depreciation) to be held in perpetuity	81,640	75,878
Total with donor restrictions	\$ 225,233	187,886

The portion of restricted net assets that have restrictions on the usage of income include restrictions for the support of operations, capital and equipment, education, patient assistance and research.

Net assets released from restrictions were \$27,273 and \$21,540 in 2019 and 2018 respectively. Net assets were released from restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors including support of operations, capital and equipment, education, patient and employee assistance, and research.

(14) Related-Party Transactions

The System purchases a variety of services and products, including leases, from companies affiliated with members of the Boards of Directors of the System and/or its subsidiaries. Services and products purchased from these affiliated companies during 2019 and 2018 totaled \$28,966 and \$21,587, respectively. In addition, the System purchases services from several joint ventures and sells services and supplies to several joint ventures in which the System is also an investor.

The System has recorded receivables for amounts held by nonconsolidated foundations on behalf of the System of \$57,644 and \$50,700 as of December 31, 2019 and 2018, respectively. Contributions received from nonconsolidated foundations and other related parties were \$3,342 and \$4,654 in 2019 and 2018, respectively.

The System believes these transactions are consummated under commercially reasonable business arrangements.

**IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

(15) Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services. The System has a corporate compliance plan intended to meet federal guidelines. As a part of this plan, the System performs periodic internal reviews of its compliance with laws and regulations. As part of the System's compliance efforts, the System investigates and attempts to resolve and remedy all reported or suspected incidents of material noncompliance with applicable laws, regulations or policies on a timely basis. The System believes that these compliance programs and procedures lead to substantial compliance with current laws and regulations.

The System is in various stages of responding to inquiries and investigations by regulators. These various inquiries and investigations could result in fines and/or financial penalties, which could be material. At this time, the System is unable to estimate the possible liability, if any, that may be incurred as a result of these inquiries and investigations, but the System does not believe it would materially affect the financial position of the System.

Guarantees

The System has guaranteed \$35,675 and \$21,796, which is outstanding at December 31, 2019 and 2018, respectively, relating to long-term debt for the construction of a family practice residency program education facility, a managed facility's building project, and debt related to joint ventures. For 2019 and 2018, no payments on these guarantees were made.

(16) Endowment

The System's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

The System's governing body has interpreted the State of Iowa Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and deductions to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the System in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the System
7. Investment policies of the System.

The composition of net assets by type of endowment fund at December 31, 2019 and 2018 was:

	Without donor restriction	With donor restriction	Total
December 31, 2019:			
Donor-restricted endowment funds	\$ —	26,056,457	26,056,457
Board-designated endowment funds	108,574,513	—	108,574,513
Total endowment funds	\$ 108,574,513	26,056,457	134,630,970
December 31, 2018:			
Donor-restricted endowment funds	\$ —	23,049,839	23,049,839
Board-designated endowment funds	95,009,696	—	95,009,696
Total endowment funds	\$ 95,009,696	23,049,839	118,059,535

**IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

Changes in endowment net assets for the years ended December 31, 2019 and 2018 were:

	Without donor restriction	With donor restriction	Total
Endowment net assets, December 31, 2017	\$ 102,177,507	24,745,900	126,923,407
Investment return:			
Investment income	1,550,588	377,300	1,927,888
Net depreciation	(7,640,101)	(1,878,667)	(9,518,768)
Total investment return	(6,089,513)	(1,501,367)	(7,590,880)
Contributions	—	665,154	665,154
Appropriation of endowment assets for expenditure	(1,078,298)	(859,848)	(1,938,146)
Endowment net assets, December 31, 2018	95,009,696	23,049,839	118,059,535
Investment return:			
Investment income	1,760,822	425,485	2,186,307
Net appreciation	12,104,653	2,938,849	15,043,502
Total investment return	13,865,475	3,364,334	17,229,809
Contributions	—	716,967	716,967
Appropriation of endowment assets for expenditure	(300,658)	(1,074,683)	(1,375,341)
Endowment net assets, December 31, 2019	\$ 108,574,513	26,056,457	134,630,970

As of December 31, 2019 and 2018, the corpus of the aforementioned donor-restricted endowment funds were \$20,070 and \$18,958, respectively. In addition, the net amount of earnings in excess of expenditures as of December 31, 2019 and 2018 was \$5,986 and \$4,092, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in without donor restriction net assets and aggregated \$16,032 and \$16,032 at December 31, 2019 and 2018, respectively.

**IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

(Dollars in thousands)

The System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the System must hold in perpetuity as well as those of board-designated funds. Under the System's policies, endowment assets are invested in a manner that is intended to produce results that exceed applicable benchmarks while assuming a prudent level of investment risk. The System expects its endowment funds to provide an average net rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the System relies on a total return strategy in which investment returns are achieved through net investment income, including dividends, interest, and recognized appreciation, as well as unrealized capital appreciation. The System targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

In general, the System has a policy (the spending policy) of appropriating for expenditure each year 4–5% of its endowment fund's average fair value over the prior 12 quarters through the year-end proceeding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 2%-2.5% annually. This is consistent with the System's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

(17) Subsequent Events

Subsequent events have been evaluated through April 29, 2020, which is the date the consolidated financial statements were issued.

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 as a "public health emergency of international concern," and on March 13, 2020, the President of the United States declared a state of national emergency. As a result of the outbreak, there has been instability in the capital markets. The ultimate impact of the COVID-19 outbreak is highly uncertain. The System's business and investments values are likely to be impacted by COVID-19. As of March 31, 2020, the Systems total unrestricted cash and investments declined by approximately \$296,300 (unaudited). Management does not yet know the full extent of potential impacts on the business.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	UPHDM	MHSC	TRHS	MHS	SLHC	AHS	SLHS	THS	TRI-ST	KEO	UPC	UPAH	UPH	Eliminations	Consolidated
Current assets:															
Cash and cash equivalents	\$ 35,406	15,247	20,692	35,440	32,685	20,928	8,813	12,255	9,814	1,175	—	14,999	70,990	—	278,444
Short-term investments	2,339	3,005	1,570	2,004	2,793	2,563	204	1,116	579	—	356	893	8,504	—	25,926
Assets limited as to use – required for current liabilities	6,603	—	5,143	—	3,155	3,086	1,619	561	—	—	—	—	—	—	20,167
Patient accounts receivable	141,050	75,921	49,196	47,478	64,453	47,783	28,519	15,703	18,368	1,571	44,778	30,641	—	—	565,461
Other receivables	14,899	7,254	4,960	19,359	4,356	6,516	1,318	2,879	1,198	—	4,583	68	62,031	—	129,421
Inventories	17,375	12,841	10,926	3,041	8,487	7,978	3,885	3,618	2,345	636	4,906	8,368	—	—	84,406
Prepaid expenses	3,377	2,677	2,170	1,641	3,203	1,105	736	466	583	36	2,435	411	38,250	—	57,360
Due from affiliates	13,021	21,118	7,413	47	7,922	22,284	5,787	466	1,897	86	19,469	2,739	143,245	(248,679)	—
Total current assets	234,070	138,063	102,070	109,010	127,054	112,243	50,881	40,249	34,784	3,504	76,527	58,119	323,290	(248,679)	1,161,185
Assets limited as to use, noncurrent:															
Held by trustee under bond indenture agreements	—	—	—	—	—	—	—	—	—	—	—	—	485	—	485
Internally designated	752,962	15,824	198,541	—	169,571	501	51,615	50,909	94,155	168	—	—	—	—	1,334,246
Total assets limited as to use, noncurrent	752,962	15,824	198,541	—	169,571	501	51,615	50,909	94,155	168	—	—	485	—	1,334,731
Property, plant and equipment, net	334,364	337,851	204,645	285,548	187,401	155,696	73,754	66,068	77,957	4,053	38,021	6,526	103,479	—	1,875,363
Operating lease ROU Assets	19,371	11,286	16,025	11,697	19,008	11,514	63	1,203	5,897	—	91,827	7,159	25,165	—	220,215
Other long-term investments	77,803	244,650	20,418	424,912	64,688	156,468	2,694	34,967	1,786	—	43,652	12,343	18,122	—	1,102,503
Investments in joint ventures and other investments	74,491	11,707	15,520	30,374	17,895	5,008	6,473	24,064	2,733	—	273	1,868	36,071	(104,561)	121,916
Contributions receivable, net	10,338	30,627	1,223	202	45,075	4,341	5,897	3,152	12,305	—	17	1,440	—	—	114,617
Other	743	14,042	38,070	702	805	—	515	208	180	(2)	3,209	35	25,266	—	86,151
Due from affiliates	—	—	—	—	—	—	—	—	—	—	19,367	—	732,255	(751,622)	—
Total assets	\$ 1,504,142	804,050	596,512	862,445	631,497	448,149	209,483	203,229	229,797	7,723	272,893	87,490	1,264,133	(1,104,862)	6,016,681
Liabilities and Net Assets															
Current liabilities:															
Current maturities of long-term debt	\$ 513	6,536	1,156	276	20	393	316	—	—	107	780	—	119,024	—	129,121
Current portion of operating lease liabilities	2,592	2,372	2,242	1,675	3,811	1,175	—	208	689	—	11,820	890	3,976	—	31,450
Accounts payable	35,783	22,090	25,551	39,647	17,946	13,352	9,849	3,908	4,352	4,945	9,725	8,741	40,523	—	236,412
Accrued payroll	25,353	10,521	13,127	23,242	14,723	10,842	4,025	5,276	3,802	779	20,135	6,240	79,845	—	217,910
Accrued interest	2	62	—	—	—	4	—	—	—	—	—	—	9,636	—	9,704
Estimated settlements due to third-party payers	7,126	28,124	4,086	1,477	3,350	3,241	2,295	756	605	69	—	506	5,617	—	57,252
Due to affiliates	19,811	23,552	14,991	12,696	10,801	27,206	12,343	4,169	2,792	6,159	15,794	3,668	94,673	(248,655)	—
Other current liabilities	13,886	17,125	9,892	1,289	6,781	6,590	3,647	2,066	1,330	145	13,228	2,381	2,679	—	81,039
Total current liabilities	105,066	110,382	71,045	80,302	57,432	62,803	32,475	16,383	13,570	12,204	71,482	22,426	355,973	(248,655)	762,888
Long-term debt, net	2,477	8,720	2,680	363	478	1,451	165	—	224	5,695	—	—	873,618	—	895,871
Long-term operating lease liabilities	16,781	8,913	13,783	10,021	15,197	10,339	63	995	5,208	—	80,007	6,269	21,189	—	188,765
Other long-term liabilities	33,275	115,202	19,487	28,174	5,815	20,843	9,494	14,976	2,050	—	66,687	1,439	78,574	—	396,016
Due to affiliates	82,921	162,157	128,260	169,774	66,125	76,639	25,089	9,700	15,292	15,665	—	—	—	(751,622)	—
Total liabilities	240,520	405,374	235,255	288,634	145,047	172,075	67,286	42,054	36,120	28,093	223,871	30,134	1,329,354	(1,000,277)	2,243,540
Net assets (deficit):															
Unrestricted:															
Attributable to UnityPoint Health	1,208,705	346,750	319,597	567,236	436,145	257,459	131,828	151,824	181,356	(20,406)	48,832	54,443	(65,269)	(102,544)	3,515,956
Attributable to noncontrolling interest	—	—	29,288	—	(265)	—	2,929	—	—	—	—	—	—	—	31,952
Total unrestricted	1,208,705	346,750	348,885	567,236	435,880	257,459	134,757	151,824	181,356	(20,406)	48,832	54,443	(65,269)	(102,544)	3,547,908
With donor restrictions:															
Attributable to UnityPoint Health	54,917	51,926	12,372	6,575	49,783	18,615	7,440	9,351	12,321	36	190	2,913	48	(2,041)	224,446
Attributable to noncontrolling interest	—	—	—	—	787	—	—	—	—	—	—	—	—	—	787
Total with donor restrictions	54,917	51,926	12,372	6,575	50,570	18,615	7,440	9,351	12,321	36	190	2,913	48	(2,041)	225,233
Total net assets (deficit)	1,263,622	398,676	361,257	573,811	486,450	276,074	142,197	161,175	193,677	(20,370)	49,022	57,356	(65,212)	(104,585)	3,773,141
Total liabilities and net assets	\$ 1,504,142	804,050	596,512	862,445	631,497	448,149	209,483	203,229	229,797	7,723	272,893	87,490	1,264,133	(1,104,862)	6,016,681

Definitions:

UPHDM – UnityPoint Health – Des Moines and Subsidiaries (Des Moines)
 MHSC – Methodist Health Services Corp. and Subsidiaries (Peoria)
 TRHS – Trinity Regional Health System and Subsidiaries (Rock Island)
 MHS – Meriter Health Services, Inc. and Subsidiaries (Madison)
 SLHC – St. Luke’s Healthcare and Subsidiaries (Cedar Rapids)
 AHS – Allen Health Systems, Inc. and Subsidiaries (Waterloo)
 SLHS – St. Luke’s Health System, Inc. (Sioux City)

THS – Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
 TRI-ST – Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
 KEO – Keokuk Area Hospital, Inc. and Subsidiaries (Keokuk)
 CATH – Memorial Hospital Association and Subsidiaries (Carthage)
 UPC – UnityPoint Clinic
 UPAH – UnityPoint at Home
 UPH Corp – UnityPoint Health and other Subsidiaries

See accompanying independent auditors’ report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	UPHDM	MHSC	TRHS	MHS	SLHC	AHS	SLHS	THS	TRI-ST	KEO	CATH	UPC	UPAH	UPH Corp	Eliminations	Consolidated
Unrestricted revenues:																
Patient service revenue	\$ 1,105,360	586,907	568,672	455,779	521,847	423,076	212,589	157,947	116,577	12,528	21,273	406,868	203,906	1,832	(610,829)	4,184,332
Other operating revenue	84,621	55,925	34,814	31,869	40,125	39,107	27,730	12,134	8,447	402	1,552	58,333	4,484	434,183	(443,765)	389,961
Net assets released from restrictions used for operations	7,845	1,954	729	274	973	1,482	—	264	576	13	59	62	663	5	(726)	14,173
Total revenue	1,197,826	644,786	604,215	487,922	562,945	463,665	240,319	170,345	125,600	12,943	22,884	465,263	209,053	436,020	(1,055,320)	4,588,466
Expenses:																
Salaries and wages	377,906	201,041	187,050	179,320	179,461	128,253	71,029	51,983	43,814	7,532	8,102	129,976	81,623	147,672	(169,837)	1,624,925
Physician compensation and services	207,861	116,879	95,430	39,331	79,603	76,241	31,214	32,877	10,507	2,128	4,197	261,593	954	1,142	(263,806)	696,151
Employee benefits	92,986	50,073	48,748	54,603	49,274	33,891	18,415	13,837	11,437	1,867	2,015	35,413	21,273	32,817	(48,022)	418,627
Supplies	214,288	92,916	105,912	78,255	89,548	91,329	39,818	21,230	16,699	3,333	1,799	43,541	68,368	782	(112,465)	755,353
Other expenses	240,173	160,698	142,531	90,565	120,533	93,525	57,700	37,651	32,912	4,123	4,682	118,789	27,592	175,296	(544,100)	762,670
Depreciation and amortization	29,654	23,996	18,705	21,401	16,548	16,220	5,891	5,283	5,630	867	2,148	5,606	1,466	48,423	(6,719)	195,119
Interest	4,755	6,147	6,940	7,174	3,444	5,038	1,869	598	798	807	322	—	—	32,267	(35,907)	35,107
Provision for uncollectible accounts	23	71	(77)	—	(4)	(52)	36	9	2	39	—	10	—	7	—	64
Total expenses	1,167,646	651,821	605,239	470,649	538,407	444,445	225,972	163,468	121,856	20,687	23,750	595,250	201,276	438,406	(1,180,856)	4,488,016
Operating income (loss)	30,180	(7,035)	(1,024)	17,273	24,538	19,220	14,347	6,877	3,744	(7,744)	(866)	(129,987)	7,777	(2,386)	125,536	100,450
Nonoperating gains (losses)																
Investment income	108,739	31,139	28,662	55,981	29,689	21,499	7,475	10,071	13,591	4	614	1,771	1,731	2,099	—	313,065
Contribution received in affiliations	—	11,200	—	—	—	—	—	—	—	—	(13,517)	—	—	—	—	(2,317)
Other, net	(34)	(6,603)	—	3,183	(1,298)	202	—	—	(1)	—	—	—	—	—	(20,675)	(25,226)
Total nonoperating gains, net	108,705	35,736	28,662	59,164	28,391	21,701	7,475	10,071	13,590	4	(12,903)	1,771	1,731	(18,576)	—	285,522
Revenue over (under) expenses before gain (loss) on bond refinancing transactions																
Revenue over (under) expenses before gain (loss) on bond refinancing transactions	138,885	28,701	27,638	76,437	52,929	40,921	21,822	16,948	17,334	(7,740)	(13,769)	(128,216)	9,508	(20,962)	125,536	385,972
Gain (loss) on bond refinancing transactions																
Gain (loss) on bond refinancing transactions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Excess of revenues over expenses from continuing operations																
Excess of revenues over expenses from continuing operations	138,885	28,701	27,638	76,437	52,929	40,921	21,822	16,948	17,334	(7,740)	(13,769)	(128,216)	9,508	(20,962)	125,536	385,972
Gain (loss) on discontinued operations																
Gain (loss) on discontinued operations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Excess of revenues over expenses																
Excess of revenues over expenses	138,885	28,701	27,638	76,437	52,929	40,921	21,822	16,948	17,334	(7,740)	(13,769)	(128,216)	9,508	(20,962)	125,536	385,972
Less: Net income (loss) attributable to noncontrolling interest																
Less: Net income (loss) attributable to noncontrolling interest	—	—	(2,557)	—	56	—	(2,473)	—	—	—	—	—	—	—	—	(4,974)
Excess of revenues over expenses attributable to UnityPoint Health																
Excess of revenues over expenses attributable to UnityPoint Health	\$ 138,885	28,701	25,081	76,437	52,985	40,921	19,349	16,948	17,334	(7,740)	(13,769)	(128,216)	9,508	(20,962)	125,536	380,998

Definitions:

UPHDM – UnityPoint Health – Des Moines and Subsidiaries (Des Moines)	THS – Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
MHSC – Methodist Health Services Corp. and Subsidiaries (Peoria)	TRI-ST – Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
TRHS – Trinity Regional Health System and Subsidiaries (Rock Island)	KEO – Keokuk Area Hospital, Inc. and Subsidiaries (Keokuk)
MHS – Meriter Health Services, Inc. and Subsidiaries (Madison)	CATH – Carthage
SLHC – St. Luke's Healthcare and Subsidiaries (Cedar Rapids)	UPC – UnityPoint Clinic
AHS – Allen Health Systems, Inc. and Subsidiaries (Waterloo)	UPAH – UnityPoint at Home
SLHS – St. Luke's Health System, Inc. (Sioux City)	UPH Corp – UnityPoint Health and other Subsidiaries

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

UnityPoint Health – Des Moines and Subsidiaries (Des Moines)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	UPHDM	CIHC	UPHF	CIHP	EB	GRMC	UPC	UPAH	Eliminations	Consolidated
Current assets:										
Cash and cash equivalents	\$ —	27,671	2,072	12	1,694	3,957	—	—	—	35,406
Short-term investments	—	1,965	64	—	—	310	—	—	—	2,339
Assets limited as to use – required for current liabilities	—	6,603	—	—	—	—	—	—	—	6,603
Patient accounts receivable	—	131,695	—	—	1,224	8,131	—	—	—	141,050
Other receivables	—	14,403	35	(37)	213	285	—	—	—	14,899
Inventories	—	15,914	74	—	—	1,387	—	—	—	17,375
Prepaid expenses	—	2,906	41	18	184	228	—	—	—	3,377
Due from affiliates	—	21,964	19	27,706	—	695	—	—	(37,363)	13,021
Total current assets	—	223,121	2,305	27,699	3,315	14,993	—	—	(37,363)	234,070
Assets limited as to use, noncurrent:										
Internally designated	—	644,387	108,575	—	—	—	—	—	—	752,962
Total assets limited as to use, noncurrent	—	644,387	108,575	—	—	—	—	—	—	752,962
Property, plant and equipment, net	—	299,479	6	19,057	1,110	14,712	—	—	—	334,364
Operating lease ROU assets	—	15,596	61	3,455	243	16	—	—	—	19,371
Other long-term investments	—	11,898	60,763	—	—	5,142	—	—	—	77,803
Investments in joint ventures and other investments	—	58,924	10	—	—	—	27,636	34,404	(46,483)	74,491
Contributions receivable, net	—	—	9,881	—	26	431	—	—	—	10,338
Other	—	740	—	1	—	1	—	—	1	743
Due from affiliates	—	7,241	—	—	—	—	—	—	(7,241)	—
Total assets	\$ —	1,261,386	181,601	50,212	4,694	35,295	27,636	34,404	(91,086)	1,504,142
Liabilities and Net Assets										
Current liabilities	\$ —	—	—	—	60	149	—	—	—	209
Current maturities of long-term debt	—	304	36	48	137	7	—	—	—	532
Current portion of operating lease liabilities	—	2,364	157	35	232	1,260	—	—	—	4,048
Accounts payable	—	34,099	355	9	888	1,674	—	—	—	37,025
Accrued payroll	—	22,427	—	—	—	—	—	—	—	22,427
Accrued interest	—	2	—	—	—	196	—	—	—	198
Estimated settlements due to third-party payers	—	6,930	—	—	—	—	—	—	—	6,930
Due to affiliates	—	48,564	640	180	—	7,790	—	—	(37,363)	19,811
Other current liabilities	—	12,556	89	721	120	400	—	—	—	13,886
Total current liabilities	—	127,246	1,277	993	1,437	11,476	—	—	(37,363)	105,066
Long-term debt, net	—	1,734	—	—	243	500	—	—	—	2,477
Long-term operating lease liabilities	—	13,235	25	3,407	105	9	—	—	—	16,781
Other long-term liabilities	—	31,110	475	—	—	1,690	—	—	—	33,275
Due to affiliates	—	82,921	2,905	1,216	—	3,120	—	—	(7,241)	82,921
Total liabilities	—	256,246	4,682	5,616	1,785	16,795	—	—	(44,604)	240,520
Net assets (deficit):										
Total without donor restrictions	—	958,261	128,214	44,596	2,909	13,525	27,463	33,737	—	1,208,705
Total with donor restrictions	—	46,879	48,705	—	—	4,975	173	667	(46,482)	54,917
Total net assets (deficit)	—	1,005,140	176,919	44,596	2,909	18,500	27,636	34,404	(46,482)	1,263,622
Total liabilities and net assets	\$ —	1,261,386	181,601	50,212	4,694	35,295	27,636	34,404	(91,086)	1,504,142

Definitions:

UPHDM – UnityPoint Health – Des Moines
 CIHC – Central Iowa Hospital Corporation
 UPHF – UnityPoint Health Foundation
 CIHP – Central Iowa Health Properties Corporation

EB – Eyerly Ball Mental Health Services
 GRMC – Grinnell Regional Medical Center
 UPC – UnityPoint Clinic, UPHDM portion
 UPAH – UnityPoint at Home, UPHDM portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

UnityPoint Health – Des Moines and Subsidiaries (Des Moines)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>UPHDM</u>	<u>CIHC</u>	<u>UPHF</u>	<u>CIHP</u>	<u>EB</u>	<u>GRMC</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:										
Patient service revenue	\$ —	807,690	—	—	13,141	46,872	164,566	73,093	(2)	1,105,360
Other operating revenue	—	68,108	1,344	5,123	1,322	2,104	16,071	1,645	(11,096)	84,621
Net assets released from restrictions used for operations	—	7,126	252	—	—	144	11	312	—	7,845
Total revenue	—	882,924	1,596	5,123	14,463	49,120	180,648	75,050	(11,098)	1,197,826
Expenses:										
Salaries and wages	—	285,995	2,195	80	8,340	18,370	38,314	24,612	—	377,906
Physician compensation and services	—	102,729	—	—	146	5,970	104,226	328	(5,538)	207,861
Employee benefits	—	68,398	362	22	2,048	5,076	10,943	6,146	(9)	92,986
Supplies	—	160,277	607	8	162	9,812	19,759	23,665	(2)	214,288
Other expenses	—	160,554	1,147	1,984	2,576	7,390	54,509	17,449	(5,436)	240,173
Depreciation and amortization	—	23,923	2	582	226	1,643	2,691	587	—	29,654
Interest	—	4,391	—	—	13	142	322	—	(113)	4,755
Provision for uncollectible accounts	—	7	—	(2)	—	18	—	—	—	23
Total expenses	—	806,274	4,313	2,674	13,511	48,421	230,764	72,787	(11,098)	1,167,646
Operating income (loss)	—	76,650	(2,717)	2,449	952	699	(50,116)	2,263	—	30,180
Nonoperating gains (losses):										
Investment income	—	88,380	19,819	—	7	533	—	—	—	108,739
Contribution received in affiliations	—	—	—	—	—	—	—	—	—	—
Other, net	—	—	(8)	—	—	(26)	—	—	—	(34)
Total nonoperating gains, net	—	88,380	19,811	—	7	507	—	—	—	108,705
Excess of revenues over expenses attributable to UnityPoint Health	\$ —	165,030	17,094	2,449	959	1,206	(50,116)	2,263	—	138,885

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IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH
 Methodist Health Services Corporation and Subsidiaries (Peoria)
 Consolidating Balance Sheet Information
 December 31, 2019
 (In thousands)

Assets	MHSC	MMCI	MS	MMCF	PHC	PH	Bekrest	Hull	PHS	HP	PPHS	PMH	PPH	PCL	UP	HSC	TMHC	PYY	UPE	UPC	UPAH	Eliminations	Consolidated	
Current assets:																								
Cash and cash equivalents	\$ 586	4,539	—	1,849	—	227	1	349	4	—	—	977	3	43	—	4,959	1,690	20	—	—	—	—	15,247	
Short-term investments	—	—	—	—	—	—	—	—	—	—	—	2,370	—	—	—	635	—	—	—	—	—	—	3,005	
Patient accounts receivable	375	49,889	—	—	—	15,592	780	—	453	—	—	7,250	334	—	—	1,212	36	—	—	—	—	—	75,921	
Other receivables	399	1,929	2	18	—	2,616	(1)	98	—	—	—	775	4	1	—	1,211	202	—	—	—	—	—	7,254	
Inventories	—	7,426	—	—	—	3,072	629	—	—	—	—	1,514	—	—	—	—	—	—	—	—	—	—	12,641	
Prepaid expenses	87	1,617	196	—	—	228	—	9	5	—	—	117	(1)	3	—	340	57	19	—	—	—	—	2,677	
Due from affiliates	1,741	41,876	11,764	13	1,445	22,531	3,551	52	1,021	2	—	12,504	278	1,824	—	—	—	—	—	—	—	(77,484)	21,118	
Total current assets	3,188	107,276	11,962	1,880	1,445	44,266	5,160	508	1,483	2	—	25,507	618	1,871	—	8,357	1,885	39	—	—	—	(77,484)	138,063	
Assets limited as to use, noncurrent:																								
Internally designated	—	12,481	—	2,954	—	—	—	—	—	—	—	255	—	—	—	—	—	134	—	—	—	—	15,824	
Total assets limited as to use, noncurrent	—	12,481	—	2,954	—	—	—	—	—	—	—	255	—	—	—	—	—	134	—	—	—	—	15,824	
Property, plant and equipment, net	2,358	152,959	91,051	—	—	42,817	88	997	90	—	—	23,233	376	18,863	—	2,270	1,624	1,125	—	—	—	—	337,851	
Operating lease ROU Assets	—	1,336	9,458	—	—	255	—	—	237	—	—	—	—	—	—	—	—	—	—	—	—	—	11,286	
Other long-term investments	—	212,508	—	31,103	—	—	—	1,039	—	—	—	—	—	—	—	—	—	—	—	—	—	—	244,650	
Investments in joint ventures and other investments	812	43,842	—	201	17,617	355	—	—	—	—	—	—	—	—	—	—	—	—	—	—	621	463	(52,204)	11,707
Contributions receivable, net	—	8,371	—	19	—	6,894	—	85	—	—	—	—	—	—	17,258	—	—	—	—	—	—	—	—	30,627
Other	1,167	5,500	1	—	—	4,442	—	—	1	—	—	2,907	21	—	1	—	1	—	—	—	—	—	—	14,042
Total assets	\$ 7,525	542,273	112,472	36,157	19,082	99,029	5,248	2,629	1,811	2	—	51,902	1,015	20,734	17,259	10,628	3,610	1,298	—	621	463	(129,688)	804,050	
Liabilities and Net Assets																								
Current liabilities:																								
Current maturities of long-term debt	\$ —	6,455	—	—	—	—	—	—	—	—	—	81	—	—	—	—	—	—	—	—	—	—	—	6,536
Current portion of operating lease liabilities	—	416	1,592	—	—	255	—	—	109	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2,372
Accounts payable	151	12,359	393	107	—	6,245	33	25	39	—	—	2,073	240	28	—	360	24	13	—	—	—	—	—	22,090
Accrued payroll	23	7,566	—	—	—	1,380	36	2	—	—	—	727	43	—	—	641	103	—	—	—	—	—	—	10,521
Accrued interest	—	62	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	62
Estimated settlements due to third-party payers	—	15,906	—	—	—	8,859	—	—	—	—	—	3,355	—	—	—	—	—	—	—	—	—	—	—	28,134
Due to affiliates	1,192	37,707	13,135	1,934	5	3,929	19,206	134	2,413	70	—	4,295	12,729	4,220	—	4	63	—	—	—	—	(77,484)	23,552	
Other current liabilities	24	10,603	1,234	35	—	2,784	83	12	48	1	—	1,442	13	823	1	216	2	4	—	—	—	—	—	17,125
Total current liabilities	1,390	91,084	16,344	2,076	5	23,452	19,358	173	2,609	71	—	11,973	13,025	4,871	1	1,221	196	17	—	—	—	(77,484)	110,382	
Long-term debt, net	1,065	6,567	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,088	—	—	—	—	—	—	8,720
Long-term operating lease liabilities	—	918	7,866	—	—	—	—	—	129	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,913
Other long-term liabilities	—	106,802	98	82	—	5,332	—	—	1	—	—	2,696	—	—	—	191	—	—	—	—	—	—	—	115,202
Due to affiliates	—	118,590	—	—	—	11,060	—	—	—	—	—	14,158	—	18,349	—	—	—	—	—	—	—	—	—	162,157
Total liabilities	2,455	323,961	24,308	2,158	5	39,844	19,358	173	2,739	71	—	28,827	13,025	23,220	1	1,412	1,284	17	—	—	—	(77,484)	405,374	
Net assets (deficit):																								
Total without donor restrictions	5,070	192,750	88,164	15,013	19,057	52,291	(14,110)	2,371	(928)	(69)	—	23,075	(12,010)	(2,486)	—	9,103	2,326	(733)	—	621	463	(33,218)	346,750	
Total with donor restrictions	—	25,552	—	18,985	—	5,894	—	85	—	—	—	—	—	—	17,258	—	113	—	—	—	—	—	(18,985)	51,295
Total net assets (deficit)	5,070	218,312	88,164	33,999	19,057	59,185	(14,110)	2,456	(928)	(69)	—	23,075	(12,010)	(2,486)	17,259	9,216	2,326	1,281	—	621	463	(52,204)	398,076	
Total liabilities and net assets	\$ 7,525	542,273	112,472	36,157	19,082	99,029	5,248	2,629	1,811	2	—	51,902	1,015	20,734	17,259	10,628	3,610	1,298	—	621	463	(129,688)	804,050	

Definitions:
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 PH – Proctor Hospital
 Bekrest – Bekrest Services, Ltd.
 Hull – Hull Center for Healthy Living
 PHS – Proctor Health Systems
 HP – HealthPlus, Inc.
 PPHS – Progressive Health Systems
 PMH – Pekin Memorial Hospital
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See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
dba UNITYPOINT HEALTH
 Methodist Health Services Corporation and Subsidiaries (Peoria)
 Consolidating Statement of Operations Information
 December 31, 2019
 (In thousands)

	MHSC	MMCI	MS	MMCF	PHC	PH	Belcrest	Hutt	PHS	HP	PPHS	PMH	PPH	PCL	UP	HSC	TMHC	PVV	UPE	UPC	UPAH	Eliminations	Consolidated	
Unrestricted revenues:																								
Patient service revenue	\$ 627	362,952	—	—	—	106,405	2,825	—	4,337	—	—	53,207	2,377	—	—	5,251	1,420	—	—	41,490	6,016	—	586,907	
Other operating revenue	2,787	40,436	12,849	540	—	2,795	125	1,126	859	—	—	498	1,082	1,510	—	5,663	1,123	78	—	1,970	176	(17,692)	55,925	
Net assets released from restrictions used for operations	—	373	—	1,034	—	373	—	174	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,954	
Total revenue	3,414	403,761	12,849	1,574	—	109,573	2,950	1,300	5,196	—	—	53,705	3,459	1,510	—	10,914	2,543	78	—	43,460	6,192	(17,692)	644,786	
Expenses:																								
Salaries and wages	1,081	126,235	—	259	—	30,648	908	628	685	—	—	17,659	673	—	—	6,034	1,381	14	—	14,705	133	—	201,041	
Physician compensation and services	304	74,896	—	—	—	1,957	—	—	1,153	—	—	1,143	5,928	—	—	74	207	—	—	26,695	—	(468)	116,679	
Employee benefits	153	31,182	—	132	—	6,713	221	156	308	—	—	3,745	194	—	—	2,509	275	2	—	4,556	27	—	50,073	
Supplies	20	53,748	41	3	—	20,228	1,044	50	94	—	—	7,119	687	—	—	544	18	—	—	4,094	5,231	(5)	92,916	
Other expenses	1,078	93,740	7,308	1,813	—	33,879	685	326	431	30	—	17,457	360	936	—	2,075	445	67	—	18,870	317	(17,219)	160,698	
Depreciation and amortization	116	13,331	2,909	—	—	3,934	29	70	25	—	—	2,297	103	525	—	237	77	43	—	299	9	—	23,996	
Interest	31	4,124	—	—	—	664	—	—	—	—	—	696	—	605	—	—	27	—	—	—	—	—	6,147	
Provision for uncollectible accounts	—	73	(4)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	—	—	—	—	71	
Total expenses	2,785	397,329	10,254	2,207	—	98,123	2,885	1,230	7,596	30	—	50,116	7,945	2,066	—	11,473	2,430	128	—	67,199	5,717	(17,692)	651,821	
Operating income (loss)	629	6,432	2,595	(633)	—	11,450	65	70	(2,400)	(30)	—	3,589	(4,486)	(556)	—	(559)	113	(50)	—	(23,739)	475	—	(7,035)	
Nonoperating gains (losses):																								
Investment income	40	28,144	(14)	2,501	—	232	(9)	143	(15)	—	—	192	(14)	(53)	—	(21)	13	—	—	—	—	—	—	31,139
Contribution received in affiliation	—	11,200	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11,200
Other, net	—	(6,335)	—	(88)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(6,603)
Total nonoperating gains, net	40	32,809	(14)	2,433	—	232	(9)	143	(15)	—	—	192	(14)	(53)	—	(21)	13	—	—	—	—	—	—	35,736
Excess of revenues over expenses attributable to UnityPoint Health	\$ 689	39,241	2,581	1,800	—	11,682	56	213	(2,415)	(30)	—	3,781	(4,500)	(609)	—	(580)	126	(50)	—	(23,739)	475	—	28,701	

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IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH
Trinity Regional Health System and Subsidiaries (Rock Island)
Consolidating Balance Sheet Information
December 31, 2019
(In thousands)

Assets	TRHS	TMC	THF	THE	TM	UPC	UPAH	Eliminations	Consolidated
Current assets:									
Cash and cash equivalents	\$ —	11,417	888	270	8,117	—	—	—	20,692
Short-term investments	—	981	61	16	512	—	—	—	1,570
Assets limited as to use – required for current liabilities	—	5,143	—	—	—	—	—	—	5,143
Patient accounts receivable	—	41,494	—	—	7,702	—	—	—	49,196
Other receivables	6	4,281	—	431	242	—	—	—	4,960
Inventories	—	9,856	—	152	918	—	—	—	10,926
Prepaid expenses	19	2,020	28	—	103	—	—	—	2,170
Due from affiliates	2,718	8,479	2	3	10,724	—	—	(14,513)	7,413
Total current assets	2,743	83,671	979	872	28,318	—	—	(14,513)	102,070
Assets limited as to use, noncurrent:									
Internally designated	24,791	163,366	—	—	10,384	—	—	—	198,541
Total assets limited as to use, noncurrent	24,791	163,366	—	—	10,384	—	—	—	198,541
Property, plant and equipment, net	—	179,446	—	88	25,111	—	—	—	204,645
Operating lease ROU Assets	214	15,811	—	—	—	—	—	—	16,025
Other long-term investments	—	7,201	9,947	24	3,246	—	—	—	20,418
Investments in joint ventures and other investments	1,432	16,226	—	—	—	6,217	3,448	(11,803)	15,520
Contributions receivable, net	—	144	1,078	—	1	—	—	—	1,223
Other	2	38,056	—	—	12	—	—	—	38,070
Due from affiliates	—	10,484	—	—	—	—	—	(10,484)	—
Total assets	\$ 29,182	514,405	12,004	984	67,072	6,217	3,448	(36,800)	596,512
Liabilities and Net Assets									
Current liabilities:									
Current maturities of long-term debt	\$ —	996	—	—	160	—	—	—	1,156
Current portion of operating lease liabilities	65	2,177	—	—	—	—	—	—	2,242
Accounts payable	593	23,171	—	98	1,689	—	—	—	25,551
Accrued payroll	3,807	8,207	19	39	1,055	—	—	—	13,127
Estimated settlements due to third-party payers	—	3,419	—	—	667	—	—	—	4,086
Due to affiliates	595	25,967	265	72	2,705	—	—	(14,513)	14,991
Other current liabilities	1,150	8,163	11	(67)	634	—	—	1	9,892
Total current liabilities	6,210	72,000	295	142	6,910	—	—	(14,512)	71,045
Long-term debt, net	—	250	—	—	2,430	—	—	—	2,680
Long-term operating lease liabilities	148	13,835	—	—	—	—	—	—	13,783
Other long-term liabilities	1,224	16,959	42	2	1,260	—	—	—	19,437
Due to affiliates	—	119,500	—	—	19,244	—	—	(10,484)	128,260
Total liabilities	7,582	222,344	337	144	29,844	—	—	(24,996)	235,255
Net assets (deficit):									
Without donor restrictions:									
Attributable to UnityPoint Health	21,600	251,932	835	840	36,263	6,217	3,402	(1,492)	319,597
Attributable to noncontrolling interest	—	29,288	—	—	—	—	—	—	29,288
Total without donor restrictions	21,600	281,220	835	840	36,263	6,217	3,402	(1,492)	348,885
With donor restrictions:									
Attributable to UnityPoint Health	—	10,841	10,832	—	965	—	46	(10,312)	12,372
Attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—
Total with donor restrictions	—	10,841	10,832	—	965	—	46	(10,312)	12,372
Total net assets (deficit)	21,600	292,061	11,667	840	37,228	6,217	3,448	(11,804)	361,257
Total liabilities and net assets	\$ 29,182	514,405	12,004	984	67,072	6,217	3,448	(36,800)	596,512
Definitions:									
TRHS – Trinity Regional Health System									
TMC – Trinity Medical Center									
THF – Trinity Health Foundation									
THE – Trinity Health Enterprises, Inc.									
TM – Trinity Muscatine									
UPC – UnityPoint Clinic, TRHS portion									
UPAH – UnityPoint at Home, TRHS portion									

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Schedule 4

Trinity Regional Health System and Subsidiaries (Rock Island)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>TRHS</u>	<u>TMC</u>	<u>THF</u>	<u>THE</u>	<u>TM</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:									
Patient service revenue	\$ —	420,585	—	—	45,543	65,757	36,789	(2)	568,672
Other operating revenue	—	28,768	(8)	2,448	3,158	5,459	246	(5,257)	34,814
Net assets released from restrictions used for operations	—	471	239	—	7	5	7	—	729
Total revenue	—	449,824	231	2,448	48,708	71,221	37,042	(5,259)	604,215
Expenses:									
Salaries and wages	—	139,881	646	454	14,788	17,980	13,301	—	187,050
Physician compensation and services	—	46,344	—	1	8,651	41,661	125	(1,352)	95,430
Employee benefits	—	36,187	135	99	3,526	5,476	3,555	(230)	48,748
Supplies	—	81,652	18	2,064	5,004	6,831	10,355	(12)	105,912
Other expenses	—	106,137	367	146	10,107	21,422	8,002	(3,650)	142,531
Depreciation and amortization	—	16,156	—	7	1,636	778	128	—	18,705
Interest	—	6,182	—	—	773	—	—	(15)	6,940
Provision for uncollectible accounts	—	(77)	—	—	—	—	—	—	(77)
Total expenses	—	432,462	1,166	2,771	44,485	94,148	35,466	(5,259)	605,239
Operating Income (Loss)	—	17,362	(935)	(323)	4,223	(22,927)	1,576	—	(1,024)
Nonoperating gains (losses)									
Investment income	4,067	21,756	670	13	2,156	—	—	—	28,662
Contribution received in affiliations	—	—	—	—	—	—	—	—	—
Other, net	—	—	—	—	—	—	—	—	—
Total nonoperating gains, net	4,067	21,756	670	13	2,156	—	—	—	28,662
Excess of revenues over expenses	4,067	39,118	(265)	(310)	6,379	(22,927)	1,576	—	27,638
Less: Net income (loss) attributable to noncontrolling interest	—	(2,557)	—	—	—	—	—	—	(2,557)
Excess of revenues over expenses attributable to UnityPoint Health	\$ 4,067	36,561	(265)	(310)	6,379	(22,927)	1,576	—	25,081

Definitions:

TRHS – Trinity Regional Health System
TMC – Trinity Medical Center
THF – Trinity Health Foundation
THE – Trinity Health Enterprises, Inc.
TM – Trinity Muscatine
UPC – UnityPoint Clinic, TRHS portion
UPAH – UnityPoint at Home, TRHS portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Meriter Health System, Inc. and Subsidiaries (Madison)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	MHS	MH	MF	MMS	UPC	UPAH	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 722	33,498	552	668	—	—	—	35,440
Short-term investments	—	2,004	—	—	—	—	—	2,004
Patient accounts receivable	—	46,916	—	562	—	—	—	47,478
Other receivables	—	17,162	361	1,836	—	—	—	19,359
Inventories	—	3,041	—	—	—	—	—	3,041
Prepaid expenses	31	1,135	3	472	—	—	—	1,641
Due from affiliates	474	241,800	923	10,914	—	—	(254,064)	47
Total current assets	<u>1,227</u>	<u>345,556</u>	<u>1,839</u>	<u>14,452</u>	<u>—</u>	<u>—</u>	<u>(254,064)</u>	<u>109,010</u>
Assets limited as to use, noncurrent:								
Internally designated	—	—	—	—	—	—	—	—
Total assets limited as to use, noncurrent	—	—	—	—	—	—	—	—
Property, plant and equipment, net	—	284,203	—	1,855	—	—	(510)	285,548
Operating lease ROU Assets	—	11,697	—	—	—	—	—	11,697
Other long-term investments	5,944	390,570	22,134	6,264	—	—	—	424,912
Investments in joint ventures and other investments	5,095	41,532	—	4,450	—	(1,612)	(19,091)	30,374
Contributions receivable, net	—	—	202	—	—	—	—	202
Other	—	(3)	—	705	—	—	—	702
Total assets	<u>\$ 12,266</u>	<u>1,073,555</u>	<u>24,175</u>	<u>27,726</u>	<u>—</u>	<u>(1,612)</u>	<u>(273,665)</u>	<u>862,445</u>
Liabilities and Net Assets								
Current liabilities:								
Current maturities of long-term debt	\$ —	276	—	—	—	—	—	276
Current portion of operating lease liabilities	—	1,675	—	—	—	—	—	1,675
Accounts payable	83	38,128	698	774	—	—	(36)	39,647
Accrued payroll	862	20,589	47	1,744	—	—	—	23,242
Estimated settlements due to third-party payers	—	1,477	—	—	—	—	—	1,477
Due to affiliates	249	256,549	475	9,481	—	—	(254,058)	12,696
Other current liabilities	—	1,146	2	140	—	—	1	1,289
Total current liabilities	<u>1,194</u>	<u>319,840</u>	<u>1,222</u>	<u>12,139</u>	<u>—</u>	<u>—</u>	<u>(254,093)</u>	<u>80,302</u>
Long-term debt, net	—	363	—	—	—	—	—	363
Long-term operating lease liabilities	—	10,021	—	—	—	—	—	10,021
Other long-term liabilities	1,585	21,596	57	4,936	—	—	—	28,174
Due to affiliates	—	169,774	—	—	—	—	—	169,774
Total liabilities	<u>2,779</u>	<u>521,594</u>	<u>1,279</u>	<u>17,075</u>	<u>—</u>	<u>—</u>	<u>(254,093)</u>	<u>288,634</u>
Net assets (deficit):								
Total without donor restrictions	9,487	546,876	12,193	10,651	—	(1,612)	(10,359)	567,236
Total with donor restrictions	—	5,085	10,703	—	—	—	(9,213)	6,575
Total net assets (deficit)	<u>9,487</u>	<u>551,961</u>	<u>22,896</u>	<u>10,651</u>	<u>—</u>	<u>(1,612)</u>	<u>(19,572)</u>	<u>573,811</u>
Total liabilities and net assets	<u>\$ 12,266</u>	<u>1,073,555</u>	<u>24,175</u>	<u>27,726</u>	<u>—</u>	<u>(1,612)</u>	<u>(273,665)</u>	<u>862,445</u>

Definitions:

MHS – Meriter Health Services, Inc.
 MH – Meriter Hospital, Inc.
 MF – Meriter Foundation, Inc.
 MMS – Meriter Management Services
 UPAH – UnityPoint at Home, MHS portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Meriter Health System, Inc. and Subsidiaries (Madison)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>MHS</u>	<u>MH</u>	<u>MF</u>	<u>MMS</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:								
Patient service revenue	\$ —	440,299	—	17,402	—	10,201	(12,123)	455,779
Other operating revenue	4,135	35,047	1,310	9,785	—	4	(18,412)	31,869
Net assets released from restrictions used for operations	—	260	14	—	—	—	—	274
Total revenue	4,135	475,606	1,324	27,187	—	10,205	(30,535)	487,922
Expenses:								
Salaries and wages	2,634	161,653	442	10,241	—	4,350	—	179,320
Physician compensation and services	—	39,331	—	—	—	—	—	39,331
Employee benefits	732	48,449	129	3,715	—	1,578	—	54,603
Supplies	1	72,163	4	3,580	—	2,507	—	78,255
Other expenses	850	107,130	1,381	9,619	—	2,672	(31,087)	90,565
Depreciation and amortization	—	20,955	—	390	—	56	—	21,401
Interest	—	7,174	—	—	—	—	—	7,174
Provision for uncollectible accounts	—	—	—	—	—	—	—	—
Total expenses	4,217	456,855	1,956	27,545	—	11,163	(31,087)	470,649
Operating income (loss)	(82)	18,751	(632)	(358)	—	(958)	552	17,273
Nonoperating gains (losses):								
Investment income	271	53,545	1,774	391	—	—	—	55,981
Other, net	30	3,366	(1)	(212)	—	—	—	3,183
Total nonoperating gains, net	301	56,911	1,773	179	—	—	—	59,164
Excess of revenues over expenses attributable to UnityPoint Health	\$ 219	75,662	1,141	(179)	—	(958)	552	76,437

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IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

St. Luke's Healthcare and Subsidiaries (Cedar Rapids)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	SLMH	CARE	JRMC	ABBE	UPC	UPAH	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 20,858	4,436	4,275	3,116	—	—	—	32,685
Short-term investments	2,151	—	153	489	—	—	—	2,793
Assets limited as to use – required for current liabilities	3,155	—	—	—	—	—	—	3,155
Patient accounts receivable	55,304	1,292	4,522	3,335	—	—	—	64,453
Other receivables	4,375	—	(20)	1	—	—	—	4,356
Inventories	8,046	—	441	—	—	—	—	8,487
Prepaid expenses	2,607	38	56	502	—	—	—	3,203
Due from affiliates	12,933	3,856	1,202	33	—	—	(10,102)	7,922
Total current assets	109,429	9,622	10,629	7,476	—	—	(10,102)	127,054
Assets limited as to use, noncurrent:								
Internally designated	169,571	—	—	—	—	—	—	169,571
Total assets limited as to use, noncurrent	169,571	—	—	—	—	—	—	169,571
Property, plant and equipment, net	146,708	15,152	19,124	6,417	—	—	—	187,401
Operating lease ROU Assets	17,693	—	561	754	—	—	—	19,008
Other long-term investments	39,001	—	13,938	11,749	—	—	—	64,688
Investments in joint ventures and other investments	14,875	—	—	—	8,120	2,386	(7,486)	17,895
Contributions receivable, net	42,868	—	1,728	479	—	—	—	46,075
Other	726	1	11	67	—	—	—	805
Due from affiliates	852	—	—	—	—	—	(852)	—
Total assets	\$ 540,871	24,775	45,991	26,942	8,120	2,386	(17,588)	631,497
Liabilities and Net Assets								
Current liabilities:								
Current maturities of long-term debt	\$ —	—	—	20	—	—	—	20
Current Portion of Operating Lease Liabilities	3,003	—	263	545	—	—	—	3,811
Accounts payable	15,469	462	1,178	837	—	—	—	17,946
Accrued payroll	11,648	323	1,212	1,540	—	—	—	14,723
Accrued interest	—	—	—	—	—	—	—	—
Estimated settlements due to third-party payers	2,975	—	375	—	—	—	—	3,350
Due to affiliates	19,418	—	1,458	27	—	—	(10,102)	10,801
Other current liabilities	5,890	1	321	569	—	—	—	6,781
Total current liabilities	58,403	786	4,807	3,538	—	—	(10,102)	57,432
Long-term debt, net	—	—	(19)	497	—	—	—	478
Long-term operating lease liabilities	14,688	—	299	210	—	—	—	15,197
Other long-term liabilities	5,692	—	—	123	—	—	—	5,815
Due to affiliates	66,977	—	—	—	—	—	(852)	66,125
Total liabilities	145,760	786	5,087	4,368	—	—	(10,954)	145,047
Net assets (deficit):								
Without donor restrictions:								
Attributable to UnityPoint Health	349,179	23,989	39,181	22,233	8,103	946	(7,486)	436,145
Attributable to noncontrolling interest	(265)	—	—	—	—	—	—	(265)
Total without donor restrictions	348,914	23,989	39,181	22,233	8,103	946	(7,486)	435,880
With donor restrictions:								
Attributable to UnityPoint Health	46,262	—	1,723	341	17	1,440	—	49,783
Attributable to noncontrolling interest	787	—	—	—	—	—	—	787
Total with donor restrictions	47,049	—	1,723	341	17	1,440	—	50,570
Total net assets (deficit)	395,963	23,989	40,904	22,574	8,120	2,386	(7,486)	486,450
Total liabilities and net assets	\$ 541,723	24,775	45,991	26,942	8,120	2,386	(18,440)	631,497

Definitions:

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 MMS – Meriter Management Services
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See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

St. Luke's Healthcare and Subsidiaries (Cedar Rapids)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>SLMH</u>	<u>CARE</u>	<u>JRMC</u>	<u>ABBE</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:								
Patient service revenue	\$ 372,791	9,818	38,323	24,535	55,889	20,491	—	521,847
Other operating revenue	33,993	2,048	3,177	5,520	9,607	207	(14,427)	40,125
Net assets released from restrictions used for operations	713	—	53	—	30	177	—	973
Total revenue	<u>407,497</u>	<u>11,866</u>	<u>41,553</u>	<u>30,055</u>	<u>65,526</u>	<u>20,875</u>	<u>(14,427)</u>	<u>562,945</u>
Expenses:								
Salaries and wages	125,814	5,343	11,662	16,462	15,184	5,137	(141)	179,461
Physician compensation and services	36,925	35	8,226	—	38,343	188	(4,114)	79,603
Employee benefits	33,688	922	3,370	5,750	4,205	1,339	—	49,274
Supplies	69,445	1,936	3,764	873	5,673	7,880	(23)	89,548
Other expenses	92,094	2,190	7,942	6,127	17,817	4,497	(10,134)	120,533
Depreciation and amortization	13,615	285	1,294	636	594	124	—	16,548
Interest	3,240	—	197	22	—	—	(15)	3,444
Provision for uncollectible accounts	(55)	—	—	51	—	—	—	(4)
Total expenses	<u>374,766</u>	<u>10,711</u>	<u>36,455</u>	<u>29,921</u>	<u>81,816</u>	<u>19,165</u>	<u>(14,427)</u>	<u>538,407</u>
Operating income (loss)	<u>32,731</u>	<u>1,155</u>	<u>5,098</u>	<u>134</u>	<u>(16,290)</u>	<u>1,710</u>	<u>—</u>	<u>24,538</u>
Nonoperating gains (losses)								
Investment income	27,271	11	988	1,419	—	—	—	29,689
Other, net	(1,304)	—	6	—	—	—	—	(1,298)
Total nonoperating gains, net	<u>25,967</u>	<u>11</u>	<u>994</u>	<u>1,419</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>28,391</u>
Excess of revenues over expenses	<u>58,698</u>	<u>1,166</u>	<u>6,092</u>	<u>1,553</u>	<u>(16,290)</u>	<u>1,710</u>	<u>—</u>	<u>52,929</u>
Less: Net income (loss) attributable to noncontrolling interest	<u>56</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>56</u>
Excess of revenues over expenses attributable to UnityPoint Health	<u>\$ 58,754</u>	<u>1,166</u>	<u>6,092</u>	<u>1,553</u>	<u>(16,290)</u>	<u>1,710</u>	<u>—</u>	<u>52,985</u>

Definitions:

TRHS – Trinity Regional Health System
TMC – Trinity Medical Center
THF – Trinity Health Foundation
THE – Trinity Health Enterprises, Inc.
TM – Trinity Muscatine
UPC – UnityPoint Clinic, TRHS portion
UPAH – UnityPoint at Home, TRHS portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH
 Allen Health Systems, Inc. and Subsidiaries (Waterloo)
 Consolidating Balance Sheet Information
 December 31, 2019
 (In thousands)

Assets	AHS	AMH	MFAH	AC	Marshalltown	BHGMMC	UPC	UPAH	Eliminations	Consolidated
Current assets:										
Cash and cash equivalents	\$ —	18,272	1,661	511	(6)	490	—	—	—	20,928
Short-term investments	—	2,454	56	—	—	53	—	—	—	2,563
Assets limited as to use – required for current liabilities	—	3,086	—	—	—	—	—	—	—	3,086
Patient accounts receivable	—	39,215	—	—	8,275	293	—	—	—	47,783
Other receivables	—	3,200	—	(159)	3,227	248	—	—	—	6,516
Inventories	—	6,370	—	—	1,608	—	—	—	—	7,978
Prepaid expenses	—	897	—	91	105	12	—	—	—	1,105
Due from affiliates	4,143	31,691	16	11,009	311	121	—	—	(25,007)	22,284
Total current assets	4,143	105,185	1,733	11,452	13,520	1,217	—	—	(25,007)	112,243
Assets limited as to use, noncurrent:										
Internally designated	—	501	—	—	—	—	—	—	—	501
Total assets limited as to use, noncurrent	—	501	—	—	—	—	—	—	—	501
Property, plant and equipment, net	—	118,611	—	—	35,117	1,968	—	—	—	155,696
Operating lease ROU Assets	—	11,220	—	19	220	55	—	—	—	11,514
Other long-term investments	—	142,546	13,044	—	—	878	—	—	—	156,468
Investments in joint ventures and other investments	39,571	5,062	606	12,271	1,184	—	(2,239)	5,447	(56,894)	5,008
Contributions receivable, net	—	(1)	3,939	—	403	—	—	—	—	4,341
Other	—	1,489	—	638	251	1	—	—	(1)	2,378
Total assets	\$ 43,714	384,613	19,322	24,380	50,695	4,119	(2,239)	5,447	(81,902)	448,149
Liabilities and Net Assets										
Current liabilities:										
Current maturities of long-term debt	\$ —	—	—	—	347	46	—	—	—	393
Current portion of operating lease liabilities	—	941	—	19	187	28	—	—	—	1,175
Accounts payable	—	10,608	19	47	2,664	14	—	—	—	13,352
Accrued payroll	—	8,662	54	294	1,571	261	—	—	—	10,842
Accrued interest	—	—	—	—	4	—	—	—	—	4
Estimated settlements due to third-party payers	—	2,244	—	—	997	—	—	—	—	3,241
Due to affiliates	18,343	20,213	22	211	13,218	206	—	—	(25,007)	27,206
Other current liabilities	(1)	5,415	6	74	1,097	—	—	—	(1)	6,590
Total current liabilities	18,342	48,083	101	645	20,085	555	—	—	(25,008)	62,803
Long-term debt, net	—	—	—	—	1,137	314	—	—	—	1,451
Long-term operating lease liabilities	—	10,279	—	—	33	27	—	—	—	10,339
Other long-term liabilities	—	17,270	19	732	2,286	536	—	—	—	20,843
Due to affiliates	21,788	54,851	—	—	—	—	—	—	—	76,639
Total liabilities	40,130	130,483	120	1,377	23,541	1,432	—	—	(25,008)	172,075
Net assets (deficit):										
Total without donor restrictions	3,584	248,861	1,574	10,779	26,745	2,525	(2,239)	5,201	(39,571)	257,459
Total with donor restrictions	—	5,269	17,628	12,224	409	162	—	246	(17,323)	18,615
Total net assets (deficit)	3,584	254,130	19,202	23,003	27,154	2,687	(2,239)	5,447	(56,894)	276,074
Total liabilities and net assets	\$ 43,714	384,613	19,322	24,380	50,695	4,119	(2,239)	5,447	(81,902)	448,149
Definitions:										
AHS – Allen Health System										
AMH – Allen Memorial Hospital Corporation										
MFAH – Memorial Foundation of Allen Hospital										
AC – Allen College										
Marshalltown – Marshalltown Hospital										
BHGMMC – Black Hawk-Grundy Mental Health Center										
UPC – UnityPoint Clinic, AHS portion										
UPAH – UnityPoint at Home, AHS portion										

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Allen Health Systems, Inc. and Subsidiaries (Waterloo)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>AHS</u>	<u>AMH</u>	<u>MFAH</u>	<u>AC</u>	<u>Marshalltown</u>	<u>BHGMHC</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:										
Patient service revenue	\$ —	274,145	—	—	63,658	4,560	56,686	24,533	(506)	423,076
Other operating revenue	1,906	25,171	4	12,188	2,616	699	7,087	675	(11,239)	39,107
Net assets released from restrictions used for operations	—	662	2	610	—	134	15	59	—	1,482
Total revenue	<u>1,906</u>	<u>299,978</u>	<u>6</u>	<u>12,798</u>	<u>66,274</u>	<u>5,393</u>	<u>63,788</u>	<u>25,267</u>	<u>(11,745)</u>	<u>463,665</u>
Expenses:										
Salaries and wages	—	78,064	492	6,598	19,896	2,192	13,899	7,112	—	128,253
Physician compensation and services	—	29,144	—	25	13,744	1,907	34,641	156	(3,376)	76,241
Employee benefits	—	20,410	112	1,543	5,432	692	4,012	1,721	(31)	33,891
Supplies	—	69,388	5	114	7,153	27	5,503	9,143	(4)	91,329
Other expenses	13	58,722	250	2,760	12,734	429	19,715	5,330	(6,428)	93,525
Depreciation and amortization	—	11,315	—	—	3,872	74	803	156	—	16,220
Interest	1,906	3,065	—	—	1,956	17	—	—	(1,906)	5,038
Provision for uncollectible accounts	—	(1)	—	(1)	(50)	—	—	—	—	(52)
Total expenses	<u>1,919</u>	<u>270,107</u>	<u>859</u>	<u>11,039</u>	<u>64,737</u>	<u>5,338</u>	<u>78,573</u>	<u>23,618</u>	<u>(11,745)</u>	<u>444,445</u>
Operating Income (Loss)	<u>(13)</u>	<u>29,871</u>	<u>(853)</u>	<u>1,759</u>	<u>1,537</u>	<u>55</u>	<u>(14,785)</u>	<u>1,649</u>	<u>—</u>	<u>19,220</u>
Nonoperating gains (losses)										
Investment income	—	20,882	513	—	2	102	—	—	—	21,499
Other, net	—	182	20	—	—	—	—	—	—	202
Total nonoperating gains, net	<u>—</u>	<u>21,064</u>	<u>533</u>	<u>—</u>	<u>2</u>	<u>102</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,701</u>
Excess of revenues over expenses attributable to UnityPoint Health	\$ <u>(13)</u>	<u>50,935</u>	<u>(320)</u>	<u>1,759</u>	<u>1,539</u>	<u>157</u>	<u>(14,785)</u>	<u>1,649</u>	<u>—</u>	<u>40,921</u>

Definitions:

AHS – Allen Health System
AMH – Allen Memorial Hospital Corporation
MFAH – Memorial Foundation of Allen Hospital
AC – Allen College
Marshalltown – Marshalltown Hospital
BHGMHC – Black Hawk-Grundy Mental Health Center
UPC – UnityPoint Clinic, AHS portion
UPAH – UnityPoint at Home, AHS portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

St. Luke's Health System, Inc. (Sioux City)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	SLHS	SLRMC	SLHR	PACE	UPC	UPAH	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 1,563	3,961	1,547	1,742	—	—	—	8,813
Short-term investments	99	—	81	24	—	—	—	204
Assets limited as to use – required for current liabilities	—	1,619	—	—	—	—	—	1,619
Patient accounts receivable	—	27,847	398	299	—	—	(25)	28,519
Other receivables	(28)	1,346	—	—	—	—	—	1,318
Inventories	—	3,866	19	—	—	—	—	3,885
Prepaid expenses	—	712	—	24	—	—	—	736
Due from affiliates	3,898	56,292	71	1,971	—	—	(56,445)	5,787
Total current assets	5,532	95,643	2,116	4,060	—	—	(56,470)	50,881
Assets limited as to use, noncurrent:								
Internally designated	—	51,615	—	—	—	—	—	51,615
Total assets limited as to use, noncurrent	—	51,615	—	—	—	—	—	51,615
Property, plant and equipment, net	8,149	61,130	1,048	3,427	—	—	—	73,754
Operating lease ROU Assets	—	63	—	—	—	—	—	63
Other long-term investments	146	2,392	120	36	—	—	—	2,694
Investments in joint ventures and other investments	11,920	181	—	—	541	11,422	—	24,064
Contributions receivable, net	—	5,897	—	—	—	—	—	5,897
Other	1	515	—	(1)	—	—	—	515
Total assets	\$ 25,748	217,436	3,284	7,522	541	11,422	(56,470)	209,483
Liabilities and Net Assets								
Current liabilities:								
Current maturities of long-term debt	\$ —	316	—	—	—	—	—	316
Current portion of operating lease liabilities	—	—	—	—	—	—	—	—
Accounts payable	67	7,628	55	2,124	—	—	(25)	9,849
Accrued payroll	—	3,846	75	104	—	—	—	4,025
Estimated settlements due to third-party payers	—	1,901	—	394	—	—	—	2,295
Due to affiliates	2,421	14,474	51,735	158	—	—	(56,445)	12,343
Other current liabilities	342	3,170	135	—	—	—	—	3,647
Total current liabilities	2,830	31,335	52,000	2,780	—	—	(56,470)	32,475
Long-term debt, net	—	165	—	—	—	—	—	165
Long-term operating lease liabilities	—	63	—	—	—	—	—	63
Other long-term liabilities	—	9,329	165	—	—	—	—	9,494
Due to affiliates	4,500	20,589	—	—	—	—	—	25,089
Total liabilities	7,330	61,481	52,165	2,780	—	—	(56,470)	67,286
Net assets (deficit):								
Without donor restrictions:								
Attributable to UnityPoint Health	17,500	146,504	(48,881)	4,742	541	11,422	—	131,828
Attributable to noncontrolling interest	—	2,929	—	—	—	—	—	2,929
Total without donor restrictions	17,500	149,433	(48,881)	4,742	541	11,422	—	134,757
With donor restrictions:								
Attributable to UnityPoint Health	918	6,522	—	—	—	—	—	7,440
Total with donor restrictions	918	6,522	—	—	—	—	—	7,440
Total net assets (deficit)	18,418	155,955	(48,881)	4,742	541	11,422	—	142,197
Total liabilities and net assets	\$ 25,748	217,436	3,284	7,522	541	11,422	(56,470)	209,483

Definitions:

SLHS – St. Luke's Health System
SLRMC – St. Luke's Regional Medical Center
SLHR – St. Luke's Health Resources
PACE – Souixland PACE
UPC – UnityPoint Clinic, SLHS portion
UPAH – UnityPoint at Home, SLHS portion

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

St. Luke's Health System, Inc. (Sioux City)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>SLHS</u>	<u>SLRMC</u>	<u>SLHR</u>	<u>PACE</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:								
Patient service revenue	\$ —	184,121	3,411	—	12,549	12,508	—	212,589
Premium revenue	—	—	—	—	—	—	—	—
Other operating revenue	3,489	6,060	784	17,990	2,034	25	(2,652)	27,730
Total revenue	<u>3,489</u>	<u>190,181</u>	<u>4,195</u>	<u>17,990</u>	<u>14,583</u>	<u>12,533</u>	<u>(2,652)</u>	<u>240,319</u>
Expenses:								
Salaries and wages	—	60,449	1,496	3,419	2,733	2,932	—	71,029
Physician compensation and services	—	20,572	1,610	752	9,114	—	(834)	31,214
Employee benefits	—	15,401	440	940	811	823	—	18,415
Supplies	1	33,715	244	203	1,186	4,470	(1)	39,818
Medical claims and capitation payments	—	—	—	—	—	—	—	—
Other expenses	979	40,314	488	11,553	3,768	2,415	(1,817)	57,700
Depreciation and amortization	381	5,054	36	190	113	117	—	5,891
Interest	296	1,573	—	—	—	—	—	1,869
Provision for uncollectible accounts	—	36	—	—	—	—	—	36
Total expenses	<u>1,657</u>	<u>177,114</u>	<u>4,314</u>	<u>17,057</u>	<u>17,725</u>	<u>10,757</u>	<u>(2,652)</u>	<u>225,972</u>
Operating income (loss)	<u>1,832</u>	<u>13,067</u>	<u>(119)</u>	<u>933</u>	<u>(3,142)</u>	<u>1,776</u>	<u>—</u>	<u>14,347</u>
Nonoperating gains (losses):								
Investment income	33	7,374	28	40	—	—	—	7,475
Total nonoperating gains, net	<u>33</u>	<u>7,374</u>	<u>28</u>	<u>40</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,475</u>
Excess of revenues over expenses	1,865	20,441	(91)	973	(3,142)	1,776	—	21,822
Less: Net income (loss) attributable to noncontrolling interest	—	(2,473)	—	—	—	—	—	(2,473)
Excess of revenues over expenses attributable to UnityPoint Health	<u>\$ 1,865</u>	<u>17,968</u>	<u>(91)</u>	<u>973</u>	<u>(3,142)</u>	<u>1,776</u>	<u>—</u>	<u>19,349</u>

Definitions:

SLHS – St. Luke's Health System
SLRMC – St. Luke's Regional Medical Center
SLHR – St. Luke's Health Resources
PACE – Souixland PACE
UPC – UnityPoint Clinic, SLHS portion
UPAH – UnityPoint at Home, SLHS portion

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	THS	TRMC	THF	TBC	TPG	BMHC	TP ACO	UPC	UPAH	Eliminations	Consolidated
Current assets:											
Cash and cash equivalents	\$ 370	9,071	429	—	87	2,298	—	—	—	—	12,255
Short-term investments	414	545	21	—	—	136	—	—	—	—	1,116
Assets limited as to use – required for current liabilities	—	561	—	—	—	—	—	—	—	—	561
Patient accounts receivable	—	15,235	—	—	—	468	—	—	—	—	15,703
Other receivables	314	1,995	—	—	—	570	—	—	—	—	2,879
Inventories	—	3,618	—	—	—	—	—	—	—	—	3,618
Prepaid expenses	3	459	—	—	—	4	—	—	—	—	466
Due from affiliates	167	10,420	—	—	1,421	293	955	—	—	(9,605)	3,651
Total current assets	<u>1,268</u>	<u>41,904</u>	<u>450</u>	<u>—</u>	<u>1,508</u>	<u>3,769</u>	<u>955</u>	<u>—</u>	<u>—</u>	<u>(9,605)</u>	<u>40,249</u>
Assets limited as to use, noncurrent:											
Internally designated	—	50,909	—	—	—	—	—	—	—	—	50,909
Total assets limited as to use, noncurrent	<u>—</u>	<u>50,909</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>50,909</u>
Property, plant and equipment, net	127	65,563	—	—	—	378	—	—	—	—	66,068
Operating lease ROU Assets	—	1,193	—	—	—	10	—	—	—	—	1,203
Other long-term investments	346	1,077	20,805	—	12,538	201	—	—	—	—	34,967
Investments in joint ventures and other investments	30,731	23,571	—	—	—	19	—	1,748	4,720	(54,316)	6,473
Contributions receivable, net	—	—	3,152	—	—	—	—	—	—	—	3,152
Other	—	80	—	—	(1)	128	—	—	—	1	208
Total assets	<u>\$ 32,472</u>	<u>184,297</u>	<u>24,407</u>	<u>—</u>	<u>14,045</u>	<u>4,505</u>	<u>955</u>	<u>1,748</u>	<u>4,720</u>	<u>(63,920)</u>	<u>203,229</u>
Liabilities and Net Assets											
Current liabilities:											
Current portion of operating lease liabilities	\$ —	198	—	—	—	10	—	—	—	—	208
Accounts payable	1	3,804	13	—	38	52	—	—	—	—	3,908
Accrued payroll	810	4,345	45	—	—	76	—	—	—	—	5,276
Estimated settlements due to third-party payers	—	697	—	—	—	59	—	—	—	—	756
Due to affiliates	282	4,829	138	—	7,053	459	1,013	—	—	(9,605)	4,169
Other current liabilities	16	2,045	1	—	—	2	—	—	1	—	2,066
Total current liabilities	<u>1,109</u>	<u>15,918</u>	<u>197</u>	<u>—</u>	<u>7,091</u>	<u>658</u>	<u>1,013</u>	<u>—</u>	<u>1</u>	<u>(9,604)</u>	<u>16,383</u>
Long-term operating lease liabilities	—	995	—	—	—	—	—	—	—	—	995
Other long-term liabilities	311	2,074	—	—	12,557	34	—	—	—	—	14,976
Due to affiliates	—	9,700	—	—	—	—	—	—	—	—	9,700
Total liabilities	<u>1,420</u>	<u>28,687</u>	<u>197</u>	<u>—</u>	<u>19,648</u>	<u>692</u>	<u>1,013</u>	<u>—</u>	<u>1</u>	<u>(9,604)</u>	<u>42,054</u>
Net assets (deficit):											
Total without donor restrictions	31,052	147,314	17,135	—	(5,603)	3,794	(58)	1,748	4,206	(47,764)	151,824
Total with donor restrictions	—	8,296	7,075	—	—	19	—	—	513	(6,552)	9,351
Total net assets (deficit)	<u>31,052</u>	<u>155,610</u>	<u>24,210</u>	<u>—</u>	<u>(5,603)</u>	<u>3,813</u>	<u>(58)</u>	<u>1,748</u>	<u>4,719</u>	<u>(54,316)</u>	<u>161,175</u>
Total liabilities and net assets	<u>\$ 32,472</u>	<u>184,297</u>	<u>24,407</u>	<u>—</u>	<u>14,045</u>	<u>4,505</u>	<u>955</u>	<u>1,748</u>	<u>4,720</u>	<u>(63,920)</u>	<u>203,229</u>

Definitions:

THS – Trinity Health Systems
TRMC – Trinity Regional Medical Center
THF – Trinity Health Foundation
TBC – Trinity Building Corporation
TPG – Trinmark Physicians Group
BMHC – Berryhill Mental Health Clinic
TP ACO – Trinity Pioneer ACO
UPC – UnityPoint Clinic, THS portion
UPAH – UnityPoint at Home, THS portion

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>THS</u>	<u>TRMC</u>	<u>THF</u>	<u>TBC</u>	<u>TPG</u>	<u>BMHC</u>	<u>TP ACO</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:											
Patient service revenue	\$ —	125,225	—	—	163	4,516	—	9,930	18,113	—	157,947
Other operating revenue	2,302	9,371	165	—	64	1,288	—	2,184	132	(3,372)	12,134
Net assets released from restrictions used for operations	—	115	39	—	—	2	—	—	108	—	264
Total revenue	<u>2,302</u>	<u>134,711</u>	<u>204</u>	<u>—</u>	<u>227</u>	<u>5,806</u>	<u>—</u>	<u>12,114</u>	<u>18,353</u>	<u>(3,372)</u>	<u>170,345</u>
Expenses:											
Salaries and wages	2,973	38,814	263	—	—	1,402	—	2,520	6,011	—	51,983
Physician compensation and services	—	24,601	—	—	—	2,234	—	6,449	157	(564)	32,877
Employee benefits	506	10,523	57	—	(1)	468	—	682	1,602	—	13,837
Supplies	2	16,001	5	—	(2)	19	—	476	4,731	(2)	21,230
Other expenses	103	29,443	214	—	72	392	—	5,485	4,748	(2,806)	37,651
Depreciation and amortization	16	4,921	1	—	—	74	—	98	173	—	5,283
Interest	—	598	—	—	—	—	—	—	—	—	598
Provision for uncollectible accounts	—	9	—	—	—	—	—	—	—	—	9
Total expenses	<u>3,600</u>	<u>124,910</u>	<u>540</u>	<u>—</u>	<u>69</u>	<u>4,589</u>	<u>—</u>	<u>15,710</u>	<u>17,422</u>	<u>(3,372)</u>	<u>163,468</u>
Operating income (loss)	<u>(1,298)</u>	<u>9,801</u>	<u>(336)</u>	<u>—</u>	<u>158</u>	<u>1,217</u>	<u>—</u>	<u>(3,596)</u>	<u>931</u>	<u>—</u>	<u>6,877</u>
Nonoperating gains (losses):											
Investment income	15	6,999	3,022	—	—	35	—	—	—	—	10,071
Total nonoperating gains, net	<u>15</u>	<u>6,999</u>	<u>3,022</u>	<u>—</u>	<u>—</u>	<u>35</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,071</u>
Excess of revenues over expenses attributable to UnityPoint Health	\$ <u>(1,283)</u>	<u>16,800</u>	<u>2,686</u>	<u>—</u>	<u>158</u>	<u>1,252</u>	<u>—</u>	<u>(3,596)</u>	<u>931</u>	<u>—</u>	<u>16,948</u>

Definitions:

THS – Trinity Health Systems
TRMC – Trinity Regional Medical Center
THF – Trinity Health Foundation
TBC – Trinity Building Corporation
TPG – Trimarck Physicians Group
BMHC – Berryhill Mental Health Clinic
TP ACO – Trinity Pioneer ACO
UPC – UnityPoint Clinic, THS portion
UPAH – UnityPoint at Home, THS portion

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	TRI-ST	Finley	VNA	UPC	UPAH	Eliminations	Consolidated
Current assets:							
Cash and cash equivalents	\$ —	9,454	360	—	—	—	9,814
Short-term investments	—	579	—	—	—	—	579
Patient accounts receivable	—	18,341	27	—	—	—	18,368
Other receivables	—	859	339	—	—	—	1,198
Inventories	—	2,345	—	—	—	—	2,345
Prepaid expenses	—	578	5	—	—	—	583
Due from affiliates	—	2,359	16	—	—	(478)	1,897
Total current assets	—	34,515	747	—	—	(478)	34,784
Assets limited as to use, noncurrent:							
Internally designated	—	94,155	—	—	—	—	94,155
Total assets limited as to use, noncurrent	—	94,155	—	—	—	—	94,155
Property, plant and equipment, net	—	77,644	313	—	—	—	77,957
Operating lease ROU Assets	—	5,664	233	—	—	—	5,897
Other long-term investments	—	1,786	—	—	—	—	1,786
Investments in joint ventures and other investments	14	2,697	—	—	22	—	2,733
Contributions receivable, net	—	10,349	1,956	—	—	—	12,305
Other	—	179	1	—	—	—	180
Total assets	\$ 14	226,989	3,250	—	22	(478)	229,797
Liabilities and Net Assets							
Current liabilities:							
Current maturities of long-term debt	\$ —	—	—	—	—	—	—
Current portion of operating lease liabilities	—	642	47	—	—	—	689
Accounts payable	—	4,346	6	—	—	—	4,352
Accrued payroll	—	3,657	145	—	—	—	3,802
Estimated settlements due to third-party payers	—	605	—	—	—	—	605
Due to affiliates	—	2,725	545	—	—	(478)	2,792
Other current liabilities	—	1,330	—	—	—	—	1,330
Total current liabilities	—	13,305	743	—	—	(478)	13,570
Long-term operating lease liabilities	—	5,022	186	—	—	—	5,208
Other long-term liabilities	—	2,050	—	—	—	—	2,050
Due to affiliates	—	15,292	—	—	—	—	15,292
Total liabilities	—	35,669	929	—	—	(478)	36,120
Net assets (deficit):							
Total without donor restrictions	14	180,967	353	—	22	—	181,356
Total with donor restrictions	—	10,353	1,968	—	—	—	12,321
Total net assets (deficit)	14	191,320	2,321	—	22	—	193,677
Total liabilities and net assets	\$ 14	226,989	3,250	—	22	(478)	229,797

Definitions:

TRI-ST – Finley Tri-States Health Group, Inc.
 Finley – The Finley Hospital
 VNA – Visiting Nurse Association

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>TRI-ST</u>	<u>Finley</u>	<u>VNA</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:							
Patient service revenue	\$ —	116,205	43	—	329	—	116,577
Other operating revenue	—	5,835	2,612	—	—	—	8,447
Net assets released from restrictions used for operations	—	412	164	—	—	—	576
Total revenue	<u>—</u>	<u>122,452</u>	<u>2,819</u>	<u>—</u>	<u>329</u>	<u>—</u>	<u>125,600</u>
Expenses:							
Salaries and wages	—	41,997	1,789	—	28	—	43,814
Physician compensation and services	—	10,507	—	—	—	—	10,507
Employee benefits	—	10,869	562	—	6	—	11,437
Supplies	—	16,445	61	—	193	—	16,699
Other expenses	—	32,426	409	—	77	—	32,912
Depreciation and amortization	—	5,622	6	—	2	—	5,630
Interest	—	855	—	—	—	—	855
Provision for uncollectible accounts	—	2	—	—	—	—	2
Total expenses	<u>—</u>	<u>118,723</u>	<u>2,827</u>	<u>—</u>	<u>306</u>	<u>—</u>	<u>121,856</u>
Operating income (loss)	<u>—</u>	<u>3,729</u>	<u>(8)</u>	<u>—</u>	<u>23</u>	<u>—</u>	<u>3,744</u>
Nonoperating gains (losses):							
Investment income	—	13,593	(2)	—	—	—	13,591
Other, net	—	(1)	—	—	—	—	(1)
Total nonoperating gains, net	<u>—</u>	<u>13,592</u>	<u>(2)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,590</u>
Excess of revenues over expenses attributable to UnityPoint Health	<u>\$ —</u>	<u>17,321</u>	<u>(10)</u>	<u>—</u>	<u>23</u>	<u>—</u>	<u>17,334</u>

Definitions:

TRI-ST – Finley Tri-States Health Group, Inc.

Finley – The Finley Hospital

VNA – Visiting Nurse Association

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Keokuk Area Hospital, Inc. and Subsidiaries (Keokuk)

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	KAH	TSMG	KAME	KAHF	UPC	UPAH	Eliminations	Consolidated
Current assets:								
Cash and cash equivalents	\$ 614	319	99	143	—	—	—	1,175
Assets limited as to use – required for current liabilities	—	—	—	—	—	—	—	—
Patient accounts receivable	1,362	—	209	—	—	—	—	1,571
Inventories	528	—	108	—	—	—	—	636
Prepaid expenses	33	—	3	—	—	—	—	36
Due from affiliates	4,356	—	—	—	—	—	(4,270)	86
Total current assets	<u>6,893</u>	<u>319</u>	<u>419</u>	<u>143</u>	<u>—</u>	<u>—</u>	<u>(4,270)</u>	<u>3,504</u>
Assets limited as to use, noncurrent:								
Internally designated	168	—	—	—	—	—	—	168
Total assets limited as to use, noncurrent	<u>168</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>168</u>
Property, plant and equipment, net	2,890	416	747	—	—	—	—	4,053
Other	(2)	(1)	1	—	—	—	—	(2)
Operating lease ROU Assets	—	—	—	—	—	—	—	—
Total assets	<u>\$ 9,949</u>	<u>734</u>	<u>1,167</u>	<u>143</u>	<u>—</u>	<u>—</u>	<u>(4,270)</u>	<u>7,723</u>
Liabilities and Net Assets								
Current liabilities:								
Current maturities of long-term debt	\$ 47	—	60	—	—	—	—	107
Current portion of operating lease liabilities	—	—	—	—	—	—	—	—
Accounts payable	4,844	—	101	—	—	—	—	4,945
Accrued payroll	759	—	20	—	—	—	—	779
Accrued interest	—	—	—	—	—	—	—	—
Estimated settlements due to third-party payers	69	—	—	—	—	—	—	69
Due to affiliates	6,160	3,837	432	—	—	—	(4,270)	6,159
Other current liabilities	108	—	37	—	—	—	—	145
Total current liabilities	<u>11,987</u>	<u>3,837</u>	<u>650</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,270)</u>	<u>12,204</u>
Long-term debt, net	101	—	123	—	—	—	—	224
Long-term operating lease liabilities	—	—	—	—	—	—	—	—
Due to affiliates	15,665	—	—	—	—	—	—	15,665
Total liabilities	<u>27,753</u>	<u>3,837</u>	<u>773</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,270)</u>	<u>28,093</u>
Net assets (deficit):								
Total without donor restrictions	(17,819)	(3,103)	394	122	—	—	—	(20,406)
Total with donor restrictions	15	—	—	21	—	—	—	36
Total net assets (deficit)	<u>(17,804)</u>	<u>(3,103)</u>	<u>394</u>	<u>143</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20,370)</u>
Total liabilities and net assets	<u>\$ 9,949</u>	<u>734</u>	<u>1,167</u>	<u>143</u>	<u>—</u>	<u>—</u>	<u>(4,270)</u>	<u>7,723</u>

Definitions:

KAH – Keokuk Area Hospital
TSMG – Tri-State Medical Group, Inc.
KAME – Keokuk Area Medical Equipment and Supply Inc.
KAHF – Keokuk Area Hospital Foundation

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Keokuk Area Hospital, Inc. and Subsidiaries (Keokuk)

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>KAH</u>	<u>TSMG</u>	<u>KAME</u>	<u>KAHF</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:								
Patient service revenue	\$ 11,389	1	1,138	—	—	—	—	12,528
Other operating revenue	276	112	8	6	—	—	—	402
Net assets released from restrictions used for operations	13	—	—	—	—	—	—	13
Total revenue	11,678	113	1,146	6	—	—	—	12,943
Expenses:								
Salaries and wages	7,257	—	268	7	—	—	—	7,532
Physician compensation and services	2,128	—	—	—	—	—	—	2,128
Employee benefits	1,787	—	80	—	—	—	—	1,867
Supplies	2,870	1	462	—	—	—	—	3,333
Other expenses	3,840	5	278	—	—	—	—	4,123
Depreciation and amortization	760	25	82	—	—	—	—	867
Interest	787	—	11	—	—	—	—	798
Provision for uncollectible accounts	—	—	39	—	—	—	—	39
Total expenses	19,429	31	1,220	7	—	—	—	20,687
Operating income (loss)	(7,751)	82	(74)	(1)	—	—	—	(7,744)
Nonoperating gains (losses):								
Investment income	4	—	—	—	—	—	—	4
Total nonoperating gains, net	4	—	—	—	—	—	—	4
Excess of revenues over expenses attributable to UnityPoint Health	\$ (7,747)	82	(74)	(1)	—	—	—	(7,740)

Definitions:

KAH – Keokuk Area Hospital

TSMG – Tri-State Medical Group, Inc.

KAME – Keokuk Area Medical Equipment and Supply Inc.

KAHF – Keokuk Area Hospital Foundation

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH
 Memorial Hospital Association and Subsidiaries (Carthage)
 Consolidating Balance Sheet Information
 December 31, 2019
 (In thousands)

Assets	MHA	HCSS	UPC	UPAH	Eliminations	Consolidated
Current assets:						
Cash and cash equivalents	\$ —	—	—	—	—	—
Short-term investments	—	—	—	—	—	—
Assets limited as to use – required for current liabilities	—	—	—	—	—	—
Patient accounts receivable	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—
Inventories	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—
Due from affiliates	—	—	—	—	—	—
Total current assets	—	—	—	—	—	—
Assets limited as to use, noncurrent:						
Held by trustee under bond indenture agreements	—	—	—	—	—	—
Internally designated	—	—	—	—	—	—
Total assets limited as to use, noncurrent	—	—	—	—	—	—
Property, plant and equipment, net	—	—	—	—	—	—
Operating lease ROU Assets	—	—	—	—	—	—
Other long-term investments	—	—	—	—	—	—
Investments in joint ventures and other investments	—	—	—	—	—	—
Contributions receivable, net	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total assets	\$ —	—	—	—	—	—
Liabilities and Net Assets						
Current liabilities:						
Current maturities of long-term debt	\$ —	—	—	—	—	—
Current portion of operating lease liabilities	—	—	—	—	—	—
Accounts payable	—	—	—	—	—	—
Accrued payroll	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—
Estimated settlements due to third-party payers	—	—	—	—	—	—
Due to affiliates	—	—	—	—	—	—
Other current liabilities	—	—	—	—	—	—
Total current liabilities	—	—	—	—	—	—
Long-term debt, net	—	—	—	—	—	—
Long-term operating lease liabilities	—	—	—	—	—	—
Total liabilities	—	—	—	—	—	—
Net assets (deficit):						
Total without donor restrictions	—	—	—	—	—	—
Total with donor restrictions	—	—	—	—	—	—
Total net assets (deficit)	—	—	—	—	—	—
Total liabilities and net assets	\$ —	—	—	—	—	—

Definitions:
 MHA – Memorial Hospital Association
 HCSS – Hancock County Senior Services

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Carthage

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>MHA</u>	<u>HCSS</u>	<u>UPC</u>	<u>UPAH</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:						
Patient service revenue	\$ 19,132	2,141	—	—	—	21,273
Other operating revenue	1,482	70	—	—	—	1,552
Net assets released from restrictions used for operations	59	—	—	—	—	59
Total revenue	<u>20,673</u>	<u>2,211</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>22,884</u>
Expenses:						
Salaries and wages	7,156	946	—	—	—	8,102
Physician compensation and services	4,197	—	—	—	—	4,197
Employee benefits	1,884	131	—	—	—	2,015
Supplies	1,601	198	—	—	—	1,799
Other expenses	4,387	295	—	—	—	4,682
Depreciation and amortization	1,714	434	—	—	—	2,148
Interest	581	226	—	—	—	807
Total expenses	<u>21,520</u>	<u>2,230</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,750</u>
Operating income (loss)	<u>(847)</u>	<u>(19)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(866)</u>
Nonoperating gains (losses):						
Investment income	537	77	—	—	—	614
Contribution received in affiliations	(10,459)	(3,058)	—	—	—	(13,517)
Other, net	—	—	—	—	—	—
Total nonoperating gains, net	<u>(9,922)</u>	<u>(2,981)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,903)</u>
Excess of revenues over expenses attributable to UnityPoint Health	<u>\$ (10,769)</u>	<u>(3,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13,769)</u>

Definitions:

MHA – Memorial Hospital Association
HCSS – Hancock County Senior Services

See accompanying independent auditors' report.

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Affiliated Colleges

Consolidating Balance Sheet Information

December 31, 2019

(In thousands)

Assets	MC	TCN	AC	SLC	Consolidated
Current assets:					
Cash and cash equivalents	\$ 2,826	4,825	511	119	8,281
Short-term investments	—	242	—	—	242
Student loan and other receivables	297	3	(159)	72	213
Inventories	74	—	—	—	74
Prepaid expenses	107	—	91	35	233
Due from affiliates	—	93	11,009	—	11,102
Total current assets	3,304	5,163	11,452	226	20,145
Property, plant and equipment, net	1,198	111	—	358	1,667
Other long-term investments	7,687	357	—	—	8,044
Interest in net assets of foundation	4,243	3,975	12,271	2,916	23,405
Other	—	—	638	497	1,135
Total assets	<u>\$ 16,432</u>	<u>9,606</u>	<u>24,361</u>	<u>3,997</u>	<u>54,396</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 257	40	47	46	390
Accrued payroll	189	12	294	69	564
Due to affiliates	—	110	211	—	321
Other current liabilities	4	805	74	226	1,109
Total current liabilities	450	967	626	341	2,384
Other long-term liabilities	—	—	732	9	741
Total liabilities	450	967	1,358	350	3,125
Net assets (deficit):					
Without donor restrictions:					
Attributable to UnityPoint Health	11,739	4,634	10,779	106	27,258
Attributable to noncontrolling interest	—	—	—	—	—
Total without donor restrictions	11,739	4,634	10,779	106	27,258
With donor restrictions:					
Attributable to UnityPoint Health	4,243	4,005	12,224	3,541	24,013
Attributable to noncontrolling interest	—	—	—	—	—
Total with donor restrictions	4,243	4,005	12,224	3,541	24,013
Total net assets (deficit)	15,982	8,639	23,003	3,647	51,271
Total liabilities and net assets	<u>\$ 16,432</u>	<u>9,606</u>	<u>24,361</u>	<u>3,997</u>	<u>54,396</u>

Definitions:

MC – Methodist College (Peoria)
TCN – Trinity College of Nursing & Health Sciences (Quad Cities)
AC – Allen College (Waterloo)
SLC – St. Luke's College (Sioux City)

Note 1: Fixed assets utilized by AC belong to their parent hospital corporation, Allen Memorial Hospital Corporation (AMH), and thus are not reflected in the balance sheet of the College. AC receives the benefit of using certain space within AMH's facilities, but donated revenue and donated expense is not reflected within the income statement of AC.

Note 2: Certain assets and liabilities, such as accrued liabilities, are also not shown separately on the AC balance sheet, but rather included in AMH.

See accompanying independent auditors' report

IOWA HEALTH SYSTEM AND SUBSIDIARIES
d/b/a UNITYPOINT HEALTH

Affiliated Colleges

Consolidating Statement of Operations Information

December 31, 2019

(In thousands)

	<u>MC</u>	<u>TCN</u>	<u>AC</u>	<u>SLC</u>	<u>Consolidated</u>
Revenue:					
Tuition and student revenue	\$ 13,226	4,410	12,150	3,440	33,226
Governmental pass-thru	—	—	—	—	—
Grant revenue	282	—	—	5	287
Other revenue	116	66	38	228	448
Net assets released from restrictions used for operations	—	106	610	—	716
	<u>13,624</u>	<u>4,582</u>	<u>12,798</u>	<u>3,673</u>	<u>34,677</u>
Expenses:					
Salaries and wages	6,582	2,163	6,598	2,417	17,760
Physician compensation and services	1	6	25	—	32
Employee benefits	1,464	472	1,543	579	4,058
Supplies	203	52	114	128	497
Other expenses	3,945	934	2,761	1,161	8,801
Depreciation and amortization	293	36	—	7	336
Provision for uncollectible accounts	55	18	(1)	37	109
	<u>12,543</u>	<u>3,681</u>	<u>11,040</u>	<u>4,329</u>	<u>31,593</u>
Operating income (loss)	<u>1,081</u>	<u>901</u>	<u>1,758</u>	<u>(656)</u>	<u>3,084</u>
Nonoperating gains:					
Investment income	—	109	—	—	109
	<u>—</u>	<u>109</u>	<u>—</u>	<u>—</u>	<u>109</u>
Total nonoperating gains, net	<u>—</u>	<u>109</u>	<u>—</u>	<u>—</u>	<u>109</u>
Revenues over (under) expenses	<u>\$ 1,081</u>	<u>1,010</u>	<u>1,758</u>	<u>(656)</u>	<u>3,193</u>

Definitions:

MC – Methodist College (Peoria)

TCN – Trinity College of Nursing & Health Sciences (Quad Cities)

AC – Allen College (Waterloo)

SLC – St. Luke's College (Sioux City)

See accompanying independent auditors' report