Quarterly Financial Reporting Information

For the Nine Months Ended September 30, 2020

Sisters of Charity of Leavenworth Health System, Inc.

Disclosure Information as of September 30, 2020

November 16, 2020

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SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC. AND AFFILIATES

OVERVIEW

History, Background and Organization

The Sisters of Charity of Leavenworth (the Sisters or the Congregation), founded in 1858, have provided more than 161 years of service committed to enhancing the spiritual, health, educational and social well-being of all persons. In 1857, a small congregation of Sisters from Nashville, Tennessee, ventured to the edge of an expanding frontier, settling in the territory of Kansas. Over the years, these women established schools, orphanages and hospitals throughout the western territories as the populations and needs of these communities grew.

The Congregation sponsors a variety of ministries in health care, education, social welfare, spiritual development and foreign missions. The historical roots of its health-care ministry can be traced to 1864 when the Sisters opened the first private hospital in the state of Kansas. Within the next century the Sisters established, developed and staffed hospitals in Montana, Colorado, Nebraska, New Mexico, California, Kansas and Wyoming.

In 1972, following a review of their first century of providing health-care services, the Sisters recognized the need to unify and develop a more cohesive system for the hospitals, strengthening them individually and collectively. As a result of that review, the Sisters sought the incorporation of Sisters of Charity of Leavenworth Health System, Inc. (SCL Health), a nonprofit corporation organized under the laws of the State of Kansas. In 2011, the Congregation formed a new canonical entity, Leaven Ministries, which was approved and recognized by the Catholic Church to be the new Sponsor of SCL Health. Leadership of the Sisters of Charity of Leavenworth religious community remains involved in Leaven Ministries. The members of Leaven Ministries include two Sisters and three lay leaders. SCL Health is governed by a 17-member Board of Directors.

Headquartered in Broomfield, Colorado, SCL Health is a faith-based nonprofit health-care system that operates eight acute care hospitals, three safety-net clinics, one children's mental health center and more than 170 ambulatory service locations primarily in Colorado and Montana, with more than 15,000 associates and over 800 employed providers. SCL Health is the sole member of an Obligated Group under a Master Trust Indenture (MTI). Seven hospitals comprise the Restricted Affiliates under the MTI. (See Restricted Affiliates Organization Chart.) SCL Health and its hospitals have been recognized for clinical quality and patient experience by multiple third-party organizations that rank hospitals and health systems nationwide.

SCL Health has entered into several strategic partnerships and affiliation agreements from 2014 to the present, including but not limited to: a Joint Operating Agreement with National Jewish Health, a joint venture with Touchstone Imaging and an affiliation agreement with Platte Valley Medical Center. These reflect the organization's efforts to expand its continuum of care and grow in the communities it serves.

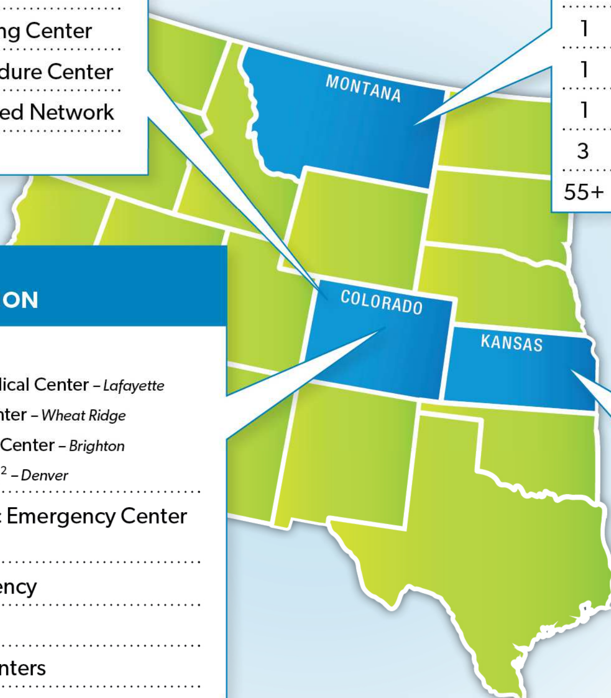
Where We Serve Our Communities

COLORADO – WESTERN COLORADO REGION

- 1 Hospital
  - St. Mary's Medical Center – *Grand Junction*
- 1 Outpatient Imaging Center
- 1 Outpatient Procedure Center
- 1 Clinically Integrated Network
- 25+ Clinic Locations

MONTANA REGION

- 3 Hospitals
  - Holy Rosary Healthcare – *Miles City*
  - St. James Healthcare – *Butte*
  - St. Vincent Healthcare – *Billings*
- 1 Long-Term Care Facility
- 1 Inpatient Rehabilitation Hospital
- 1 Outpatient Imaging Center[1]
- 3 Outpatient Procedure Centers
- 55+ Clinic Locations



COLORADO – FRONT RANGE REGION

- 4 Hospitals
  - Good Samaritan Medical Center – *Lafayette*
  - Lutheran Medical Center – *Wheat Ridge*
  - Platte Valley Medical Center – *Brighton*
  - Saint Joseph Hospital[2] – *Denver*
- 1 Community Clinic Emergency Center
  - Northglenn
- 1 Home Health Agency
- 1 Hospice Center
- 2 Mental Health Centers
- 12 Outpatient Imaging Centers[1]
- 5 Outpatient Procedure Centers
- 70+ Clinic Locations

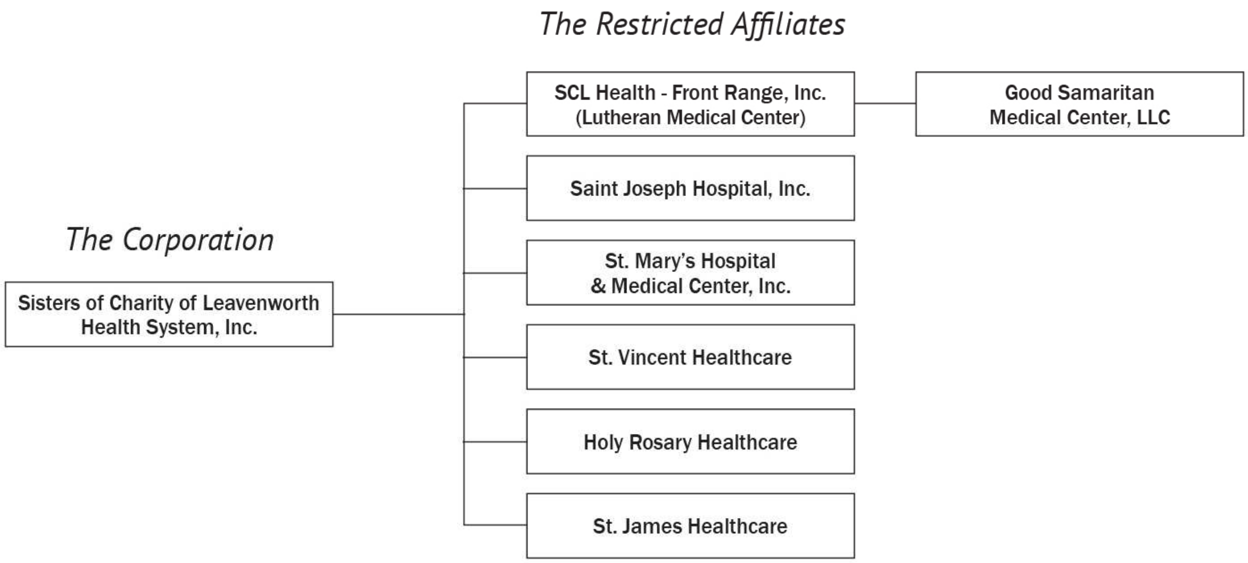
KANSAS REGION

- 3 Safety-Net Clinics

[1] Includes joint venture with Touchstone Imaging for 11 Front Range locations and 1 Montana location
[2] Joint operating agreement with National Jewish Health

SCL Health

ORGANIZATION CHART



SCL Health Changes

Restricted Affiliates, Affiliates and Joint Ventures

Effective July 15, 2020, Lutheran Medical Center, located in Wheat Ridge, Colorado, was added as a core facility to the Kaiser Permanente network in Colorado.

No other changes to the restricted affiliates, affiliates or joint ventures have occurred subsequent to the June 30, 2020 disclosure.

Corporate Governance

No changes to corporate governance have occurred subsequent to the June 30, 2020 disclosure.

Executive Management

No changes to executive management have occurred subsequent to the June 30, 2020 disclosure.

Management's Discussion and Analysis of Financial Performance

For the Nine Months Ended September 30, 2020

Summary

The COVID-19 pandemic has had a significant negative effect on SCL Health's operations in the first three quarters of 2020. Internal decisions and government mandates halted elective procedures beginning in March and lasting through late April, which significantly reduced revenues. For the nine months ended September 30, 2020, SCL Health reported operating income from continuing operations of $63.8 million, including $103.7 million of CARES Act funds, an operating margin of 3.0% on total operating revenue of $2,104.1 million. Earnings from continuing operations before interest, taxes, depreciation and amortization (EBITDA) of $228.9 million represented an operating EBITDA margin of 10.9%. Non-operating income of $58.7 million, including net investment income of $61.6 million.

Financial Analysis

Balance Sheet

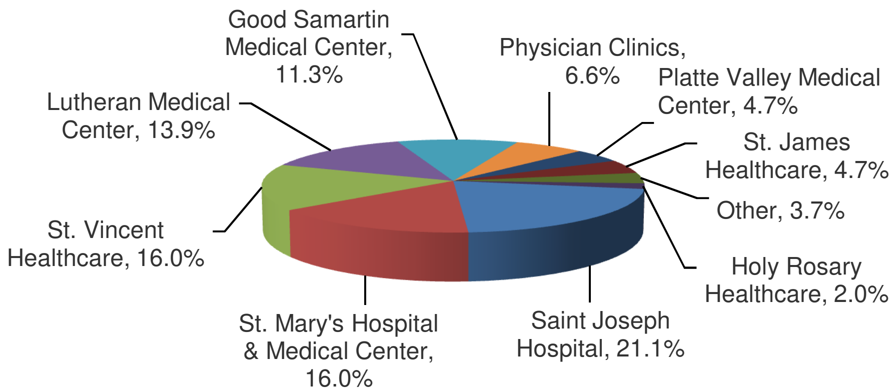
Despite the operational challenges of COVID-19, at September 30, 2020, the consolidated balance sheet of SCL Health continued to reflect a strong and stable health system. Total cash and investments of $3.0 billion (a total of 428 days cash and investments on hand) represented an increase of $573.2 million since December 31, 2019.

Total assets have increased by $513.1 million in 2020, largely due to CMS advanced payments, CARES Act relief funds received, and draws on lines of credit. Total long-term debt, including current maturities, decreased by $40.7 million, primarily due to scheduled debt principal payments and amortization of original issuance premium costs. Current liabilities increased by $398.3 million due to $200.0 million in draws on the lines of credit and the receipt of $183.2 million of CMS advanced payments. Other non-current liabilities increased by $24.8 million largely due to new operating lease liabilities. Net assets increased by $125.1 million, driven primarily by net income.

Volume and Operating Income

Volume indicators experienced a decline compared to the prior year, impacted by the cancellation of elective procedures beginning in mid-March and lasting until end of April, and sustained lower volumes have continued through September as a result of the COVID-19 pandemic. Overall, the year-to-date admissions, surgical cases, emergency visits and total outpatient visits declined 10.2%, 10.9%, 14.1% and 10.7% respectively, from the prior year. The average inpatient length of stay increased to 5.1 days from 4.9 days, and the case mix index held steady at 1.8.

Volume reductions were largely responsible for a $129.0 million decrease in net patient revenue for the nine months ended September 30, 2020 compared to the prior year. The chart below shows, by site, the percentage of total net patient services revenue generated for the first nine months of 2020:



Operating expenses increased by $44.3 million or 2.2% during the first nine months of 2020 compared to the same period in 2019. Salaries and benefits increased by $32.0 million or 3.1% during the first nine months of 2020 compared to 2019 due to merit and market increases, as well as increased use of premium labor to prepare for the initial COVID-19 surge of cases. Expense was incurred to cross train various staff for other duties in preparation for a potential surge of COVID-19 patients. Supplies, purchased services and other operating expenses increased by $21.3 million and 1.5% over the same period in 2019, largely due to additional pandemic-related spending. Depreciation expense increased by $3.4 million or 2.6% in the first nine months of 2020 compared to 2019, while interest expense declined by $12.4 million or 29.0% due to the refinancing of debt in the fourth quarter of 2019.

Sources of Patient Service Charges

The primary sources of consolidated gross patient service charges include Medicare, state-administered Medicaid programs, contracted rate payers (including health maintenance organizations and preferred provider organizations), commercial insurers and self-paying patients. The following information provides consolidated gross patient service charges for the nine months ended September 30, 2020 and 2019 and the year ended December 31, 2019.

	Nine Months Ended September 30		Year Ended December 31
	2020	2019	2019
Medicare	45.1%	46.0%	46.5%
Medicaid	16.9%	15.8%	15.7%
Managed care, commercial and other	34.7%	34.9%	34.5%
Self-pay	3.3%	3.3%	3.3%
Total	100.0%	100.0%	100.0%

SCL Health's payer mix is fairly stable. In the first nine months of 2020, Medicaid increased slightly, reflecting the impact of the pandemic on the economy. This was offset by a small reduction in Medicare, reflecting a trend of Medicare enrollees choosing to delay elective procedures. Commercial and other contracted payers and self-pay have remained relatively consistent during 2020 compared to 2019.

Liquidity and Capital Resources

SCL Health's total cash and investments increased by $573.2 million during the nine months ended September 30, 2020. Unrestricted cash and investments (which exclude assets limited as to use and net assets with donor restrictions subject to endowment spending policy) increased by $531.3 million. SCL Health had 428 days total cash on hand (407 unrestricted days) at September 30, 2020.

SCL Health's investments and assets limited as to use as of September 30, 2020 and December 31, 2019 were comprised of the following:

	September 30, 2020	December 31 2019
	(In Millions)	
Cash and cash equivalents	**$ 379.8**	$ 5.3
Mutual funds	**55.9**	55.8
International mutual funds and other	**41.4**	41.0
Equities	**30.3**	25.5
Real estate	**14.9**	14.8
U.S. government and agency obligations	**14.3**	14.2
Corporate debt	**4.2**	5.1
Investments held in the Comprehensive Investment Portfolio (CIP)	**2,153.7**	2,041.5
	$ 2,694.5	$ 2,203.2

At September 30, 2020 and December 31, 2019, the asset allocation percentages of the CIP, which represents the majority of SCL Health's investments, were as follows:

	September 30, 2020	December 31, 2019
Cash and cash equivalents	**1**	1
Equities	**44**	42
Domestic fixed income	**27**	31
Alternative fixed income	**6**	-
Core hedge funds	**6**	5
Global infrastructure	**5**	5
Real return	**5**	8
Opportunistic funds	**4**	4
Master limited partnership	**2**	4
	100	100

SCL Health's investments are exposed to various kinds and levels of risk (interest rate risk, credit risk, market risk and liquidity risk). SCL Health's investments are diversified across a broad range of asset classes, durations and funds to avoid concentrations of risk in any particular company, region or industry.

SCL Health
Liquidity Information
As of September 30, 2020 (unaudited)

Assets	***(In millions)***
Daily Liquidity	
Money Market Funds	$ 5.0
Checking and deposit accounts at P-1 rated bank	293.2
Overnight Repurchase Agreements (collateralized by Treasuries/Agencies; P-1 rated counterparty)	3.2
US Treasuries & Agencies (<2-year maturity)	78.2
US Treasuries & Agencies (>2-year maturity and <10-year maturity)	79.2
US Treasuries & Agencies (>10-year maturity)	8.9
Subtotal Daily Liquidity	**467.7**
General Operating Line of Credit	200.0
Drawn Portion of Line	200.0
Net Available Line	**-**
Subtotal Daily Liquidity Including Line of Credit	**467.7**
Weekly Liquidity	
Fixed Income Securities	882.9
Equity Funds	750.1
Subtotal Weekly Liquidity	**1,633.0**
TOTAL DAILY AND WEEKLY LIQUIDITY	**2,100.7**
Liquidity greater than 7 days	
Funds, vehicles, investments that allow withdrawals with one week notice or more	890.7
TOTAL LIQUIDITY	**$ 2,991.4**

Outstanding Long-Term Debt

	Annual Interest Rates	Sep 30, 2020	Dec 31, 2019
		(In Millions)	
Tax-exempt bond issues:			
2019, due through December 2040	4.00% to 5.00%	**$ 624.2**	$ 624.2
2016, due through December 2045	Variable rate, 0.81% and 1.51%	**111.0**	111.0
2013, due through January 2044	4.00% to 5.50%	**300.0**	300.0
2011, due through January 2039	Variable rate, 1.00% and 2.04%	**52.9**	54.1
2010, due through January 2040	4.00% to 5.00%	**-**	27.1
Total under the SCL Health MTI		**1,088.1**	1,116.4
PVMC mortgages (HUD-Insured)	2.98%	**63.3**	66.6
Other notes		**2.0**	2.1
		1,153.4	1,185.1
Original issue premium, net		**110.9**	120.2
Unamortized debt issuance costs		**(8.0)**	(8.3)
Current maturities of long-term debt		**(138.3)**	(143.8)
		$ 1,118.0	$ 1,153.2

SCL Health has revolving lines of credit with Bank of America, N.A. and Wells Fargo Bank, N.A. totaling $200.0 million, of which, the full $200.0 million was drawn and outstanding at September 30, 2020.

Recent Debt Activity

On October 10, 2019, SCL Health completed the conversion of the $111.0 million Colorado Series 2016B and 2016D variable-rate bonds from being backed by third-party Standby Purchase Agreements to being backed by SCL Health's liquidity.

On October 3, 2019, SCL Health and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), entered into the Amended and Restated Master Trust Indenture, dated as of October 1, 2019 (the "Amended and Restated Master Indenture"), which amends and restates in its entirety the prior Master Trust Indenture (As Amended and Restated), dated as of January 1, 1994, as supplemented and amended, which amended and restated the Master Trust Indenture, dated as of September 1, 1985, as supplemented and amended, each between SCL Health and the Master Trustee.

On October 3, 2019, SCL Health issued the following fixed-rate refunding bonds: Colorado Series 2019A in the par amount of $400.7 million, Montana Series 2019A in the par amount of $125.4 million and Colorado Series 2019B in the par amount of $98.1 million. Proceeds from the issuance were used to legally defease all or a portion of the outstanding amounts of the following bonds: Colorado Series 2010A and 2010B, Colorado Series 2016A and 2016C, Kansas Series 2010A and Montana Series 2010A and 2010B.

Guaranty

On October 16, 2019, SCL Health entered into a guaranty of National Jewish Health's obligations (the "NJH Guaranty") relating to a new outpatient health center to be constructed on National Jewish Health's campus in Denver, Colorado. National Jewish Health's payments will be used to pay debt service through 2050 on bonds issued by the Colorado Health Facilities Authority in the par amount of $72.0 million, which bonds will finance the construction of the building. The NJH Guaranty is not secured by an obligation under the Master Indenture.

Interest Rate Swaps

SCL Health is a party to certain interest rate swap agreements utilized to hedge the interest rate risk on a portion of the variable rate bonds, which are summarized in the following table:

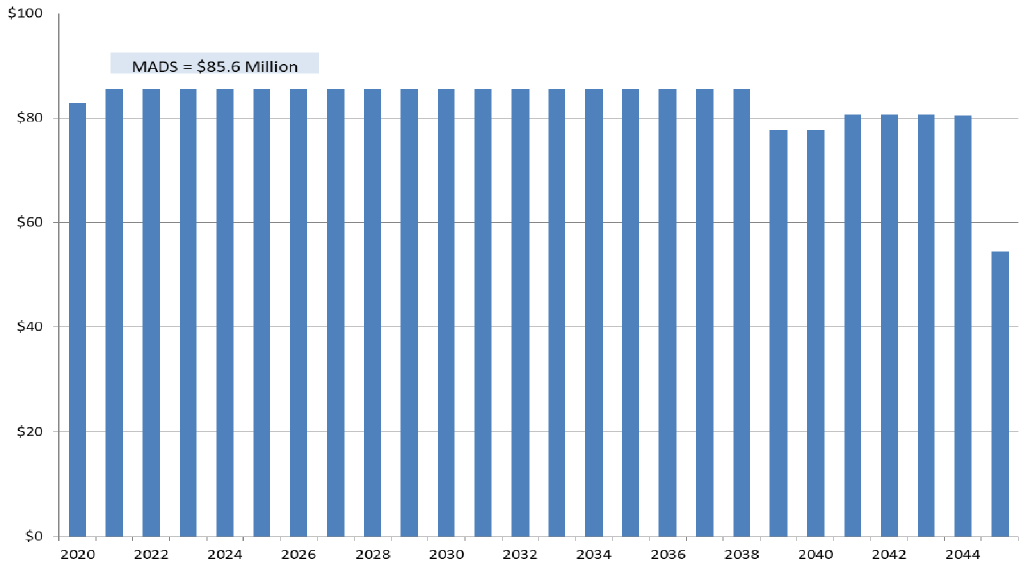
Initial Notional Amount (in millions)	Current Notional Amount (in millions)	Expiry	Rate Paid By Counterparty	Rate Paid By SCL Health	Counterparty	Fair Value [3] 09/30/2020 (in millions)
$60.0	$15.5	12-1-2023	68% of LIBOR	3.18%	MLCS[1]	$(0.8)
$60.0	$15.5	12-1-2023	SIFMA	3.79%	MLCS[1]	$(1.0)
$60.0	$60.0	12-1-2031	SIFMA	4.22%	Wells Fargo[2]	$(18.3)

(1) Merrill Lynch Capital Services, Inc.
(2) Wells Fargo Bank, N.A.
(3) The fair value of the swap agreements was calculated by Ponder & Co. at the request of SCL Health using Bloomberg mid-market closing swap curves as reported by Bloomberg as of September 30, 2020 and excluding accrued interest.

The swap agreements do not presently require SCL Health to post collateral to secure the counterparty's credit exposure. There can be no assurance that SCL Health will not be required to post collateral on any swaps entered into in the future. In addition, market conditions have resulted in swap valuations that would currently obligate SCL Health to make termination payments on existing interest rate hedge agreements, if such swap agreements are terminated.

The provisions of the above-referenced interest rate hedge agreements permit SCL Health to terminate them at any time upon payment of any required termination payments.

Estimated Annual Debt Service at 09/30/20 (In Millions)



(1) Excludes financing and operating leases
(2) Excludes cash flows associated with $91 million of fixed payor swaps which are not associated with specific bond issues
(3) Assumes Interest Rate on variable rate debt of 2.50% per annum

Ratings

In August 2020, S&P Global and Fitch Ratings both affirmed their ratings of 'AA-' with stable outlooks. In September 2020, Moody's Investor Services affirmed its rating of 'Aa3' and a stable outlook.

Subsequent Events

On November 4, 2020, the SCL Health Board of Directors approved terminating the existing SCL Health Consolidated Defined Benefit Plan. The SCL Health Consolidated Defined Benefit Plan was fully funded as of September 30, 2020. The date of termination is expected to occur in 2021 or 2022 contingent upon obtaining formal approval by the Internal Revenue Service.

On November 13, 2020, SCL Health repaid $200.0 million outstanding on the lines of credit with Wells Fargo and Bank of America. The three-year term on the credit facilities expired on November 16, 2020.

Effective November 16, 2020, SCL Health entered an amended and restated $150.0 million revolving line of credit agreement with Wells Fargo for a two-year term and a $75.0 million revolving line of credit agreement with Royal Bank of Canada for a two-year term. Both credit facilities were undrawn as of November 16, 2020.

Forward-Looking Statements

This Quarterly Report contains disclosures which constitute "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," "initiative" or "continue." These forward-looking statements are based on the current plans and expectations of SCL Health and are subject to a number of known and unknown uncertainties and risks, many of which are beyond SCL Health's control that could significantly affect current plans and expectations and SCL Health's future financial position and results of operations. These factors include, but are not limited to, (i) the highly competitive nature of the health care business, (ii) the efforts of insurers, health care providers and others to contain health care costs, (iii) possible changes in the Medicare and Medicaid programs (including changes to Medicare outlier payments) that may impact reimbursements to health care providers and insurers, (iv) the ability to achieve expected levels of patient volumes and control the costs of providing services, (v) changes in Federal, state or local regulations affecting the health care industry, (vi) the ability to attract and retain qualified management and personnel, including affiliated physicians, nurses and medical support personnel, (vii) liabilities and other claims asserted against SCL Health (vii) changes in accounting practices, (ix) changes in general economic conditions including growing numbers of uninsured and unemployed patients, (x) changes in revenue mix and the ability to enter into and renew managed care provider arrangements on acceptable terms and (xii) the collectability of uninsured accounts and deductible and co-pay amounts. As a consequence, current plans, anticipated actions and future financial position and results of operations may differ from those expressed in any forward-looking statements made by or on behalf of SCL Health. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this report, including in "Management's Discussion and Analysis of Financial Performance."

Financial Analysis and Utilization Statistics Summary

The Consolidated Statements of Operations and Changes in Net Assets in the attached Financial Statements for SCL Health are a summary of activity for the nine months ended September 30, 2020 and September 30, 2019. The Consolidated Balance Sheets and Utilization Statistics with respect to the years ended December 31, 2019 and 2018 should be read in conjunction with the Audited Financial Statements, including the notes thereto, and the reports of Ernst & Young LLP, independent auditors.

The information discussed below and illustrated in the various financial tables is generally derived from the consolidated financial statements which are in conformity with U.S. generally accepted accounting principles, except for the omission of Notes to Consolidated Financial Statements. The two major indicators, Operating Indicator and Performance Indicator, respectively known as Income from Operations and Excess of Revenues over Expenses, are defined terms and are generally fully detailed in the Notes to Consolidated Financial Statements from the December 31, 2019 Audited Financial Statements within the section entitled, "Summary of Significant Accounting Policies."

SCL Health

Financial Analysis of Consolidated Continuing Operations (Unaudited)
(Dollars in Millions)

	Nine Months Ended September 30		Twelve Months Ended December 31	
	2020	2019	2019	2018
Operating Margin	3.0%	5.9%	5.2%	3.8%
Total Margin	5.7%	12.9%	12.6%	0.9%
EBITDA Margin(1)	10.9%	14.1%	13.3%	11.8%
Return on Net Assets	4.8%	12.4%	11.9%	0.7%
Debt Service Coverage(2)	4.5x	4.0x	4.9x	5.0x
Total Cash and Investments	$2,991.4	$2,278.3	$2,418.2	$2,096.6
Unrestricted Cash and Investments(3)	$2,844.5	$2,184.7	$2,313.2	$2,005.0
Days Cash on Hand – Total(4)	428	333	350	311
Days Cash on Hand – Unrestricted(5)	407	320	335	297
Cushion Ratio(6)	35.2x	20.7x	27.4x	22.6x
Unrestricted Cash to Net Long-Term Debt(2)	230.0%	167.8%	182.7%	155.5%
Debt to Capitalization(6)	30.3%	30.1%	28.5%	31.6%

(1) Defined as operating income + depreciation and amortization + interest

(2) The ratios for the year ended December 31, 2018 have not been restated under the revised and restated MTI, effectuated October 1, 2019, which excludes operating leases from indebtedness.

(3) Excludes assets limited as to use and net assets with donor restrictions subject to endowment spending policy

(4) Days Cash on Hand – Total = Total Cash and Investments / ((trailing 12-months total operating expenses – trailing 12-months depreciation and amortization) / 365)

(5) Days Cash on Hand – Unrestricted = Unrestricted Cash and Investments / ((trailing 12-months total operating expenses – trailing 12-months depreciation and amortization) / 365)

SCL Health

Utilization Statistics – Consolidated Operations (Unaudited)

	Nine Months Ended September 30		Twelve Months Ended December 31	
	2020	2019	2019	2018
Licensed Beds	1,933	1,933	1,933	1,971
Available Beds	1,787	1,801	1,801	1,804
Admissions – Acute	49,989	55,628	73,735	75,245
Admissions – Total	52,839	59,283	78,377	80,082
Adjusted Admissions(1)	105,412	118,241	156,591	157,578
Expense per CMIAA(2)	$8,348	$7,545	$7,668	$7,587
Newborn Deliveries	8,779	9,020	11,986	12,323
Patient Days – Acute	236,121	249,844	331,567	331,395
Patient Days – Total	271,835	289,034	382,887	382,836
Adjusted Patient Days(3)	542,303	576,481	764,978	753,312
Occupancy on Available Beds	55.5%	58.8%	58.2%	58.1%
Average Daily Census	992	1,059	1,049	1,049
Average Length of Stay	5.1	4.9	4.9	4.8
Emergency Room Visits(5)	194,980	226,944	300,640	305,218
Outpatient Visits(4) (5)	572,255	629,644	840,592	815,576
Inpatient Surgeries	13,562	16,036	21,386	22,061
Outpatient Surgeries(5)	31,134	34,123	45,604	48,887
Full Time Equivalent Employees	13,429	13,393	13,464	13,346

(1) Adjusted Admissions = Total Admissions + (Outpatient Revenue/(Inpatient Revenue/Total Admissions))

(2) Expense per CMIAA = Acute Hospital costs (excluding Medicare Provider Fees, depreciation and interest) / Case Mix index Adjusted Admissions

(3) Adjusted Patient Days = Total Patient Days + (Outpatient Revenue/(Inpatient Revenue/Total Patient Days))

(4) Outpatient Visits = Includes hospital based clinic visits, home health visits and all outpatient ancillary visits except surgeries, emergency department visits and observation cases.

(5) Statistics for emergency room visits, outpatient visits and outpatient surgeries include joint venture activity. Joint ventures included are Yellowstone Surgery Center, LLC, Denver West Endoscopy, LLC, E+PET Imaging X, LP, Lutheran Campus ASC, LLC, Touchstone Imaging, GI Endoscopy – Northglenn, Emerus Holdings, Inc., Summit Surgery Center, Grand Valley Surgical Center, LLC and San Juan Cancer Center.

SCL Health

Consolidated Balance Sheets

	Unaudited September 30 2020	Audited December 31 2019
	(In Millions)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 296.9**	$ 215.0
Current portion of investments	**701.1**	159.0
Accounts receivable:		
Patient	**236.5**	291.6
Pledges and other	**55.9**	69.2
Third-party settlements	**13.2**	3.9
Inventory	**53.6**	51.4
Prepaid and other assets	**37.9**	55.5
Total current assets	**1,395.0**	845.6
Investments:		
Investments, net of current portion	**1,890.8**	1,980.9
Assets limited as to use:		
Self-insured risks	**64.8**	49.5
Trustee-held funds	**21.2**	13.8
Other restricted cash	**16.6**	–
	102.6	63.3
Land, buildings, and equipment, net	**2,128.7**	2,140.2
Other assets:		
Investments in joint ventures	**31.5**	29.5
Pledges receivable, net	**2.5**	2.5
Operating lease right-of-use assets	**76.2**	55.9
Other assets	**35.4**	31.7
	145.6	119.6
Total assets	**$ 5,662.7**	$ 5,149.6

SCL Health

Consolidated Balance Sheets (continued)

	Unaudited September 30 2020	Audited December 31 2019
	(In Millions)	
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 77.5**	$ 97.6
Accrued salaries, wages, and benefits	**130.1**	131.3
Accrued interest payable	**11.3**	15.2
Other accrued expenses	**32.1**	29.4
Deferred revenue	**16.6**	–
Advanced payments	**183.2**	–
Third-party settlements	**46.2**	54.6
Current maturities of long-term obligations	**138.3**	143.6
Draws on lines of credit	**200.0**	–
Operating lease liability	**19.9**	17.4
Due to broker	**38.7**	6.3
Total current liabilities	**894.0**	495.6
Other noncurrent liabilities:		
Reserve for self-insured risks	**43.4**	49.5
Accrued swap liability	**20.1**	16.0
Long-term operating lease liability	**62.8**	40.9
Other liabilities	**52.9**	48.0
	179.2	154.4
Long-term debt, net of current maturities	**1,118.0**	1,153.2
Total liabilities	**2,191.2**	1,803.2
Net assets:		
Net assets attributable to SCL Health	**3,380.6**	3,259.5
Net assets attributable to non-controlling interest	**1.3**	1.4
Total net assets without donor restrictions	**3,381.9**	3,260.9
Net assets with donor restrictions	**89.6**	85.5
Total net assets	**3,471.5**	3,346.4
Total liabilities and net assets	**$ 5,662.7**	$ 5,149.6

SCL Health

Consolidated Statements of Operations

	Unaudited Nine Months Ended September 30	
	2020	2019
	(In Millions)	
Operating Revenue:		
Net patient service revenue	$ 1,936.8	$ 2,065.8
Other operating revenue	167.3	55.8
Total operating revenue	2,104.1	2,121.6
Operating Expenses:		
Salaries and wages	885.3	861.2
Associate benefits	195.6	187.7
Supplies	371.1	373.1
Other operating expenses	423.2	399.9
Depreciation and amortization	134.7	131.4
Interest and amortization	30.4	42.7
Total operating expenses	2,040.3	1,996.0
Income from continuing operations	63.8	125.6
Non-operating income (expense)		
Income tax expense	(2.9)	(3.1)
Investment income	61.6	171.9
Total non-operating income	58.7	168.8
Excess of revenue over expenses	122.5	294.4
Less amounts attributable to non-controlling interest	1.0	2.0
Excess of revenue over expenses attributable to SCL Health	$ 121.5	$ 292.4

SCL Health

Consolidated Statements of Changes in Net Assets

	Unaudited Nine Months Ended September 30	
	2020	**2019**
	(In Millions)	
Net assets without donor restriction		
Excess of revenue over expenses	**$ 122.5**	$ 294.4
Gain from discontinued operations	**–**	1.3
Amortization of accumulated losses on interest rate swaps	**1.4**	1.4
Distributions to non-controlling interest	**(1.1)**	(2.7)
Net assets released for capital acquisitions	**0.2**	–
Net assets reclassification	**(2.0)**	(0.9)
Change in accounting principle	**–**	(2.4)
Other	**–**	0.8
	121.0	291.9
Net assets with donor restrictions		
Contributions	**12.6**	7.6
Net investment income	**3.1**	3.5
Net assets released from restrictions	**(13.6)**	(6.1)
Net asset reclassification	**2.0**	0.9
Other	**–**	0.1
	4.1	6.0
Increase in net assets	**125.1**	297.9
Beginning net assets	**3,346.4**	2,932.4
Ending net assets	**$ 3,471.5**	$ 3,230.3

SCL Health

Consolidated Statements of Cash Flows

	Unaudited Nine Months Ended September 30	
	2020	**2019**
	(In Millions)	
Operating activities		
Increase in net assets	**$ 125.1**	$ 297.9
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	**146.0**	132.6
Change in accounting principle	**–**	2.4
Amortization of accumulated losses on interest rate swaps	**(1.4)**	(1.4)
Restricted contributions	**(12.6)**	(7.6)
Net income from joint ventures	**(8.5)**	(0.5)
Net (gain) loss from disposal of assets	**2.3**	(1.7)
(Increase) decrease in accounts receivable	**59.2**	(21.5)
Increase in investments and assets limited as to use	**(474.6)**	(258.1)
Decrease in other assets	**19.1**	12.4
Decrease in liabilities	**(1.1)**	(57.2)
Net cash provided by (used in) operating activities	**(146.5)**	97.3
Investing activities		
Acquisition of land, buildings and equipment, excluding	**(125.6)**	(146.3)
Proceeds from disposal of land, buildings and equipment	**–**	0.1
(Contributions to) distributions from investments in joint ventures	**6.4**	(3.2)
Net cash used in investing activities	**(119.2)**	(149.4)
Financing activities		
Restricted contributions	**12.6**	7.6
Advanced payments	**184.2**	–
Repayment of advanced payments	**(1.0)**	–
Proceeds from draws on lines of credit	**200.0**	–
Payments on bonds, notes and capital lease obligations	**(31.6)**	(31.9)
Net cash provided by (used in) financing activities	**364.2**	(24.3)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**98.5**	(76.4)
Beginning cash, cash equivalents, and restricted cash	**215.0**	200.9
Ending cash, cash equivalents, and restricted cash	**$ 313.5**	$ 124.5

Restricted Affiliates Statistics and Financial Ratios

The financial and statistical tables which follow are presented for the continuing operations of the Obligated Group under the Master Indenture (Restricted Affiliates). A complete list of the Restricted Affiliates can be found in the 2019 Consolidated Financial Statements.

Historical Capitalization Ratio (*Unaudited*)

The following table presents the capitalization of continuing operations of SCL Health Restricted Affiliates as of September 30, 2020 and December 31, 2019 and 2018.

	Restricted		
	September 30	December 31	
	2020	2019	2018
		(In Millions)	
Long-term debt:			
Master Indenture debt (net of original issue premium and issuance costs, net)	**$ 1,193.0**	$ 1,228.3	$ 1,246.5
Other long-term indebtedness	**10.4**	5.8	3.7
Total long-term debt	**1,203.4**	1,234.1	1,250.2
Less current maturities	**(136.5)**	(141.0)	(175.0)
Plus variable portion not scheduled	**111.0**	111.0	148.0
Net long-term debt	**1,177.9**	1,204.1	1,223.2
Net assets attributable to obligated group without donor restrictions	**3,247.5**	3,016.5	2,628.8
Total capitalization	**$ 4,425.4**	$ 4,220.6	$ 3,852.0
Percent of net long-term debt to total capitalization[1]	**26.6%**	28.5%	31.8%

Historical Debt Service Coverage Requirements (*Unaudited*)

The table below presents the debt service coverage for the continuing operations of SCL Health Restricted Affiliates for the nine months ended September 30, 2020 and the years ended December 31, 2019 and 2018.

	Restricted		
	Nine Months Ended September 30	Year Ended December 31	
	2020	2019	2018
		(In Millions)	
Income available for debt service:			
Excess of revenue over expenses attributable to SCL Health	**$ 206.5**	$ 363.6	$ 96.7
Loss on early extinguishment of debt	**–**	4.0	–
Change in unrealized (gains) losses, net	**(7.2)**	(188.0)	205.7
Depreciation and amortization	**121.1**	161.7	145.7
Interest	**28.6**	50.2	54.4
Total income available for debt service	**$ 349.0**	$ 391.5	$ 502.5
Consolidated annual debt service requirements[1]	**$ 76.1**	$ 79.8	$ 84.4
Actual debt service coverage ratio – all long-term debt[2]	**6.1x**	4.9x	6.0x

(1) Annual debt service = principal paid + interest paid
2018 annual debt service = principal paid + interest paid + 20% of interest and principal for guaranteed debt

(2) Debt service coverage = total income available for debt service / annual debt service. Nine months debt service calculation is annualized.

Financial Performance (*Unaudited*)

The following table highlights the financial results for continuing operations of SCL Health Restricted Affiliates for the nine months ended September 30, 2020 and the years ended December 31, 2019 and 2018.

	Restricted		
	Nine Months Ended September 30	Year Ended December 31	
	2020	**2019**	**2018**
EBITDA margin(1)	**16.6%**	14.7%	15.7%
Operating margin(2)	**8.3%**	5.8%	7.1%
Return on net assets(3)	**8.5%**	12.1%	3.7%
Debt service coverage(4)	**6.1x**	4.9x	6.0x
Days cash on hand - unrestricted (5)	**488**	382	340
Cushion ratio(6)	**36.0x**	27.4x	22.4x

(1) EBITDA margin = (operating income + interest + depreciation) / operating revenue.
(2) Operating margin = operating income / operating revenue
(3) Return on net assets = excess of revenue over expenses / unrestricted net assets. Nine months return on net assets calculation is annualized.
(4) Debt service coverage = (excess of revenue over expenses – change in unrealized gains (losses), net + depreciation and amortization + interest and amortization) / annual debt service.
(5) Days cash on hand – unrestricted = unrestricted cash and investments / ((total operating expenses – depreciation and amortization) / cumulative days).
(6) Cushion ratio = (cash and cash equivalents + investments + trustee-held funds) / annual debt service.