



# Rush University System for Health

**Annual Report  
For the Fiscal Year Ended June 30, 2024  
Audited**

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Rush Copley Medical Center  
Rush Oak Park Hospital  
Rush University Medical Center  
Rush University

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## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION IN THIS ANNUAL REPORT**

Certain statements included or incorporated by reference in this Annual Report constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE OBLIGATED GROUP DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

### **PURPOSE OF THE ANNUAL REPORT**

The purpose of this Annual Report is to present certain financial and operating information for the RUSH Obligated Group as defined below, for the fiscal years ended June 30, 2024 and 2023 and management’s discussion and analysis of the RUSH Obligated Group’s financial condition and results of operations for the fiscal year ended June 30, 2024. This report also provides insights on the quality of earnings reported, significant balance sheet assumptions used and any changes in assumptions used, risks to the balance sheet and statement of operations, and the impact of anticipated future events.

Effective March 1, 2017, Rush University Medical Center (“RUMC”) and Rush Copley Medical Center (“RCMC”) reorganized their operations under a common corporate parent, Rush System for Health, d/b/a Rush University System for Health (the “System Parent”). Effective July 1, 2023, the corporate member of Rush Oak Park Hospital (“ROPH”) changed from RUMC to the System Parent. The System Parent, together with its various wholly-owned or ultimately controlled subsidiaries, collectively comprise the integrated academic health system referred to herein as “RUSH”. RUSH is led by a 19-member board of directors (the “System Parent Board”), responsible for overseeing the vision and strategy of RUSH. The System Parent, RUMC, RCMC, ROPH, and Copley Memorial Hospital, Inc. (“CMH”), Rush Copley Foundation (“Copley Foundation”), Copley Ventures, Inc. and Rush Copley Medical Group NFP (“RCMG”) comprise the “RUSH Obligated Group” (or the “Obligated Group”) pursuant to the Amended and Restated Master Trust Indenture, dated as of February 1, 2015 as amended and as entered into by each member of the RUSH Obligated Group (“the Master Trust Indenture”).

The financial and operating data in this Annual Report continues to be presented on a consolidated basis for this report. For the fiscal year ended June 30, 2024, the Obligated Group members constituted approximately 99.7% of the total revenue of RUSH. See “INTRODUCTION OF RUSH - PRESENTATION OF FINANCIAL INFORMATION” below for additional information.

This report includes the consolidated activities and results of the Obligated Group. The primary activities and consolidated results of this report include the three hospitals, Rush University education and research activities, Rush University Medical Group (“RUMG”), RUMC’s faculty practice plans, and other physician practice activity as well as other operating activities.

**OFFICER’S CERTIFICATE**

The undersigned duly appointed and Senior Vice President and Chief Financial Officer of Rush University Medical Center and Rush University System for Health, as the Group Representative pursuant to the Master Continuing Disclosure Agreement dated as of February 1, 2015 between the Group Representative, on behalf of itself and the other members of the Obligated Group, and Digital Assurance Certification, L.L.C., as Dissemination Agent (Dissemination Agent), hereby certifies as follows:

- 1. **Definitions.** Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Master Continuing Disclosure Agreement.
- 2. **Annual Report.** Accompanying this Annual Report Certificate is the Annual Report for fiscal year ended June 30, 2024.
- 3. **Compliance with Master Continuing Disclosure Agreement.** The Annual Report is being delivered to the Dissemination Agent herewith not later than the one-hundred twentieth (120<sup>th</sup>) following the end of the fiscal year which is the applicable Annual Report Date for purposes of such Annual Report. The Annual Report contains, or includes by reference, the Financial Information and Operating Data required by the Master Continuing Disclosure Agreement. The Financial Information and Operating Data include information with respect to the Obligated Persons identified in Schedule 1 hereto, and such Obligated Persons constitute all of the Obligated Persons with respect to the Related Bonds for the fiscal year covered by the Annual Report. To the extent any information is included in the Annual Report by reference, any document so referred to has been previously provided to the Repositories or filed with the SEC or, in the case of a reference to a Final Official Statement, has been filed with the MSRB.

Such Financial Information and Operating Data have been prepared on the same basis as the most recently prepared Audited Financial Statements.

**IN WITNESS WHEREOF** the undersigned has executed and delivered this Annual Report Certificate to the Dissemination Agent, which has received such certificate and the Annual Report, all as of the 25th day of October 2024.

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
As Group Representative

*Patricia S. O'Neil*

By: \_\_\_\_\_

Patricia S. O’Neil

Its: Senior Vice President and Chief Financial Officer

Acknowledgment of Receipt:

Digital Assurance Certification (DAC)  
As Dissemination Agent

By: *Shana Blanchard*

Shana Blanchard

Its: Client Service Manager, Senior Vice President

## **OBLIGATED PERSONS**

1. Rush University Medical Center (“RUMC”)
2. Rush Oak Park Hospital, Inc. (“ROPH”)
3. Copley Memorial Hospital, Inc. (“CMH”)
4. Rush Copley Medical Center (“RCMC”)
5. Rush Copley Foundation (“Copley Foundation”)
6. Copley Ventures, Inc. (“Copley Ventures”)
7. Rush Copley Medical Group NFP (“RCMG”)
8. Rush System for Health, d/b/a Rush University System for Health (“System Parent”)

## Selected Financial Results and Other Information

The selected financial data for the fiscal years ended June 30, 2024 and 2023 are derived from audited consolidated financial statements. The audited consolidated financial statements include all adjustments, including normal recurring accruals, which RUSH considers necessary for a fair presentation of the financial position and the results of operations for these periods. See below for various highlights of the Annual Obligated Group results:

*(In thousands)*

<b>Financial Results for the Obligated Group (with Federal Funding)</b>	<b>Fiscal Year Ended June 30, 2024</b>	<b>Fiscal Year Ended June 30, 2023</b>	<b>Impact</b>	
Total operating revenue	\$ 3,651,642	\$ 3,353,832	\$ 297,810	8.9%
Total operating expenses	3,574,025	3,318,274	(255,751)	(7.7)%
Operating income (1)	77,617	35,558	42,059	118.3%
Non-operating income	143,365	86,118	57,247	66.5%
Excess of Revenue over expenses	220,982	121,676	99,306	81.6%
Operating cash flow margin	268,064	205,350	62,714	30.5%

<b>Selected Obligated Group Cash Flow Information for the</b>	<b>Fiscal Year Ended June 30, 2024</b>	<b>Fiscal Year Ended June 30, 2023</b>	<b>Impact</b>	
Net cash provided by operating activities	\$ 75,216	\$ 131,260	\$ (56,044)	(42.7)%
Changes in operating assets and liabilities	(36,673)	(41,961)	5,289	12.6 %
Capital expenditures	(219,903)	(333,511)	113,608	34.1%

<b>Selected Obligated Group Balance Sheet Information as of</b>	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Impact</b>	
Unrestricted cash and investments	\$ 1,963,486	\$ 1,799,558	\$ 163,928	9.1%
Restricted cash and investments	990,719	938,959	51,760	5.5%
Accounts receivable for patient services	430,151	407,284	22,867	(5.6)%
Net property and equipment	1,893,767	1,879,905	13,862	0.7%
Obligated Group indebtedness	928,638	945,301	16,663	1.8%
Postretirement and pension benefits assets	35,377	7,195	28,182	391.7 %
Postretirement and pension benefits liabilities	1,864	4,893	3,029	61.9%
Net assets without donor restrictions	2,377,067	2,120,717	256,350	12.1%

Note 1: Refer to 'Significant Nonrecurring Items' on page 20 of this Annual Report for a listing of items impacting the Obligated Group's reported operating income for the fiscal years ended June 30, 2024 and 2023.

## Financial Ratios – Obligated Group

	<u>AUDITED</u>	<u>AUDITED FISCAL YEAR</u>			<u>TARGET</u>
	<u>Fiscal Year Ended</u>				
	June 30, 2024	2023	2022	2021	Moody's "A"
	Actual	Actual	Actual	Actual	Median 2022 (2)
<b>Operating Performance:</b>					
Operating Margin	2.1%	1.1%	3.5%	4.1%	0.1%
Operating Margin without Federal funding (4)	0.7%	0.4%	0.8%	2.1%	0.1%
Excess Margin (1)	3.6%	1.2%	5.0%	5.6%	2.7%
Operating Cash Flow Margin	7.3%	6.1%	9.1%	10.2%	5.6%
<b>Liquidity:</b>					
Days Cash on Hand	210.2	206.8	232.8	289.5	206.5
Days in Patient Accounts Receivable	49.7	51.0	50.0	51.6	48.0
<b>Financial Position / Debt Capacity:</b>					
Debt to Capitalization	28.1%	30.8%	32.4%	32.2%	31.8%
Debt to Cash Flow (1)	3.2	5.2	3.0	2.9	3.6
Cash to Debt	211.4%	190.4%	201.5%	230.6%	173.7%
Maximum Annual Debt Service Coverage (1) (3)	5.3x	3.3x	5.4x	5.3x	3.8x
Annual Debt Service Coverage (1) (3)	3.7x	5.1x	7.7x	7.5x	4.5x
Average Age of Plant in Years	13.6	14.1	13.0	12.5	12.8
Capital Spending Ratio	1.4	2.3	1.4	1.2	1.2

Note 1: Net income excludes unrealized gains and losses on unrestricted investments and change in fair value of interest rate swaps still outstanding.

Note 2: As published by Moody's Investor Services, Fiscal Year 2022 Not-for-Profit Health care Medians for Freestanding Hospitals, Single-State and Multi-State Healthcare Systems, September 2023.

Note 3: Net revenue available for debt service excludes net gains and losses on sales of investments, a component of nonoperating income, which is consistent with the Obligated Group debt covenant calculation.

Note 4: Operating margin excludes various federal funding of \$52.3 million for June 30, 2024 and \$21.7, \$84.5 and \$61.2 million for the fiscal years ended June 30, 2023, 2022 and 2021, respectively. This amount includes 340b remediation of \$48.6 million for June 30, 2024.



## INTRODUCTION

This Annual Report contains information concerning the RUSH Obligated Group, which comprises Rush System for Health d/b/a Rush University System for Health (the “System Parent”) and its various wholly owned or ultimately controlled subsidiaries (together with the System Parent, collectively, “RUSH”). RUSH shares a common mission across entities to improve the health of the individuals and diverse communities it serves through the integration of outstanding patient care, education, research and community partnerships.

## RUSH

Effective March 1, 2017, after 30 years of collaboration as members of the same Obligated Group, Rush University Medical Center (“RUMC”) and Rush Copley Medical Center (“RCMC”) entered into a reorganization agreement to fully integrate their operations under the System Parent, forming RUSH. Effective July 1, 2023, the corporate member of Rush Oak Park Hospital (“ROPH”) changed from RUMC to the System Parent. RUSH is comprised of: (i) RUMC, RCMC and ROPH, each of which owns and operates a hospital (the “Hospitals”), (ii) numerous outpatient care facilities throughout the Chicagoland area, (iii) Rush University, a health sciences university with more than 2,750 students (2,070 for summer enrollment) comprised of Rush Medical College, the College of Nursing and the College of Health Sciences and (iv) Rush Health, RUSH’s physician hospital organization and clinically integrated network, which includes the Hospitals, Riverside Health System in Kankakee and more than 2,500 affiliated providers. As of June 30, 2024, RUSH included three hospitals, 918 staffed beds, and 973 employed physicians.

### The Obligated Group

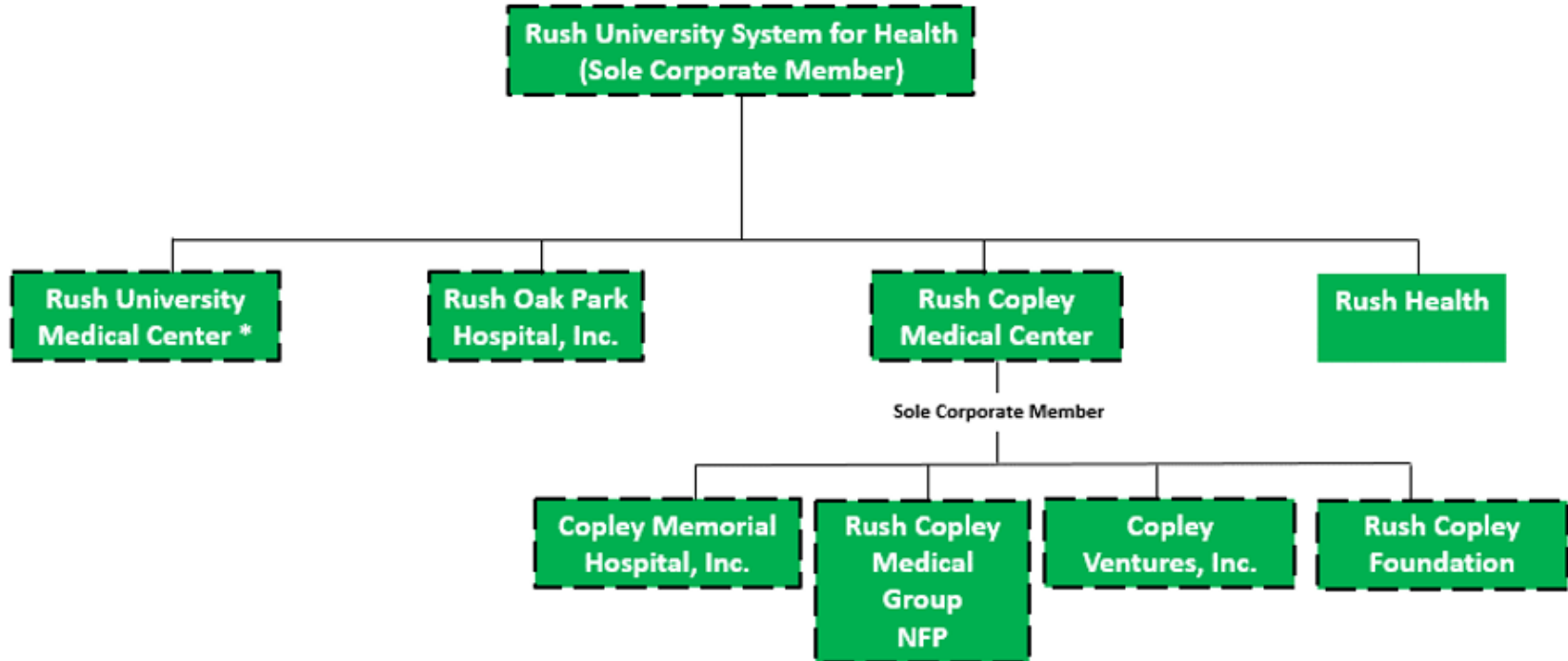
The System Parent and certain of its affiliates are members of the RUSH Obligated Group created under the Master Trust Indenture, as described herein. The entities listed as “Obligated Persons” on page 3 of this Report are the only members of the RUSH Obligated Group and are the only entities that have any liability or obligation under the Master Trust Indenture.


Rush Health and Riverside Health System are not members of the RUSH Obligated Group and do not have any liability with respect to the Master Trust Indenture. The Obligated Group members have other affiliates, joint ventures and investments in other organizations which are not members of the RUSH Obligated Group and which do not have any liability with respect to the Master Trust Indenture. These organizations primarily operate inpatient and outpatient health and related services that support the operations of the RUSH Hospitals and the mission of RUSH. In addition, joint ventures and investments, although not members of the Obligated Group, are accounted for in the RUSH financial statements using the equity method or are consolidated depending upon the control exercised by the RUSH Obligated Group.

### Organizational Chart

The chart on the following page reflects the corporate organizational structure of RUSH, excluding joint ventures and other affiliated for-profit companies which are disregarded from a federal tax accounting perspective. The entities shown are all members of the Obligated Group other than Rush Health.

# Rush System for Health Organizational Chart



 = Member of the Obligated Group

\* Includes Rush University

## **Vision, Mission and Imperatives**

RUSH's vision is to be the leading academic health system in the region and nationally recognized for transforming health care. The mission of RUSH is to improve the health of the individuals and diverse communities it serves through the integration of outstanding patient care, education, research and community partnerships. RUSH's core "I CARE" values — Innovation, Collaboration, Accountability, Respect and Excellence — are the roadmap to its mission and vision.

Excellence at RUSH comes from its singular focus to improve health for all. Across its three hospitals, integrated health sciences university and more than 30 care locations, everything at RUSH is built around this commitment.

RUSH is a learning health care system with research, education, training and excellent clinical care rooted in its values. With this foundation, RUSH is building cutting-edge capacity and an outstanding, best-in-class workforce trained to provide the right care, in the right place, at the right time. Fully leveraging these resources will deliver what matters most to patients: the best value and the best outcomes for the best life.

## **Presentation of Financial Information**

Although the System Parent and the other Obligated Persons listed on page 3 of this report are currently the only members of the RUSH Obligated Group under the Master Trust Indenture, the System Parent controls directly or indirectly, a number of other non-member entities whose revenues and expenses and results of operations are included in RUSH consolidated financial statements included in appendix hereto. Such non-member joint ventures and investment entities are accounted for in RUSH unaudited consolidated financial statements using the equity method of accounting or are consolidated depending upon the control exercised by the applicable Obligated Group member. Further, the information describing the financial condition of RUSH contained in this Annual Report includes information with respect to these entities which are not Obligated Group members. For the fiscal year ended June 30, 2024, these non-member entities constituted approximately 0.3% of the total revenue of RUSH.

## **Obligated Group Members**

***Rush University System for Health*** – The System Parent is the sole corporate member (with reserved powers over the operations) of RUMC, RCMC, ROPH and Rush Health and oversees all entities that comprise RUSH.

***Rush University Medical Center*** – RUMC owns and operates an academic medical center located in Chicago, Illinois. Major operations of RUMC include Rush University Hospital ("RUH"), Rush University and Rush University Medical Group ("RUMG"). The hospital operations of RUMC are licensed by the State of Illinois to operate 678 beds. According to COMPdata, RUMC is the fifth largest hospital provider in the eight county Chicago metropolitan area as measured by market share. RUMC is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

***Rush Oak Park Hospital, Inc.*** – ROPH owns and operates a 185 licensed bed acute care facility located approximately eight miles west of RUMC in Oak Park, Illinois. Effective June 30, 2014, ROPH became a member of the Obligated Group. ROPH is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Rush Copley Medical Center*** – RCMC is the sole corporate member (with reserved powers over the operations) of the other Copley members of the Obligated Group (a description of each as follows). RCMC supports the other Copley members by providing administrative, management and related services. RCMC is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Copley Memorial Hospital, Inc.*** – CMH owns and operates an acute care hospital located approximately 35 miles west of RUMC in Aurora, Illinois. CMH is licensed by the State of Illinois to operate 210 beds, all of which are currently staffed. CMH is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Rush Copley Foundation*** – Copley Foundation solicits contributions to support health care activities in RCMC’s service area, including, but not limited to, those of RCMC. Copley Foundation is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Copley Ventures, Inc.*** – Copley Ventures holds title to property for rental purposes. Copley Ventures is an Illinois not for profit corporation, which is exempt from federal income taxes under Section 501(c)(3) of the Code.

***Rush Copley Medical Group NFP*** – RCMG owns, operates, controls and otherwise coordinates the activities of physician practice health and medical services and provides certain physician billing and administrative services. RCMG is an Illinois not for profit taxable corporation.

### **Non-Obligated Group Members**

Rush Health, an Illinois not for profit corporation, was established in 1994 for the purpose of contracting and administering various contracts with certain managed care organizations, marketing and improving clinical processes and outcomes through the integration and coordination of high-quality, patient-focused, cost-effective health care products and services meeting the needs of the patient, employer, community and the provider. Rush Health has evolved into RUSH’s physician hospital organization and clinically integrated network. Members currently include RUMC, ROPH, RCMC, Riverside Health System and more than 2,500 affiliated providers. Rush Health manages more than \$2.9 billion in net patient services revenues and has approximately 157,000 lives covered under a variety of commercial and governmental value-based care arrangements.

Rush Health also operates a subsidiary company, Rush Health ACO, which holds a Medicare Shared Savings Program (“MSSP”) contract. All Rush Health providers are participants in the Rush Health ACO.

### **RUSH Service Area**

RUSH serves Cook County and the eight-county Chicago metro area, which has an estimated population of almost nine million people. This market area encompasses Cook, DuPage, Grundy, Kane, Kankakee, Kendall, Lake, McHenry and Will counties. Additionally, RUSH serves DeKalb and LaSalle counties.

### **Governance**

On March 1, 2017, RUMC and RCMC reorganized their operations under a newly constituted System Parent Board of Trustees (the “System Parent Board” or the “Board”). Effective July 1, 2023, the corporate member of ROPH changed from RUMC to the System Parent. The Board, established to facilitate nimble, centralized and shared governance over key strategic and threshold matters, is comprised of 19 Directors (“Directors”), 14 of which are members designated by the board of RUMC, three of which are members designated by the board of RCMC, and two of which are members designated by the board of ROPH. The System Parent Board has certain reserved powers aimed to ensure RUSH meets the commitments of its mission and supports the continued pursuit of the RUSH vision. Local subsidiary boards at RUMC, RCMC and ROPH have been maintained to support community-focused, patient prioritized governance of Hospital and ambulatory care initiatives. RUSH deems these subsidiary boards critical to system-wide success, as the local leadership and local board of each Hospital best know their communities and understand their unique needs. RUSH’s governance structure and management style rely on this support and respect this expertise.

## **Medical Staff**

Each Hospital has a separate medical staff. The members of each medical staff are appointed by the board of each Hospital in accordance with the appointment and reappointment procedures in the respective medical staff bylaws and according to the respective Hospitals' governance procedures. The categories of membership for each Hospitals' medical staff are determined by each Hospitals' medical staff bylaws. As of June 30, 2024, RUSH's medical staff consists of 973 employed physicians. Refer to Subsequent Events page 30 for more information.

## **Recognition**

In October 2023, Rush University Medical Center earned a five-year Baby-Friendly hospital redesignation for 2023-2028. This honor recognizes that RUMC continues to adhere to the highest standards of care in infant feeding care.

In October 2023, RUSH and Gift of Hope Organ & Tissue Donor Network announced the establishment of the Midwest's first hospital-based donor care center. Scheduled to open in July 2024, the Gift of Hope Organ Donor Care Center at RUSH will include six intensive care bays, two operating rooms and 24/7 medical and allied services dedicated to donor management and recovery.

In October 2023, RUSH has achieved "Overall Revenue High Performer", "Overall Productivity High Performer", and "Health System High Performer" status amongst respondents for the 2023 Report on Giving. The Association for Healthcare Philanthropy (AHP) recognizes high performance based on organizations that fall within the top 75th percentile in net production returns, calculated by subtracting total fundraising expenses from total production returns.

In October 2023, Rush Copley Cancer Care Center has earned recognition as a Center of Excellence by GO2 for Lung Cancer for providing the Fox Valley community with patient-centered, evidence-based lung cancer screening.

In November 2023, all three RUSH Hospitals have again received high ratings from the Leapfrog Group, a nonprofit healthcare watchdog organization that grades hospitals on the quality and safety of care they provide. Rush University Medical Center and Rush Oak Park Hospital again received A grades and Rush Copley Medical Center received a B grade.

In December 2023, Gartner Healthcare Supply Chain Top 25 named RUSH in the top Supply Chains in the country. RUSH moved up from 19th to 13th this year.

In December 2023, RUSH achieved Magna Cum Laude level in Epic's Honor Roll program. The Honor Roll program is a recognition program based on use of strategies, lessons learned, and best practices distilled from Epic's experience serving well-respected healthcare organizations. This is the fourth time that RUSH has been on Epic's Honor Roll and the first time to achieve Magna Cum Laude status.

In July 2024, Rush University Medical Center has once again achieved the Honor Roll designation on the prestigious 2024-2025 U.S. News & World Report Best Hospitals List. This is the fifth year in a row that Rush has achieved this distinguished status. Each year, U.S. News evaluates more than 5,000 hospitals in the United States based on a number of quality, safety and process measures. Achieving the Honor Roll designation places Rush in the top percentile of all hospitals in the country.

In July 2024, demonstrating its ongoing commitment to equity and inclusion for individuals with disabilities, Rush University Medical Center is among the top-scoring organizations on the 2024 Disability Equality Index for the sixth year in a row. Rush earns the honor of being named one of the nation's 'Best Places to Work for Disability Inclusion.'

## **THE HOSPITALS AND UNIVERSITY**

### **Rush University Medical Center**

#### **History and Background**

Major operations of RUMC include RUH, RUMG and Rush University, a graduate health sciences university that educates students in health-related fields and houses Rush Medical College, the College of Nursing and the College of Health Sciences.

#### **Location**

RUMC is located on the west side of Chicago, Illinois. RUMC operates in the eight-county area which includes the City of Chicago and surrounding counties. The clinical and academic facilities of RUMC are primarily located on approximately 33 acres in the northeast portion of the Illinois Medical District (“IMD”), which consists of 560 acres on the near west side of Chicago.

#### **Service Area and Competition**

RUMC considers its service area to be the eight counties surrounding and including the City of Chicago. Cook County and the eight-county market area encompasses Cook, DuPage, Kane, Kankakee, Kendall, Lake, McHenry, and Will counties. Additionally, RUSH serves DeKalb and LaSalle counties. RUMC is the fifth largest inpatient hospital provider in this market area, with a market share of 3.6% for the nine months ended March 31, 2024 and the fifth largest inpatient hospital provider in this market area, with a market share of 3.4% for the fiscal year ended June 30, 2023. RUMC was the third in Bone and Joint, second in Cancer, fourth in Neuroscience and fifth in the market in transplant.

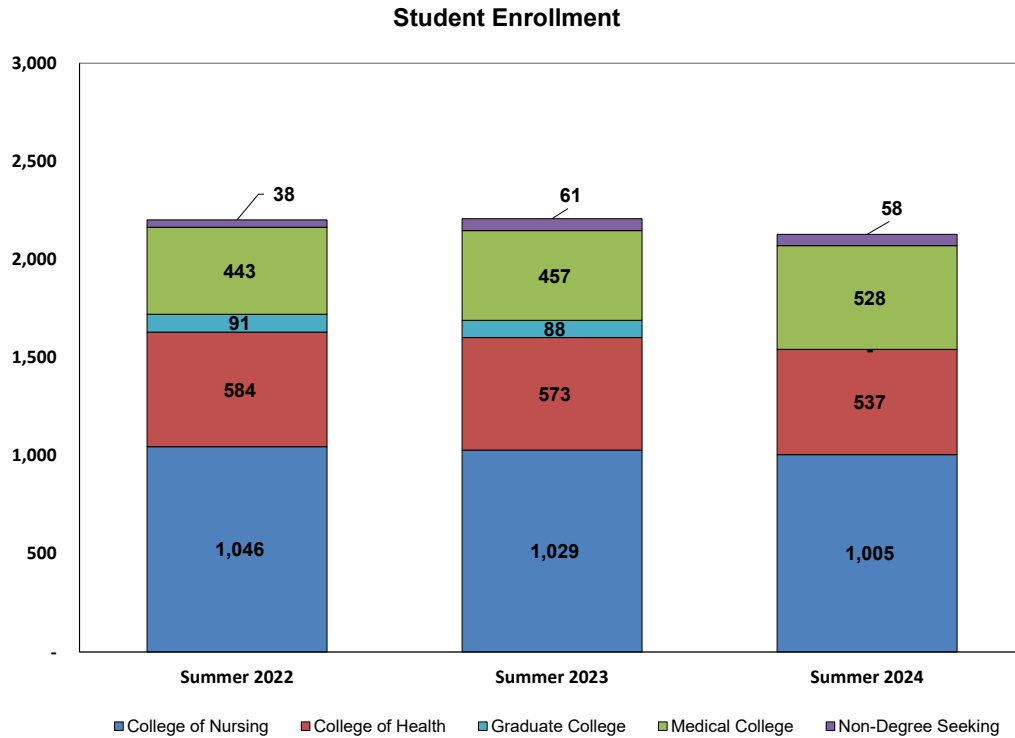
RUMC’s primary service area (“PSA”) consists of 61 ZIP codes that surround the RUMC main campus. These ZIP codes were responsible for 57.7% and 57.9% of RUMC’s total discharges for the first nine months ended March 31, 2024 and 2023, respectively. Beginning with the first quarter of fiscal year 2024, psych and rehab DRGs have been excluded.

RUMC considers its principal, but not exclusive, competition to be the four other academic medical centers in the Chicago metropolitan area. In addition, there are several large institutions in the area that provide certain tertiary levels of care which are also provided by RUMC and numerous community hospitals that provide primary and secondary levels of care which are also provided by RUMC. The four academic medical centers are Northwestern Memorial Hospital, University of Chicago Hospitals & Health System, Loyola University Medical Center and the University of Illinois at Chicago Medical Center.

#### **Rush University**

Rush University, which includes Rush Medical College, the College of Nursing and the College of Health Sciences, was established in 1972 as the higher education component of RUMC. The antecedent to Rush University dates from 1837 when Rush Medical College was founded, two days before the city of Chicago was chartered. Rush Medical College graduated 10,976 physicians before suspending operations in 1942. It was reactivated in 1969. Rush University’s reputation for excellence is reinforced by U.S. News & World Report 2023 - 2024 Best Graduate Schools rankings. The College of Nursing is ranked second in the Overall Doctor of Nursing Practice category. In addition, the College of Nursing ranked in the top five in six other categories.

Revenue consists mainly of tuition revenue. Expenses are those instructional expenses required to educate the students. Enrollment continues to be relatively steady with total enrollment in the colleges of 2,128 students in the summer of 2024. Total summer enrollment for 2022, 2023 and 2024 in Rush University is shown in the following table.



Note: Graduate College programs transferred into RUSH Medical College

## Rush Copley Medical Center

### History and Background

Copley Memorial Hospital, which operates as Rush Copley Medical Center, has served the health care needs of the greater Aurora community since 1886 when it began operations as the Aurora City Hospital. In 1995, Copley opened a new acute care hospital and closed its previously existing facility. RCMC is a full-service community hospital offering a comprehensive range of inpatient and outpatient services. In addition to traditional community hospital services, RCMC also provides more sophisticated services including an inpatient rehabilitation unit, cardiovascular surgery, a cancer center with two linear accelerators and stereotactic radiosurgery, gynecologic oncology, neurosurgical services, a movement disorders program, a neuro intensive care unit, and a neonatal intensive care unit.

### Location

RCMC is located approximately 35 miles west of RUMC in Aurora, Illinois. The clinical facilities are located primarily on a 98-acre campus serving Aurora and the greater Aurora community, including most of southern Kane County and Kendall County.

## **Service Area and Competition**

RCMC's PSA is located almost wholly in southern Kane County and Kendall County, as well as parts of DuPage, DeKalb, LaSalle, Grundy, and Will counties and is comprised of Aurora and communities to the west of Aurora including Montgomery, Oswego, Sugar Grove, Yorkville and a number of other rural communities in Kendall County. RCMC is the largest inpatient hospital provider in this market area, with a market share of 39.8% for the nine months ended March 31, 2024.

## **Rush Oak Park Hospital**

### **History and Background**

Opened in 1907 by the Sisters of Misericordia, ROPH was the first hospital in the area. ROPH historically was affiliated with Wheaton Franciscan Services, Inc. In 1997, RUMC assumed full management of hospital operations, bringing its comprehensive services, programs and physicians to ROPH and in 2014 RUMC became the sole corporate member of ROPH. Effective July 1, 2023, the corporate member of ROPH changed from RUMC to the System Parent. The ROPH campus includes the Breast Center, a state-of-the-art Interventional Radiology and Surgical suite, a comprehensive Center for Diabetes and Endocrine Care with an American Diabetes Association-Recognized Education Program and board-certified endocrinologists, a new emergency department, and a busy Multispecialty Clinic with providers from Rush University Medical Group.

### **Location**

ROPH is located approximately eight miles west of RUMC in Oak Park, Illinois. Oak Park is a village adjacent to the west side of the city of Chicago in Cook County, Illinois.

### **Service Area and Competition**

ROPH has been a key health care provider in the Oak Park and River Forest community for more than 100 years. As a foundational location within RUSH, ROPH combines the convenience and personal touch of a community hospital with the technology and expertise of a major academic health system.

ROPH is a full-service community hospital offering a comprehensive range of inpatient and outpatient services. In addition to traditional community hospital services, ROPH also provides comprehensive diabetes care, orthopaedics and a Rush Radiation Therapy Center.



## SUMMARY OF HISTORICAL UTILIZATION AND FINANCIAL INFORMATION

### Historical Utilization of Services

The following tables summarize certain consolidated historical utilization statistics for the Obligated Group for the fiscal years ended June 30, 2024 and 2023:

#### Historical Utilization of Services

	Fiscal Year Ended	
	June 30,	
	2024	2023
Beds:		
Licensed	1,073	1,113
Staffed	918	971
Utilization Statistics:		
Admissions	48,855	46,868
Patient Days	259,509	254,692
Average length of stay	5.31	5.43
Adjusted Discharges	127,230	119,189
Occupancy:		
RUMC	77.5%	72.1%
ROPH	62.1%	62.1%
RCMC	82.8%	75.3%
Obligated Group	77.2%	71.9%
Emergency Room Visits:	177,093	180,479
Surgical Procedures:		
Inpatient	13,837	13,755
Outpatient	48,694	45,335
Total	62,531	59,090
Volumes:		
Provider Visits	1,280,953	1,208,676
Outpatient Visits	999,659	963,044
Total	2,280,612	2,171,720

## Summary of Revenues and Expenses

The selected financial data for the fiscal years ended June 30, 2024, and 2023 are derived from unaudited consolidated financial statements of RUSH. The unaudited consolidated financial statements include all adjustments, including normal recurring accruals, which RUSH considers necessary for a fair presentation of the financial position and the results of operations for these periods. See below for various highlights of Annual results:

RUSH currently files annual reports and certain other disclosures on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

## Operating Results

The operating results of the Obligated Group for the fiscal years ended June 30, 2024, and 2023:

A breakdown of the inpatient and outpatient revenue was 39.9% inpatient and 60.1% outpatient for the fiscal year ended June 30, 2024, while the breakdown was 41.0% inpatient and 59.0% outpatient for the fiscal year ended June 30, 2023.

### Summary of Statement of Operations - Obligated Group

<i>(In thousands)</i>	Fiscal Year Ended	
	June 30,	
	2024	2023
Patient service revenue (1)	\$ 3,170,555	\$ 2,916,374
Other operating revenue	481,087	437,458
Total operating revenue	<u>3,651,642</u>	<u>3,353,832</u>
Salaries, wages and employee benefits	1,825,737	1,716,344
Supplies, utilities and other	1,166,481	1,086,567
Professional liability and other insurance	81,136	73,378
Purchased services	310,224	272,192
Depreciation and amortization	155,953	142,829
Interest	34,494	26,964
Total operating expenses	<u>3,574,025</u>	<u>3,318,274</u>
Operating income	77,617	35,558
Non-operating income	143,365	86,118
Excess of revenue over expenses	<u>\$ 220,982</u>	<u>\$ 121,676</u>

(1) Patient service revenue is net of implicit and explicit price concessions for the fiscal years ended June 30, 2024, and 2023.

## Liquidity

The following table sets forth the Obligated Group's liquidity, namely unrestricted cash and cash equivalents and marketable securities, which include investments designated for capital purposes. Excluded from liquidity are investments limited as to use for donor purposes, interest in collateral pools and trust assets limited for use to the self-insurance program.

### Obligated Group Liquidity

<i>(In thousands)</i>	Fiscal Year Ended	
	June 30,	
	2024	2023
Unrestricted cash and cash equivalents	\$ 407,485	\$ 424,325
Unrestricted marketable securities	1,556,002	1,375,233
Total unrestricted cash and marketable securities	<u>1,963,487</u>	<u>1,799,558</u>
Total operating expenses	\$ 3,574,026	\$ 3,318,274
Depreciation and amortization	155,953	142,829
Total operating expenses less depreciation	<u>\$ 3,418,073</u>	<u>\$ 3,175,445</u>
Days cash on hand	<u>210.2</u>	<u>206.8</u>

## Capitalization

The following table reflects the Obligated Group's historical long-term indebtedness as a percentage of total capitalization for the fiscal years ended June 30, 2024, and 2023:

### Historical Long-Term Capitalization

<i>(In thousands)</i>	Fiscal Year Ended	
	June 30,	
	2024	2023
Long-term debt	\$ 850,777	\$ 902,022
Capital leases and other financing arrangements	77,862	43,279
Total debt	<u>928,639</u>	<u>945,301</u>
Net assets without donor restrictions	2,377,067	2,120,717
Total Capitalization	<u>\$ 3,305,706</u>	<u>\$ 3,066,018</u>
Capitalization Ratio	<u>28.1%</u>	<u>30.8%</u>

## Sources of Revenue

The majority of revenue received by RUSH is attributable to billed services provided to its patients. The payments made on behalf of these patients are from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance carriers with no negotiated contract and directly from patients.

The following is a summary of gross patient service revenue payor mix for the fiscal years ended June 30, 2024, and 2023:

	<b>Fiscal Year Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Medicare	24.3 %	26.0 %
Medicare Managed Care	16.9	14.8
Medicaid	3.3	3.3
Medicaid Managed Care	18.8	19.8
Blue Cross	20.8	21.1
Managed Care	13.2	12.3
Commercial & Self-Pay	2.7	2.7
Total	<u>100.0 %</u>	<u>100.0 %</u>

The Illinois Hospital Assessment Program (“HAP”) was redesigned and reauthorized by the Illinois General Assembly in May 2020 and subsequently signed into law by Governor Pritzker as Illinois Public Law 101-0650. HAP provides for increased Illinois Medicaid and Illinois Medicaid Managed Care rates and better recognizes patient volumes as well as acuity.

HB 1950 was signed into law by the Governor as Illinois Public Law 102-866 effectively extending the current HAP for the State of Illinois through 2026. The legislation maintains the current HAP’s tax structure and has the intended outcome that no hospital or hospital system would have a projected impact under the HAP for calendar year 2023 that is less than its net impact in calendar year 2023, assuming volumes and patient acuity remain unchanged.

The combined HAP’s impact on the Consolidated Statements of Operations during the fiscal years ended June 30, 2024, and 2023:

### Illinois Hospital Assessment Program Impact

<i>(In thousands)</i>	<b>Fiscal Year Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Patient service revenue	\$ 195,064	\$ 122,992
Supplies, utilities and other expense	87,951	60,815
Operating income	<u>\$ 107,113</u>	<u>\$ 62,177</u>

## Debt Service Coverage

The following tables sets forth the actual maximum annual debt service coverage on the Indebtedness of the Obligated Group for the fiscal years ended June 30, 2024 and June 30, 2023:

<i>(In thousands)</i>	<b>Fiscal Year Ended</b>	
	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Excess of revenues over expenses	\$ 220,982	\$ 121,676
Exclude certain special items:		
Change in fair value of interest rate swaps	971	3,017
Unrealized gain / (loss) on trading securities	63,477	78,153
Net gain (loss) on sales	-	48
Net Income, excluding special items	<u>156,534</u>	<u>40,457</u>
Depreciation and amortization	155,953	142,829
Interest	34,494	26,964
Income available for debt service	<u><u>\$ 346,981</u></u>	<u><u>\$ 210,250</u></u>
Maximum Annual Debt Service Requirement	61,330	63,793
Maximum Annual Debt Service Coverage Ratio	5.7	3.3

## Recent Financial Performance – Fiscal Years Ended June 30, 2024 and 2023

**Drivers of Performance – Operating Revenue** – Operating revenue for RUSH increased by \$303.7 million or 9.0% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024. The largest contributor to operating revenue is patient service revenue in the hospitals contributing 72.3% of operating revenue for the fiscal year ended June 30, 2024.

<i>(In thousands)</i>	<b>Fiscal Year Ended June 30,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Operating Revenue</b>	<b>% of Total</b>	<b>Operating Revenue</b>	<b>% of Total</b>
Patient Service Revenue:				
Hospitals	\$ 2,649,594	72.6%	\$ 2,439,016	72.6%
Physician Practice Plans	521,071	14.3%	477,358	14.2%
University Services:				
Research	215,623	5.9%	194,507	5.8%
Education	94,754	2.6%	95,356	2.8%
Other Operating Activities	170,710	4.7%	154,244	4.6%
Total	<u><u>\$ 3,651,752</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 3,360,481</u></u>	<u><u>100.0%</u></u>

Patient service revenue for the hospitals and physician practice plans, combined increased by \$254.3 million or 8.7% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024 driven by outpatient services.

**Reimbursement Environment and Payer Mix** – Revenue for the hospitals includes payments from government programs such as Medicare and Medicaid, from managed care companies under negotiated contracts, from commercial insurance companies with no negotiated contract, and directly from patients. Governmental payers accounted for 63.3% and 63.9% of the Obligated Group’s gross patient service revenues for the fiscal years ended June 30, 2024, and 2023, respectively. Effective May 17, 2022, HB 1950 was signed into law which extended and expanded the HAP through June 2026. Effective January 1, 2024, RUSH saw an increase to Medicaid rate increases across the system at an average of 10%.

The Obligated Group is experiencing a shift in its traditional payer mix of patients. In an effort to reduce the number of uninsured patients, the ACA provided for the creation of Health Insurance Exchanges (“HIX”) and the expansion of Medicaid coverage for adults. This has resulted in increased hospital volume under new Blue Cross HIX plans as well as an increase in the overall Medicaid patient mix. Additionally, the number of self-pay patients has decreased slightly. The mix of patient service revenue recognized during the years ended June 30, 2024, and 2023, by major payor source and by lines of business, was as follows:

	June 30, 2024				
	Hospitals	Physician Groups	Clinical Joint Ventures & Other	TOTAL	%
Medicare	\$ 501,209	\$ 56,832	\$ 6,306	\$ 564,347	17.8%
Medicare Managed Care	264,711	41,520	28,600	334,831	10.6%
Medicaid	82,693	6,333	2,185	91,211	2.9%
Medicaid Managed Care	379,658	43,048	31,472	454,178	14.3%
Managed care	404,778	76,304	34,432	515,514	16.3%
Blue Cross	762,449	117,249	16,298	895,996	28.3%
Commercial, self-pay, and other	258,909	46,443	9,126	314,478	9.9%
Total	\$ 2,654,407	\$ 387,729	\$ 128,419	\$ 3,170,555	100.0%

	June 30, 2023				
	Hospitals	Physician Groups	Clinical Joint Ventures & Other	TOTAL	%
Medicare	\$ 484,740	\$ 60,887	\$ 6,381	\$ 552,008	18.9%
Medicare Managed Care	209,310	32,811	30,727	272,848	9.4%
Medicaid	66,277	6,714	2,488	75,479	2.6%
Medicaid Managed Care	346,542	41,366	32,704	420,612	14.4%
Managed care	343,082	68,630	32,992	444,704	15.2%
Blue Cross	712,330	106,095	16,197	834,622	28.6%
Commercial, self-pay, and other	259,888	47,722	8,491	316,101	10.8%
Total	\$ 2,422,169	\$ 364,225	\$ 129,980	\$ 2,916,374	100.0%

**Physician Practice Plans** – Total patient service revenue from the physician practice plans increased \$43.7 million or 9.2% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024 mainly due to increased volumes.

**Other Operating Revenue** – Other operating revenue represented 13.5% of total operating revenue for the fiscal year ended June 30, 2024 and increased \$49.5 million or 11.1% from the fiscal year ended June 30, 2023. Other operating revenue consists primarily of external funding for research and internal fund support to research (44%), tuition and educational grants (19%) and other non-patient care service activities (37%). Other operating activities increased by \$28.9 million or 18.8% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024.

**Drivers of Performance – Operating Expense** – Operating expenses increased by \$253.1 million or 7.6% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024. Operating costs as a percentage of operating revenue for the fiscal years ended June 30, 2024, and 2023:

	<b>Fiscal Year Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
Salaries, wages and employee benefits	50.2%	51.4%
Supplies, utilities and other (including purchased services)	40.4%	40.6%
Depreciation and amortization	4.3%	4.3%
Professional liability and other insurance	2.2%	2.2%
Interest	0.9%	0.8%

**Salaries, Wages and Employee Benefits** – Salaries, wages and employee benefits increased by \$110.6 million or 6.4% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024 due to increased FTEs and labor pressures resulting in retention bonuses and other labor initiatives.

The table below shows the employed FTEs and employed physicians for RUSH at fiscal years ended June 30, 2024, and 2023:

	<b>As of June 30,</b>		<b>Percent Change</b>
	<b>2024</b>	<b>2023</b>	
Number of Full-time Equivalents	14,099	14,021	0.6%
Number of Employed Physicians	973	938	3.7%

**Note:** Of the 14,099 FTEs, approximately 6.9% of non-clinical employees are represented by a union.

**Supplies, utilities and other expense, including purchased services** – Supplies, utilities and other expense, including purchased services increased \$114.4 million or 8.4% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024 due to inflationary increases in supplies and drug expenses.

**Depreciation and amortization expense** – Depreciation and amortization expense increased by \$12.9 million or 9.0% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024.

**Professional liability and other insurance** – Professional liability and other insurance expense increased by \$7.7 million or 10.4% from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024.

**Interest expense** – Interest expense was \$34.5 million for the fiscal year ended June 30, 2024, an increase of \$7.5 million or 27.9% from the fiscal year ended June 30, 2023.

**Significant Nonrecurring Items** – During the fiscal years ended June 30, 2024, and 2023, significant nonrecurring items impacted the Obligated Group’s reported operating income as follows:

<i>(In millions)</i>	<b>June 30, 2024</b>		<b>June 30, 2023</b>	
	<b>June 30, 2024</b>	<b>Operating Margin</b>	<b>June 30, 2023</b>	<b>Operating Margin</b>
<b>Operating income reported</b>	<b>\$77.6</b>	<b>2.1%</b>	<b>\$35.6</b>	<b>1.1%</b>
Items impacting operating revenue	(70.2)	(1.9)	(102.3)	(3.0)
Items impacting operating expenses	(7.9)	(0.2)	29.1	0.9
<b>Total adjustments</b>	<b>(78.1)</b>	<b>(2.1)</b>	<b>(73.2)</b>	<b>(2.2)</b>
<b>Operating income</b>	<b>(\$0.5)</b>	<b>0.0%</b>	<b>(\$37.6)</b>	<b>(1.1)%</b>

Key items impacting operating revenue for June 30, 2024, includes \$48.6 million of 340b Remedy Funds, \$24.6 million for Rush Oak Brook Orthopaedic Center, LLC sale, \$14.7 million in patient A/R write-offs, \$8.0 gain on Specialty Rehab sales, \$3.7 million FEMA funds. Key items impacting operating expense for June 30, 2024, include \$9.9 million due to fixed asset life adjustments, \$3.1 million severance accrual and \$2.3 million for property sales, \$0.7 million for building decanting and \$0.5 million for fixed asset life adjustment consulting service.

***Non-operating Income/Expense*** – Total non-operating income increased by \$57.3 million from the fiscal year ended June 30, 2023, to the fiscal year ended June 30, 2024. Non-operating income consists of unrealized investment returns, unrestricted contributions, and interest rate swaps. The increase in the income is due to investment strategy and strong market performance.

***Liquidity and Capital Resources*** – The Obligated Group’s unrestricted cash and investments at market value increased by \$163.9 million or 9.1% from June 30, 2023. The days cash on hand increased 3.4 days to 210.2 days as of June 30, 2024, from 206.8 as of June 30, 2023. Included in unrestricted cash and investments was \$206.6 million and \$186.8 million of Specific Purpose Fund balances as of June 30, 2024, and June 30, 2023, respectively, and \$80.5 million and \$76.6 million of appreciation on the unrestricted portion of RUMC’s endowment as of June 30, 2024 and June 30, 2023, respectively.

Excluded from unrestricted cash and investments is the appreciation on the restricted portion of RUMC’s endowment fund of \$451.4 million and \$407.1 million as of June 30, 2024, and June 30, 2023, respectively. These temporarily restricted funds are used to support specific purposes such as research and education.

As of June 30, 2024, the State of Illinois receivables has decreased by 14.8% compared to June 30, 2023, and amounts outstanding over 90 days have decreased by 29.3%. RUSH will continue to closely monitor the outstanding receivables from the state and evaluate any impact of possible future delays in collections.

The Obligated Groups’ indebtedness, including capital leases, deferred financing obligations and guarantees, was \$928.6 million and \$945.3 million as of June 30, 2024 and June 30, 2023, respectively. The Obligated Group’s ratio of the sum of unrestricted cash and investments and debt service reserve funds to indebtedness was 211.4% at June 30, 2024 an increase from 190.4% at June 30, 2023.

## **Capital Expenditures**

Total capital expenditures for RUSH amounted to \$145.1 million for the fiscal year ended June 30, 2024. Some of the largest initiatives during fiscal year 2024 are the Lisle Cancer Center, Rush Copley Medical Center Clinical Decision Unit, Physician Office Buildings, Rush Donor Care Center, and Information Technology solutions. Construction commitments outstanding as of June 30, 2024 and June 30, 2023 were \$132.0 million and \$149.0 million, respectively.



## MISCELLANEOUS

### **New Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which requires the application of a current expected credit loss (“CECL”) impairment model to financial assets measured at amortized cost (including trade accounts receivable), net investments in leases, and certain off-balance-sheet credit exposures. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Furthermore, the CECL model requires financial assets with similar risk characteristics to be analyzed on a collective basis. The ASU did not have a material impact on the consolidated financial statements or notes thereto upon adoption on July 1, 2023.

### **Ratings**

Moody’s, S&P and Fitch have assigned municipal bond ratings of “A1”, “A+” and “AA-,” respectively, to the long-term debt of the Obligated Group. As of June 28, 2024, S&P affirmed the Obligated Group’s A+ rating and outlook of “Stable”. As of February 8, 2024, Fitch affirmed the Obligated Group’s rating of AA- and outlook of “Stable”. As of February 13, 2024, Moody’s affirmed the Obligated Group’s A1 rating and “Stable” outlook.

Any explanation of the significance of such ratings may only be obtained from Moody’s, S&P and Fitch. Certain information and materials not included in this Annual Report may have been furnished to Moody’s, S&P and Fitch concerning the Obligated Group. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained only from the rating agencies furnishing the same. There is no assurance that such ratings will remain in effect for any given period of time or that such ratings will not be revised downward or upward or withdrawn entirely by any of such rating agencies if, in the judgment of such rating agency, circumstances warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligated Group’s outstanding bonds.

### **Licenses, Accreditations and Memberships**

Members of RUSH, including RUMC, CMH and ROPH have been approved and accredited by many governmental and not for profit organizations including The Joint Commission. Additionally, RUMC, CMH and ROPH are members of numerous associations, consortiums and councils dedicated to the various medical specialties offered by each facility.

### **Community Benefits**

RUSH is committed to improving the health of the diverse communities it serves. This commitment is evidenced through the provision of care to patients as charity care, financial support to community partners, the development of health improvement programs and serving through volunteer efforts in RUSH’s communities.

Charity care, as it is currently defined, is limited to very specific services carried out in the nation’s non-profit medical centers. It does not take into account the work that a hospital carries out to improve the wellness of a community, through which costly medical procedures can be avoided.

In fiscal years ended June 30, 2023, and 2022, RUSH’s total community benefit was \$744.2 million and \$643.9 million, respectively. Charity care amounted to \$30.3 million and \$36.4 million during fiscal years ended June 30, 2023 and 2022, respectively. The decrease in Charity Care is due to a shift in Medicaid cases from the state’s Medicaid

Continuous Coverage program that occurred over fiscal year 2023. While our Charity Care continues to include the self-pay patient discounts, the increase in Medicaid volume offset the decrease in Charity Care.

Focusing on these efforts while also delivering on its obligations to provide charity care is something RUSH considers to be central to its mission.

By creating jobs, investing in the community, offering critical health and wellness programs at no cost, as well as a host of other initiatives aimed at reducing mortality rates across the west side of Chicago, RUSH strives to improve the lives of one of Chicago's most vulnerable communities.

In doing so, RUSH has been recognized as a national leader in addressing the social determinants of health. As a founding member and fiscal agent of West Side United, RUSH established a coalition of health systems, residents and community groups with the shared goal of reducing mortality rates across the west side of Chicago.

### **Pension Plans**

RUSH sponsors a defined benefit retirement plan for employees of RUMC and ROPH. The investment policy for the plan's assets is overseen by the System Investment Committee of the System Parent Board of Trustees. Effective December 31, 2023, the plan was frozen to all existing plan participants and future benefit accruals. As of June 30, 2024, the plan is funded at 104%.

In addition to the defined benefit retirement plan, RUMC also provides postretirement health care benefits for certain employees (the "Postretirement Healthcare Plans"). Further benefits under the Postretirement Healthcare Plans have been curtailed since 2010.

### **Investment Policies**

RUSH's investment program consists of unrestricted cash and investments, an endowment at RUMC and RCMC and investment trusts maintained for the specific purpose of funding RUMC's self-insured general and professional liability claims, and RUMC's defined benefit plan. The Investment Committee of the Board of Trustees at RUMC has the primary purpose of assisting the Board of Trustees in the oversight of RUMC's asset pools, and specifically, assets in the operating reserves, self-insurance trust, endowment fund, and Master Retirement Trust and investment offerings in the defined contribution plans. The Finance Committee of the Board of Directors at RCMC is responsible for determining and implementing all investment policies, selecting and terminating investment managers and reviewing investment performance.

The objective of the RUMC self-insurance trust is to fund the self-insurance obligations of RUMC. As of June 30, 2024, the self-insurance trust assets had a market value of \$162.7 million versus a market value of \$179.0 million as of June 30, 2023. The following table shows the current asset allocation targets and ranges as well as the asset allocation as of June 30, 2024, and June 30, 2023 for the self-insurance trust:

Asset Class	Target Allocation and Range		Percentage Trust Assets as of	
			June 30, 2024	June 30, 2023
Public Equity	40%	(+/-10%)	43.1%	45.7%
Fixed Income	35%	(+/-10%)	38.0%	28.8%
U.S. Treasuries	25%	(+/-10%)	17.6%	22.0%
Cash/Money Market	0%	-	1.3%	3.5%
Total			100%	100%

### ***Fair Value Measurements***

As of June 30, 2024 and 2023, RUSH held certain assets and liabilities that are required to be measured at fair value on a recurring basis, including marketable securities and short-term investments, certain restricted, trustee and other investments, derivative instruments, and beneficial interests in trusts.

### ***Valuation Principles***

Under FASB Accounting Standard Codification 820, *Fair Value Measurement*, fair value is defined as an exit price, representing 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. The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs generally reflect market data from independent sources and are supported by market activity, while unobservable inputs are generally unsupported by market activity. The three-level valuation hierarchy, which prioritizes the inputs used in measuring fair value of an asset or liability at the measurement date, includes:

*Level 1 inputs* — Quoted prices (unadjusted) for identical assets or liabilities in active markets. Securities typically priced using Level 1 inputs include listed equities and exchange-traded mutual funds.

*Level 2 inputs* — Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in nonactive markets, and model-driven valuations whose inputs are observable for the asset or liability, either directly or indirectly. Securities typically priced using Level 2 inputs include government bonds (including US treasuries and agencies), corporate and municipal bonds, collateralized obligations, interest rate swaps, commercial paper, currency options and pending transactions.

*Level 3 inputs* — Unobservable inputs for which there is little or no market data available and are based on the reporting entity's own judgment or estimation of the assumptions that market participants would use in pricing the asset or liability. The fair values for securities typically priced using Level 3 inputs are determined using model-driven techniques, which include option-pricing models, discounted cash flow models, and similar methods. The level 3 classification includes beneficial interests in trusts.

### *Fair Value Measurements at the Consolidated Balance Sheet Date*

The following tables present RUSH's fair value hierarchy for its financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023:

Fair Value Measurements as of June 30, 2024	Level 1	Level 2	Level 3	Total Fair Value
<b>Assets</b>				
<b>Marketable securities and short-term investments</b>	\$ 11,991	\$ -	\$ -	\$ 11,991
<b>Fixed Income Securities:</b>				
U.S. Government and Agency securities	-	223,216	-	223,216
Corporate Bonds	-	73,259	-	73,259
Asset Backed Securities and Other	-	43,947	6,010	49,957
<b>Public Equity Securities</b>	707,319	658	-	707,977
<b>Mutual Funds</b>	788,679	9,214	-	797,893
<b>Other Assets</b>	-	-	45,831	45,831
<b>Total investments at Fair Value</b>	<u>\$ 1,507,989</u>	<u>\$ 350,294</u>	<u>\$ 51,841</u>	<u>\$ 1,910,124</u>
Investments valued at NAV				632,342
Pending trades				(1,221)
Accrued income				5,476
<b>Total Assets</b>				<u><u>\$ 2,546,721</u></u>
<b>Liabilities</b>				
Obligations under interest rate swap agreements	\$ -	\$ (2,329)	\$ -	\$ (2,329)
Derivative liabilities	-	(599)	-	(599)
<b>Total liabilities at fair value</b>	<u>\$ -</u>	<u>\$ (2,928)</u>	<u>\$ -</u>	<u>\$ (2,928)</u>
Fair Value Measurements as of June 30, 2023	Level 1	Level 2	Level 3	Total Fair Value
<b>Assets</b>				
<b>Marketable securities and short-term investments</b>	\$ 29,055	\$ -	\$ -	\$ 29,055
<b>Fixed Income Securities:</b>				
U.S. Government and Agency securities	-	306,766	-	306,766
Corporate Bonds	107	62,118	-	62,225
Asset Backed Securities and Other	-	91,620	6,157	97,777
<b>Public Equity Securities</b>	472,326	3,359	-	475,685
<b>Mutual Funds</b>	557,411	7,837	-	565,248
<b>Other Assets</b>	-	-	35,608	35,608
<b>Total investments at Fair Value</b>	<u>\$ 1,058,899</u>	<u>\$ 471,700</u>	<u>\$ 41,765</u>	<u>\$ 1,572,364</u>
Investments valued at NAV				\$ 741,540
Pending trades				(9,876)
Accrued income				10,164
<b>Total Assets</b>				<u><u>\$ 2,314,192</u></u>
<b>Liabilities</b>				
Obligations under interest rate swap agreements	\$ -	\$ (3,764)	\$ -	\$ (3,764)
Derivative liabilities	194	(509)	-	(315)
<b>Total liabilities at fair value</b>	<u>\$ 194</u>	<u>\$ (4,273)</u>	<u>\$ -</u>	<u>\$ (4,079)</u>

### ***Level 3 Rollforward***

A rollforward of the amounts in the consolidated balance sheets for financial instruments classified by RUSH within Level 3 of the fair value hierarchy is as follows:

	<b>Total</b>
Fair value—June 30, 2022	\$ 36,996
Actual return on investments—Realized and unrealized gains and (losses)	1,904
Purchases	2,865
Sales	-
Fair value—June 30, 2023	41,765
Actual return on investments—Realized and unrealized gains and (losses)	3,599
Purchases	6,477
Sales	-
Fair value—June 30, 2024	\$ 51,841

During the fiscal year 2024 and 2023, there were no transfers in Level 3 investments.

### ***Investments in Entities that Report Fair Value Using NAV***

Included within the fair value table above are investments in certain entities that report fair value using a calculated NAV or its equivalent. These investments consist of hedge fund of funds, private equity partnerships, and private debt within alternative investments. The NAV instruments listed in the fair value measurement tables use the following valuation techniques and inputs as of the valuation date:

*Common Collective Trusts*—Commingled funds formed from the pooling of investments under common management. Unlike a mutual fund, these investments are not registered investment companies and therefore are exempt from registering with the Securities and Exchange Commission. Underlying investments within this category consist of public equity securities. The fair value of common collective trusts classified at NAV are primarily determined using the calculated NAV at the valuation date under a market approach.

*Alternative Investments*—Investments within this category consist primarily of hedge funds, private equity and private debt. Hedge fund investments are valued based on RUSH's ownership interest in the NAV of the respective fund as estimated by the general partner, which approximates fair value. Private equity and private debt partnerships are valued based on the estimated fair values of the nonmarketable private equity and private debt partnerships in which it invests, which is an equivalent of NAV.

The following table summarizes RUSH's investments and unfunded commitments that report fair value using NAV as of June 30, 2024 and 2023:

<b>Entities that Report Fair Value Using NAV</b>	<b>Fair Value at June 30, 2024</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Common Collective Trusts	\$ 317,067	None	Daily/Monthly	1-15 days
Alternative Investments:				
Hedge Funds	47,458	None	Quarterly	65-95 days
Private Equity	<u>267,817</u>	<u>92,980</u>	Not currently redeemable	N/A
Total	<u>\$ 632,342</u>	<u>\$ 92,980</u>		

<b>Entities that Report Fair Value Using NAV</b>	<b>Fair Value at June 30, 2023</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (If Currently Eligible)</b>	<b>Redemption Notice Period</b>
Common Collective Trusts	\$ 392,041	None	Daily/Monthly	1-15 days
Alternative Investments:				
Hedge Funds	71,385	None	Quarterly	65-95 days
Private Equity	<u>278,114</u>	<u>107,593</u>	Not currently redeemable	N/A
Total	<u>\$ 741,540</u>	<u>\$ 107,593</u>		

### ***Endowment Investment and Spending Policies***

RUSH has adopted endowment investment and spending policies to preserve purchasing power over the long term and provide stable annual support to the programs supported by the endowment, including professorships, research and education, free care, student financial aid, scholarships, and fellowships. Approximately 16% of RUSH's endowment is available for general purposes for the years ended June 30, 2024 and 2023.

RUMC has an Investment Committee with the authority discharged from the RUMC Board of Trustees to oversee their investment portfolio and approve the investment policy for RUMC and ROPH. RCMC has a Finance Committee with the authority to oversee their investment portfolio and approve their investment policy. The System Parent Board of Trustees, as a whole, maintains ultimate oversight and control over the investment policies and practices of its subsidiaries, through the discharge of its reserved powers over RUMC, RCMC, and ROPH.

The asset allocation policy reflects the objective with allocations structured for capital growth and inflation protection over the long term. The current asset allocation targets and ranges as well as the asset allocation as of June 30, 2024 and 2023, are as follows:

<b>Asset Class</b>	<b>Target Allocation and Range</b>	<b>Percentage of Endowment Assets</b>	
		<b>2024</b>	<b>2023</b>
Public Equity	60% (+/- 10%)	61 %	63 %
Fixed Income	15% (+/- 10%)	15	7
U.S. Treasuries	10% (+/- 10%)	5	10
Private Equity	15% (+/- 10%)	19	20
Cash	-	-	-

To achieve its long-term rate of return objectives, RUSH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The expected long-term rate of return target of the endowment given its current asset allocation structure is approximately 7.0%. Actual returns in any given year may vary from this amount. RUSH has established market-related benchmarks to evaluate the endowment fund's performance on an ongoing basis.

The System Parent Board of Trustees approves the annual spending policy for program support. In establishing the annual spending policy, RUSH's main objectives are to provide for intergenerational equity over the long term, the concept that future beneficiaries will receive the same level of support as current beneficiaries on an inflation-adjusted basis, and to maximize annual support to the programs supported by the endowment. The spending rate was 4.5% in the fiscal years ended June 30, 2024 and 2023, and income from the endowment fund provided \$38,703 and \$27,138 of support for RUSH's programs during the fiscal years ended June 30, 2024 and 2023, respectively.

### Interest Rate Swap Agreements

The Obligated Group has two interest rate swap agreements (the "Swap Agreements"), which were designed to synthetically fix the interest payments on its Series 2006A Bonds. Under the Swap Agreements, the Obligated Group makes fixed-rate payments equal to 3.945% to the swap counterparties and receives variable-rate payments equal to 68% of London InterBank Offered Rate (3.717% and 3.548% as of June 30, 2024 and 2023, respectively) from the swap counterparties, each calculated on the notional amount of the Swap Agreements. As of June 30, 2024, and 2023, the Swap Agreements had a notional amount of \$54.3 million and \$58.9 million, respectively, (\$27.1 million in notional amount with each counterparty). Following the refinancing of the Series 2006A Bonds into the Series 2016 Bonds, the Obligated Group used \$50 million in notional amount of the Swap Agreements to synthetically fix the interest on the Series 2016 Bonds. The Swap Agreements each expire on November 1, 2035, and amortize annually commencing in November 2012. The Swap Agreements are secured by obligations issued under the Master Trust Indenture.

The Swap Agreements also require either party to post collateral in the form of cash and certain cash equivalents to secure potential termination payments. The amount of collateral that is required to be posted is based on the relevant party's long-term credit rating. Based on its current rating, the Obligated Group is required to post collateral with the Swap Counterparties in the event that the market value of the Swap Agreements exceeds \$(30) million or \$(15) million for each Swap Agreement. As of June 30, 2024, the Obligated Group had no collateral posted under Swap Agreements.

The fair value of the Swap Agreements reported in RUSH's consolidated balance sheets as of June 30, 2024, and 2023, includes an adjustment for the Obligated Group's credit risk and may not be indicative of the termination value that RUSH would be required to pay upon early termination of the Swap Agreements.

Management has not designated the Swap Agreements as hedging instruments. Amounts recorded in the accompanying consolidated statements of operations and changes in net assets for the Swap Agreements allocated to RUSH for the fiscal years ended June 30, 2024, and 2023:

<i>(In Thousands)</i>	<b>Reported As</b>	<b>Fiscal Year Ended</b>	
		<b>June 30,</b>	
		<b>2024</b>	<b>2023</b>
Change in Fair Value of Interest Rate Swaps	Nonoperating Income (Expense)	\$ 971	\$ 3,017
Net Cash Payments on Interest Rate Swaps	Interest Expense	\$ (86)	\$ (616)

## **Affiliations, Merger, Acquisition and Divestiture**

Management of RUSH is actively considering and evaluating potential affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, management reviews the use, compatibility and business viability of many of the operations of RUSH, and from time-to-time RUSH may pursue changes in the use of, or disposition of, their facilities. RUSH receives offers from and/or conducts discussions with third parties about potential affiliations and joint venture opportunities. As a result, it is possible that the current organization, assets, operations and financial condition of RUSH may change from time-to-time as a result of such affiliations, mergers, acquisitions and divestitures.

In addition to relationships with other hospitals and physicians, RUSH may consider investments, ventures, affiliations, development and acquisition of other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers, and other health care enterprises that support the overall operations of RUSH. In addition, RUSH may pursue transactions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management will consider these arrangements if there is a perceived strategic or operational benefit for RUSH. Any such investment, venture, affiliate, development or acquisition may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which RUSH may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not lead to material adverse consequences to RUSH.

In April 26, 2024, RUSH and MD Anderson Cancer Center formed an integrated operations partnership, expanding multidisciplinary care for patients with improved experience and access to treatments. Through the newly created RUSH MD Anderson Cancer Center, RUSH will provide patients in the region with access to cancer treatments that are among the most advanced in the nation.

As of April 9, 2024, the new RUSH Specialty Hospital opened, a combined critical illness recovery and inpatient rehabilitation hospital, offering a seamless continuum of care for patients and families recovering after being hospitalized in RUMC intensive care.

## **Information Technology**

The Obligated Group strives to be a national leader for the innovative use of informatics and technology to support safe, effective and efficient patient-centered quality health care, empowering customers and partners by advancing technology solutions that enable the Obligated Group to achieve its mission, vision and values. Total initiatives of \$33.1 million includes Workstation on Wheels Refresh \$5.2 million, Digital Strategy CRM \$3.6 million, Pathology Beaker Replacement \$3.6 million, iPhone refresh \$2.7 million and Jelke/PAV/OAB network refresh \$1.9 million. During the fiscal years ended June 30, 2024, and 2023, the Obligated Group has spent \$198.2 million and \$147.9 million, respectively, on IT expenditures, which represents 5.4% and 4.4% of its operating revenue.

## **Recent Transactions and Other Matters**

A new Clinical Decision Unit opened in August 2023 at Rush Copley Medical Center to provide specialized care for patients needing observation. The 15,000-square-foot unit's total cost is \$21 million with \$7.3 million funded by a grant from the State of Illinois' Capital Development Board.

On October 16, 2023, Rush University Medical Center sold a parcel of land immediately north of the campus to a subsidiary of the Chicago Blackhawks for roughly \$23.5 million with net excess proceeds from the sale to be reinvested in the Sankofa Wellness Village in West Garfield Park.

On November 1, 2023, Rush University Medical Center closed on the sale of a three-story medical office building and ambulatory surgery center in Oak Brook, IL for \$70.7 million dollars and paid off \$36.2 million debt with net proceeds of \$34.5 million.



Effective January 2024, Matt Walsh will serve as the Executive Vice President and Chief Operating Officer of Rush University System for Health.

In January 2024, RUSH shared the news that Robert S.D. Higgins, MD, MSHA, will return to RUSH to serve as the next President & Chief Academic Officer of RUSH University and Chief Academic Officer, Senior Vice President of RUSH. Dr. Higgins started in his role at RUSH University in April 2024.

In January 2024, HHS issued a final rule on the remedy for unlawful payment cuts to certain hospitals that participated in the 340b Drug Pricing program for calendar years 2018 – 2022. The remedy includes a lump-sum payment of \$48.6 million received in January 2024.

Announced in March 2024, after years of dedicated service at RUSH Angelique Richard, senior vice president of hospital operations for RUSH University Medical Center and chief nursing officer for RUSH, stepping down from her role effective April 5, 2024.

In March 2024, Luis Garcia, MD, FACS, MBA, FACHE, has accepted the role of president for the new RUSH Medical Group, which will unite all RUSH medical groups under one banner starting July 1, 2024. In this role, Dr. Garcia will work with providers at each organization to build a shared vision for quality care across all RUSH locations.

In May 2024, Paul Casey, MD, MBA, FACEP, senior vice president and chief medical officer of Rush University Medical Center, has been named chief medical officer for RUSH. In this new role, Dr. Casey will assume additional responsibilities to ensure the delivery of high-quality medical care across our entire system. He will play a pivotal role in fostering collaboration throughout RUSH's leadership team, medical staff, RUSH boards and other stakeholders.

There were no other significant or material transactions outside the ordinary course of business during the twelve months ended June 30, 2024.

### **Subsequent Events**

RUSH has evaluated events occurring subsequent to the consolidated balance sheet date through October 25, 2024, the date the consolidated financial statements were available to be issued. There were no significant subsequent events through this date other than those noted below.

Effective July 1, 2024, Rush Medical Group, an Illinois not-for-profit corporation (“RMG”), was admitted as a Member of the Obligated Group pursuant to the Master Trust Indenture. This represents the unification of the three medical group activities under the Obligated Group members. As such, the new member will include operations that were held in other entities.

## **CONSOLIDATED FINANCIAL STATEMENTS**

*The following June 30, 2024 financial statement information was derived from and should be read in conjunction with the Rush System for Health 2024 Audited Consolidated Financial Statements. See accompanying notes to consolidated financial statements.*

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidated Balance Sheet**  
*(In thousands)*

	<b>As of June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 422,806	\$ 439,952
Accounts receivable for patient services	430,151	407,284
Other accounts receivable	60,767	62,664
Self-insurance trust—current portion	57,209	57,209
Other current assets	141,496	151,168
Total current assets	<u>1,112,429</u>	<u>1,118,277</u>
ASSETS LIMITED AS TO USE AND INVESTMENTS:		
Investments—less current portion	1,556,002	1,375,233
Limited as to use by donor or time restriction or other	828,012	759,914
Self-insurance trust—less current portion	105,498	121,836
Total assets limited as to use and investments	<u>2,489,512</u>	<u>2,256,983</u>
PROPERTY AND EQUIPMENT—NET	1,893,852	1,880,229
OPERATING LEASE RIGHT-OF-USE ASSETS	99,771	100,237
POSTRETIREMENT AND PENSION BENEFIT ASSETS	35,377	7,195
OTHER NONCURRENT ASSETS	84,879	131,315
TOTAL ASSETS	<u>\$ 5,715,820</u>	<u>\$ 5,494,236</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 119,384	\$ 101,119
Accrued expenses	379,438	406,405
Postretirement and pension benefit liabilities	181	2,811
Estimated third-party settlements payable and advances payable	248,043	286,348
Current portion of accrued liability under self-insurance programs	66,028	69,229
Current portion of long-term debt	12,598	13,510
Current operating lease liability	25,037	26,128
Total current liabilities	<u>850,709</u>	<u>905,550</u>
LONG-TERM LIABILITIES:		
Accrued liability under self-insurance programs—less current portion	252,645	313,019
Postretirement and pension benefit liabilities	1,683	2,082
Long-term debt—less current portion	838,179	888,512
Line of credit	-	-
Obligations under financing leases and other financing arrangements	74,356	41,899
Long-term operating lease liabilities	79,819	78,471
Other long-term liabilities	95,694	85,227
Total long-term liabilities	<u>1,342,376</u>	<u>1,409,210</u>
Total liabilities	<u>2,193,085</u>	<u>2,314,760</u>
NET ASSETS:		
Without donor restrictions	2,373,447	2,118,371
With donor restrictions	1,149,288	1,061,105
Total net assets	<u>3,522,735</u>	<u>3,179,476</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,715,820</u>	<u>\$ 5,494,236</u>

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidated Statements of Operations**  
*(In thousands)*

	<b>For the Years Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
REVENUE:		
Patient service revenue	\$ 3,170,555	\$ 2,916,374
Tuition and educational programs revenue	94,754	95,356
Research revenue and net assets released from restriction and used for research and other operations	215,623	194,507
Other revenue	183,195	154,244
Total revenue	<u>3,664,127</u>	<u>3,360,481</u>
EXPENSES:		
Salaries, wages and employee benefits	1,837,819	1,727,199
Supplies, utilities and other	1,167,909	1,091,348
Insurance	81,183	73,518
Purchased services	310,846	273,045
Depreciation and amortization	156,192	143,248
Interest and fees	34,494	26,964
Total expenses	<u>3,588,443</u>	<u>3,335,322</u>
OPERATING INCOME	<u>75,684</u>	<u>25,159</u>
NON-OPERATING INCOME (LOSS)		
Investment income (loss) and other—net	152,727	93,465
Contributions without donor restrictions	2,121	2,556
Fundraising expenses	(11,795)	(12,437)
Change in fair value of interest rate swaps	971	3,017
Total non-operating income (loss)	<u>144,024</u>	<u>86,601</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ 219,708</u>	<u>\$ 111,760</u>

(Continued)

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidated Statements of Operations and Changes in Net Assets**  
*(In thousands)*

	<b>For the Years Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
Excess (deficit) of revenues over expenses	\$ 219,708	\$ 111,760
Net assets released from restrictions used for the purchase of property and equipment	11,808	11,218
Postretirement related changes other than net periodic postretirement cost	36,837	56,408
Other	(13,277)	8,200
	<hr/>	<hr/>
Increase (decrease) in net assets without donor restrictions	255,076	187,586
	<hr/>	<hr/>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Pledges, contributions and grants	99,888	117,498
Net assets released from restrictions	(124,371)	(111,460)
Net realized and unrealized gains (losses) on investments	112,666	75,922
	<hr/>	<hr/>
Increase (decrease) in net assets with donor restrictions	88,183	81,960
	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	343,259	269,546
NET ASSETS—Beginning of period	3,179,476	2,909,930
	<hr/>	<hr/>
NET ASSETS—End of period	\$ 3,522,735	\$ 3,179,476
	<hr/> <hr/>	<hr/> <hr/>

(Concluded)

**RUSH UNIVERSITY SYSTEM FOR HEALTH**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

Increase (decrease) in net assets	\$ 343,259	\$ 269,546
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	156,192	143,248
Non-cash operating lease expense	(315)	11
Postretirement related changes other than net periodic postretirement cost	(36,837)	(56,408)
Change in fair value of interest rate swaps	(971)	(3,017)
Net unrealized and realized (gains) losses on investments	(255,736)	(160,938)
Restricted contributions	(66,833)	(26,717)
Investment (gains) losses on trustee held investments	(3,530)	(1,813)
(Gain) loss on sale of property and equipment	(24,688)	(48)
Changes in operating assets and liabilities:		
Accounts receivable for patient services	(22,867)	(36,932)
Accounts payable and accrued expenses	(9,111)	(1,369)
Estimated third-party settlements payable	(38,305)	1,322
Pension and postretirement costs	5,626	928
Accrued liability under self-insurance programs	(63,576)	50,692
Other changes in assets and liabilities	92,603	(53,319)
Net cash provided by (used in) operating activities	<u>74,911</u>	<u>125,186</u>
<b>INVESTING ACTIVITIES:</b>		
Additions to property and equipment	(219,903)	(333,564)
Proceeds from the sale of property and equipment	86,008	-
Purchase of investments	(2,675,016)	(1,124,899)
Sale of investments	2,701,754	1,199,064
Net cash (used in) provided by investing activities	<u>(107,157)</u>	<u>(259,399)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from restricted contributions	66,833	26,717
Payment of long-term debt	(48,675)	(12,703)
Payment of obligations on finance lease liabilities	(3,058)	(1,245)
Proceeds (payments) on other financing arrangements	-	41,398
Net cash (used in) provided by provided by financing activities	<u>15,100</u>	<u>54,167</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,146)	(80,046)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>439,952</u>	<u>519,998</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 422,806</u>	<u>\$ 439,952</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Right of use assets obtained in exchange for new operating lease liabilities	<u>\$ 23,072</u>	<u>\$ 21,052</u>
Cash paid for interest	<u>\$ 38,074</u>	<u>\$ 31,988</u>
Noncash additions to property and equipment	<u>\$ 8,440</u>	<u>\$ 3,999</u>

## **APPENDICES**

## Financial Results Compared to Budget for the Fiscal Year Ended June 30, 2024

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The RUSH Parent Board is required to set the RUSH strategic plan and annual budget as well as approve the strategic plans, annual operating budgets, and the financial and capital priorities for RUMC and RCMC. The budget remains in effect the entire fiscal year. An actual to budget comparison and analysis is presented monthly in the financial statements, and the information for the fiscal year ended June 30, 2024, is presented below for the Obligated Group.

### Summary Statement of Operations - Obligated Group

<i>(In thousands)</i>	<b>Fiscal Year Ended June 30, 2024</b>	
	<b>Actual</b>	<b>Budget</b>
Patient service revenue	\$ 3,170,555	\$ 3,107,286
Other operating revenue	481,087	462,105
Total operating revenue	3,651,642	3,569,391
Salaries, wages and employee benefits	1,825,737	1,834,391
Supplies, utilities and other	1,166,481	1,107,600
Professional liability and other insurance	81,136	292,185
Purchased services	310,224	160,282
Depreciation and amortization	155,953	84,829
Interest	34,494	35,004
Total operating expenses	3,574,025	3,514,291
Operating income	77,617	55,100
Non-operating income	143,365	64,376
Excess of revenue over expenses	\$ 220,982	\$ 119,476



## Covenant Compliance Certificate

The following calculations are pursuant to the financial covenants expressed in the Amended and Restated Master Trust Indenture dated February 1, 2015 for the RUSH Obligated Group.

*(In thousands)*

### I. MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO:

Net income, excluding net gains and losses on sales [1]	\$	156,534
Add: Depreciation expense		155,953
Add: Interest expense		34,494
Revenues available for debt service	\$	346,981
 Maximum annual debt service	 \$	 61,330
Revenues available for debt service	\$	346,981
Maximum annual debt service	\$	61,330
Ratio exceeds 1.20	(please check)	<b>X</b>

### II. DAYS CASH ON HAND:

Unrestricted cash and cash equivalents	\$	407,485
Add: Unrestricted marketable securities		1,556,001
Unrestricted cash and marketable securities	\$	1,963,486
Number of days in period		366
Unrestricted cash and marketable securities x 366	\$	718,635,876
 Total operating expenses		 3,574,025
Less: Depreciation expense		(155,953)
Total operating expenses - depreciation expense	\$	3,418,072
Unrestricted cash and marketable securities x 366	\$	718,635,876
Total operating expenses - depreciation expense	\$	3,418,072
Days exceed 65	(please check)	<b>X</b>

Notes:

[1] Maximum annual and historical debt service coverage ratios are calculated based on net revenue available for debt service of the Obligated Group and exclude unrealized gains and losses on unrestricted investments, the change in fair value of interest rate swaps still outstanding and net gains and losses on sales, a component of nonoperating income.

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*(In thousands)*

**III. HISTORICAL DEBT SERVICE COVERAGE RATIO:**

Net income, excluding net gains and losses on sales <sup>[1]</sup>		\$	156,534
Add: Depreciation expense			155,953
Add: Interest expense			34,494
Revenues available for debt service		\$	<u>346,981</u>
Payments of debt		\$	51,733
Add: Interest expense			34,494
Annual debt service		\$	<u>86,227</u>
Revenues available for debt service	\$	346,981	<u>4.02</u>
Annual debt service	\$	86,227	
Ratio exceeds 1.10	(please check)		<u>X</u>

Notes:

[1] Maximum annual and historical debt service coverage ratios are calculated based on net revenue available for debt service of the Obligated Group and exclude unrealized gains and losses on unrestricted investments, the change in fair value of interest rate swaps still outstanding and net gains and losses on sales, a component of nonoperating income.

## System Board of Directors

### Business Affiliations and Years of Service | As of June 30, 2024

Name	Business Affiliation	Years of Service
Susan Crown (Chairperson)	Chairman and CEO, SCE	7
Peter C. B. Bynoe	Senior Advisor, DLA Piper LLP (US)	7
Catherine M. Cederoth	Director, Huron Consulting Group	7
Bruce W. Dienst	President, Norican North America; CEO, Simpson Technologies	7
William A. Downe (Chair Elect)	Former CEO, BMO Financial Group	7
Christine A. Edwards	Ret. Partner & Chair, Bank Regulatory Group, Winston & Strawn	7
William J. Friend	Managing Partner and Founder, Core Capital Management, LLC	1
Sandra P. Guthman	Chair and Former CEO, Polk Bros. Foundation	7
Jay L. Henderson	Retired Vice Chairman, Client Service, PricewaterhouseCoopers	7
Kenneth H. M. Leet	Retired Partner, Goldman, Sachs & Co.	1
Juan R. Luciano	Chairman, President and CEO, Archer Daniels Midland Company	1
Gary E. McCullough	CEO, GEM Advisory Services	1
Stephen N. Potter	Retired Vice Chairman, Northern Trust Corporation	4
E. Scott Santi	Chairman and Retired CEO, Illinois Tool Works	1
Russell P. Smyth	Chairman/General Partner, HAVI	1
Christine J. Sobek, EdD	President Emeritus, Waubensee Community College	1
Charles A. Tribbett III	Vice Chairman, Russell Reynolds Associates	1
Everett Ward	Partner, Fox Swibel Levin & Carroll LLP	1
Robert A. Wislow	Co-Founder, Chairman and CEO, Parkside Realty, Inc.	3

## Medical Staff

The following table represents information relating to the composition of the Medical Staff of Rush University Medical Center as of June 30, 2024:

Specialty	Total Medical Staff	% Board Certified	Average Age
Addiction Medicine	2	100%	52
Addiction Psychiatry	1	100%	50
Advanced Heart Failure and Transplant Cardiology	3	67%	40
Allergy & Immunology	6	100%	54
Anesthesiology	59	74%	53
Cardiovascular Disease	20	95%	47
Child and Adolescent Psychiatry	5	100%	50
Child Psychiatry	1	100%	38
Clinical Cardiac Electrophysiology	6	100%	50
Clinical Genetics and Genomics	2	100%	52
Clinical Neurophysiology	6	100%	39
Colon and Rectal Surgery	4	100%	47
Complex General Surgical Oncology	1	100%	42
Congenital Cardiac Surgery	1	100%	47
Critical Care Medicine	3	67%	48
Dermatology	18	94%	44
Developmental-Behavioral Pediatrics	2	50%	38
Diagnostic Radiology	39	90%	48
Emergency Medicine	19	53%	41
Endocrinology, Diabetes and Metabolism	8	63%	43
Epilepsy	2	100%	43
Family Medicine	6	83%	43
Family Medicine (PCP)	40	100%	48
Foot and Ankle Surgery	5	20%	49
Foot Surgery	1	100%	38
Gastroenterology	22	77%	46
Geriatric Medicine	2	100%	45
Geriatric Medicine (PCP)	6	100%	49
Geriatric Psychiatry	1	100%	51
Gynecologic Oncology	5	60%	45
Hematology	11	64%	52
Hematopathology	1	100%	41
Hospice and Palliative Medicine	13	69%	46
Infectious Disease	22	100%	49

<b>Specialty</b>	<b>Total Medical Staff</b>	<b>% Board Certified</b>	<b>Average Age</b>
Internal Medicine (PCP)	72	94%	52
Internal Medicine/Pediatrics	2	0%	33
Internal Medicine/Pediatrics (PCP)	5	100%	48
Interventional Cardiology	17	88%	50
Interventional Radiology and Diagnostic Radiology	7	71%	44
Maternal-Fetal Medicine	7	86%	54
Medical Oncology	18	83%	50
Micrographic Dermatologic Surgery	1	100%	38
Neonatal-Perinatal Medicine	25	76%	45
Nephrology	11	100%	55
Neurocritical Care	2	50%	39
Neurological Surgery	18	94%	54
Neurology	56	98%	48
Neurology with Special Qualifications in Child Neurology	7	100%	57
Neuropathology	2	100%	49
Neuroradiology	11	82%	46
Nuclear Medicine	1	100%	48
Obstetrics & Gynecology	39	92%	45
Occupational Medicine	3	100%	65
Ophthalmology	46	96%	52
Oral and Maxillofacial Surgery	3	100%	48
Orthodontics	1	100%	41
Orthopaedic Sports Medicine	7	57%	49
Orthopaedic Surgery	24	92%	52
Otolaryngology - Head and Neck Surgery	15	93%	45
Pain Medicine	2	100%	43
Pathology - Anatomic	2	100%	69
Pathology-Anatomic/Pathology-Clinical	17	100%	51
Pathology-Clinical	1	100%	74
Pediatric Anesthesiology	2	100%	38
Pediatric Cardiology	13	92%	49
Pediatric Critical Care Medicine	10	80%	42
Pediatric Dermatology	1	100%	39
Pediatric Endocrinology	5	100%	49
Pediatric Gastroenterology	3	100%	52
Pediatric Hematology-Oncology	8	88%	51
Pediatric Hospital Medicine	2	100%	43
Pediatric Infectious Diseases	5	100%	45

<b>Specialty</b>	<b>Total Medical Staff</b>	<b>% Board Certified</b>	<b>Average Age</b>
Pediatric Nephrology	5	40%	37
Pediatric Otolaryngology	2	0%	35
Pediatric Pulmonology	1	100%	42
Pediatric Rehabilitation Medicine	1	100%	45
Pediatric Rheumatology	3	100%	49
Pediatric Surgery	6	100%	48
Pediatric Urology	1	100%	64
Pediatrics	4	100%	40
Pediatrics (PCP)	20	100%	46
Physical Medicine & Rehabilitation	22	91%	46
Plastic Surgery	13	77%	47
Psychiatry	27	96%	54
Pulmonary Disease	17	94%	45
Radiation Oncology	9	100%	42
Reproductive Endocrinology/Infertility	3	100%	59
Rheumatology	19	100%	51
Sleep Medicine	5	100%	46
Sports Medicine	7	100%	46
Surgery	22	82%	50
Surgery of the Hand	5	80%	48
Surgical Critical Care	3	100%	43
Thoracic and Cardiac Surgery	22	73%	51
Transplant Hepatology	6	67%	47
Urogynecology and Reconstructive Pelvic Surgery	5	100%	44
Urology	10	90%	57
Vascular Medicine	1	0%	35
Vascular Neurology	3	33%	36
Vascular Surgery	4	100%	48

## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Copley Medical Center as of June 30, 2024:

Specialty	Total Medical Staff	% Board Certified	Average Age
Allergy & Immunology	2	100%	40
Anesthesiology	20	95%	49
Cardiovascular Disease	9	100%	45
Clinical Cardiac Electrophysiology	1	100%	52
Clinical Genetics and Genomics	1	100%	63
Colon and Rectal Surgery	1	100%	54
Critical Care Medicine	6	85%	45
Dermatology	4	100%	46
Diagnostic Radiology	53	96%	45
Emergency Medicine	26	96%	42
Endocrinology, Diabetes and Metabolism	3	100%	51
Epilepsy	2	100%	43
Family Medicine	32	100%	46
Foot Surgery	7	90%	57
Gastroenterology	4	100%	55
Geriatric Medicine	1	100%	49
Gynecologic Oncology	4	50%	44
Hematology	1	100%	59
Hospice and Palliative Medicine	1	100%	44
Infectious Disease	3	100%	56
Internal Medicine	29	93%	47
Interventional Cardiology	5	83%	50
Interventional Radiology and Diagnostic Radiology	4	100%	50
Maternal-Fetal Medicine	8	100%	51
Medical Oncology	3	100%	51
Neonatal-Perinatal Medicine	8	100%	43
Nephrology	10	100%	58
Neurological Surgery	4	100%	52
Neurology	16	94%	52
Neuroradiology	2	100%	42
Obstetrics & Gynecology	18	90%	52
Ophthalmology	9	100%	57
Orthopaedic Surgery	6	100%	51

<b>Specialty</b>	<b>Total Medical Staff</b>	<b>% Board Certified</b>	<b>Average Age</b>
Otolaryngology - Head and Neck Surgery	4	100%	48
Pathology-Anatomic/Pathology-Clinical	5	100%	64
Pediatric Anesthesiology	4	100%	44
Pediatric Cardiology	3	100%	46
Pediatric Endocrinology	3	100%	44
Pediatric Gastroenterology	1	100%	42
Pediatric Hematology-Oncology	2	100%	54
Pediatric Infectious Diseases	1	100%	43
Pediatric Otolaryngology	1	100%	37
Pediatric Pulmonology	2	100%	43
Pediatric Radiology	21	100%	49
Pediatric Surgery	6	100%	48
Pediatric Urology	1	100%	64
Pediatrics (PCP)	16	100%	46
Physical Medicine & Rehabilitation	9	82%	42
Plastic Surgery	1	50%	43
Psychiatry	1	100%	40
Pulmonary Disease	8	100%	50
Radiation Oncology	2	100%	42
Reproductive Endocrinology/Infertility	2	100%	51
Surgery	9	100%	54
Surgery of the Hand	1	100%	51
Thoracic and Cardiac Surgery	14	93%	52
Urogynecology and Reconstructive Pelvic Surgery	3	100%	54
Urology	3	75%	43
Vascular Neurology	2	40%	42
Vascular Surgery	4	100%	51



## Medical Staff

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The following table represents information relating to the composition of the Medical Staff of Rush Oak Park Hospital as of June 30, 2024:

<b>Specialty</b>	<b>Total Medical Staff</b>	<b>% Board Certified</b>	<b>Average Age</b>
Addiction Psychiatry	1	100%	50
Advanced Heart Failure and Transplant Cardiology	3	67%	40
Allergy & Immunology	6	100%	48
Anesthesiology	19	79%	53
Cardiovascular Disease	21	86%	46
Child and Adolescent Psychiatry	1	100%	37
Clinical Cardiac Electrophysiology	5	100%	50
Clinical Neurophysiology	2	100%	40
Colon and Rectal Surgery	4	100%	47
Complex General Surgical Oncology	1	100%	42
Critical Care Medicine	2	100%	47
Dentistry	1	0%	69
Dermatology	5	100%	53
Diagnostic Radiology	39	90%	48
Emergency Medicine	52	75%	41
Endocrinology, Diabetes and Metabolism	4	100%	45
Epilepsy	2	100%	43
Family Medicine	3	100%	40
Family Medicine (PCP)	29	86%	51
Family Medicine/ Osteopathic Manipulative Treatment	1	100%	39
Foot and Ankle Surgery	7	43%	57
Foot Surgery	6	67%	42
Gastroenterology	20	80%	46
Geriatric Medicine	2	100%	58
Gynecologic Oncology	4	50%	44
Hematology	6	33%	51
Hematopathology	1	100%	41
Infectious Disease	15	93%	51
Internal Medicine	16	94%	42
Internal Medicine (PCP)	22	86%	53
Interventional Cardiology	10	90%	53
Interventional Radiology and Diagnostic Radiology	8	75%	47
Medical Oncology	11	82%	46
Nephrology	11	100%	54
Neurological Surgery	1	0%	33
Neurology	19	100%	45
Neurology with Special Qualifications in Child Neurology	1	100%	58
Neuroradiology	11	100%	46
Nuclear Medicine	1	100%	48

<b>Specialty</b>	<b>Total Medical Staff</b>	<b>% Board Certified</b>	<b>Average Age</b>
Obstetrics & Gynecology	19	95%	43
Occupational Medicine	1	100%	49
Ophthalmology	13	92%	57
Oral and Maxillofacial Surgery	1	100%	54
Orthopaedic Sports Medicine	8	50%	48
Orthopaedic Surgery	12	92%	49
Otolaryngology - Head and Neck Surgery	8	100%	44
Pain Medicine	1	100%	36
Pathology-Anatomic	1	100%	59
Pathology-Anatomic/Pathology-Clinical	11	100%	48
Pathology-Clinical	1	100%	74
Pediatric Cardiology	2	100%	49
Pediatrics (PCP)	1	100%	67
Physical Medicine & Rehabilitation	11	91%	42
Plastic Surgery	10	80%	43
Psychiatry	6	100%	44
Pulmonary Disease	17	94%	45
Radiation Oncology	8	100%	42
Reproductive Endocrinology/Infertility	1	0%	35
Rheumatology	5	100%	44
Sleep Medicine	3	100%	58
Sports Medicine	4	100%	46
Surgery	21	76%	50
Surgery of the Hand	5	80%	48
Surgical Critical Care	3	100%	43
Thoracic and Cardiac Surgery	4	100%	47
Transplant Hepatology	6	67%	47
Urogynecology and Reconstructive Pelvic Surgery	5	100%	44
Urology	11	91%	56
Vascular Medicine	1	0%	35
Vascular Neurology	3	33%	36
Vascular Surgery	4	100%	51