



**Quarterly Financial Disclosure
For the Six Month Periods Ended
February 29, 2020 and February 28, 2019**

INDEX	Page
Overview of Disclosure	2
Consolidated Financial Statements:	
Consolidated Balance Sheet as of February 29, 2020 and February 28, 2019	4
Consolidated Statement of Operations and Changes in Net Assets For the Six Month Periods Ended February 29, 2020 and February 28, 2019	5
Consolidated Statement of Cash Flows For the Six Month Periods Ended February 29, 2020 and February 28, 2019	6
Historical Utilization Statistics For the Six Month Periods Ended February 29, 2020 and February 28, 2019	7
APPENDIX A – Bond Issues and Related CUSIP Numbers	A-1



Stanford

HEALTH CARE

STANFORD MEDICINE

Pursuant to the following Continuing Disclosure Agreements (collectively, the “Disclosure Agreements”) executed and delivered in connection with the related bond issues (collectively, the “Bonds”), Stanford Health Care (the “Corporation”) hereby provides financial and utilization information for the Six-month periods ended February 29, 2020 and February 28, 2019:

- Continuing Disclosure Agreement dated June 2, 2008, relating to the original issue of \$156,200,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-1 and A-3;
- Continuing Disclosure Agreement dated June 16, 2010, relating to the original issue of \$296,055,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2010 Series A and B;
- Continuing Disclosure Agreement dated June 15, 2011, relating to the reoffering of \$272,365,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-2, A-3 and B-2;
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$408,320,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series A and B; and
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$60,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series C; and
- Continuing Disclosure Agreement dated June 30, 2015, relating to the original issue of \$100,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care) 2015 Series A.
- Continuing Disclosure Agreement dated December 28, 2017, relating to the original issue of \$454,200,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Health Care), 2017 Series A.



The Bonds are identified together with their corresponding CUSIPs in Appendix A of this quarterly disclosure report. Additionally, the Treasury department of the Corporation maintains a world-wide web site to which it makes certain disclosure documents available to the general public at <https://stanfordhealthcare.org/about-us/bondholder-general-financial-information.html>.

This quarterly disclosure was prepared by management from records maintained by the Corporation and has not been compiled, reviewed or audited by external auditors.

The following condensed financial statements as of and for the quarter ended February 29, 2020 do not reflect subsequent events affecting the Corporation related to the COVID-19 pandemic. Those subsequent events include, without limitation, the issuance of governmental orders declaring statewide and local states of public health emergency and imposing restrictions on nonessential activities; a continuation of financial market declines and volatility affecting the Corporation's investments; a decline in utilization of the Corporation's clinical services from historical levels including those stated herein; the incurrence of unbudgeted costs for the purposes, among others, of treating COVID-19 patients and addressing risks of exposure of employees, patients and visitors to infection; adjustments of staffing and related changes in salary, wage and benefit costs; measures taken by management to increase liquidity available to the Corporation which, in management's opinion, remains sufficient to meet projected operating and financing needs; and receipt of funds from federal fiscal stimulus actions. The duration of the COVID-19 pandemic, its direct and indirect effects on economic conditions at all levels, changes in business relationships and clinical practices are among material uncertainties that preclude meaningful projections of the results of financial performance of the Corporation, and accordingly no representation is made that such results will not be adversely affected on a material basis.

For further information please contact:

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Stanford Health Care
Consolidated Balance Sheet - Unaudited
As of February 29, 2020, and February 28, 2019
(In Thousands)

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 349,427	\$ 598,476
Assets limited as to use, held by trustee	11	93
Short term investments	403,419	294,910
Patient accounts receivables, net	756,525	668,264
Other receivables	125,130	82,891
Inventories	72,967	62,378
Prepaid expenses and other	97,817	62,179
Due from related parties	14,767	-
Total current assets	<u>1,820,063</u>	<u>1,769,191</u>
Investments	651,668	611,659
Investments at equity	108,557	91,600
Investments in University managed pools	1,533,465	1,399,143
Property and equipment, net	3,675,791	3,455,132
Right of use lease assets	304,921	-
Other assets	71,462	101,142
Total assets	<u>\$ 8,165,927</u>	<u>\$ 7,427,867</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 539,192	\$ 510,559
Accrued salaries and related benefits	245,284	247,693
Due to related parties	-	6,479
Third-party payor settlements	30,488	36,538
Current portion of long-term debt	116,210	13,910
Debt subject to remarketing arrangements	228,200	228,200
Right of use short-term liability	70,636	-
Self-insurance reserves and other	57,380	55,727
Total current liabilities	<u>1,287,390</u>	<u>1,099,106</u>
Self-insurance reserves and other, net of current portion	187,040	145,536
Swap liabilities	341,383	189,863
Right of use long-term liability	257,129	-
Other long-term liabilities	126,968	133,108
Pension liability	17,067	6,766
Long-term debt, net of current portion	<u>1,581,222</u>	<u>1,702,140</u>
Total liabilities	<u>3,798,199</u>	<u>3,276,519</u>
Net assets:		
Without donor restrictions:		
Stanford Health Care	4,213,765	3,451,865
Noncontrolling interests	20,905	24,780
Total without donor restrictions	<u>4,234,670</u>	<u>3,476,645</u>
With donor restrictions	133,058	674,703
Total net assets	<u>4,367,728</u>	<u>4,151,348</u>
Total liabilities and net assets	<u>\$ 8,165,927</u>	<u>\$ 7,427,867</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Operations and
Changes in Net Assets – Unaudited
For the Six-Month Period Ended February 29, 2020 and February 28, 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Operating revenues and other support:		
Net patient service revenue	\$ 2,700,541	\$ 2,471,039
Premium revenue	57,061	48,382
Other revenue	78,733	73,506
Net assets released from restrictions used for operations	3,660	6,691
Total operating revenues and other support	<u>2,839,995</u>	<u>2,599,618</u>
Operating expenses:		
Salaries and benefits	1,262,920	1,101,418
Professional services	16,981	19,254
Supplies	402,912	337,058
Purchased services	731,616	641,494
Depreciation and amortization	125,699	95,197
Interest	29,644	20,998
Other	232,246	229,968
Expense recoveries from related parties	(69,252)	(66,145)
Total operating expenses	<u>2,732,766</u>	<u>2,379,242</u>
Income from operations	107,229	220,376
Interest and investment income	24,624	22,988
Earnings on equity method investments	11,186	3,575
Increase (decrease) in value of University managed pools	49,240	(1,184)
Swap interest and change in value of swap agreements	(31,905)	(13,633)
Excess of revenues over expenses	160,374	232,122
Other changes in net assets without donor restrictions:		
Transfer to Stanford University	(20,655)	(56,361)
Change in net unrealized gains on investments	16	(3,253)
Net assets released from restrictions used for:		
Purchase of property and equipment	253	12
Purchase of property and equipment-NSH	551,207	-
Noncontrolling capital distribution	(2,400)	-
Increase in net assets without donor restrictions	<u>688,795</u>	<u>172,520</u>
Changes in net assets with donor restrictions:		
Transfer from Stanford University	111	5
Contributions and other	10,151	24,638
Investment income	337	382
Gains (loss) on University managed pools	806	(678)
Net assets released from restrictions used for:		
Operations	(3,660)	(6,691)
Purchase of property and equipment	(253)	(12)
Purchase of property and equipment-NSH	(551,207)	-
(Decrease) increase in net assets with donor restrictions	<u>(543,715)</u>	<u>17,644</u>
Increase in net assets	145,080	190,164
Net assets, beginning of year	<u>4,222,648</u>	<u>3,961,184</u>
Net assets, end of year	<u>\$ 4,367,728</u>	<u>\$ 4,151,348</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Cash Flows – Unaudited
For the Six-Month Period Ended
February 29, 2020 and February 28, 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in Stanford Health Care net assets	\$ 151,086	\$ 184,111
Change in noncontrolling interests	(6,006)	6,053
Total change in net assets	<u>145,080</u>	<u>190,164</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	124,893	94,415
Change in fair value of interest rate swaps	24,587	7,336
(Decrease) increase in value of University managed pools	(49,240)	1,184
Unrealized (loss) gains on investments	(772)	4,081
Excess of income on equity method investees over distributions received	(11,937)	(7,282)
Contributions received for long lived assets or endowment	(20,642)	(19,765)
Net equity transfers to/from related parties	20,544	56,356
Changes in operating assets and liabilities:		
Patient accounts receivable	(71,100)	(45,187)
Due to related parties	(70,315)	(59,117)
Other receivables, inventory, other assets, prepaid expenses and other	(45,225)	(37,302)
Accounts payable, accrued liabilities and pension liabilities	56,110	46,318
Accrued salaries and related benefits	(29,815)	38,203
Third-party payor settlements	570	2,064
Self-insurance reserves	10,956	6,489
Cash provided by operating activities	<u>83,694</u>	<u>277,957</u>
Cash flows from investing activities:		
Purchases of investments	(20,173)	(143,680)
Sales of investments	26,429	134,776
Purchases of investments at equity	-	(4,378)
Purchases of investments in University managed pools	(5,369)	(1,091)
Sales of investments in University managed pools	456	925
Swap settlement payments, net	5,906	(6,401)
(Increase) in assets limited as to use and other	-	(93)
Purchases of property and equipment	(191,516)	(240,022)
Cash used in investing activities	<u>(184,267)</u>	<u>(259,964)</u>
Cash flows from financing activities:		
Costs of issuance of debt	(122)	(183)
Payment of long-term debt and capital lease obligations	(7,310)	(7,915)
Contributions received for long lived assets or endowment	16,083	24,705
Net equity transfers to/from related parties	(64,160)	(88,380)
Cash used by financing activities	<u>(55,509)</u>	<u>(71,773)</u>
Net decrease in cash and cash equivalents	(156,082)	(53,780)
Cash and cash equivalents, beginning of year	<u>505,509</u>	<u>652,256</u>
Cash and cash equivalents, end of year	<u>\$ 349,427</u>	<u>\$ 598,476</u>
Supplemental disclosures of cash flow information:		
Interest paid, net of amounts capitalized	\$ 28,909	\$ 21,875
Supplemental disclosures of non cash information:		
(Decrease) increase in payables for property and equipment	\$ (81,058)	\$ 31,186
Equity transfers to related parties, net	6,319	3,064

All information is preliminary and subject to change.

**Stanford Health Care
Historical Utilization Statistics
For the Six Month Periods Ended
February 29, 2020 and February 28, 2019**

		Six Months Ended February,	
		<u>2020</u>	<u>2019</u>
Discharges			
	Acute	13,687	12,924
	Behavioral Health	447	432
	Total	<u>14,134</u>	<u>13,356</u>
Patient Days			
	Acute	79,413	72,807
	Behavioral Health	4,346	4,480
	subtotal	<u>83,759</u>	<u>77,287</u>
	Short Stay OP	7,558	7,317
	Total	<u>91,317</u>	<u>84,604</u>
Average Daily Census			
	Acute	436.3	402.2
	Behavioral Health	23.9	24.8
	Total	<u>460.2</u>	<u>427.0</u>
Average Length of Stay			
	Acute	5.8	5.6
	Behavioral Health	9.7	10.4
	Total	<u>5.9</u>	<u>5.8</u>
Case Mix Index			
		2.47	2.44
Emergency room visits*			
		41,433	38,346
Short Stay OP procedures			
		23,624	21,819
Other Outpatient visits			
		467,846	412,266
Surgeries			
	Inpatient	6,801	6,339
	Outpatient	12,533	11,801
	Total	<u>19,334</u>	<u>18,140</u>

All information is preliminary and subject to change.

APPENDIX A

Bond Issues and Related CUSIP Numbers

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-1**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LHP5	11/15/2020	4.00	\$ 675,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-2

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNE3	11/15/2020	5.00	\$ 1,000,000
13033LNF0	11/15/2021	5.00	\$ 450,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-3

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNS2	11/15/2020	5.00	\$ 800,000
13033LNT0	11/15/2021	4.00	\$ 375,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series B-2-1**

CUSIP	Maturity Date	Current Commercial Paper Interest Rate (%)	Original Principal Amount
13033LNX1	11/15/2045	0.92	\$ 42,050,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series B-2-2**

CUSIP	Maturity Date	Current Commercial Paper Interest Rate (%)	Original Principal Amount
13033LNY9	11/15/2045	1.20	\$ 42,050,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2010 Series A**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LJB4	11/15/2020	5.00	\$ 6,760,000

California Health Facilities Financing Authority
Revenue Bonds
(Stanford Hospital and Clinics)
2012 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LYQ4	08/15/2032	5.00	\$ 1,960,000
13033LYR2	08/15/2042	5.00	\$ 43,380,000
13033LZS0	08/15/2051	5.00	\$ 294,660,000

**California Health Facilities Financing Authority
Revenue Bonds
(Stanford Hospital and Clinics)
2012 Series B**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LZA8	08/15/2020	4.00	\$ 2,500,000
13033LZH3	08/15/2020	5.00	\$ 4,475,000
13033LZB6	08/15/2021	4.00	\$ 6,810,000
13033LZC4	08/15/2022	4.00	\$ 875,000
13033LZJ9	08/15/2022	5.00	\$ 6,680,000
13033LZD2	08/15/2023	5.00	\$ 7,430,000

**California Health Facilities Financing Authority
Revenue Bonds
(Stanford Hospital and Clinics)
2012 Series C**

CUSIP	Maturity Date	Initial Windows Spread to SIFMA (%)	Original Principal Amount
13033LZN0	08/15/2051	0.08	\$ 60,000,000

**California Health Facilities Financing Authority
Revenue Bonds
(Stanford Health Care)
2015 Series A**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033L8Q3	08/15/2052	4.25	\$ 25,000,000
13033L8P5	08/15/2054	5.00	\$ 75,000,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Health Care)
2017 Series A**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13032UPY8	11/15/2021	5.00	\$7,125,000
13032UPZ5	11/15/2022	5.00	\$9,635,000
13032UQA9	11/15/2023	5.00	\$13,475,000
13032UQB7	11/15/2024	5.00	\$17,615,000
13032UQC5	11/15/2025	5.00	\$18,480,000
13032UQD3	11/15/2026	5.00	\$19,320,000
13032UQE1	11/15/2027	5.00	\$20,260,000
13032UQF8	11/15/2028	5.00	\$21,225,000
13032UQG6	11/15/2029	5.00	\$22,270,000
13032UQH4	11/15/2030	5.00	\$23,340,000
13032UQJ0	11/15/2031	5.00	\$24,465,000
13032UQK7	11/15/2032	5.00	\$25,695,000
13032UQL5	11/15/2033	5.00	\$26,805,000
13032UQM3	11/15/2034	5.00	\$23,390,000
13032UQN1	11/15/2035	5.00	\$19,310,000
13032UQP6	11/15/2036	5.00	\$26,160,000
13032UQQ4	11/15/2037	5.00	\$30,225,000
13032UQR2	11/15/2040	4.00	\$105,405,000