MUNICIPAL SECONDARY MARKET DISCLOSURE
INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board and Nationally Recognized Municipal Securities Information Repositories (NRMSIRS) pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

Issuers' and/or Other Obligated Person's Names: California Health Facilities Financing Authority, California Adventist Health System/West (CHFFA)
California Statewide Communities Development Authority Adventist Health System/West (CSCDA)
Multnomah County Hospital Facilities Authority

CUSIP Numbers:

CSCDA AHS/W 2007A

13080SYC2

CHFFA AHS/W 2009 Series B

13033LBC0

CHFFA AHS/W 2011A

13032UUX4

AHS/W Taxable 2013

007944AC5

Multnomah County, OR 2019

62551PCX3

CHFFA AHS/W 2013 Series A

13033LR58	13033LS24
13033LR66	13033LS32
13033LR74	13033LS40
13033LR82	13033LS65
13033LS73	13033LS57
13033LR90	

CSCDA AHS/W 2015 Series A

13080SHY3	13080SJG0
13080SHZ0	13080SJH8
13080SJA3	13080SJJ4
13080SJB1	13080SJK1
13080SJC9	13080SJN5
13080SJD7	13080SJL9

CSCDA 2015A – cont.

13080SJE5	13080SJP0
13080SJF2	13080SJM7

CHFFA AHS/W 2016 Series A

13032UFV5	13032UGD4
13032UFW3	13032UGE2
13032UFX1	13032UGF9
13032UFY9	13032UGG7
13032UFZ6	13032UGH5
13032UGA0	13032UGJ1
13032UGB8	13032UGK8
13032UGC6	13032UGL6

CSCDA AHS/W 2018 Series A

13080SVR2	13080SWB6
13080SVS0	13080SWC4
13080SVT8	13080SWD2
13080SVU5	13080SWE0
13080SVV3	13080SWF7
13080SVW1	13080SWG5
13080SVX9	13080SWH3
13080SVY7	13080SWJ9
13080SVZ4	13080SWK6
13080SWA8	

AHS/W Taxable 2019

007944AE1	007944AG6
007944AF8	

Description of Material Event Notice/Financial Information (Check One):

1. ________ Principal and interest payment delinquencies
2. ________ Non-payment related defaults
3. ________ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ________ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ________ Substitution of credit or liquidity providers, or their failure to perform
6. ________ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ________ Modifications to rights of security holders
8. ________ Bond calls
9. ________ Defeasances
10. ________ Release, substitution or sale of property securing repayment of the securities
11. ________ Rating changes
12. ________ Failure to provide annual financial information as required
13. ________ Other material event notice
14. ___X___ Financial information (**not** to be filed with the MSRB): Please check all appropriate boxes

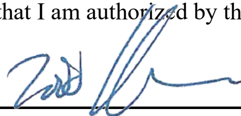
CAFR [1]: a. __ includes Annual Financial Information **X** does not include Annual Information

b. Audited? **Yes** __ **No** _X_

Operating Data

Period Covered: 3 months ended March 31, 2021

I hereby represent that I am authorized by the Obligated Person to distribute this information publicly:

Signature: 

Name: Todd Hofheins Title: CFO
Employer: Adventist Health System/West
Address: ONE Adventist Health Way
City, State, and Zip Code: Roseville, CA 95661
Voice Telephone Number: 916.406.1375

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

MARCH 31, 2021

ONE Adventist Health Way
Roseville, CA 95661

Consolidated Financial Statements (Unaudited)
and Supplementary Information

Adventist Health

March 31, 2021

Consolidated Financial Statements

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Adventist Health

Consolidated Balance Sheets
(In millions of dollars)

	March 31 2021 (Unaudited)	December 31 2020 (Audited)
Assets		
Cash and cash equivalents	**$ 365**	$ 261
Short-term investments	**264**	176
Patient accounts receivable	**641**	612
Receivables from third-party payors	**403**	501
Other current assets	**240**	243
Total current assets	**1,913**	1,793
Noncurrent investments	**2,108**	2,236
Other assets	**411**	413
Property and equipment, net	**2,288**	2,302
Total assets	**$ 6,720**	$ 6,744
Liabilities and net assets		
Accounts payable	**$ 299**	$ 265
Accrued compensation and related payables	**317**	306
Liablitities to third-party payors	**220**	232
Other current liabilities	**130**	140
Short-term financing	**61**	60
Current maturities of long-term debt	**35**	20
Total current liabilities	**1,062**	1,023
Long-term debt, net of current maturities	**2,009**	2,036
Other noncurrent liabilities	**571**	570
Total liabilities	**3,642**	3,629
Net assets without donor restrictions:		
Controlling	**3,003**	3,040
Noncontrolling	**14**	14
Net assets with donor restrictions	**61**	61
Total net assets	**3,078**	3,115
Total liabilities and net assets	**$ 6,720**	$ 6,744

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets
(In millions of dollars)

	Three months ended March 31	
	2021 (Unaudited)	**2020 (Unaudited)**
Revenues and support:		
Patient service revenue	**$ 1,128**	$ 1,054
Premium revenue	**46**	38
Other revenue	**64**	54
Net assets released from restrictions for operations	**3**	1
Total revenues and support	**1,241**	1,147
Expenses:		
Employee compensation	**560**	575
Professional fees	**183**	144
Supplies	**187**	164
Purchased services and other	**301**	247
Interest	**16**	17
Depreciation and amortization	**50**	49
Total expenses	**1,297**	1,196
Loss from operations	**(56)**	(49)
Nonoperating income:		
Investment income (loss)	**20**	(104)
Total nonoperating income (loss)	**20**	(104)
Deficit of revenues over expenses	**(36)**	(153)
Deficit (excess) of revenues over expenses from noncontrolling interests	**–**	–
Deficit of revenues over expenses from controlling interests	**(36)**	(153)

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets - Continued
(In millions of dollars)

	Three months ended March 31	
	2021 (Unaudited)	**2020 (Unaudited)**
Net assets without donor restrictions:		
Controlling:		
Excess of revenues over expenses from controlling interests	**$ (36)**	$ (153)
Net change in unrealized gains and losses on other-than-trading securities	**(3)**	(1)
Donated property and equipment	**–**	1
Net assets released from restrictions for capital additions	**2**	–
Increase in net assets without donor restrictions – controlling	**(37)**	(153)
Noncontrolling:		
Excess of revenues over expenses from noncontrolling interests	**–**	–
Increase in net assets without donor restrictions – noncontrolling	**–**	–
Net assets with donor restrictions:		
Restricted gifts and grants	**5**	1
Net assets released from restrictions	**(5)**	(1)
Increase in net assets with donor restrictions	**–**	–
Increase in net assets	**(37)**	(153)
Net assets, beginning of year	**3,115**	2,988
Net assets, end of year	**$ 3,078**	$ 2,835

Note A – Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation: Adventist Health System/West (Adventist Health) is a California not-for-profit religious corporation that controls and operates hospitals and other healthcare facilities, and wellness promoting operations in the western United States (collectively, the "System"). Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the "Church"). The obligations and liabilities of Adventist Health and its hospitals and other healthcare facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations.

Note B – Fair Value of Financial Instruments

The System accounts for certain assets at fair value. A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels determined by the lowest level of input considered significant to the fair value measurement in its entirety. These levels are defined as follows:

> Level 1: Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in this category include U.S. treasury securities, U.S. and foreign equities, and exchange-traded mutual funds.
>
> Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include U.S. government agencies and municipal bonds, asset-backed securities, and U.S. corporate bonds.
>
> Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at March 31, 2021.

There were no transfers of financial assets between Level 1 and Level 2 of the fair value hierarchy.

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value or at NAV as a practical expedient on a recurring basis at March 31, 2021:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	$ 428	$ –	$ 428
Fixed income:			
U.S. government treasury obligations	122	–	122
U.S. corporation and agency debentures	–	51	51
U.S. agency mortgage-backed securities	–	5	5
U.S. Corporate debt securities	–	602	602
Municipal bonds	–	20	20
Mutual funds	263	195	458
Equities:			
Equity	6	–	6
Mutual funds	751	–	751
Total financial assets stated at fair value	$ 1,570	$ 873	2,443
Commercial real estate			23
Investments measured at NAV			271
Other investments			78
Total cash and investments			$ 2,815

Cash and cash equivalents of $428 at March 31, 2021 includes $49 of cash equivalents held in the System's investments held by trustees for self-insurance programs and $14 in unrestricted investments.

Commercial real estate investments are recorded at cost or fair market value if donated. These investments are periodically reviewed for impairment and written down if necessary. Other investments include retirement plan assets, joint ventures, and partnerships and are included in other assets.

Note B – Fair Value of Financial Instruments (continued)

As of March 31, 2021, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

U.S. corporation and agency debentures: The fair value of investments in U.S. corporation and agency debentures is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include quotes, spreads, and data points for yield curves.

U.S. agency mortgage-backed securities: The fair value of U.S. agency mortgage-backed securities is primarily determined using matrices. These matrices utilize observable market data of bonds with similar features, prepayment speeds, credit ratings, and discounted cash flows. Additionally, observed market movements, tranche cash flows, and benchmark yields are incorporated in the pricing models.

U.S. corporate debt securities: The fair value of investments in corporate debt securities is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades, dealer quotes, security-specific characteristics, and multiple sources of spread data points in developing yield curves.

Municipal bonds: The fair value of municipal bonds is determined using a market approach. The inputs include yield benchmark curves, prepayment speeds, and observable market data, such as institutional bids, dealer quotes, and two-sided markets.

Certain of the investments are reported using a calculated NAV or its equivalent. These investments are not expected to be sold at amounts that are different from NAV. The following table and explanations identify attributes relating to the nature of the risk of such investments:

	March 31, 2021			
	NAV	**Unfunded Commitments**	**Redemption Frequency (if currently Eligible)**	**Redemption Notice Period (if Currently Eligible)**
Commingled funds – equity securities	$ 99	$ –	Weekly/Monthly	4-30 days
Hedge Funds	142	23	Monthly/Quarterly	45-60 days
Private Equity Funds	30	36	None	None
Total	$ 271	$ 59		

Commingled funds – equity securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices.

Note B – Fair Value of Financial Instruments (continued)

Hedge funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across

various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of March 31, 2021:

Note B – Fair Value of Financial Instruments (continued)

% of Hedge Funds	Redemption Criteria	Notice Period
47%	Redeemable monthly	45–60 days
24%	Redeemable quarterly	45 days
27%	Redeemable quarterly after June 1, 2021	45 days
2%	Up to 12.5% redeemable quarterly on non-consecutive quarters	60 days

Private equity funds: These investments cannot be redeemed by the System; rather the System has committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

Note C – Investments and Assets Whose Use is Limited

The following is a summary of unrestricted investments and assets whose use is limited:

	March 31 2021	December 31 2020
Total unrestricted investments	**$ 2,207**	$ 2,232
Assets designated by the Board, primarily for property and equipment	**13**	13
Investments held by trustees for:		
Self-insurance programs	**136**	150
Charitable annuities and other	**2**	3
Total investments held by trustees	**138**	153
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	**5**	5
Other purposes	**9**	9
Total donor-restricted investments	**14**	14
Total investments	**2,372**	2,412
Less short-term investments	**264**	176
Total noncurrent investments	**$ 2,108**	$ 2,236

Liquidity Management: As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System invests cash in excess of daily requirements in short-term investments and has a committed syndicated line of credit and a commercial paper program to help manage unanticipated liquidity needs. Additionally, other unrestricted noncurrent investments of $2,005 at March 31, 2021 may be utilized if necessary.

The System's financial assets available for general operating expenses within one year are as follows:

	March 31 2021
Cash and cash equivalents	$ 365
Short-term investments	264
Patient accounts receivable	641
Receivables from third-party payors	403
Other receivables	95
	$ 1,768

Note D – Investment Income

Net realized and unrealized investment income, including capital gains on unrestricted, board designated, and trustee-held funds, includes the following:

	Three Months Ended March 31	
	2021	**2020**
Realized gains, net	**$ 8**	$ 3
Unrealized gains, net	**12**	(107)
	20	(104)
Interest and dividend income	**10**	10
	$ 30	$ (94)

Interest and dividend income are included in other revenue. For purposes of performance evaluation, management considers interest and dividend earnings to be components of operating income. Realized and unrealized gains and losses are components of nonoperating income and are reported in investment income on the accompanying consolidated financial statements.

Changes in net unrealized gains and losses on other-than-trading debt securities, reported at fair value, are separately disclosed in the consolidated statements of operations and changes in net assets. Unrealized gains and losses associated with these securities relate principally to market changes in interest rates for similar types of securities. Since the System has the intent and ability to hold these securities for the foreseeable future, and it is more-likely-than-not that the System will not be required to sell the investments before their recovery, the declines are not reported as realized unless they are deemed to be other-than-temporary. In determining whether the losses are other-than-temporary, the System considers the length of time and extent to which the fair value has been less than cost or carrying value, the financial strength of the issuer, and the intent and ability of the System to retain the security for a period of time sufficient to allow for anticipated recovery or maturity.

Note E – Patient Accounts Receivable

The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing appropriate allowances for contractual reimbursement, policy discounts, charity and uncollectible amounts. These allowances are estimated based upon an evaluation of governmental reimbursements, negotiated contracts and historical payments.

Note F – Patient Service Revenue

Patient service revenue is recognized when services are provided and reported at the estimated net realizable amounts from patients, third-party payors, and others, including estimated retrospective settlements under reimbursement agreements with third-party payors. Retrospective settlements are accrued on an estimated basis in the period the related services are rendered.

Patient service revenue includes revenues from California Medicaid Quality Assurance Fee programs in the amount of $109 for the Three months ending March 31, 2021. Related fees for the programs of $44 for the Three months ending March 31, 2021 are recorded in purchased services and other expenses. These amounts are based on management's current estimate of the amounts that meet the criteria for revenue recognition as both probable and estimable.

Note G – Leases

The System leases certain locations, office space, land, and equipment. The System determines whether an arrangement contains a lease at inception. Assets held under finance leases are included in property and equipment. Operating leases are expensed on a straight-line basis over the life of the lease beginning on the commencement date. Any direct and indirect costs for the leases are expensed and are immaterial for the System.

At lease commencement, the System determines the lease term by assuming the exercise of the renewal option that are reasonably certain to be exercised. The exercise of lease renewal or termination options are at the System's sole discretion. The depreciable life of assets and leasehold improvements is limited by the expected lease terms, unless there is a transfer of title or purchase option reasonably certain of exercise.

Some lease agreements include rental payments based on annual percentage increases, and others include rental payments adjusted periodically for inflation. Certain leases require the System to pay real estate taxes, insurance, maintenance, and other operating expenses associated with the leased premises.

The System's lease agreements do not contain any material residual value guarantees or material restricted covenants.

The System uses the incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. The System used the incremental borrowing rate at January 1, 2019 for operating leases that commenced prior to that date.

The System elected the package of practical expedients within the lease transitional guidance, which allow it to carry forward its historical assessments of: 1) whether contracts are or contain leases, 2) lease classification and 3) initial direct costs, where applicable. The System also elected the practical expedient to not separate lease components from non-lease components for all existing lease classes. The System implemented a policy of not recording leases on its balance sheets when the leases have a term of 12 months or less. The System did not elect the practical expedient allowing the use-of-hindsight, which would require the System to reassess the lease term of its leases based on all facts and circumstances through the effective date.

Note G – Leases (continued)

	Classification	March 31, 2021
Leased assets	Other assets	$ 185
Lease liabilities		
Current	Other current liabilities	$ 28
Noncurrent	Other noncurrent liabilities	162
Total lease liabilities		$ 190

	Classification	March 31, 2021
Operating lease expense	Purchase services and other	$ 10

Cash paid for amounts not included in the measurement of lease liabilities:	March 31, 2021
Operating cash outflows for operating leases	$ 9

Operating lease payments include payments relating to options to extend lease terms that are reasonably certain of being exercised. Excluded are any legally binding lease payments for signed leases not yet commenced, which are immaterial for the System. Minimum lease payments for operating leases with initial terms in excess of one year are as follows for the period ended March 31, 2021:

Maturity of Lease Liabilities	Operating Leases
2021	$ 25
2022	31
2023	26
2024	22
2025	18
Thereafter	105
Total lease payments	227
Less imputed interest	(42)
	$ 185

Lease Term and Discount Rate	March 31, 2021
Weighted average remaining lease term (years)	10.5
Weighted average discount rate	3.67%

Note H – COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic. Following this, the Center for Disease Control declared a national public health emergency, followed by state emergency declarations, and the Centers for Medicare and Medicaid Services (CMS) issued guidance regarding elective procedures. Several national restrictions were put in place and the governors in the states in which the System has operations issued shelter-in-place orders and executive orders postponing nonessential or elective surgeries. Several unavoidable factors are impacting both revenue and expense as the result of necessary actions by the System as well as local, state, and federal governments to mitigate the spread and effect of the virus. Clinic visits and elective surgical volumes have dropped as patients have been directed or have chosen to stay home to avoid unnecessary exposure. Medical patient volumes in most markets have experienced significant fluctuations throughout the year. Labor costs have increased as a result of shortages in nurses and support teams that have been quarantined related to COVID-19 or are faced with childcare issues related to school closures. Supply shortages are ongoing impacting both cost per unit and changes in treatment protocol, which have increased the quantity of supplies required. This has caused significant increases in supplies expense.

The System took measures to respond to COVID-19, including:

- Initiated System and hospital incident command centers to coordinate readiness, monitor and manage labor, personal protective equipment and other supplies, and resolve issues;
- Ensured local, state, and federal guidelines were followed for screening, triaging, testing, isolating, and caring for COVID-19 patients while protecting staff and other patients;
- Launched virtual ambulatory care services that allow patients to visit their doctors by phone or computer;
- Opened a virtual 150-bed hospital, Adventist Health Hospital@Home, in collaboration with Medically Home and Huron, to create capacity for COVID-19 patients by caring for patients with other specified diagnosis in their homes through medical command centers and rapid response teams;
- Reconfigured facilities to maximize patient service capacity during COVID-19 surge periods and to allow for social distancing, screening and other safety measures;
- Temporarily closed unused services or minimized services at medical office buildings, clinics and hospitals to meet the critical need to conserve personal protective equipment, and limit exposure to COVID-19 for both patients and employees;
- Launched web pages, a chatbot and patient email responses to answer community members' questions and direct them to appropriate services;
- Used System marketing and communication campaigns to remind community members not to neglect emergency care, inform the community as services resumed and shared enhanced safety measures to reduce patients' fears;
- Adjusted supplemental and contract workforce, flexed staffing, furloughed positions and temporarily or permanently reduced staff;
- The System has 29 locations that administered 181,661 COVID-19 vaccine doses in the 1st quarter.

Note H – COVID-19 (continued)

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Grant payments from the Provider Relief Fund are intended to reimburse healthcare providers for lost revenue and increased expenses due to the pandemic. As of March 31, 2021, the System has received approximately $308 million of provider relief funds from various provisions in the CARES Act, of which $20 million and $288 million has been recognized in 2021 and 2020, respectively, as contributions in other revenue in the consolidated statement of operations and changes in net assets.

On March 28, 2020, CMS expanded the existing Accelerated and Advance Payments Program to a broader group of Medicare Part A providers and Part B suppliers. At the end of April 2020, the System received approximately $358 of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program. Originally, CMS announced that it will begin to offset the payments by future Medicare reimbursements up to 210 days after disbursement, depending on whether a facility is an acute or non-acute facility. On October 1, 2020, a continuing resolution was signed, which included an extension to delay repayments to one year from receipt of these accelerated and advance disbursements. The repayment terms specify that for the first 11 months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments otherwise owed to the provider. At the end of the eleven-month period, recoupment will increase to 50% for six months. At the end of the six months (29 months from the receipt of the initial accelerated payment), Medicare will issue a letter for full repayment of any remaining balance, as applicable. The System has recorded $160 in other current liabilities and $198 in other noncurrent liabilities in the consolidated balance sheet.

The CARES Act also allows for deferred payment of the employer portion of certain payroll taxes between March 27, 2020 and December 31, 2020, with half due December 31, 2021 and the remaining half due December 31, 2022. As of March 31, 2021, the System had deferred payroll tax payments of approximately $75 with $37.5 included in accrued compensation and related payable and $37.5 included in other noncurrent liabilities in the consolidated balance sheet.

Due to the evolving nature of the COVID-19 pandemic, the future impact to the System and its consolidated financial condition is presently unknown.

Adventist Health System/West
Municipal Secondary Market Disclosure
March 31, 2021
(In millions of dollars)

The following information is provided pursuant to Section 3(b) of the Continuing Disclosure Certificate executed by the System in connection with the issuance of:

California Health Facilities Financing Authority Revenue Bonds, 2009 Series B
California Health Facilities Financing Authority Revenue Bonds, 2013 Series A
Adventist Health System/West Taxable Bonds, Series 2013

Section 3(b)(2) Long-term debt disclosure:

On March 31, 2021, the long-term debt of the Members of the Obligated Group (including current maturities) totaled $2,032. Of that amount, $47 was variable interest rate debt, with the remaining $1,985 being fixed interest rate debt.

Section 3(b)(3) Statement regarding accounts receivable liens:

During the quarter ended March 31, 2021 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

Management Discussion and Analysis of Financial Condition and Results of Operations

Year End: March 31, 2021

Adventist Health

Adventist Health Overview

Adventist Health System/West, doing business as Adventist Health (the "Corporation"), is a faith-based, nonprofit organization. The health system serves communities in California, Hawaii, Oregon and Washington (collectively with the Corporation, the "System" or "Adventist Health"). With a workforce of approximately 37,000 associates including physicians, allied health professionals and support services, this transformational organization is realizing its mission by providing health, wholeness and hope. Teams of clinical staff provide coordinated care across networks utilizing advanced medical technology, innovative models of health transformation and compassionate care, to revolutionize the delivery of health. Adventist Health operates 23 hospitals, approximately 360 clinics (physician clinics, hospital-based clinics, and the largest rural health clinic network in California), 15 home care agencies, eight hospice agencies, one fully-owned continuing care retirement community and three joint-venture retirement centers.

With an emphasis on wellness and prevention of disease rooted in the Seventh-day Adventist healthcare legacy, the team is focused on caring for mind, body and spirt. The System is dedicated to the integration of hospitals, physicians and other providers in a manner that best serves and cooperates with its communities, both in terms of commitment to quality and a demonstrated ability to provide cost-effective care in an environment increasingly driven by competitive market forces.

Adventist Health's brand is woven throughout the Western United States. The map on the next page of this analysis shows the location of the Corporation's headquarters and the System's owned or leased hospital facilities. The corporate office is centrally located in Roseville, California. Outside California, the System includes Hawaii medical services and two medical centers in Oregon. While the map does not show the location of each of the System's 360 clinics, the geographic area served by the System's clinics, as well as its hospital facilities, is depicted in the map.

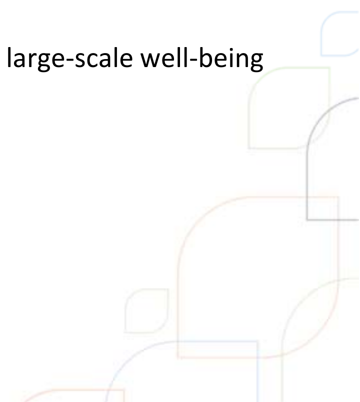
Strategy and Mission

The 2030 Strategy:

Adventist Health has laid out an aggressive plan based on the calling of our mission of living God's love by inspiring health, wholeness and hope. The diversified, growth-oriented strategy focuses on building an organization that will bring **"affordable consumer health and well-being within reach"** for everyone we serve. Within 10 years we will grow to reach more than 10 million individuals annually with well-being initiatives or health services, operate near a 10% margin, and achieve $10 billion of annual revenue.

Embedded within the Adventist Health strategy are several key themes:

- Becoming a consumer-oriented company by using **consumer insights** and segmentation to **develop products and service**s to better serve individuals on their **personal well-being** path.
- **Transforming costs and pricing** to improve **affordability of health** services for individuals, employers, communities and payers.
- **Integrating with payers** to **manage health** of populations, lower costs, and **improve market share**.
- Innovating and integrating around **early-intervention behavioral health** services.
- Developing standalone **community well-being** businesses that can be implemented in and beyond communities where Adventist Health has care delivery services.
- Elevating and **uniting philanthropic efforts** in support of both community care services and large-scale well-being initiatives.



Adventist Health Overview (Continued)

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Organization Structure

Operating Structure Updates:

Adventist Health has reorganized itself around its 2030 strategic plan. Three key divisions, oriented around product rather than geography, were formed with five offices of service supporting each of them. Building off the progress toward standardization, modernization and optimization, Adventist Health transitioned to a single Care Division with a unified leadership team in 2020. The Care Division has been positioned alongside newly established Well-Being and Heath Divisions, with support from Consumer, Culture, Mission, People & Services and Philanthropy offices providing the capabilities necessary to accomplish our 2030 strategic plan. All three divisions are guided by system leadership, our governance model, and most importantly our mission.

Care Division Affiliation and Other Activities

Dameron Hospital

In December 2019, Adventist Health entered into an 18-month agreement to manage Dameron Hospital in Stockton, California. This agreement was subsequently extended to March 31, 2022. Extending the service area of Adventist Health Lodi Memorial in neighboring Lodi, California, Dameron Hospital adds more than 200 inpatient beds to Adventist Health's footprint and ensures ongoing access to a population of more than 310,000. At the conclusion of the management services agreement, the corporation will have the option to pursue a membership transfer.

Adventist Health Mendocino Coast

On March 3, 2020 more than 90% of the voters of the Mendocino Coast Healthcare District in Mendocino County, California voted to approve terms of Adventist Health's long-term lease of Mendocino Coast District Hospital (MCDH) in Fort Bragg. Adventist Health entered into a management services agreement with MCDH effective May 4, 2020 allowing Adventist Health to manage MCDH alongside the other Adventist Health assets in the county. A long-term lease agreement commenced on July 1, 2020 and the hospital is now operating as Adventist Health Mendocino Coast (AHMC). AHMC is a 25-bed critical access acute care hospital that includes operations of rural health clinics. The agreement extends Adventist Health's coverage in Mendocino County and ensures continued access to a coastal population of more than 15,000.

Adventist Health Feather River - Camp Fire

In November 2018, the System's Adventist Health Feather River (AHFR) facilities in Paradise, California and neighboring communities incurred extensive damage as a result of the most destructive wildfire in California history. The fire destroyed the majority of homes and businesses throughout the community. Most of the AHFR properties, including the 100-bed acute care hospital, remain temporarily closed and non-operational as the System completes damage assessments. As of March 31, 2021, the timelines of Adventist Health's fixed acute care services in Paradise was yet to be determined.

Adventist Health St. Helena - Glass Fire

On September 27, 2020, a large fire erupted near St. Helena, California causing local residents to evacuate and businesses to temporarily close, including Adventist Health St. Helena's hospital and adjacent Medical Office Building. The hospital building endured minimal damage, although there was extensive damage to the outlying water and sewer systems. While the hospital and clinics at the Medical Office Building were temporarily closed, services that were available on campus were relocated to local clinics, thus minimizing the disruption of services to the community. The Medical Office Building reopened on November 18, 2020, and the hospital reopened on December 8, 2020.

COVID-19 Update

On March 11, 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic. Following this, the Centers for Disease Control declared a national public health emergency, followed by state emergency declarations and the Centers for Medicare and Medicaid Services (CMS) issued guidance regarding elective procedures. Several national restrictions were put in place and the governors in the states in which the System has operations issued shelter-in-place orders and executive orders postponing nonessential or elective surgeries.

Several unavoidable factors are impacting both revenue and expense as the result of necessary actions by our System as well as local, state, and federal governments to mitigate the spread and effect of the virus. Clinic visits and elective surgical volumes have dropped as patients have been directed or have chosen to stay home to avoid unnecessary exposure. Medical patient volumes in most markets have experienced significant fluctuations throughout the year. Labor costs have increased as a result of shortages in nurses and support teams that have been quarantined related to COVID-19 or are faced with childcare issues related to school closures. Supply shortages are ongoing, impacting cost per unit, and changes in treatment protocol have increased the quantity of supplies required. These factors have caused significant increases in supplies expense.

The System took measures to respond to COVID-19 including:

- Initiated System and hospital incident command centers to coordinate readiness, resolve issues and monitor and manage labor, PPE and other supplies
- Ensured local, state, and federal guidelines were followed for screening, triaging, testing, isolating, and caring for COVID-19 patients while protecting staff and other patients
- Launched virtual ambulatory care services that allow patients to visit their doctors by phone or computer
- Opened a virtual 150-bed hospital, Adventist Health Hospital@Home, in collaboration with Medically Home and Huron, to create capacity for COVID-19 patients by caring for patients with the coronavirus and other specified diagnoses in their homes through medical command centers and rapid response teams
- Reconfigured facilities to maximize patient service capacity during COVID-19 surge periods and to allow for social distancing, screening and taking other safety measures
- Temporarily closed unused services or minimized services at medical office buildings to meet the critical need to conserve personal protective equipment, and limit exposure to COVID-19 for both team members and employees
- Launched web pages, a chatbot and patient email responses to answer community members' questions and direct them to appropriate services

- Used System marketing and communication campaigns to remind community members not to neglect emergency care, inform the community as services resumed and shared enhanced safety measures to reduce patients' fears
- Adjusted supplemental and contract workforce, flexed staffing, furloughed positions and announced temporarily or permanent staff reductions
- The System has 29 locations that administered 181,661 COVID vaccine doses in the 1st quarter of 2021

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), was enacted on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Grant payments from the Provider Relief Fund are intended to reimburse healthcare providers for lost revenue and increased expenses due to the pandemic. As of March 31, 2021, the System has received approximately $308 million of provider relief funds from various provisions in the CARES Act, of which $20 million and $288 million has been recognized in 2021 and 2020, respectively, as contributions in other revenue in the consolidated statement of operations and changes in net assets.

On March 28, 2020, CMS expanded the existing Accelerated and Advance Payments Program to a broader group of Medicare Part A providers and Part B suppliers. At the end of April 2020, the System received approximately $358 million of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program. Originally, CMS announced that it would begin to offset the payments by future Medicare reimbursements up to 210 days after disbursement, depending on whether a facility was an acute or non-acute facility. On October 1, 2020, a continuing resolution was signed, which included an extension to delay repayments to one year from receipt of these accelerated and advance disbursements. The repayment terms specify that for the first 11 months after repayment begins, repayment will occur through an automatic recoupment of 25% of Medicare payments otherwise owed to the provider. At the end of the 11-month period, recoupment will increase to 50% for six months. At the end of the six months (29 months from the receipt of the initial accelerated payment), Medicare will issue a letter for full repayment of any remaining balance, as applicable. The System has recorded $160 million in other current liabilities and $198 million in other noncurrent liabilities in the consolidated balance sheet.

The CARES Act also allows for deferred payment of the employer portion of certain payroll taxes between March 27, 2020 and December 31, 2020, with half due December 31, 2021 and the remaining half due December 31, 2022. As of March 31, 2021, the System had deferred payroll tax payments of approximately $75 million with $37.5 million included in accrued compensation and related payable and $37.5 million included in other noncurrent liabilities in the consolidated balance sheet.

Due to the evolving nature of the COVID-19 pandemic, the future impact to the System and its financial condition is presently unknown.

Well-Being Division Activities

Adventist Health's Well-Being Division & Blue Zones, LLC

Since Adventist Health purchased Blue Zones in early 2020 and integrated it into the Well-Being Division, the System has been building on its 150-year well-being heritage to help associates and community members live their best lives while also diversifying services and establishing itself as a leader in the future of healthcare. This is being driven in the following areas:

- Blue Zones Projects in Adventist Health communities to make healthy choices easier through permanent and semi-permanent changes to the environment, policy and social networks
- Blue Zones Campus Certifications in Adventist Health facilities and markets to create a culture of well-being and empower associates to move more, eat better and connect to purpose and friends

- Mental and behavioral well-being strategies with Synchronous Health which leverages AI technology to connect patients and providers through a tele-health approach
- Scaling of our health equity solutions which is work aimed at well-being improvement for the most vulnerable in our communities

Outside of the Adventist Health footprint, Blue Zones has seen renewals, expansions and sales of its transformation solutions in multiple communities despite the pandemic. Blue Zones Brands continue to grow and gain traction particularly in the food, beverage and real estate sectors. These well-being strategies are proven to improve the health and well-being of communities. Participating communities and organizations have experienced double-digit drops in obesity and tobacco use and reductions in body mass index, achieving hundreds of millions of dollars in savings in healthcare costs. All of these initiatives are intended to be replicated to serve other communities and organizations in their well-being goals.

Health Division Activities

With the creation of the Health Division, Adventist Health continues to expand its capitated lives and risk-based arrangements within its geographical footprint while establishing new strategic risk-based partnerships with third parties. The division is concentrating its efforts on functional capabilities which will standardize and coordinate care and navigation across the network while improving utilization, outcomes and financial performance through a centralized set of tools.

The division is focused on membership growth through expansion of the accountable care organization partnership with Blue Shield. This value-based network expansion will add nine counties in CA. Additionally, partnerships are being developed with strategic payors around operations, clinical care, and finance. The division is championing an integrated approach to health solutions by implementing system-wide remote patient monitoring, piloting a Food as Medicine trial for select populations and integrating behavioral health access into primary care.

Ratings and Outlook Affirmed

In September 2020, Fitch Ratings affirmed its 'A+' long-term rating with Stable outlook and S&P Global Ratings affirmed its 'A' long-term rating with Stable outlook on Adventist Health's bonds. The Fitch 'A+' long-term rating reflects Fitch Ratings' view of Adventist Health's position as the leading acute care provider in multiple growing markets, supporting midrange revenue defensibility, despite its comparatively higher levels of Medicaid and self-pay volumes. Fitch also considered Adventist Health's historically solid operating income levels, a gradually improving balance sheet and recent affiliation and expansion activity. The S&P 'A' long-term rating reflects S&P's view of Adventist Health's sizable geographic and revenue diversity, solid operating liquidity and standardization and centralization of administrative processes over the past several years.

Key Operating Metrics: Volume Trends

During the three months ended March 31, 2021, the System's inpatient discharges were down 10.4%. Combined inpatient and observation stays decreased by 11.8% from the same period in the previous year. On a same store basis that excludes Adventist Health Mendocino Coast, inpatient discharges were down 10.9% primarily driven by impacts of COVID-19.

Total inpatient surgeries decreased by 16.1% and outpatient surgeries decreased by 14.7% from the same period in the previous year. On a same store basis, inpatient surgeries decreased by 16.3% and outpatient surgeries decreased by 16.3% from the same period in the previous year.

UTILIZATION STATISTICS

Three Months Ended March 31,	2021	2020
Discharges	30,332	33,844
Patient days	163,259	154,079
Observation stays	4,088	5,163
Outpatient procedures	977,372	950,558
Emergency department visits	141,558	195,398
Inpatient surgeries	5,093	6,073
Outpatient surgeries	10,445	12,244
Capitated lives	222,435	195,422
Average length of stay (in days)	5.4	4.6
Outpatient revenues as % of gross patient revenue	42.6%	46.2%

Key Operating Metrics: Total Operating Revenue and Income from Operations

Total operating revenue increased 8.2% for the three months ended March 31, 2021 as compared to the previous year. On a same store basis, total operating revenue increased 7.0% for the three months ended March 31, 2021 as compared to the previous year. The increase in operating revenue was the result of recognizing $20 million of CARES Act Provider Relief funds and stronger inpatient volume (measured in patient days) and inpatient acuity (measured in Case Mix Index) compared to the prior year. 2020 Q1 volumes were weak due to patient hesitancy and restrictions imposed at the beginning of the pandemic. No CARES Act Provider Relief Funds were recognized as of March 31, 2020.

Total operating expenses increased 8.9% for the three months ended March 31, 2021 as compared to the previous year. On a same store basis, total operating expenses increased 7.5% for the three months ended March 31, 2021 as compared to the previous year. Salaries and benefits expenses decreased 2.6% for the three months ended March 31, 2021 as compared to the previous year. This decline was primarily due to challenges from retaining and recruiting staff during the peak of the COVID-19 pandemic. It was more than offset by increases in contract labor which are reported as Professional Fees which were 27.1% above the previous year.

Supplies increased by 14.0% from the previous year due to increase in per unit pricing and utilization of personal protective equipment and other COVID-19 related supplies.

Purchased services and other increased by 21.9% from the previous year due to the consolidation of Adventist Health Plan, which was previously unconsolidated, an increase in revenue cycle costs and purchased services under capitated contracts and an outsourcing of certain costs that were previously performed internally.

Income from operations as a percent of total operating revenue was (4.5%) and (4.3%) for the three months ended March 31, 2021 and March 31, 2020, respectively. On a same store basis, income from operations as a percent of total operating revenue was (4.4%) and (4.3%) for the three months ended March 31, 2021 and March 31, 2020, respectively.

A multi-pronged approach is underway to address financial performance focused on enterprise expense management including contract labor, COVID-related expenses and shared service functions. Additionally, efforts to minimize COVID-related volume declines, specifically in surgery and clinics, are underway along with yield enhancement through revenue cycle initiatives. Capital deployment is focused on critical and high return projects.

TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Three Months Ended March 31,	2021	2020
Total operating revenue	$1,241	$1,147
Total EBIDA expenses	$1,231	$1,130
EBIDA	$10	$17
EBIDA as a percentage of total operating revenue	0.8%	1.5%
Depreciation and interest expense	$66	$66
Loss from operations	($56)	($49)
Loss from operations as a percentage of total operating revenue	(4.5%)	(4.3%)

Key Operating Metrics: Total Nonoperating Income

Investment income increased by 119.2% for the three months ended March 31, 2021 as compared to the previous year. Management maintains a long-term asset allocation strategy.

NONOPERATING INCOME

Three Months Ended March 31,	2021	2020
Investment income	$20	($104)
Other nonoperating gains (losses)	$0	$0
Nonoperating income before gain on acquisition and divestitures	$20	($104)
Gain (Loss) on acquisition and divestitures	$0	$0
Nonoperating income	$20	($104)

Balance Sheet Ratios

Cash and unrestricted investments increased by $79 for the three months ended March 31, 2021. Days cash on hand decreased to 186.6 at March 31, 2021 from 197.4 at December 31, 2020. Long-term debt to capitalization was unchanged at March 31, 2021 compared to December 31, 2020. Adventist Health is able to maintain lower-than-median cash to debt and long-term debt to capitalization ratios as the system has no pension liability and operates under a defined contribution plan.

BALANCE SHEET RATIOS

Period Ended	Mar 31, 2021	Dec 31, 2020
Total cash and unrestricted investments	$2,585	$2,506
Days cash on hand	186.6	197.4
Cash to debt	129%	123%
Long-term debt to capitalization	40.0%	40.0%
Capital expenditures as a percentage of depreciation expense	71.9%	83.1%

Adventist Health Hospitals

OBLIGATED GROUP MEMBERS

Adventist Health Bakersfield
Adventist Health Castle
Adventist Health Delano
Adventist Health Feather River
Adventist Health Glendale
Adventist Health Hanford
Adventist Health Selma
Adventist Health Howard Memorial
Adventist Health Lodi Memorial
Adventist Health Portland
Adventist Health Reedley
Adventist Health and Rideout
United Com-Serve
Adventist Health Simi Valley
Adventist Health Sonora
Adventist Health St. Helena
St. Helena Center for Behavioral Health
Adventist Health Tillamook
Adventist Health Ukiah Valley
Adventist Health White Memorial

NON-MEMBER ENTITIES

Adventist Health Clear Lake
Adventist Health Plan, Inc.
Adventist Health Mendocino Coast
Adventist Health Tehachapi Valley
Adventist Health Tulare

Entities in italics are consolidated with their respective parent entities