

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
Adventist Health System/West (CHFFA)
California Public Finance Authority
Adventist Health System/West (CalPFA)
California Statewide Communities Development Authority
Adventist Health System/West (CSCDA)
Multnomah County Hospital Facilities Authority
California Infrastructure and Economic Development Bank
National Finance Authority

CUSIP Numbers (Adventist Health bonds):

CSCDA AHS/W 2007A	CHFFA AHS/W 2016 Series A	CSCDA AHS/W 2018 Series A	CalPFA AHS/W 2024 Series B
13080SYC2	13032UFZ6 13032UGF9	13080SVV3 130808VZ4	13057EHS6
CHFFA AHS/W 2009 Series B	13032UGA0 13032UGG7	13080SVW1 13080SWA8	CalPFA AHS/W 2024 Series C
13033LBC0	13032UGB8 13032UGH5	13080SWC4 13080SWB6	13057EHU1
CHFFA AHS/W 2013 Series A	13032UGC6 13032UGJ1	13080SWD2 13080SWG5	CHFFA AHS/W 2024 Series A
13033LR90 13033LS40	13032UGD4 13032UGK8	13080SWE0 13080SWH3	13032UT40 13032UU22
13033LS24 13033LS65	13032UGE2 13032UGL6	13080SWF7 13080SWJ9	13032UT57 13032UU30
13033LS32 13033LS57	AHS/W Taxable 2019	13080SVX9 13080SWK6	13032UT65 13032UU48
CSCDA AHS/W 2015 Series A	007944AF8 007944AG6	13080SVY7	13032UT73 13032UU55
13080SJC9 13080SJG0	Multnomah County, OR 2019	CHFFA AHS/W 2023 Series A	13032UT81 13032UU63
13080SJD7 13080SJH8	62551PCX3	13032UH50	13032UT99 13032UU71
13080SJE5 13080SJJ4	CHFFA AHS/W 2022 Series A	CHFFA AHS/W 2023 Series B	CHFFA AHS/W 2025 Series A
13080SJF2 13080SJK1	13032UG93	13032UJ33	13032U4V7 13032U4X3
13080S JL9 13080S JN5			13032U4W5
13080SJM7 13080SJP0			

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

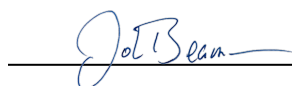
1. _____ Principal and interest payment delinquencies
 2. _____ Non-payment related defaults
 3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
 4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
 5. _____ Substitution of credit or 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. X includes Annual Financial Information does not include Annual Information
- b. Audited? Yes X No

Operating Data

Period Covered: 12 months ended December 31, 2025

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

Signature: _____



Name: John Beaman Title: CFO
Employer: Adventist Health System/West
Address: ONE Adventist Health Way
City, State, and Zip Code: Roseville, CA 95661
Voice Telephone Number: 916.406.1372

Adventist Health System/West
Annual Report: December 31, 2025
Per Continuing Disclosure Certificates:
CSCDA 2007 Series A
CHFFA 2009 Series B
CHFFA 2013 Series A
CSCDA 2015 Series A
CHFFA 2016 Series A
Roseville Finance Authority 2017 Series B
CSCDA 2018 Series A
Multnomah County, OR 2019 Series A
Adventist Health System/West Taxable Bonds 2019
CHFFA 2022 Series A
CHFFA 2023 Series A
CHFFA 2023 Series B
CHFFA 2024 Series A
CalPFA 2024 Series B
CalPFA 2024 Series C

Certificate	Requirement	Location
Reference		
Section 3(b)(2)*	Long-term debt disclosure	Tab “Financial Ratios”
Section 3(b)(3)*	Statement regarding accounts receivable liens	Tab “Financial Ratios”
Section 4(a)	Audited combined financial statement	Tab “AH 2025 Audited Financials”
Section 4(b)(1)	Summary Listing of Hospitals	Tab “Operating/Utilization Statistics”
	(2) Combined Summary of Revenues & Expenses Note that 21.9% of Revenues are from entities outside of the Obligated Group	Tab “AH 2025 Audited Financials”
	(3) Combined Balance Sheet Note that 12.2% of Assets and (11.1%) of Unrestricted Net Assets are from entities outside of the Obligated Group	Tab “AH 2025 Audited Financials”
	(4) Debt Service Coverage, Capitalization and Days Cash on Hand	Tab “Financial Ratios”
	(5) Payor Mix – Obligated Group	Tab “Operating/Utilization Statistics”
	(6) Utilization Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
	(7) Operating Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
Section 4(c)	Combining financial statements	Tab “AH 2025 Audited Financials”

* Does not apply for CSCDA 2007A, CSCDA 2015A, CHFFA 2016A, Multnomah 2019A, CHFFA 2022A, CHFFA 2023A, CHFFA 2023B, CHFFA 2024A, CalPFA 2024B and CalPFA 2024C.



ADVENTIST HEALTH SYSTEM/WEST

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2025 and 2024

(With Independent Auditor's Report Thereon)

ADVENTIST HEALTH SYSTEM/WEST
Years ended December 31, 2025 and 2024

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KPMG LLP
500 Capitol Mall, Ste 2100
Sacramento, CA 95814-4754

Independent Auditors' Report

Board of Directors
Adventist Health System/West:

Opinion

We have audited the consolidated financial statements of Adventist Health System/West and its subsidiaries (Adventist Health), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Adventist Health as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Adventist Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adventist Health's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Adventist Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adventist Health's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of consolidating balance sheet information and schedule of consolidating operations and changes in net assets are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Sacramento, California
March 9, 2026

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Balance Sheets

December 31, 2025 and 2024

(In millions of dollars)

Assets	2025	2024
Cash and cash equivalents	\$ 284	165
Short-term investments	118	117
Patient accounts receivable	875	924
Receivables from third-party payors	1,343	908
Other current assets	354	369
Total current assets	2,974	2,483
Noncurrent investments	3,043	2,679
Other assets	776	832
Property and equipment, net	2,659	2,472
Total assets	\$ 9,452	8,466
Liabilities and Net Assets		
Accounts payable	\$ 523	441
Accrued compensation and related payables	437	414
Liabilities to third-party payors	523	311
Other current liabilities	164	120
Short-term financing	—	115
Current maturities of long-term debt	44	93
Total current liabilities	1,691	1,494
Long-term debt, net of current maturities	4,260	3,501
Other noncurrent liabilities	783	843
Total liabilities	6,734	5,838
Net assets without donor restrictions:		
Controlling	2,561	2,495
Noncontrolling	25	22
Net assets with donor restrictions	132	111
Total net assets	2,718	2,628
Total liabilities and net assets	\$ 9,452	8,466

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Operations and Changes in Net Assets

Year ended December 31, 2025 and 2024
(In millions of dollars)

	<u>2025</u>	<u>2024</u>
Revenues and support:	\$	
Patient service revenue	6,580	6,175
Premium revenue	221	213
Other revenue	553	487
Net assets released from restrictions for operations	<u>30</u>	<u>31</u>
Total revenues and support	<u>7,384</u>	<u>6,906</u>
Expenses:		
Employee compensation	3,527	3,363
Professional fees	922	916
Supplies	1,155	1,065
Purchased services and other	1,556	1,410
Interest	166	146
Depreciation and amortization	<u>217</u>	<u>230</u>
Total expenses	<u>7,543</u>	<u>7,130</u>
Loss from operations	(159)	(224)
Nonoperating income:		
Net realized and unrealized gains on investments	214	119
Gain (loss) on acquisitions and divestures	—	(6)
Other nonoperating gain (loss)	<u>4</u>	<u>(8)</u>
Total nonoperating income	<u>218</u>	<u>105</u>
Excess (deficit) of revenues over expenses	59	(119)
Less excess of revenues over expenses from noncontrolling interests	<u>(5)</u>	<u>(2)</u>
Excess (deficit) of revenues over expenses from controlling interests	\$ <u><u>54</u></u>	<u><u>(121)</u></u>

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Operations and Changes in Net Assets

Year ended December 31, 2025 and 2024

(In millions of dollars)

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Controlling:		
Excess (deficit) of revenues over expenses from controlling interests	\$ 54	(121)
Net change in unrealized gains and losses on other-than-trading securities	1	1
Net assets released from restrictions for capital additions	<u>11</u>	<u>6</u>
Increase (decrease) in net assets without donor restrictions – controlling	66	(114)
Noncontrolling:		
Excess of revenues over expenses from noncontrolling interests	5	2
Distribution	<u>(2)</u>	<u>—</u>
Increase in net assets without donor restrictions – noncontrolling	3	2
Net assets with donor restrictions:		
Restricted gifts and grants	59	52
Net realized and unrealized gains on investments	3	1
Net assets released from restrictions	<u>(41)</u>	<u>(37)</u>
Increase in net assets with donor restrictions	<u>21</u>	<u>16</u>
Increase (decrease) in net assets	<u>90</u>	<u>(96)</u>
Net assets, beginning of year	<u>2,628</u>	<u>2,724</u>
Net assets, end of year	<u>\$ 2,718</u>	<u>2,628</u>

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Cash Flows

Year ended December 31, 2025 and 2024
(In millions of dollars)

	<u>2025</u>	<u>2024</u>
Operating activities:		
Increase (decrease) in net assets	\$ 90	(96)
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation and amortization	217	230
Amortization of bond issuance costs and discount/premium	(10)	(10)
(Gain) loss on note receivable	—	(34)
Net realized and unrealized gain on investments	(214)	(119)
Net changes in operating assets and liabilities:		
Patient accounts receivable	49	(43)
Other assets	72	(86)
Net payables to third-party payors and other liabilities	(134)	383
Net cash provided by operating activities	70	225
Investing activities:		
Purchases of property and equipment	(401)	(277)
Issuance of notes receivable	(2)	—
Acquisition, net of cash acquired	—	(565)
Purchase of investments	(1,537)	(1,845)
Proceeds from sale of investments	1,384	1,548
Net cash used in investing activities	(556)	(1,139)
Financing activities:		
Payments on short-term financing	(115)	(35)
Proceeds from lines of credit	650	434
Payments on lines of credit	(650)	(484)
Payments on long-term debt	(31)	(261)
Proceeds from bond issuance	751	1,334
Net cash provided by financing activities	605	988
Increase in cash and cash equivalents	119	74
Cash and cash equivalents, beginning of year	165	91
Cash and cash equivalents, end of year	\$ 284	165

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

(1) Summary of Significant Accounting Policies

(a) 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, other healthcare facilities, and wellness promoting operations in the western United States and beyond (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. Adventist Health maintains close ties to its heritage through connection to its Sponsor, the Church. Church leaders serve on the Adventist Health Membership and the Board of Directors (the "Board") but the Church does not control or have ownership in the System.

The consolidated financial statements include the accounts of the following entities:

- Adventist Health System/West dba Adventist Health – Roseville, California
- San Joaquin Community Hospital dba Adventist Health Bakersfield and dba Adventist Health Specialty Bakersfield – Bakersfield, California
- Adventist Health Care Network, Inc. dba Adventist Health Care Network – Roseville, CA
- Castle Medical Center dba Adventist Health Castle – Kailua, Hawaii
- Adventist Health Clearlake Hospital, Inc., dba Adventist Health Clear Lake – Clearlake, California
- Mid-Columbia Medical Center, dba Adventist Health Columbia Gorge – The Dalles, Oregon
- Adventist Health Delano – Delano, California
- Feather River Hospital dba Adventist Health Feather River – Paradise, California
- Glendale Adventist Medical Center dba Adventist Health Glendale – Glendale, California
- Hanford Community Hospital dba Adventist Health Hanford and dba Adventist Health Selma – Hanford, California and Selma, California, respectively
- Willits Hospital, Inc., dba Adventist Health Howard Memorial – Willits, California
- Lodi Memorial Hospital Association, Inc., dba Adventist Health Lodi Memorial – Lodi, California
- Adventist Health Mendocino Coast – Fort Bragg, California
- Adventist Health Plan, Inc. dba Adventist Health Plan – Roseville, California
- Adventist Health Physicians Network – Roseville, California
- Portland Adventist Medical Center dba Adventist Health Portland – Portland, Oregon
- Reedley Community Hospital dba Adventist Health Reedley – Reedley, California
- Rideout Memorial Hospital dba Adventist Health and Rideout – Marysville, California
- Simi Valley Hospital and Health Care Services dba Adventist Health Simi Valley – Simi Valley
- California Sonora Community Hospital dba Adventist Health Sonora – Sonora, California

ADVENTIST HEALTH SYSTEM/WEST

Notes to Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(In millions of dollars)

- St. Helena Hospital dba Adventist Health St. Helena and dba Adventist Health Vallejo – St. Helena, California and Vallejo, California, respectively
- Adventist Health Medical Center Tehachapi dba Adventist Health Tehachapi Valley – Tehachapi, California
- Northwest Medical Foundation of Tillamook dba Adventist Health Tillamook – Tillamook, Oregon
- Adventist Health Tulare – Tulare, California
- Ukiah Adventist Hospital dba Adventist Health Ukiah Valley – Ukiah, California
- White Memorial Medical Center dba Adventist Health White Memorial and dba Adventist Health White Memorial Montebello – Los Angeles, California and Montebello, California, respectively
- Western Health Resources dba Adventist Health Home Care – Roseville, California
- Sierra Vista Hospital, Inc. dba Adventist Health Sierra Vista – San Luis Obispo, California
- Twin Cities Community Hospital, Inc. dba Adventist Health Twin Cities – Templeton, California

The Board of Adventist Health or Stone Point Health, their subsidiary, serves as the corporation board for each individual hospital corporation. Adventist Health management serves as the entity board of the non-hospital corporations, except for Adventist Health Physicians Network whose corporation board is the same as Adventist Health. All material intercompany transactions have been eliminated in consolidation.

As of December 31, 2025, approximately 10% of the System's total labor force was covered under collective bargaining agreements.

(b) Basis of Accounting

The financial statements are prepared in conformity with United States generally accepted accounting principles ("U.S. GAAP").

(c) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts. Cash balance generally exceeds FDIC amounts.

(d) Marketable Securities

Marketable securities, stated at fair value, consist primarily of U.S. government securities, U.S. agency securities, corporate notes, exchange-traded funds, open-end mutual funds composed of fixed-income securities and domestic and international equities, and alternative investments composed of commingled funds and hedge funds. Investment income or loss (including realized gains and losses on investments and unrealized gains and losses on trading investments) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Interest and dividends are included in other revenue. Securities with remaining maturity dates of one year or less as of the consolidated balance sheet date are classified as current.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets. Assets that are expected to be expended within one year are classified as current, including board-designated assets that are available and periodically borrowed for working capital needs.

(e) Goodwill

The System records goodwill as the excess of purchase price and related costs over the fair value of identifiable net assets acquired. These amounts are evaluated for impairment annually or when there is an indicator of impairment. If it is determined that goodwill is impaired, the carrying value is reduced. The System had goodwill of \$425 which is included in other assets at December 31, 2025 and 2024, respectively. No impairments were deemed necessary at December 31, 2025 or 2024.

(f) Property and Equipment

Property and equipment are reported on the basis of cost, except for donated items, which are recorded as an increase in net assets without donor restrictions based on fair market value at the date of the donation. During the period of construction, the System capitalizes expenditures and interest costs, net of earnings on invested bond proceeds that materially increase values, change capacities, and extend useful lives.

Management periodically evaluates the carrying amounts of long-lived assets for impairment. The System estimates that it will recover the carrying value of long-lived assets from the estimated future undiscounted cash flows; however, considering the regulatory environment, competition, and other factors affecting the industry, there is at least a reasonable possibility this estimate might change in the near term. The effect of any change could be material.

Depreciation is computed using the straight-line method over the expected useful lives of the assets, which range from 2 to 50 years. Amortization of leased equipment is included in depreciation and amortization expense on the consolidated statements of operations and changes in net assets.

(g) Short-Term Financing

In December 2020, the System initiated a taxable commercial paper program supported by self-liquidity for general corporate purposes. Under the program, the System is registered to issue up to \$150. There was \$0 and \$115 of commercial paper outstanding at December 31, 2025 and 2024, respectively.

(h) Debt Issuance Costs

Debt issuance costs are reported as a reduction of long-term debt and are deferred and amortized over the life of the financings using the effective interest method.

(i) Bond Discounts/Premiums

Bonds payable are included in long-term debt, net of unamortized original issue discounts or premiums. Such discounts or premiums are amortized using the effective interest method based on outstanding principal over the life of the bonds.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

(j) Other Noncurrent Liabilities

Other noncurrent liabilities are composed primarily of accruals for workers' compensation claims, professional and general liability claims, deferred revenue, lease liabilities, long-term charitable gift annuity obligations, and the energy-as-a-service contract liability, as described further in note 16.

(k) Net Assets

All resources not restricted by donors are included in net assets without donor restrictions. Resources restricted by donors for specific operating purposes are reported as net assets with donor restrictions. When the restrictions have been met, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Resources restricted by donors for additions to property and equipment are initially reported as net assets with donor restrictions and are transferred to net assets without donor restrictions when expended. Investment income is classified as net assets without donor restrictions or net assets with donor restrictions based on the intent of the donor. Gifts of future interests are reported as net assets with donor restrictions. Gifts, grants, and bequests not restricted by donors are reported as other revenue.

(l) Charity Care

The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income. The System did not materially change its charity care policy during 2025 or 2024. The estimated cost of charity care was \$26 and \$22 in 2025 and 2024, respectively. The costs were determined using cost-to-charge ratios.

(m) Premium Revenue

The System has agreements with various Health Maintenance Organizations ("HMOs") to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants, regardless of the services actually performed by the System.

(n) Other Revenue

Other revenue is composed primarily of contributions received related to the Public Health and Social Services Emergency Fund and other programs ("Federal Emergency Management Agency"), insurance payments, rental income, retail pharmacy, interest, and other miscellaneous income.

(o) Income Tax

The principal operations of the System are exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and related state provisions. The System recognizes tax benefits from any uncertain tax positions only if it is more likely than not the tax position will be sustained, based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The System records a liability for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first interim period the more likely than not threshold is not met. The System recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

basis of its assets and liabilities, along with net operating loss and tax credit carryovers only for tax positions that meet the more likely than not recognition criteria. At December 31, 2025 and 2024, no such assets or liabilities were recorded.

The System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U.S. federal jurisdiction and equivalent state filings in the state of California. The System is not subject to income tax examinations prior to 2022 in major tax jurisdictions.

(p) Loss From Operations

The System's consolidated statements of operations and changes in net assets include an intermediate measure of operations, labeled "Loss from operations." Items that are considered nonoperating are excluded from loss from operations and include net realized and unrealized gains on investments, gain (loss) on acquisitions and divestitures, and other nonoperating gain (loss).

(q) Excess (Deficit) of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficit) of revenues over expenses as a performance indicator. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses include unrealized gains and losses on investments in other-than-trading debt securities, contributions of long-lived assets, and use of net assets with donor-restricted funds for capital additions.

(r) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. Actual results could differ from these estimates.

(s) Reclassifications

Certain items previously reported in the prior-year financial statements have been reclassified to conform to current-year financial statement presentation.

(2) 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 generally 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

ADVENTIST HEALTH SYSTEM/WEST

Notes to Consolidated Financial Statements

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(In millions of dollars)

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 December 31, 2025 or 2024.

The table represents fair value measurements of assets at December 31, 2025:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 284	—	284
Contract value of life insurance	—	165	165
Money market funds	396	—	396
Fixed income:			
U.S. government treasury obligations	234	—	234
U.S. corporation and agency debentures	—	42	42
U.S. agency mortgage-backed securities	—	15	15
U.S. corporate debt securities	—	398	398
Municipal bonds	—	4	4
Mutual funds	162	170	332
Equities:			
Equities	3	—	3
Mutual funds	820	—	820
Commingled funds	127	—	127
Total financial assets stated at fair value	\$ 2,026	794	2,820
Commercial real estate at cost			18
Investments measured at NAV			607
Total cash and investments		\$	<u>3,445</u>

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The table represents fair value measurements at December 31, 2024:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 165	—	165
Contract value of life insurance	—	139	139
Money market funds	197	—	197
Fixed income:			
U.S. government treasury obligations	304	—	304
U.S. corporation and agency debentures	—	43	43
U.S. agency mortgage-backed securities	—	4	4
U.S. corporate debt securities	—	243	243
Municipal bonds	—	2	2
Mutual funds	158	155	313
Equities:			
Equities	4	—	4
Mutual funds	899	—	899
Commingled funds	101	—	101
Total financial assets stated at fair value	\$ 1,828	586	2,414
Commercial real estate at cost			19
Investments measured at NAV			528
Total cash and investments		\$	<u>2,961</u>

As of December 31, 2025 and 2024, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

(a) Contract Value of Life Insurance

The fair value of investments in life insurance policies recorded at the contract value, which represents the cash surrender value the System would receive if the policies were terminated at the balance sheet date. The valuation is determined using observable inputs provided by the issuing insurance companies, which include the policy's face value, accumulated interest or investment returns, and contractually defined surrender charges and fees.

(b) 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 dealer quotes, spreads, and data points for yield curves.

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(c) 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.

(d) U.S. Corporate Debt Securities

The fair value of investments in U.S. 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.

(e) 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 and dealer quotes.

(f) 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.

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:

December 31, 2025				
	NAV	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Currently Eligible)
Hedge funds	\$ 330	—	Monthly/Quarterly None	30-90 days
Private equity funds	277	188		None
Total	\$ 607	188		

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	December 31, 2024			
	NAV	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Currently Eligible)
Hedge funds	\$ 276	—	Monthly/Quarterly	30-90 days
Private equity funds	252	157	None	None
Total	\$ 528	157		

(g) 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 December 31, 2025 and 2024:

% of Hedge Funds	Redemption Criteria	Notice Period
16%	Redeemable weekly	30 days
18%	Redeemable monthly	14-60 days
32%	Redeemable quarterly	45-65 days
24%	Up to 12.5% redeemable quarterly on non-consecutive quarters	60 days
10%	Up to 12.5% redeemable quarterly	90 days

% of Hedge Funds	Redemption Criteria	Notice Period
16%	Redeemable weekly	30 days
19%	Redeemable monthly	60 days
28%	Redeemable quarterly	45-65 days
26%	Up to 12.5% redeemable quarterly on non-consecutive quarters	60 days
11%	Up to 12.5% redeemable quarterly	90 days

(h) 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

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ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

(3) Investments and Assets Whose Use Is Limited

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

	December 31,	
	2025	2024
Total unrestricted investments	\$ 2,705	2,539
Asset designated by the Board, primarily for property and equipment	28	28
Investments held by trustees for:		
Future capital projects	396	195
Self-insurance programs	17	20
Total investments held by trustees	413	215
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	4	5
Other purposes	11	9
Total donor-restricted investments	15	14
Total investments	3,161	2,796
Less short-term investments	118	117
Total noncurrent investments	\$ 3,043	2,679

Total investments and assets whose use is limited above excludes other investments of \$32 and \$31 at December 31, 2025 and 2024, respectively, which includes retirement plan assets, joint ventures, and partnerships that are included in other assets.

(a) 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.

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

	December 31,	
	2025	2024
Cash and cash equivalents	\$ 284	165
Unrestricted investments	2,218	2,059
Patient accounts receivable	875	924
Receivables from third-party payors	1,343	908
Other current assets	146	165
	<u>\$ 4,866</u>	<u>4,221</u>

(4) Investment Income

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

	Year Ended December 31,	
	2025	2024
Realized gains, net	\$ 47	94
Unrealized gains, net	167	25
	214	119
Interest and dividend income	85	75
	<u>\$ 299</u>	<u>194</u>

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.

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(5) Patient Accounts Receivable

The System's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies, and self-pay patients. The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing appropriate price concessions for contractual reimbursement, policy discounts, and charity. These price concessions are estimated based upon an evaluation of governmental reimbursements, negotiated contracts, and historical payments.

The following is a summary of significant concentrations of credit risk in patient accounts receivable:

	December 31,	
	2025	2024
Medicare	36%	38%
Medicaid	19	18
Other third-party payors	43	42
Self-pay	2	2
Total	100%	100%

(6) Property and Equipment

The following is a summary of property and equipment:

	December 31,	
	2025	2024
Land	\$ 259	252
Land improvements	97	97
Buildings and improvements	3,425	3,383
Equipment	1,670	1,616
Total	5,451	5,348
Less accumulated depreciation	(3,238)	(3,060)
	2,213	2,288
Construction-in-progress	446	184
Property and Equipment, net	\$ 2,659	2,472

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The System has commitments to complete certain construction projects approximating \$378 as of December 31, 2025. The estimated future payments for these commitments for the next five years are as follows:

	Construction Commitments
2026	\$ 234
2027	109
2028	35
2029	—
2030	—
	<u>\$ 378</u>

The System has developed internal use software for clinical and financial operations. Amounts capitalized are included in property and equipment as follows:

	December 31,	
	2025	2024
Equipment	\$ 303	302
Less accumulated depreciation	<u>(279)</u>	<u>(260)</u>
	24	42
Construction-in-progress	<u>123</u>	<u>12</u>
	<u>\$ 147</u>	<u>54</u>

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(7) Long-Term Debt

The following is a summary of long-term debt:

	December 31,	
	2025	2024
Non-taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 3.00% to 5.70%, payable in installments through 2054	\$ 1,917	1,693
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2041	163	115
Taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 2.43% to 5.76%, payable in installments through 2049	1,803	1,378
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2064	250	250
Long-term notes payable, with fixed rates currently ranging from 4.00% to 6.50%, payable in installments through 2030	2	62
Long-term notes payable, with rates that vary with market conditions, payable in installments through 2045	60	—
Net unamortized debt issuance costs and net original issue premium	109	96
	4,304	3,594
Less current maturities	(44)	(93)
	<u>\$ 4,260</u>	<u>3,501</u>

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System consolidated entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by bank letters of credit aggregating to \$368 at December 31, 2025. Bonds are not secured by any property of the System.

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The System has a syndicate line of credit to meet temporary capital requirements and to provide flexibility in meeting the System's capital needs of \$425. Draws outstanding under this line of credit were \$0 at December 31, 2025 and 2024.

The System is obligated under variable-rate demand instruments, which are subject to certain market risks. The letters of credit, which the System intends to renew on a long-term basis, expire between 2027 and 2029, with the arrangements converting any unpaid amounts to term loans due within three years after conversion. The term loans would bear interest based on a fixed rate, the Prime Rate, the Federal Funds Rate, the Secured Overnight Financing Rate, or the 30-year U.S. Treasury bond yield.

Certain financing agreements impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios. Management believes that the System was in compliance with its debt covenants at December 31, 2025.

Interest paid, net of amounts capitalized, totaled \$158 and \$143 in 2025 and 2024, respectively.

In September 2025, the System issued \$302 of tax-exempt bonds through the California Health Facilities Financing Authority (CHFFA) and \$425 of Adventist Health Taxable bonds for the purpose of financing costs of construction and equipping health facilities of the System.

Scheduled maturities of long-term debt are as follows as of December 31, 2025:

	Long-Term Debt
2026	\$ 31
2027	33
2028	144
2029	335
2030	36
Thereafter	3,616
	<u>\$ 4,195</u>

(8) 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 other assets. 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 options that are reasonably certain to be exercised. The exercise of lease renewal or termination options is at the System's sole discretion. The depreciable life of leased assets and leasehold improvements is

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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 restrictive covenants.

The System uses the incremental borrowing rate based on the information available at the lease commencement date to determine the present value of the related right-of-use asset and lease liability.

The System elected the practical expedient not to 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.

Lease amounts included in the consolidated financial statements are as follows:

		December 31,	
	Classification	2025	2024
Right-of-use-Assets			
Operating	Other assets	\$ 207	227
Finance	Other assets	5	8
Total right-of-use assets		<u>212</u>	<u>235</u>
Current Lease liabilities			
Operating	Other current liabilities	28	29
Finance	Other current liabilities	2	3
Noncurrent Lease Liabilities			
Operating	Other noncurrent liabilities	189	207
Finance	Other noncurrent liabilities	3	5
Total lease liabilities		<u>\$ 222</u>	<u>244</u>

		December 31,	
	Classification	2025	2024
Operating lease expense			
Operating lease cost	Purchased services and other	\$ 42	43
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	3	3

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Supplemental cash flow information related to leases is as follows:

		December 31,	
		2025	2024
Cash paid for amounts not included in the measurement of lease liabilities			
Operating cash outflows for operating leases	\$	40	41
Financing cash outflows for finance leases		3	2

		December 31,	
		2025	2024
Right-of-use assets obtained in exchange for lease obligations			
Operating	\$	9	55
Finance		—	3

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 and finance leases with initial terms in excess of one year are as follows as of December 31, 2025:

		Operating Leases	Finance Leases
2026	\$	38	2
2027		35	1
2028		32	1
2029		27	—
2030		21	—
Thereafter		126	2
Total lease payments		279	6
Less imputed interest		(62)	(1)
	\$	217	5

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	December 31,	
Lease Term and Discount Rate	2025	2024
Weighted average operating remaining lease term (years)	9.90	10.45
Weighted average finance remaining lease term (years)	7.30	6.32
Weighted average operating lease discount rate	4.87%	4.79%
Weighted average finance lease discount rate	5.00%	4.46%

(9) Net Assets With Donor Restrictions

The System receives donations from generous individuals and organizations that support certain programs and services. Donations included in net assets with donor restrictions were maintained for the following purposes:

	December 31,	
	2025	2024
Subject to expenditures for specified purpose:		
Capital Projects and medical equipment	\$ 53	47
Research and education	63	49
	<u>116</u>	<u>96</u>
Subject to passage of time	4	3
Investment in perpetuity - endowment	12	12
	<u>\$ 132</u>	<u>111</u>

The Board has designated certain net assets without donor restrictions funds to be used in the future for specific projects. Board-designated funds included in net assets without donor restrictions are held for the following purposes:

	December 31,	
	2025	2024
Capital	\$ 13	16
Subject to expenditures for patient care, education, and other	7	5
Board designated - endowments	8	7
	<u>\$ 28</u>	<u>28</u>

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(10) Revenue Recognition

(a) Patient Service Revenue

Patient service revenue is reported at the amount the System expects to be paid for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government programs) and include variable consideration for retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors soon after the services are performed.

Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided by the System. Revenue for performance obligations that are satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient services. The System measures the performance obligation for inpatient services from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. The System measures the performance obligations for outpatient services over a period of less than one day when goods or services are provided and the System does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in ASC 606. Under this exemption, the System is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Since the unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient services at the end of the reporting period, the performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

The System determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and other implicit price concessions provided to uninsured patients. The System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and its historical settlement experience. The System determines its estimate of implicit price concessions for uninsured patients based on its historical collection experience with this class of patients.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies (subject to certain limits) with final settlement determined after Medicare Administrative Contractors have audited annual cost reports submitted by the System. Physician services are paid based upon established fee schedules based on services provided.

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- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. Supplemental funding is generally provided by the various states in which the System operates for Medicaid Disproportionate Share and hospital fee programs.
- **Other:** Payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The healthcare industry is subject to laws and regulations concerning government programs, including Medicare and Medicaid, which are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. While the System operates a compliance program, which reviews its compliance with these laws and regulations, there can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price and from the finalization of prior-year settlements were immaterial for the years ended December 31, 2025 and 2024, respectively.

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). For uninsured patients, the System applies a policy discount from standard charges to determine amounts billed to those patients. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with that class of patients.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2025 and 2024 was not significant.

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(b) Disaggregation of Patient Service Revenue

The composition of patient service revenue by payor is as follows:

		Year Ended December 31, 2025	2024
Medicare	\$	2,442	2,498
Medicaid		1,876	1,633
Other payors		2,262	2,044
Total	\$	<u>6,580</u>	<u>6,175</u>

The composition of patient service revenues by line of business is as follows:

		Year Ended December 31, 2025	2024
Inpatient	\$	3,411	3,162
Outpatient and other		2,436	2,314
Physician services		733	699
Grand Total	\$	<u>6,580</u>	<u>6,175</u>

(c) Premium revenues

The System has entered into payment agreements with certain HMOs to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants regardless of the services actually provided by the System. The transaction price may be adjusted for stop loss recoveries, ceded premiums, and risk adjustment factors. Performance obligations are satisfied over the passage of time by standing ready to provide services.

The disaggregation of premium revenue based on payor class is as follows:

		2025	2024
Medicaid managed care	\$	189	174
Other managed care		32	39
	\$	<u>221</u>	<u>213</u>

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(d) Other reimbursement

The System recorded variable consideration from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of \$73 and \$74 in 2025 and 2024, respectively, including final settlements on prior years.

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal program coverage expansions. The program charges a hospital quality assurance fee (HQAF) that is used to obtain federal matching funds for Medi-Cal with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There were three HQAF programs active in 2025 and 2024: HQAF 7 (January 1, 2022 to December 31, 2022), and HQAF 8 (January 1, 2023 to December 31, 2024), and HQAF 9 (January 1, 2025 to December 31, 2025). Accordingly, all related supplemental payments have been recognized as variable consideration and related quality assurance fees recognized as expenses as of December 31, 2025.

Federal and state payments received from these programs are included in patient service revenue, and fees paid or payable to the state and California Health Foundation and Trust (CHFT) are included in purchased services and other expenses, as follows:

	Year Ended December 31	
	2025	2024
Patient service revenue	\$ 699	592
Purchased services		
Quality assurance fees	203	219
CHFT payments	13	18
Total purchased services and other expenses	216	237
Income from operations	\$ 483	355

Accrued net receivables related to the hospital fee programs are included in receivables from third-party payors, and amount to \$1,119 and \$607 as of December 31, 2025 and 2024, respectively.

(11) FEMA Assistance

The System has submitted requests for public assistance to the Federal Emergency Management Agency (“FEMA”) for the cost of various expenses that resulted from the COVID-19 pandemic. The System recorded \$100 and \$90 for the years ended December 31, 2025 and 2024, respectively, which are included in other revenue.

(12) Functional Classification of Expenses

The System groups like expenses into financial statement lines and classifies programmatic expenses by business line. Expenses that are attributable to one or more programs or supporting functions are allocated based on operating expenses, square footage, and other criteria.

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The following is a functional classification of the System's expenses:

Year Ended December 31, 2025			
	Program Services	General and Administrative	Total
Employee compensation	\$ 2,968	559	3,527
Professional fees	849	73	922
Supplies	1,150	5	1,155
Purchased services and other	1,105	451	1,556
Interest	166	—	166
Depreciation and amortization	203	14	217
Total expenses	<u>\$ 6,441</u>	<u>1,102</u>	<u>7,543</u>

Year Ended December 31, 2024			
	Program Services	General and Administrative	Total
Employee compensation	\$ 2,686	677	3,363
Professional fees	815	101	916
Supplies	1,058	7	1,065
Purchased services and other	1,201	209	1,410
Interest	146	—	146
Depreciation and amortization	212	18	230
Total expenses	<u>\$ 6,118</u>	<u>1,012</u>	<u>7,130</u>

(13) Retirement Plan

Most of the System's operating entities participate in a single defined contribution plan (the "Plan"). The Plan is exempt from the Employee Retirement Income Security Act of 1974 as a Church Plan. The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year. Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages. Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan. The cost to the System for the Plan is included in employee compensation in the amount of \$133 and \$113 for the years ended December 31, 2025 and 2024, respectively.

(14) Self-Insurance Liability Programs

The System has established a separate self-insurance program (the "System Program") that covers the System's entities for professional and general liability claims up to \$10 and \$9 per occurrence and \$45 and \$30 in the aggregate for the years ended December 31, 2025 and 2024, respectively, on a claims

ADVENTIST HEALTH SYSTEM/WEST

Notes to Consolidated Financial Statements

Years ended December 31, 2025 and 2024

(In millions of dollars)

made-basis. The System contracts with Adhealth, Limited ("Adhealth"), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the System Program limits. Adhealth provided excess coverage with aggregate and per claim limits of \$120 for professional and general liability claims for the years ended December 31, 2025 and 2024, respectively, which brought total coverage per claim and aggregate limits to \$130 and \$129 for the years ended December 31, 2025 and 2024, respectively. Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage.

Claim liabilities (reserves) for incurred losses and related loss adjustment expenses for professional liability claims have been determined by an actuary. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. The System Program's accrued liability for professional and general liability claims is included in the consolidated balance sheets in the amount of \$106 and \$114 at December 31, 2025 and 2024, respectively.

The System has a 50% ownership position in Adhealth at December 31, 2025 and 2024, and accounts for its investment using the equity method of accounting. The cost of acquiring commercial insurance by Adhealth is reflected as an expense in the consolidated statements of operations and changes in net assets.

The System maintains a self-insured workers' compensation plan to pay for the cost of workers' compensation claims. The System has entered into an excess insurance agreement with an insurance company to limit its losses on claims. The cost of workers' compensation claims is accrued using actuarially determined estimates that are based on historical factors. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term.

Workers' compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 3% and 2% discount rate for program years 2025 and 2024, respectively. The System's accrued liability for workers' compensation claims is recorded in the other noncurrent liabilities on the consolidated balance sheets in the amount of \$93 and \$94 at December 31, 2025 and 2024, respectively.

(15) Commitments and Contingencies

Certain member organizations are involved in litigation and investigations arising in the ordinary course of business. In addition, certain member organizations in the ordinary course of business identified matters that they have reported to CMS, CMS contractors, or Medicaid/Medi-Cal contractors. Such disclosures typically involve simple repayment of affected claims; however, federal and state contractors may refer these matters to the Department of Health and Human Services' Office of Inspector General to investigate whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws. Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs. The System is committed to cooperating in such investigations as they

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

arise. Although management does not believe these matters will have a material adverse effect on the System's consolidated financial position, there can be no assurance that this will be the case.

(16) Energy-as-a-Service Transactions

In 2024, the System entered into an energy-as-a-service transaction in which a related third party concessionaire purchased the rights to operate the System's chilled water and steam infrastructure and utilize any excess capacity generated over a 30-year contract period. In consideration for these rights, the System recorded \$434 of deferred revenue: \$352 in the form of upfront cash consideration and \$82 as an asset receivable from the concessionaire. The \$434 will be amortized on a straight-line basis over the 30-year contract period. As part of the agreement, the concessionaire is required to meet the System's energy needs throughout the operating period.

In addition, as part of the transaction the System entered into a Design-Build Agreement with another unrelated third party operator to design and construct approximately \$375 of infrastructure improvements, such as solar panels, battery storage systems, LED lighting upgrades, and air handling unit improvements. The improvements are expected to take place over the next five years. The total project cost is expected to be supplemented by direct Federal investment tax credits provided under the Inflation Reduction Act of 2022 for which the System will submit claims as the assets are placed in service.

The operator has guaranteed annual utility cost savings in the System's energy consumption and, as such, provided the System with a financial guarantee ranging from approximately \$0.2 in the first year to \$25 in the final year of the agreement. These annual expense reductions are anticipated to be offset by certain costs the System will incur each year for operational management services performed by the operator at several of the System's hospital sites.

The unamortized deferred revenue was \$412 and \$426 as of December 31, 2025 and 2024, respectively.

(17) Acquisitions

The System did not complete any acquisitions during the year ended December 31, 2025.

In February 2024, the System entered into a purchase agreement with Tenet Healthcare Corporation and its affiliates to acquire all the issued and outstanding equity interests of Sierra Vista Hospital, Inc., Twin Cities Community Hospital, Inc., Selma Diagnostic, and Templeton Imaging for total consideration of \$565. Additionally, the System incurred certain implementation costs and contract fees closely related to the transaction, resulting in a total acquisition value of \$586. The System recorded the fair value of the assets and liabilities assumed as part of the acquisition. The excess of the purchase price over these fair values has been recorded as goodwill. The transaction closed on March 28, 2024, and aligns with the System's strategy to expand its regional network and enhance healthcare services in Central California.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2025 and 2024
(In millions of dollars)

The fair value of assets acquired and liabilities assumed at the acquisition date consisted of the following:

Assets acquired:

Patient accounts receivable	\$	54
Property and equipment		161
Other assets, including noncurrent investments		55
Goodwill		348
	\$	<u>618</u>

Liabilities assumed:

Accounts payable and current liabilities	\$	31
Other noncurrent liabilities		1
		<u>32</u>
Net assets acquired	\$	<u><u>586</u></u>

Activities related to the operations of the acquired entities were included in the System's consolidated financial statements. Summary operating results of the newly acquired entities were as follows for the period ended December 31, 2024:

Revenues and support	\$	262
Excess of revenue over expense		1

The following pro forma consolidated operating results for the years ended December 31, 2024 and 2023 give effect to the acquisitions as if they had occurred on January 1, 2023. The pro forma consolidated operating results do not necessarily represent the System's consolidated operating results had the acquisitions occurred on the date assumed, nor are these results necessarily indicative of the System's future consolidated operating results.

		Year ended December 31	
		2024	2023
Pro forma revenues and support	\$	6,994	6,300
Pro forma (deficiency) excess of revenue over expense		(119)	139

(18) Subsequent Events

The System has evaluated subsequent events and disclosed all material events through March 9, 2026, the date the accompanying consolidated financial statements were issued.

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
December 31, 2025
(In millions of dollars)

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Assets											
Cash and cash equivalents	\$ 284	(2,272)	261	58	7	96	61	2	112	2	16
Short-term investments	118	—	118	—	—	—	—	—	—	—	—
Patient accounts receivable	875	(1)	14	87	—	33	18	19	10	—	82
Receivables from third-party payors	1,343	(5)	—	113	—	5	70	3	49	6	105
Other current assets	354	(1,326)	1,277	71	2	8	11	2	1	—	18
Total current assets	2,974	(3,604)	1,670	329	9	142	160	26	172	8	221
Noncurrent investments	3,043	—	2,955	—	—	10	—	7	—	3	3
Other assets	776	(56)	177	11	—	14	9	24	—	—	27
Property and equipment, net	2,659	—	520	201	—	125	38	26	39	2	154
Total assets	\$ 9,452	(3,660)	5,322	541	9	291	207	83	211	13	405
Liabilities and net assets											
Accounts payable	\$ 523	—	180	37	—	12	5	6	6	—	30
Accrued compensation and related payables	437	11	233	19	—	7	9	5	4	—	19
Liabilities to third-party payors	523	—	41	65	1	1	38	3	8	1	71
Other current liabilities	164	(480)	—	106	5	19	15	8	4	—	41
Short-term financing	—	(3,135)	2,273	—	—	—	—	16	—	—	138
Current maturities of long-term debt	44	—	18	2	—	—	1	—	—	—	4
Total current liabilities	1,691	(3,604)	2,745	229	6	39	68	38	22	1	303
Long-term debt, net of current maturities	4,260	(56)	1,701	143	2	70	66	35	42	—	211
Other noncurrent liabilities	783	—	557	18	—	5	9	20	—	—	17
Total liabilities	6,734	(3,660)	5,003	390	8	114	143	93	64	1	531
Net assets (deficit) without donor restrictions:											
Controlling	2,561	—	311	137	1	169	56	(12)	147	9	(138)
Noncontrolling	25	—	—	—	—	—	—	—	—	—	—
Net assets with donor restrictions	132	—	8	14	—	8	8	2	—	3	12
Total net assets (deficit)	2,718	—	319	151	1	177	64	(10)	147	12	(126)
Total liabilities and net assets	\$ 9,452	(3,660)	5,322	541	9	291	207	83	211	13	405

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
Year Ended December 31, 2025
(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist San Luis Obispo	Adventist Health Simi Valley
Assets											
Cash and cash equivalents	\$ 547	73	—	13	20	17	7	194	107	1	1
Short-term investments	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable	48	11	45	9	8	—	59	23	75	28	26
Receivables from third-party payors	144	28	72	15	—	1	7	79	116	30	38
Other current assets	20	—	31	3	12	—	18	2	24	32	9
Total current assets	759	112	148	40	40	18	91	298	322	91	74
Noncurrent investments	21	—	—	—	—	—	—	—	—	1	2
Other assets	20	10	5	2	1	—	57	35	6	225	6
Property and equipment, net	141	34	118	4	—	—	142	51	301	69	104
Total assets	\$ 941	156	271	46	41	18	290	384	629	386	186
Liabilities and net assets											
Accounts payable	\$ 15	7	17	8	7	1	25	5	22	12	9
Accrued compensation and related payables	13	3	10	2	3	—	14	6	18	1	6
Liabilities to third-party payors	4	9	27	1	1	1	7	35	49	20	23
Other current liabilities	44	6	43	11	2	13	35	17	48	4	16
Short-term financing	—	—	10	—	—	—	14	—	223	69	113
Current maturities of long-term debt	4	1	4	—	—	—	—	—	4	—	2
Total current liabilities	80	26	111	22	13	15	95	63	364	106	169
Long-term debt, net of current maturities	225	24	132	50	—	—	95	54	241	304	100
Other noncurrent liabilities	16	8	4	2	2	—	19	24	6	27	5
Total liabilities	321	58	247	74	15	15	209	141	611	437	274
Net assets (deficit) without donor restrictions:											
Controlling	610	97	18	(28)	25	3	76	242	(8)	(51)	(89)
Noncontrolling	—	—	—	—	—	—	—	—	25	—	—
Net assets with donor restrictions	10	1	6	—	1	—	5	1	1	—	1
Total net assets (deficit)	620	98	24	(28)	26	3	81	243	18	(51)	(88)
Total liabilities and net assets	\$ 941	156	271	46	41	18	290	384	629	386	186

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
Year Ended December 31, 2025
(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Assets											
Cash and cash equivalents	\$ 281	—	34	—	1	113	440	—	92	—	—
Short-term investments	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable	45	45	10	15	27	28	80	—	18	—	13
Receivables from third-party payors	42	29	19	30	22	69	250	—	6	—	—
Other current assets	17	17	4	(1)	16	27	48	—	2	8	1
Total current assets	385	91	67	44	66	237	818	—	118	8	14
Noncurrent investments	—	40	—	—	—	1	—	—	—	—	—
Other assets	9	4	—	10	157	10	6	—	1	3	3
Property and equipment, net	78	94	36	14	92	73	178	—	24	—	1
Total assets	\$ 472	229	103	68	315	321	1,002	—	143	11	18
Liabilities and net assets											
Accounts payable	\$ 21	16	4	6	7	11	31	—	11	9	3
Accrued compensation and related payables	9	7	2	2	2	6	18	—	4	—	4
Liabilities to third-party payors	—	20	3	6	—	9	73	—	6	—	—
Other current liabilities	31	24	5	11	4	47	70	—	7	1	7
Short-term financing	—	170	—	76	4	—	—	5	—	—	24
Current maturities of long-term debt	2	1	—	—	—	1	—	—	—	—	—
Total current liabilities	63	238	14	101	17	74	192	5	28	10	38
Long-term debt, net of current maturities	87	64	62	121	275	57	147	—	6	1	1
Other noncurrent liabilities	6	3	—	7	18	8	—	—	—	—	2
Total liabilities	156	305	76	229	310	139	339	5	34	11	41
Net assets (deficit) without donor restrictions:											
Controlling	314	(103)	23	(161)	4	179	650	(5)	108	—	(23)
Noncontrolling	—	—	—	—	—	—	—	—	—	—	—
Net assets with donor restrictions	2	27	4	—	1	3	13	—	1	—	—
Total net assets (deficit)	316	(76)	27	(161)	5	182	663	(5)	109	—	(23)
Total liabilities and net assets	\$ 472	229	103	68	315	321	1,002	—	143	11	18

See accompanying auditors' report on supplementary information.

ADVENTIST HEALTH

Schedule of Consolidating Operations and Changes in Net Assets

Year Ended December 31, 2025

(In millions of dollars)

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Revenues and support:											
Patient service revenue	\$ 6,580	(9)	(31)	732	—	239	183	128	101	—	576
Premium revenue	221	(38)	—	—	28	10	6	3	—	—	—
Other revenue	553	(879)	992	45	—	30	6	5	6	—	52
Net assets released from restrictions for operations	30	—	3	2	—	1	2	1	—	—	1
Total unrestricted revenues and support	7,384	(926)	964	779	28	280	197	137	107	—	629
Expenses:											
Employee compensation	3,527	(28)	478	297	—	136	86	79	50	—	259
Professional fees	922	—	50	71	—	11	38	10	12	—	47
Supplies	1,155	—	—	180	—	56	14	21	9	—	119
Purchased services and other	1,556	(898)	370	223	27	76	46	42	36	1	202
Interest	166	(38)	61	6	—	3	3	2	2	—	15
Depreciation and amortization	217	—	30	19	—	10	4	4	4	—	15
Total expenses	7,543	(964)	989	796	27	292	191	158	113	1	657
(Loss) income from operations	(159)	38	(25)	(17)	1	(12)	6	(21)	(6)	(1)	(28)
Nonoperating income:											
Investment income (loss)	214	(38)	17	8	—	10	6	1	12	—	2
Gain (loss) on acquisitions and divestitures	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gain (loss)	4	—	4	—	—	—	—	—	—	—	—
Total nonoperating income (loss)	218	(38)	21	8	—	10	6	1	12	—	2
Excess (deficit) of revenues over expenses	59	—	(4)	(9)	1	(2)	12	(20)	6	(1)	(26)
Less: excess of revenues over expenses from noncontrolling interests	(5)	—	—	—	—	—	—	—	—	—	(1)
Excess (deficit) of revenues over expense from controlling interests	\$ 54	—	(4)	(9)	1	(2)	12	(20)	6	(1)	(27)

ADVENTIST HEALTH
Schedule of Consolidating Operations and Changes in Net Assets
Year Ended December 31, 2025
(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health San Luis Obispo	Adventist Health Simi Valley
Revenues and support:											
Patient service revenue	\$ 422	96	314	80	208	—	417	222	543	182	195
Premium revenue	36	4	—	—	10	65	—	3	—	—	—
Other revenue	13	3	28	2	12	2	53	13	16	1	6
Net assets released from restrictions for operations	—	—	—	—	3	—	2	2	1	—	—
Total unrestricted revenues and support	471	103	342	82	233	67	472	240	560	183	201
Expenses:											
Employee compensation	183	40	131	37	99	—	257	99	242	94	94
Professional fees	43	12	35	16	183	1	23	50	51	24	14
Supplies	56	14	51	11	26	—	70	20	80	30	32
Purchased services and other	154	25	107	21	(78)	65	128	53	180	60	76
Interest	9	1	5	2	—	—	4	3	20	13	9
Depreciation and amortization	15	4	10	1	—	—	15	4	16	6	9
Total expenses	460	96	339	88	230	66	497	229	589	227	234
(Loss) income from operations	11	7	3	(6)	3	1	(25)	11	(29)	(44)	(33)
Nonoperating income:											
Investment income (loss)	53	7	2	2	—	—	3	19	10	—	—
Gain (loss) on acquisitions and divestitures	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gain (loss)	—	—	—	—	—	—	—	—	—	—	—
Total nonoperating income (loss)	53	7	2	2	—	—	3	19	10	—	—
Excess (deficit) of revenues over expenses	64	14	5	(4)	3	1	(22)	30	(19)	(44)	(33)
Less: excess of revenues over expense from noncontrolling interests	—	—	—	—	—	—	—	—	(4)	—	—
Excess (deficit) of revenues over expense from controlling interests	\$ 64	14	5	(4)	3	1	(22)	30	(23)	(44)	(33)

ADVENTIST HEALTH

Schedule of Consolidating Operations and Changes in Net Assets

Year Ended December 31, 2025

(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Revenues and support:											
Patient service revenue	\$ 347	269	76	93	141	223	622	—	126	—	85
Premium revenue	—	23	—	—	—	44	27	—	—	—	—
Other revenue	35	26	9	4	—	28	30	—	9	5	1
Net assets released from restrictions for operations	—	3	—	1	—	1	6	—	1	—	—
Total unrestricted revenues and support	382	321	85	98	141	296	685	—	136	5	86
Expenses:											
Employee compensation	136	114	40	44	69	93	277	—	55	—	66
Professional fees	56	32	7	12	14	43	49	—	16	—	2
Supplies	83	73	6	13	17	55	100	—	16	—	3
Purchased services and other	79	110	19	32	31	85	230	—	31	5	18
Interest	4	10	3	9	11	2	6	—	—	—	1
Depreciation and amortization	6	10	2	3	7	7	15	—	1	—	—
Total expenses	364	349	77	113	149	285	677	—	119	5	90
(Loss) income from operations	18	(28)	8	(15)	(8)	11	8	—	17	—	(4)
Nonoperating income:											
Investment income (loss)	27	—	4	—	1	12	47	—	9	—	—
Gain (loss) on acquisitions and divestitures	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating gain (loss)	—	—	—	—	—	—	—	—	—	—	—
Total nonoperating income (loss)	27	—	4	—	1	12	47	—	9	—	—
Excess (deficit) of revenues over expenses	45	(28)	12	(15)	(7)	23	55	—	26	—	(4)
Less: excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—
Excess (deficit) of revenues over expense from controlling interests	\$ 45	(28)	12	(15)	(7)	23	55	—	26	—	(4)

See accompanying auditors' report on supplementary information.

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2025

(In millions of dollars)

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ 54	—	(4)	(9)	1	(2)	12	(20)	6	(1)	(27)
Net change in unrealized gains on other-than-trading securities	1	—	1	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	11	—	—	1	—	1	1	—	—	—	—
Transfers from (to) related parties	—	—	29	(5)	—	(2)	1	(2)	1	1	—
Increase (decrease) in net assets without donor restrictions – controlling	66	—	26	(13)	1	(3)	14	(22)	7	—	(27)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	5	—	—	—	—	—	—	—	—	—	1
Distribution	(2)	—	—	(2)	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – noncontrolling	3	—	—	(2)	—	—	—	—	—	—	1
Net assets with donor restrictions:											
Restricted gifts and grants	59	(5)	1	3	—	2	2	1	—	—	2
Net realized and unrealized gains (losses) on investments	3	—	—	—	—	—	—	—	—	—	1
Net assets released from restrictions	(41)	5	(4)	(3)	—	(2)	(3)	(1)	—	—	(2)
Other donor restricted activity	—	—	3	(1)	—	—	7	—	—	—	—
Increase (decrease) in net assets with donor restrictions	21	—	—	(1)	—	—	6	—	—	—	1
Increase (decrease) in net assets	90	—	26	(16)	1	(3)	20	(22)	7	—	(25)
Net assets, beginning of year	2,628	—	293	167	—	180	44	12	140	12	(101)
Net assets, end of year	<u>\$ 2,718</u>	<u>—</u>	<u>319</u>	<u>151</u>	<u>1</u>	<u>177</u>	<u>64</u>	<u>(10)</u>	<u>147</u>	<u>12</u>	<u>(126)</u>

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2025

(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health San Luis Obispo	Adventist Health Simi Valley
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ 64	14	5	(4)	3	1	(22)	30	(23)	(44)	(33)
Net change in unrealized gains on other-than-trading securities	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	1	—	—	—	—	—	1	—	4	—	—
Transfers from (to) related parties	(3)	—	(12)	(1)	6	(1)	—	3	(7)	2	(2)
Increase (decrease) in net assets without donor restrictions – controlling	62	14	(7)	(5)	9	—	(21)	33	(26)	(42)	(35)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	4	—	—
Distribution	—	—	—	—	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – noncontrolling	—	—	—	—	—	—	—	—	4	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	4	—	3	—	16	—	3	1	4	—	1
Net realized and unrealized gains (losses) on investments	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions	(2)	—	—	—	(4)	—	(3)	(2)	(5)	—	—
Other donor restricted activity	(1)	—	—	—	(12)	—	—	1	2	—	—
Increase (decrease) in net assets with donor restrictions	1	—	3	—	—	—	—	—	1	—	1
Increase (decrease) in net assets	63	14	(4)	(5)	9	—	(21)	33	(21)	(42)	(34)
Net assets, beginning of year	557	84	28	(23)	17	3	102	210	39	(9)	(54)
Net assets, end of year	<u>\$ 620</u>	<u>98</u>	<u>24</u>	<u>(28)</u>	<u>26</u>	<u>3</u>	<u>81</u>	<u>243</u>	<u>18</u>	<u>(51)</u>	<u>(88)</u>

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2025

(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ 45	(28)	12	(15)	(7)	23	55	—	26	—	(4)
Net change in unrealized gains on other-than-trading securities	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	—	1	—	—	—	—	1	—	—	—	—
Transfers from (to) related parties	(1)	(3)	—	(3)	—	(1)	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions – controlling	44	(30)	12	(18)	(7)	22	56	—	26	—	(4)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—
Distribution	—	—	—	—	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – noncontrolling	—	—	—	—	—	—	—	—	—	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	1	5	1	1	2	—	10	—	1	—	—
Net realized and unrealized gains (losses) on investments	—	2	—	—	—	—	—	—	—	—	—
Net assets released from restrictions	(1)	(4)	—	(1)	—	(1)	(7)	—	(1)	—	—
Other donor restricted activity	—	—	—	—	—	1	—	—	—	—	—
Increase (decrease) in net assets with donor restrictions	—	3	1	—	2	—	3	—	—	—	—
Increase (decrease) in net assets	44	(27)	13	(18)	(5)	22	59	—	26	—	(4)
Net assets, beginning of year	272	(49)	14	(143)	10	160	604	(5)	83	—	(19)
Net assets, end of year	<u>\$ 316</u>	<u>(76)</u>	<u>27</u>	<u>(161)</u>	<u>5</u>	<u>182</u>	<u>663</u>	<u>(5)</u>	<u>109</u>	<u>—</u>	<u>(23)</u>

See accompanying auditors' report on supplementary information.

Section 4(b)(4)
Includes all members of the Obligated Group

Debt Service Coverage	2025
Excess of Revenues over Expenses from Continuing Operations	\$ 136
Net unrealized (gains) losses on investments	(162)
Depreciation, amortization, interest expense and other exluded items	314
Income available for debt service	288
Annual debt service	203
Debt service coverage ratio	1.4

Capitalization	2025
Long-term Debt (including current maturities)	\$ 4,303
Unrestricted Net Assets	2,872
Total Capitalization	7,175
Total Long-term Debt as a Percentage of Total Capitalization	60.0%

Days Cash on Hand	2025
Unrestricted Cash and Investments	\$ 3,331
Expenses per Day	15.5
Days Cash on Hand	214.9

Adventist Health System/West
Municipal Secondary Market Disclosure
December 31, 2025
(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

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

On December 31, 2025, the long-term debt of the Members of the Obligated Group (including current maturities) totaled \$4,303. Of that amount, \$473 was variable interest rate debt, with the remaining \$3,830 being fixed interest rate debt.

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

During the twelve months ended December 31, 2025 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

Section 4(b)(1). Below is a listing of the System's hospital facilities, grouped by state, and sorted within each state alphabetically.

Summary Listing of the System's Hospitals

Obligated Group Hospital Name	Location	Number of Licensed Beds at December 31, 2025	2025 Patient Service Revenue (in millions)
Adventist Health Bakersfield	Bakersfield, CA	300	\$732
Adventist Health Clear Lake ⁽¹⁾	Clearlake, CA	25	183
Adventist Health Delano	Delano, CA	156	101
Adventist Health Hanford	Hanford, CA	235	422
Adventist Health Feather River	Paradise, CA	-	-
Adventist Health Glendale	Glendale, CA	515	576
Adventist Health Howard Memorial ⁽¹⁾	Willits, CA	25	96
Adventist Health Lodi Memorial	Lodi, CA	194	314
Adventist Health Reedley	Reedley, CA	49	222
Adventist Health Sierra Vista	San Luis Obispo, CA	162	182
Adventist Health Simi Valley	Simi Valley, CA	136	195
Adventist Health Sonora	Sonora, CA	152	347
Adventist Health Tehachapi Valley ⁽¹⁾	Tehachapi, CA	25	76
Adventist Health Twin Cities	Templeton, CA	122	141
Adventist Health Ukiah Valley	Ukiah, CA	68	223
Adventist Health White Memorial	Los Angeles, CA	545	622
Adventist Health Castle	Kailua, HI	160	239
Adventist Health Portland	Portland, OR	302	417
Adventist Health Tillamook ⁽¹⁾	Tillamook, OR	25	126
Non-Obligated Group Hospital Name			
Adventist Health Columbia Gorge	The Dalles, OR	25	128
Adventist Health Mendocino Coast ⁽¹⁾	Fort Bragg, CA	25	80
Adventist Health and Rideout	Marysville, CA	366	543
Adventist Health St Helena	Deer Park, CA	211	269
Adventist Health Tulare	Tulare, CA	108	93

⁽¹⁾ Critical Access Hospital.

Source: The Corporation.

Adventist Health System/West
Obligated Group Operating/Utilization Statistics

Section 4(b)(5)

	Payor Mix		
	2023	2024	2025
Medicare	45.1%	45.5%	45.4%
Medicaid	30.7%	30.2%	30.2%
HMO/PPO	17.2%	17.9%	19.4%
Commercial	4.5%	4.1%	3.0%
Self-Pay and Other	2.5%	2.4%	2.0%

Section 4(b)(6)

<u>Hospital</u>	Patient Days (Including Sub-Acute)		
	2023	2024	2025
Adventist Health Hanford	40,479	39,399	40,173
Adventist Health Portland	33,912	36,012	36,558
Adventist Health Reedley	6,241	5,414	5,355
Adventist Health Castle	24,612	26,922	24,469
Adventist Health Feather River	-	-	-
Adventist Health Glendale	98,807	100,619	95,371
Adventist Health Howard Memorial	6,101	5,234	5,909
Adventist Health Lodi Memorial	34,813	34,206	35,390
Adventist Health Clearlake	5,463	5,730	5,273
Adventist Health Bakersfield	68,335	72,695	71,121
Adventist Health Delano	22,891	23,573	21,999
Adventist Health Tehachapi Valley	3,226	3,998	4,555
Adventist Health Sonora	32,496	36,339	36,053
Adventist Health Simi Valley	30,018	28,973	23,855
Adventist Health Sierra Vista	-	19,664	22,733
Adventist Health Twin Cities	-	12,654	16,427
Tillamook Regional Medical Center	3,454	3,368	3,002
Adventist Health Ukiah Valley	12,142	11,500	11,161
Adventist Health White Memorial	86,319	99,284	91,449
	509,309	565,584	550,853

<u>Hospital</u>	Average Length of Stay		
	2023	2024	2025
Adventist Health Hanford	4.38	4.11	4.03
Adventist Health Portland	4.55	4.39	4.26
Adventist Health Reedley	3.69	3.30	3.35
Adventist Health Castle	3.90	3.97	3.83
Adventist Health Feather River	-	-	-
Adventist Health Glendale	5.52	5.49	5.34
Adventist Health Howard Memorial	4.03	4.11	4.20
Adventist Health Lodi Memorial	4.57	4.33	4.34
Adventist Health Clearlake	4.10	3.83	3.57
Adventist Health Bakersfield	4.12	4.05	3.86
Adventist Health Delano	10.84	9.19	8.99
Adventist Health Tehachapi Valley	3.77	3.24	3.59
Adventist Health Sonora	7.27	7.55	7.28
Adventist Health Simi Valley	4.29	4.40	3.90
Adventist Health Sierra Vista	-	5.04	5.03
Adventist Health Twin Cities	-	4.38	4.25
Tillamook Regional Medical Center	3.75	3.82	3.49
Adventist Health Ukiah Valley	3.76	3.60	3.51
Adventist Health White Memorial	4.79	4.79	4.82
	4.79	4.72	4.59

Adventist Health System/West
Obligated Group Operating/Utilization Statistics

Section 4(b)(6)

<u>Hospital</u>	Discharges (Including Sub-Acute)		
	2023	2024	2025
Adventist Health Hanford	9,247	9,589	9,979
Adventist Health Portland	7,453	8,205	8,576
Adventist Health Reedley	1,691	1,642	1,597
Adventist Health Castle	6,305	6,773	6,389
Adventist Health Feather River	-	-	-
Adventist Health Glendale	17,895	18,315	17,854
Adventist Health Howard Memorial	1,513	1,272	1,406
Adventist Health Lodi Memorial	7,620	7,905	8,156
Adventist Health Clearlake	1,332	1,497	1,478
Adventist Health Bakersfield	16,597	17,953	18,416
Adventist Health Delano	2,112	2,565	2,447
Adventist Health Tehachapi Valley	856	1,233	1,268
Adventist Health Sonora	4,469	4,810	4,951
Adventist Health Simi Valley	6,998	6,581	6,120
Adventist Health Sierra Vista	-	3,904	4,523
Adventist Health Twin Cities	-	2,890	3,866
Tillamook Regional Medical Center	922	882	859
Adventist Health Ukiah Valley	3,231	3,194	3,179
Adventist Health White Memorial	18,030	20,719	18,972
	106,271	119,929	120,036

Section 4(b)(7)

	Other Key Volume Indicators		
	2023	2024	2025
Number of Licensed Beds	2,921	3,196	3,196
Discharges	106,271	119,929	120,036
Patient Days	509,309	565,584	550,853
Occupancy - Licensed Beds	47.8%	48.5%	47.2%
Average Length of Stay	4.79	4.72	4.59
Outpatient Revenues as % of Gross Pt. Revenues	51.7%	48.9%	50.1%



Management Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions)

Year End: December 31 2025

Adventist Health Overview

Adventist Health System/West, doing business as Adventist Health, is a care delivery company with an emphasis on well-being and disease prevention rooted in the Adventist Healthcare legacy and focused on caring for mind, body, and spirit. Adventist Health 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 is a faith-based, nonprofit organization. The health system serves more than 100 communities in California, Hawai'i, Oregon, and Washington. With a workforce of more than 38,000 associates, including physicians, medical staff, and volunteers, this transformational organization realizes its mission by providing health, wholeness, and hope. This mission is led by management teams organized around geographies to ensure that the unique needs of these communities are met and delivered in a way that represents the diversity across our footprint, while anchored in our mission and supported by centralized administrative services and expertise. It operates six networks of care, two service areas and one market systemwide: Oregon Network, Greater Sacramento Network, North Coast Network, Central California Network, Central Coast Network, and Southern California Network, with Glendale-Simi Valley Service Area and White Memorial-Montebello Service Area, and Adventist Health Castle market. Teams of clinical staff provide coordinated care across these networks and service areas utilizing advanced medical technology, innovative models of health transformation, and compassionate care. Adventist Health owns or manages 440 sites of care, including 27 hospitals, clinics (physician clinics, hospital-based clinics, and the largest rural health clinic network in California), home care and hospice agencies in both rural and urban communities.

Adventist Health's vision is to provide exceptional care at every stage of life, inspiring community transformation through health and well-being for all. Through our five operating pillars, People, Quality, Growth, Experience, and Finance, we have developed a mission-aligned strategy that shapes our present and future trajectory.

Strategy and Mission

Adventist Health has laid out an aspirational plan based on the calling of our mission of living God's love by inspiring health, wholeness, and hope. We are focused on the core delivery needs of the communities we serve. This includes deepening our capabilities to be an integrated care delivery provider.

Embedded within the Adventist Health strategy are several key themes:

- **Consumer Oriented** — becoming a consumer-oriented company using consumer insights and segmentation to develop products and services to better serve individuals on their personal well-being path.
- **Cost Transformation** — transforming costs and pricing to improve the affordability of health services for individuals, employers, communities, and payers.
- **Payer Integration** — integrating with payers to manage the health of populations, lower costs, and improve market share.
- **Philanthropic Development** — elevating and uniting philanthropic efforts in support of community care services and large-scale well-being initiatives.
- **People Focused** — focusing on our people to raise engagement and the overall well-being of all our associates.
- **Quality Care** — providing access and quality with an intentional focus on health equity and empowering mission-aligned clinicians to provide quality care in every setting.

Our five operating pillars are core to our reviews and reports. They have proven to sharpen our focus systemwide. They are essential to our networks in strengthening our hospitals, ambulatory centers, clinics, home health, and post-acute

services. The networks and service areas continue to allow for increased focus on care integration, efficient utilization of valuable resources, and greater relevance in the lives of our patients. The unique community voices are amplified through the collaboration and shared responsibility that the network, service area, and system structure provide.

Operating Pillars

People — Adventist Health engages robust and innovative talent to shape a thriving culture.

Quality — Adventist Health empowers teams to deliver unparalleled care for all.

Growth — Adventist Health expands networks of care to create community relevance and well-being.

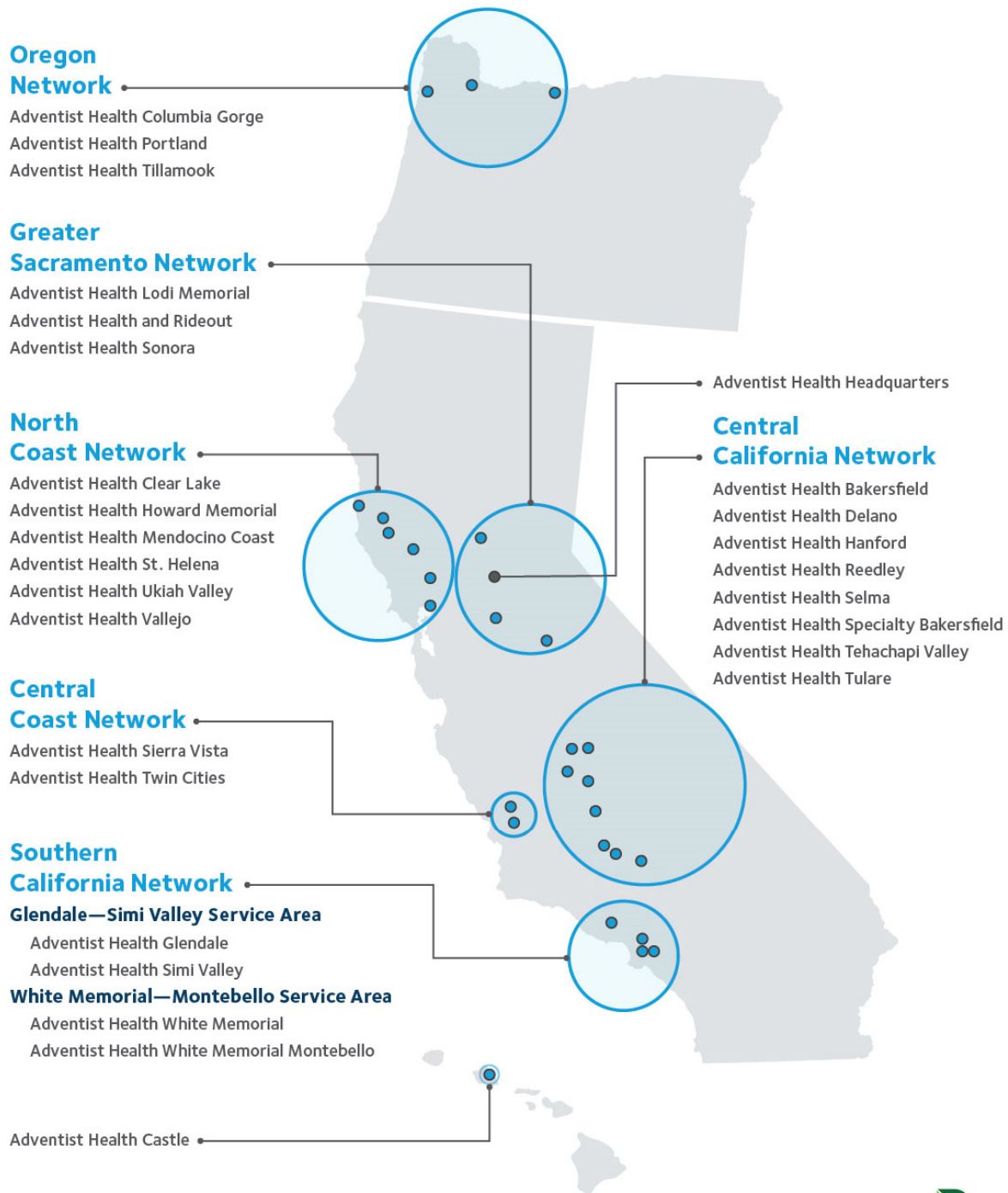
Experience — Adventist Health creates exceptional customer experiences and tells their stories.

Finance — Adventist Health embeds disciplined stewardship that drives operational excellence.



Organization Structure

Adventist Health | Networks and Service Areas



Key Operating Metrics: Volume Trends

Adventist Health's focus on providing care at the right time and the right place has resulted in improvement across our integrated networks of care and has created consistent volume growth across discharges, surgical volume, ER visits and clinic visits. Total volumes were fueled by an increase of 2.0% for emergency department visits and 2.0% in total clinic visits during the twelve months ended December 31, 2025. The System's inpatient discharges increased by 0.6% and observation patients decreased by 1.0%. On combined inpatient and observation stays, total discharges increased by 0.4% from the same period in the previous year. However, with an environment of uncertainty with the economy we saw total surgeries decrease by 4.2% from the same period in the previous year with inpatient surgeries decreasing by 5.3% and outpatient surgeries decreasing by 3.8%

UTILIZATION STATISTICS

Year Ended December 31,	2025	2024	'25 Same Store	'24 Same Store
Discharges	142,781	141,864	134,392	135,070
Patient days	709,338	725,029	670,178	692,711
Observation stays	26,892	27,176	25,205	26,449
Outpatient procedures	5,251,304	5,147,628	5,117,820	5,028,573
Emergency department visits	940,095	916,694	884,469	872,330
Inpatient surgeries	23,266	24,559	21,071	22,766
Outpatient surgeries	65,296	67,769	62,013	64,901
Capitated lives	229,256	231,115	229,256	231,115
Average length of stay (in days)	5.0	5.1	5.0	5.1
Outpatient revenues as % of gross patient revenue	50.1%	48.9%	50.6%	49.1%



Key Operating Metrics: Total Operating Revenue and Income from Operations

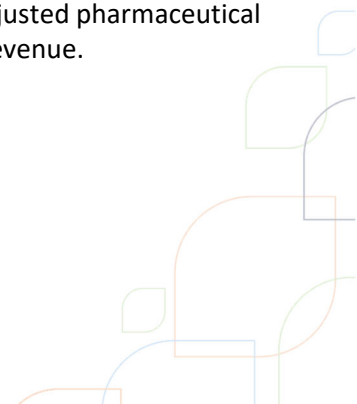
Adventist Health meets 4th quarter targets as preparing for a new environment starts to activate. Throughout 2025, leadership across the organization implemented plans to improve run rate and some of the accomplishments are as follows:

- Management's efforts on focusing the team to maximize revenue while managing cost has improved EBIDA margin from 2.2% to 3.0% for the year ended 12/31/25 compared to the year ended 12/31/24.
- Maximizing and managing portfolio by canceling its Dameron Managed Contract as of 12/31/24.
- Service line integration and optimization across our networks and diversifying our revenue base, including a focus on retail and specialty pharmacy, which has grown by 130% from prior year.
- Net Patient Revenue per CMI Adjusted Discharge exceeded expectations and increased 1.9% over prior year as we realize yield improvements and solidify our revenue cycle operations.
- Labor Cost improving compared to Total Operating Revenue from 60.5% to 58.8% from 2024 to 2025.
- We implemented a system-wide margin improvement plan in 2025 which drove the improved performance. A key component of the improvement is automating and reducing our overhead fixed cost structure. Initiated in August 2025, components of some core business services within its Information Technology, Finance, Human Resources, Talent Acquisition, Supply Chain, and Accounts Payable functions will be outsourced to expert vendor partners. This initiative will improve efficiency, enabling scalable growth and reducing costs, while allowing Adventist Health to retain full management responsibility.

Total operating revenue as of December 2025 grew 6.9% compared to December 2024. The focus on yield improvements increased Net Patient Revenue in total year over year by \$274 to \$6,580. We continue to see positive momentum with the movement of revenue cycle operations to in-house resulting in days in accounts receivable of 56 and cash collections of \$5,248 or 100% of goal, as of December 2025. The movement of revenue cycle to in house has improved transparency and teamwork between finance, managed care, and revenue cycle which has shortened the time for issue identification and operating improvement. Results of this collaboration include the identification of managed governmental and commercial payers not paying according to contract and escalating for resolution. Based on these and other actions, net patient revenue per CMI adjusted discharge was 1.9% higher than prior year. Operating revenue for the year ended December 2025 includes \$100 from Federal Emergency Management Agency (FEMA) compared to a total of \$90 through December 2024.

Management's action to stabilize the workforce and bend the labor cost curve is taking hold but is fighting head winds of wage inflation. YTD labor costs improved from a 6.2% growth rate in 3rd quarter to 4.2% December 2025 YTD over 2024. Focus on Premium labor has driven contract labor down 26.5%. Improved management rigor supported by deeper data and insights has mitigated annual salary increases to be less than inflation. We continue to see inflationary pressure on professional fees, including costs for hospital-based physicians and clinic-based physicians, which increased 6.5% over 2024.

Adventist Health continues to see increased supply cost from surgical procedures and growth in retail pharmacies. The related service line growth has improved EBIDA. The intensity of our cardiac and surgical patients caused a \$11 increase in implants and resulted in December YTD surgical supply cost per case increasing 12%. Volume-adjusted pharmaceutical supply costs increased 11% over YTD December 2024 offset by a 42% increase in retail pharmacy revenue.



TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Year Ended December 31,	2025	2024
Total operating revenue	\$7,384	\$6,906
Total EBIDA expenses	\$7,160	\$6,754
EBIDA	\$224	\$152
EBIDA as a percentage of total operating revenue	3.0%	2.2%
Depreciation and interest expense	\$383	\$376
Loss from operations	(\$159)	(\$224)
Loss from operations as a percentage of total operating revenue	(2.2%)	(3.2%)

Key Operating Metrics: Total Nonoperating Income

Investment income increased for the twelve months ended December 31, 2025, as compared to the previous year. Realized gains of \$47 and \$94 are included in investment income for the years ended December 31, 2025 and December 31, 2024, respectively. Management maintains a long-term asset allocation strategy.

NONOPERATING INCOME

Year Ended December 31,	2025	2024
Investment income	\$214	\$119
Other nonoperating gains	\$4	(\$8)
Nonoperating income before gain on acquisition and divestitures	\$218	\$111
Loss on acquisitions and divestitures	\$0	(\$6)
Nonoperating income	\$218	\$105



Balance Sheet Ratios

Cash and unrestricted investments increased by \$424 for the twelve months ended December 31, 2025. Days cash on hand increased to 150.3 at December 31, 2025 from 137.5 at December 31, 2024. Long-term debt to capitalization increased to 62.2% on December 31, 2025, from 58.2% at December 31, 2024. Adventist Health is able to maintain lower 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

As of	Dec 31, 2025	Dec 31, 2024
Total cash and unrestricted investments	\$3,017	\$2,593
Days cash on hand	150.3	137.5
Cash-to-debt	70.8%	74.1%
Long-term debt-to-capitalization	62.2%	58.2%
Capital expenditures as a percentage of depreciation expense	187.1%	120.4%

Opportunities

Adventist Health continues to be relentless in improving its core operations while investing in additional growth opportunities to better support our communities. Included in these initiatives, is completion and maturation of the overhead cost reduction work started in 2025 as well as an evaluation of growth opportunities in ambulatory growth, balanced service and payor mix, service line rationalization and growth along with strategic acquisitions.

Forward-Looking Statements

Certain discussions in this document may include “forward-looking statements” which involve known and unknown risks and uncertainties inherent in the operation of healthcare facilities. Actual actions or results may differ materially from those presented herein, and past or current trends may not continue. Specific factors that might cause such differences include competition from other healthcare facilities, federal and state regulation of healthcare providers, staffing shortages, organized labor initiatives, and reimbursement policies of the state and federal governments and managed care organizations. In particular, statements that are preceded by, followed by or include the word “will,” “believes,” “estimates,” “expects,” “anticipates,” “projects,” “continue,” “intends,” “plans,” “scheduled,” or other similar expressions are or may constitute forward-looking statements.

Adventist Health Hospitals

OBLIGATED GROUP MEMBERS

Adventist Health System Office
 Adventist Health Bakersfield
 Adventist Health Specialty Bakersfield
 Adventist Health Castle
 Adventist Health Clear Lake
 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 Sierra Vista
 Adventist Health Simi Valley
 Adventist Health Sonora
 Adventist Health Tehachapi Valley
 Adventist Health Tillamook
 Adventist Health Twin Cities
 Adventist Health Ukiah Valley
 Adventist Health White Memorial
 Adventist Health White Memorial Montebello

NON-MEMBER ENTITIES

Adventist Health Care Network
 Adventist Health Columbia Gorge
 Adventist Health Plan, Inc.
 Adventist Health Physicians Network
 Adventist Health Mendocino Coast
 Adventist Health and Rideout
 United Com-Serve
 Adventist Health St. Helena
 St. Helena Center for Behavioral Health
 Adventist Health Tulare
 Western Health Resources

Entities in italics are consolidated with their respective parent entities

