

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	13032UGF9	13080VZ4	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
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
13080SJD7 13080SJD8	Multnomah County, OR 2019	CHFFA AHS/W 2023 Series A	13032UT81 13032UU63
13080SJE5 13080SJJ4	62551PCX3	13032UH50	13032UT99 13032UU71
13080SJF2 13080SJK1	CHFFA AHS/W 2022 Series A	CHFFA AHS/W 2023 Series B	CHFFA AHS/W 2025 Series A
13080SJJ9 13080SJJN5	13032UG93	13032UJ33	13032U4V7 13032U4X3
13080SJM7 13080SJP0			13032U4W5

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. ☒ Financial information (not to be filed with the MSRB): Please check all appropriate boxes

CAFR ¹: a. ☐ includes Annual Financial Information ☒ does not include Annual Information

b. Audited? Yes ☐ No ☒

Operating Data

Period Covered: 3 months ended March 31, 2026

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



CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

MARCH 31, 2026

ONE Adventist Health Way
Roseville, CA 95661

Consolidated Financial Statements (Unaudited)

Adventist Health

March 31, 2026

Consolidated Financial Statements

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Adventist Health

Consolidated Balance Sheets
(In millions of dollars)

	March 31 2026 (Unaudited)	December 31 2025 (Audited)
Assets		
Cash and cash equivalents	\$ 264	\$ 284
Short-term investments	181	118
Patient accounts receivable	929	875
Receivables from third-party payors	1,360	1,343
Other current assets	305	354
Total current assets	<u>3,039</u>	<u>2,974</u>
Noncurrent investments	2,910	3,043
Other assets	680	776
Property and equipment, net	<u>2,756</u>	<u>2,659</u>
Total assets	<u><u>\$ 9,385</u></u>	<u><u>\$ 9,452</u></u>
Liabilities and net assets		
Accounts payable	\$ 537	\$ 523
Accrued compensation and related payables	420	437
Liabilities to third-party payors	415	523
Other current liabilities	170	164
Short-term financing	50	—
Current maturities of long-term debt	45	44
Total current liabilities	<u>1,637</u>	<u>1,691</u>
Long-term debt, net of current maturities	4,352	4,260
Other noncurrent liabilities	<u>752</u>	<u>783</u>
Total liabilities	<u>6,741</u>	<u>6,734</u>
Net assets without donor restrictions:		
Controlling	2,496	2,561
Noncontrolling	26	25
Net assets with donor restrictions	<u>122</u>	<u>132</u>
Total net assets	<u>2,644</u>	<u>2,718</u>
Total liabilities and net assets	<u><u>\$ 9,385</u></u>	<u><u>\$ 9,452</u></u>

Adventist Health

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

	Three months ended March 31	
	2026	2025
	(Unaudited)	(Audited)
Revenues and support:		
Patient service revenue	\$ 1,714	\$ 1,624
Premium revenue	62	54
Other revenue	112	136
Net assets released from restrictions for operations	7	7
Total revenues and support	1,895	1,821
Expenses:		
Employee compensation	879	868
Professional fees	237	230
Supplies	294	272
Purchased services and other	418	396
Interest	49	43
Depreciation and amortization	52	54
Total expenses	1,929	1,863
Loss from operations	(34)	(42)
Nonoperating income:		
Net realized and unrealized (loss) gain on investments	(12)	16
Loss on acquisitions and divestures	(25)	—
Other nonoperating	—	—
Total nonoperating income (loss)	(37)	16
Deficit of revenues over expenses	(71)	(26)
Less excess of revenues over expenses from noncontrolling interests	(1)	—
Deficit of revenues over expenses from controlling interests	(72)	(26)

Adventist Health

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

	Three months ended March 31	
	2026	2025
	(Unaudited)	(Audited)
Net assets without donor restrictions:		
Controlling:		
Deficit of revenues over expenses from controlling interests	\$ (72)	\$ (26)
Net change in unrealized gains and losses on other-than-trading securities	–	2
Net assets released from restrictions for capital additions	10	1
Other unrestricted net assets activity	(3)	–
Decrease in net assets without donor restrictions – controlling	(65)	(23)
Excess of revenues over expenses from noncontrolling interests	1	–
Distribution	–	–
Increase in net assets without donor restrictions – noncontrolling	1	–
Net assets with donor restrictions:		
Restricted gifts and grants	7	9
Net realized and unrealized gains on investment	–	–
Net assets released from restrictions	(17)	(8)
Other donor restricted activity	–	1
(Decrease) increase in net assets with donor restrictions	(10)	2
Decrease in net assets	(74)	(21)
Net assets, beginning of year	2,718	2,628
Net assets, end of year	<u>\$ 2,644</u>	<u>\$ 2,607</u>

Adventist Health

Notes to Consolidated Financial Statements

(In millions of dollars)

Note A – Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation: Adventist Health System/West (“Adventist Health”) is a California not-for-profit religious corporation that controls and operates hospitals and other healthcare facilities, and wellness promoting operations in the western United States 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 our heritage through connection to our 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.

Note B – Fair Value of Financial Instruments

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

Level 1: Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in this category include U.S. treasury securities, U.S. and foreign equities, and exchange-traded mutual funds.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include U.S. government agencies and municipal bonds, asset-backed securities, and U.S. corporate bonds.

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at March 31, 2026.

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value or at net asset value (NAV) as a practical expedient on a recurring basis at March 31, 2026:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 264	\$ —	\$ 264
Money market funds	354	—	354
Contract value of life insurance		165	165
Fixed income:			
U.S. government treasury obligations	214	—	214
U.S. corporation and agency debentures	—	13	13
U.S. agency mortgage-backed securities	—	47	47
U.S. corporate debt securities	—	395	395
Municipal bonds	—	4	4
Mutual funds	187	190	377
Equities:			
Equities	3	—	3
Mutual funds	762	—	762
Total financial assets stated at fair value	\$ 1,784	\$ 814	2,598
Commercial real estate			1
Investments measured at NAV			756
Total cash and investments			<u>\$ 3,355</u>

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

As of March 31, 2026, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

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

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

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

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

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

	March 31, 2026			
	NAV	Unfunded Commitments	Redemption Frequency (if currently Eligible)	Redemption Notice Period (if currently Eligible)
Commingled funds – equity securities	\$ 105	\$ –	Weekly/Monthly Daily/Weekly/ Monthly/Quarterly	4-30 days
Hedge funds	355	–	None	1-90 days
Private equity funds	296	209		None
Total	<u>\$ 756</u>	<u>\$ 209</u>		

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.

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

Hedge funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of March 31, 2026:

% of Hedge Funds	Redemption Criteria	Notice Period
15%	Redeemable weekly	30 days
19%	Redeemable monthly	14-60 days
33%	Redeemable quarterly	45–65 days
23%	Up to 12.5% redeemable quarterly on non-consecutive quarters	60 days
10%	Up to 12.5% redeemable quarterly	90 days

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

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note C – Investments and Assets Whose Use is Limited

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

	March 31 2026	December 31 2025
Total unrestricted investments	\$ 2,695	\$ 2,705
Assets designated by the Board, primarily for property and equipment	28	28
Investments held by trustees for:		
Debt service	-	-
Future capital projects	353	396
Self-insurance programs	-	17
Charitable annuities and other	-	-
Total investments held by trustees	353	413
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	4	4
Other purposes	11	11
Total donor-restricted investments	15	15
Total investments	3,091	3,161
Less short-term investments	181	118
Total noncurrent investments	\$ 2,910	\$ 3,043

Total investments and assets whose use is limited above excludes other investments of \$38 and \$32 at March 31, 2026 and December 31, 2025, respectively, which includes retirement plan assets, joint ventures, and partnerships and are included in other assets.

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

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note C – Investments and Assets Whose Use is Limited (continued)

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

	March 31 2026
Cash and cash equivalents	\$ 264
Unrestricted investments	2,122
Patient accounts receivable	929
Receivables from third-party payors	1,360
Other current assets	106
	<u><u>\$ 4,781</u></u>

Note D – Investment Income

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

	Three Months Ended March 31 2026	2025
Realized gains, net	\$ 10	\$ -
Unrealized (losses) gains, net	<u>(22)</u>	<u>16</u>
	(12)	16
Interest and dividend income	<u>20</u>	<u>15</u>
	<u><u>\$ 8</u></u>	<u><u>\$ 31</u></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.

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

E – Patient Accounts Receivable

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

Note F – Patient Service Revenue

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

Patient service revenue includes revenues from California Medicaid Quality Assurance Fee programs in the amount of \$175 for the three months ending March 31, 2026. Related fees for the programs of \$68 for the three months ending March 31, 2026, are recorded in purchased services and other expenses. These amounts are based on management's current estimate of the amounts that meet the criteria for revenue recognition as both probable and estimable.

Note G – Leases

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

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

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

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

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

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Note G – Leases (continued)

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

		Three Months Ended March 31	
	Classification	2026	2025
Right-of-use assets			
Operating	Other assets	\$ 200	\$ 222
Finance	Other assets	5	7
		<u>\$ 205</u>	<u>\$ 229</u>
Current lease liabilities			
Operating	Other current liabilities	\$ 28	\$ 29
Finance	Other current liabilities	1	3
Noncurrent lease liabilities			
Operating	Other noncurrent liabilities	183	203
Finance	Other noncurrent liabilities	3	4
Total lease liabilities		<u>\$ 215</u>	<u>\$ 239</u>

		Three Months Ended March 31	
	Classification	2026	2025
Operating lease expense			
Operating lease cost	Purchased services and other	\$ 10	\$ 11
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	\$ 1	\$ 1
Interest on lease liabilities	Interest	\$ –	\$ –

		Three Months Ended March 31	
		2026	2025
Cash paid for amounts not included in the measurement of lease liabilities			
Operating cash outflows for operating leases		\$ 10	\$ 10
Finance cash outflows for finance leases		\$ 1	\$ 1

Adventist Health

Notes to Consolidated Financial Statements - Continued

(In millions of dollars)

Right-of-use assets obtained in exchange for lease obligations	Three Months Ended March 31	
	2026	2025
Operating	\$ 1	\$ -
Finance	\$ -	\$ -

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 for the period ended March 31, 2026:

Maturity of Lease Liabilities	Operating Leases	Finance Leases
2026	\$ 28	\$ 1
2027	35	1
2028	32	1
2029	28	-
2030	22	-
Thereafter	126	2
Total lease payments	271	5
Less imputed interest	(60)	(1)
	<u>\$ 211</u>	<u>\$ 4</u>

Lease Term and Discount Rate

March 31, 2026

Weighted average operating remaining lease term (years)	9.80
Weighted average finance remaining lease term (years)	7.91
Weighted average operating lease discount rate	4.88%
Weighted average finance lease discount rate	5.21%

Note H – FEMA

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. For the quarter March 31, 2026 and year ended December 31, 2025, the System received approval for grant requests totaling \$0 and \$100, respectively, which are included in other revenue.

Adventist Health System/West
Municipal Secondary Market Disclosure
March 31, 2026
(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 March 31, 2026, the long-term debt of the Members of the Obligated Group (including current maturities) totaled \$4,396. Of that amount, \$596 was variable interest rate debt, with the remaining \$3,800 being fixed interest rate debt.

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

During the three months ended March 31, 2026 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.



Management Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions)

Quarter End: March 31, 2026

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, and one market systemwide: Oregon Network, Greater Sacramento Network, North Coast Network, Central California Network, Central Coast Network, Southern California Network, and Adventist Health Castle market. Teams of clinical staff provide coordinated care across these networks and market, 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 Finances, 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 six 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, market, and system structure provide.

Operating Pillars

Mission — Adventist Health integrates mission through our associates across every facet of our work.

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

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

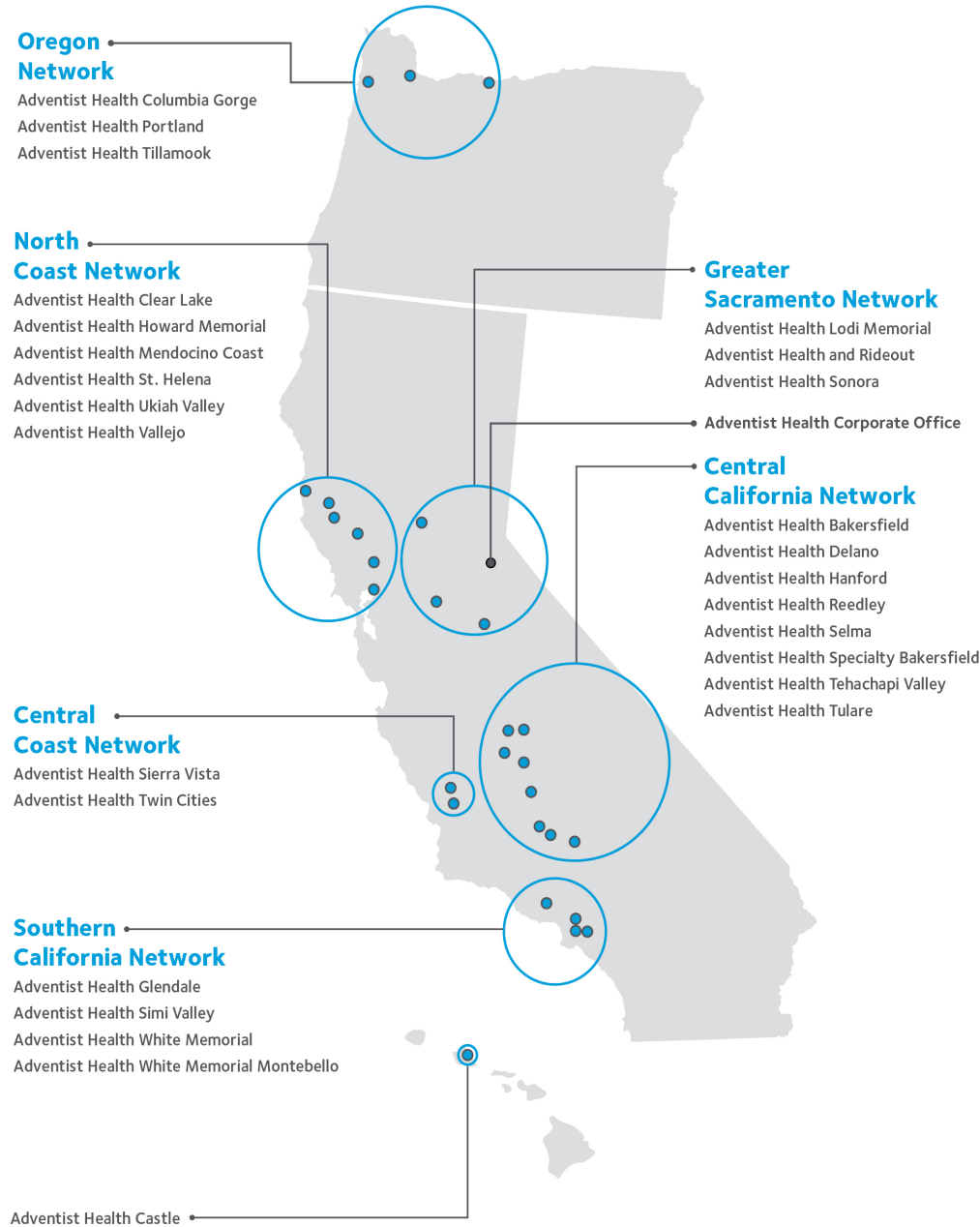
Growth — Adventist Health expands networks of care to create community relevance and well-being.

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

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



Organization Structure



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 0.3% for emergency department visits and 2.7% in total clinic visits during the three months ending March 31, 2026. The System's inpatient discharges decreased by 2.1% and observation patients decreased by 15.0%. On combined inpatient and observation stays, total discharges decreased by 4.1% from the same period in the previous year. However, with an environment of uncertainty with the economy we saw total surgeries decrease by 1.9% from the same period in the previous year with inpatient surgeries decreasing by 5.8% and outpatient surgeries decreasing by 0.5%

UTILIZATION STATISTICS

Quarter Ended March 31,	2026	2025
Discharges	35,790	36,548
Patient days	182,650	188,136
Observation stays	5,824	6,852
Outpatient procedures	1,351,558	1,316,135
Emergency department visits	240,733	240,034
Inpatient surgeries	5,653	5,998
Outpatient surgeries	15,971	16,053
Capitated lives	220,491	229,256
Average length of stay (in days)	5.1	5.1
Outpatient revenues as % of gross patient revenue	50.1%	48.6%

Key Operating Metrics: Total Operating Revenue and Income from Operations

Adventist Health meets first quarter targets as preparing for a new environment starts to activate. Throughout 2026, 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 3.0% to 3.5% for the quarter ended March 31, 2026 compared to the quarter ended March 31, 2025.
- Normalizing for the 2025 Federal Emergency Management Agency (FEMA) activity of \$38M for the quarter ended March 31, 2025, EBIDA margin improved from 1.0% to 3.5% on year-over-year operations.
- Net Patient Revenue per CMI Adjusted Discharge exceeded expectations and increased 4.2% over prior year as we realize yield improvements and solidify our revenue cycle operations.
- Labor Cost improving when compared to Total Operating Revenue, decreasing from 59.0% to 57.7% from 2025 to 2026.
- 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 have been outsourced to expert vendor partners. This initiative improved efficiency, enabling scalable growth and reducing costs, while allowing Adventist Health to retain full management responsibility.

Total operating revenue as March 31, 2026 grew 4.0% compared to March 31, 2025. The focus on yield improvements increased Net Patient Revenue in total quarter over quarter by \$71 to \$1,353. We continue to see positive momentum with the movement of revenue cycle operations to in-house resulting in days in accounts receivable of 53 and cash collections of \$1,331 or 98% of goal, as of March 31, 2026. 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 4% higher than quarter ended March 31, 2025.

Management's action to stabilize the workforce and bend the labor cost curve is taking hold. Labor costs improved from 2025 with Total Labor Costs compared to Total Operating Revenue decreasing 1.4% to 57.7% as of March 31, 2026. Focus on Premium labor has driven contract labor down 18.7% from the quarter ended March 31, 2026 compared to quarter ended March 31, 2025. We continue to see inflationary pressure on professional fees, including costs for hospital-based physicians and clinic-based physicians, which increased 6.3% quarter over quarter.

TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Quarter Ended March 31,	2026	2025
Total operating revenue	\$1,895	\$1,821
Total EBIDA expenses	\$1,828	\$1,766
EBIDA	\$67	\$55
EBIDA as a percentage of total operating revenue	3.5%	3.0%
Depreciation and interest expense	\$101	\$97
Loss from operations	(\$34)	(\$42)
Loss from operations as a percentage of total operating revenue	(1.8%)	(2.3%)

Key Operating Metrics: Total Nonoperating Income

Investment income decreased for the three months ended March 31, 2026, as compared to the previous year. Realized gains of \$10 and \$0 are included in investment income on March 31, 2026 and March 31, 2025, respectively. Management maintains a long-term asset allocation strategy.

NONOPERATING INCOME

Quarter Ended March 31,	2026	2025
Investment income	(\$12)	\$16
Other nonoperating gains	\$0	\$0
Nonoperating income before gain on acquisition and divestitures	(\$12)	\$16
Loss on acquisitions and divestitures	(\$25)	\$0
Nonoperating income	(\$37)	\$16

Balance Sheet Ratios

Cash and unrestricted investments decreased by \$30 for the three months ended March 31, 2026. Days cash on hand decreased to 143.2 on March 31, 2026 from 150.3 on December 31, 2025. Long-term debt to capitalization increased to 63.3% on March 31, 2026, from 62.2% on December 31, 2025. 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	Mar 31, 2026	Dec 31, 2025
Total cash and unrestricted investments	\$2,987	\$3,017
Days cash on hand	143.2	150.3
Cash-to-debt	68.6%	70.8%
Long-term debt-to-capitalization	63.3%	62.2%
Capital expenditures as a percentage of depreciation expense	286.5%	187.1%

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

