



Annual Disclosure Statements
(Unaudited)
For the Year Ended December 31, 2024
For



Advocate Aurora Health, Inc.



The Charlotte-Mecklenburg Hospital Authority
Combined Group



Wake Forest Baptist Combined Group

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ADVOCATE HEALTH
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Introduction

Purpose of this Report

The purpose of this report is to provide information necessary to comply with continuing disclosure undertakings for the Advocate Aurora Health Credit Group, The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health CMHA Combined Group and the Atrium Health Wake Forest Baptist Combined Group, as described below, all of which are now part of an integrated health care delivery and academic system known as Advocate Health.

Advocate Health

Advocate Aurora Health, Inc., a Delaware nonprofit nonstock corporation (“AAH”) and Atrium Health, Inc., a North Carolina nonprofit corporation (“AHI”), entered into a Joint Operating Agreement pursuant to which they created Advocate Health, Inc., a Delaware nonprofit nonstock corporation (the “Advocate Health JOC”), to manage and oversee an integrated health care delivery and academic system which focuses on meeting patients’ needs by redefining how, when and where care is delivered. AAH and AHI are the two corporate members of the Advocate Health JOC. AAH and the entities comprising the “AAH System” described below (the “AAH System Entities”) and AHI and the other participants in the “AHI Enterprise” described below (the “AHI Enterprise Entities”) have maintained their separate legal existence and no sale, transfer or other conveyance of their assets occurred in connection with the formation of Advocate Health. No assumption or guaranty of debt or other liabilities of the AAH System Entities or AHI Enterprise Entities, or changes to their respective credit groups described below, occurred in connection with the formation of Advocate Health. Advocate Health has a combined footprint across Illinois, Wisconsin, North Carolina, South Carolina, Georgia and Alabama.

Advocate Aurora Health, Inc.

AAH is the sole corporate member of Advocate Health Care Network, an Illinois not for profit corporation, (“Advocate”) and Aurora Health Care, Inc., a Wisconsin nonstock not-for-profit corporation (“Aurora”). AAH, Advocate, Aurora and their controlled subsidiaries are collectively referred to herein as the “AAH System.” The AAH System serves patients across northern and central Illinois and eastern Wisconsin. The participants in the AAH System do business as Advocate in Illinois and as Aurora in Wisconsin.

Atrium Health, Inc.

The Charlotte-Mecklenburg Hospital Authority (“CMHA” or “Atrium Health CMHA”), which directly and through its affiliates does business as Atrium Health, and the Wake Forest Baptist Health system (“Wake Forest Baptist” or “Atrium Health Wake Forest Baptist), including Wake Forest School of Medicine, are part of a single enterprise (the “AHI Enterprise”), governed and managed by AHI pursuant to a health system integration agreement and related agreements. The AHI Enterprise serves patients across North Carolina, South Carolina, Georgia and Alabama. The participants in the AHI Enterprise do business as Atrium Health and Atrium Health Wake Forest Baptist (in North Carolina and South Carolina) and as Atrium Health Navicent and Atrium Health Floyd (in Georgia and Alabama).



Advocate Health Introduction

The financial position and results of operation of Advocate Health are presented by combining the financial statements of AAH, Atrium Health CMHA and Atrium Health Wake Forest Baptist, which are under the common management of the Advocate Health JOC. Advocate Health, which includes Atrium Health CMHA, has prepared its financial statements in accordance with accounting principles as promulgated by the Financial Accounting Standards Board ("FASB"). Atrium Health CMHA is a governmental entity as defined by the Governmental Accounting Standards Board ("GASB"); accordingly, accounting principles as promulgated by GASB are the appropriate accounting principles for Atrium Health CMHA to follow. As part of the Advocate Health combined financial statements, the financial statements of Atrium Health CMHA are presented with FASB accounting principles. All significant intercompany transactions have been eliminated in the combination.

The Advocate Health combined financial statements are not required to be delivered pursuant to any continuing disclosure undertaking and are being provided on a voluntary basis.

ADVOCATE HEALTH
COMBINED BALANCE SHEETS - FASB
(in thousands)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,026,581	\$ 2,260,650
Short term investments	49,808	38,960
Assets limited as to use	185,331	232,844
Patient accounts receivable	3,974,174	3,770,804
Other current assets	1,894,762	1,986,633
Total current assets	<u>8,130,656</u>	<u>8,289,891</u>
Noncurrent assets		
Assets limited as to use	24,176,299	21,255,434
Property and equipment, net	13,541,714	12,605,078
Operating lease right-of-use assets	1,013,775	997,099
Other noncurrent assets	1,275,911	1,470,383
Total other assets	<u>40,007,699</u>	<u>36,327,994</u>
Total assets	<u>\$ 48,138,355</u>	<u>\$ 44,617,885</u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 1,238,272	\$ 1,247,479
Operating lease liabilities, current portion	196,933	185,955
Accrued salaries and employee benefits	2,551,275	2,232,145
Accounts payable and other accrued liabilities	2,903,762	2,691,445
Third-party payors payables	770,916	805,721
Total current liabilities	<u>7,661,158</u>	<u>7,162,745</u>
Noncurrent liabilities		
Long-term debt, less current portion	6,388,008	6,514,016
Operating lease liabilities, less current portion	897,771	888,095
Obligations under swap agreements	72,280	122,271
Other noncurrent liabilities	3,275,058	3,437,581
Total noncurrent liabilities	<u>10,633,117</u>	<u>10,961,963</u>
Total liabilities	<u>18,294,275</u>	<u>18,124,708</u>
Net assets		
Without donor restrictions		
Controlling interest	28,101,899	25,052,618
Noncontrolling interests in subsidiaries	212,737	202,324
Total net assets without donor restrictions	<u>28,314,636</u>	<u>25,254,942</u>
With donor restrictions	1,529,444	1,238,235
Total net assets	<u>29,844,080</u>	<u>26,493,177</u>
Total liabilities and net assets	<u>\$ 48,138,355</u>	<u>\$ 44,617,885</u>

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2024 presentation. Thus, certain December 31, 2023 balance sheet amounts as well as certain year ended December 31, 2023 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2023 net assets or revenues in excess of expenses.

ADVOCATE HEALTH
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - FASB
(in thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenue		
Patient service revenue	\$ 29,220,208	\$ 26,789,159
Other revenue	5,571,128	4,959,564
Total revenue	<u>34,791,336</u>	<u>31,748,723</u>
Expenses		
Salaries, wages and benefits	19,160,895	17,738,898
Supplies and drugs	7,475,968	6,548,771
Purchased services and other	5,477,876	5,343,518
Depreciation and amortization	1,198,692	1,216,371
Interest	265,443	294,532
Total expenses	<u>33,578,874</u>	<u>31,142,090</u>
Operating income	1,212,462	606,633
Nonoperating income		
Investment income, net	1,728,142	1,725,894
Other nonoperating loss, net	(14,299)	(77,035)
Total nonoperating income, net	<u>1,713,843</u>	<u>1,648,859</u>
Revenue in excess of expenses	2,926,305	2,255,492
Less income attributable to noncontrolling interests	<u>(67,443)</u>	<u>(58,833)</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 2,858,862	\$ 2,196,659

(Continued)

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ADVOCATE HEALTH
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - FASB
(in thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Net assets without donor restrictions, controlling interest		
Revenue in excess of expenses - attributable to controlling interest	\$ 2,858,862	\$ 2,196,659
Pension-related changes other than net periodic pension costs	182,967	(145,688)
Other, net	7,452	15,841
Increase in net assets without donor restrictions, controlling interest	<u>3,049,281</u>	<u>2,066,812</u>
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses	67,443	58,833
Distributions to noncontrolling interests	(57,030)	(38,727)
Increase in net assets without donor restrictions, noncontrolling interests	<u>10,413</u>	<u>20,106</u>
Net assets with donor restrictions		
Contributions	376,471	208,238
Investment income, net	62,183	59,692
Net assets released from restrictions for operations	(155,757)	(146,842)
Other, net	8,312	2,647
Increase in net assets with donor restrictions	<u>291,209</u>	<u>123,735</u>
Increase in net assets	3,350,903	2,210,653
Net assets at beginning of period	26,493,177	24,282,524
Net assets at end of period	<u>\$ 29,844,080</u>	<u>\$ 26,493,177</u>

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ADVOCATE HEALTH
COMBINED STATEMENTS OF CASH FLOWS - FASB
(in thousands)

	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash flows from operating activities		
Increase in net assets	\$ 3,350,903	\$ 2,210,653
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	1,179,698	1,197,740
Noncash lease expense	217,883	197,405
Gain on sale of disposal group	(88,163)	—
Pension-related changes other than net periodic pension cost	(182,967)	145,688
Proceeds from restricted contributions and income on investments	(201,819)	(27,113)
Distribution to noncontrolling interests	54,483	37,539
Other	(4,205)	(30,736)
Changes in operating assets and liabilities		
Trading securities, net	(2,908,991)	(985,878)
Patient accounts receivable	(182,889)	(186,138)
Other assets and liabilities, net	480,295	109,269
Net cash provided by operating activities	<u>1,714,228</u>	<u>2,668,429</u>
Cash flows from investing activities		
Capital expenditures	(2,060,387)	(1,487,923)
Cash received from sale of disposal group	184,298	—
Acquisition of business, net of cash acquired	(116,706)	—
Investments in unconsolidated entities, net	(15,809)	(66,091)
Purchases of investments designated as non-trading	(46,766)	(51,331)
Sales of investments designated as non-trading	46,896	51,239
Other	9,912	48,118
Net cash used in investing activities	<u>(1,998,562)</u>	<u>(1,505,988)</u>
Cash flows from financing activities		
Repayments of long-term debt, net	(472,304)	(577,868)
Proceeds from issuance of long-term debt	350,806	304,995
Distribution to noncontrolling interests	(54,483)	(37,539)
Proceeds from restricted contributions and income on investments	201,819	27,113
Net cash provided by (used in) financing activities	<u>25,838</u>	<u>(283,299)</u>
Net (decrease) increase in cash and cash equivalents	(258,496)	879,142
Cash and cash equivalents at beginning of period	2,340,370	1,461,228
Cash and cash equivalents at end of period	<u>\$ 2,081,874</u>	<u>\$ 2,340,370</u>
Reconciliation of cash and cash equivalents to the balance sheet		
Cash and cash equivalents	2,026,581	2,260,650
Restricted cash in investments and assets whose use is limited	55,293	79,720
	<u>\$ 2,081,874</u>	<u>\$ 2,340,370</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 220,349	\$ 213,570

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ADVOCATE HEALTH
UTILIZATION STATISTICS AND KEY FINANCIAL RATIOS

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Census				
Discharges	553,596	516,993	36,603	7.1 %
Observation Cases	166,259	181,388	(15,129)	(8.3)%
Total Bedded Patients	719,855	698,381	21,474	3.1 %
Inpatient Length of Stay	5.37	5.46	(0.09)	(1.6)%
Case Mix index	1.79	1.81	(0.02)	(1.1)%
Other Volume Stats				
Inpatient Surgeries	127,853	124,543	3,310	2.7 %
Outpatient Surgeries	324,814	316,577	8,237	2.6 %
Total Surgeries	452,667	441,120	11,547	2.6 %
ED Visits	2,276,741	2,184,365	92,376	4.2 %
wRVUs	59,360,427	53,891,205	5,469,222	10.1 %
Operating Performance				
Operating margin ⁽¹⁾			3.5%	1.9%
Operating cash flow margin ⁽²⁾			7.7%	6.7%
Excess margin ⁽³⁾			8.0%	6.8%
Leverage and Liquidity				
Debt to capitalization ⁽⁴⁾			21.2%	23.5%
Cash to debt ⁽⁵⁾			321%	283%
Days cash on hand ⁽⁶⁾			276	268

⁽¹⁾ Operating income/Total revenue

⁽²⁾ (Operating income + Interest + Depreciation and amortization)/Total revenue

⁽³⁾ Revenue in excess of expenses/(Total revenue + Total nonoperating income, net)

⁽⁴⁾ (Long-term debt, current portion + Long-term debt, less current portion)/(Long-term debt, current portion + Long-term debt, less current portion + Total net assets without donor restrictions)

⁽⁵⁾ Unrestricted cash and investments/(Long-term debt, current portion + Long-term debt, less current portion)

⁽⁶⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2024 and the year ended December 31, 2023.

ADVOCATE HEALTH
OTHER FINANCIAL INFORMATION

Sources of Patient Service Revenue

In the year ended December 31, 2024 and 2023, the composition of Advocate Health's patient service revenue by payor was as follows:

Payor Mix	Year Ended December 31, 2024	Year Ended December 31, 2023
Managed care	49 %	48 %
Medicare	31 %	32 %
Medicaid	16 %	16 %
Self-pay and other	4 %	4 %
	<u>100 %</u>	<u>100 %</u>

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the table above.

Unrestricted cash and investments

As of December 31, 2024 and 2023, the composition of Advocate Health's unrestricted cash and investments was as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 2,026,581	\$ 2,260,650
Short term investments, excluding restricted assets	11,840	38,960
Long-term investments, excluding restricted assets limited as to use	22,420,281	19,660,513
Total unrestricted cash and investments	<u>\$ 24,458,702</u>	<u>\$ 21,960,123</u>

Long-Term Debt

As of December 31, 2024 and 2023, the composition of Advocate Health's debt was as follows:

	December 31, 2024		December 31, 2023	
Taxable Fixed Bonds	\$ 2,392,690	32%	\$ 2,392,690	32%
Tax-Exempt Fixed Rate Bonds	1,208,120	16%	1,381,345	18%
Tax-Exempt Variable Rate Bonds	1,857,475	25%	1,824,945	24%
Put Bonds	938,610	13%	914,645	12%
Commercial Paper	270,000	4%	350,000	5%
Finance Leases / Other Banks Debt	781,448	10%	710,179	9%
Total debt , excluding unamortized bond premiums and bond issuance costs and commercial paper original issue discount	<u>\$ 7,448,343 100%</u>		<u>\$ 7,573,804 100%</u>	



ADVOCATE AURORA HEALTH, INC.
Introduction

Advocate Aurora Health Credit Group

AAH and certain other AAH System Entities are members of the “Obligated Group” (the “AAH Obligated Group”) created under a Second Amended and Restated Trust Indenture dated as of August 1, 2018 (the “AAH Master Indenture”) among the Obligated Group Members identified therein and U.S. Bank Trust Company, National Association, Master Trustee. The members of the AAH Obligated Group are jointly and severally liable on any “Obligations” issued under the AAH Master Indenture. Certain of the AAH Obligated Group’s affiliates are designated as “Restricted Affiliates” under the AAH Master Indenture.

Neither the Advocate JOA nor any of the AHI Enterprise Entities is a member of AAH Obligated Group or a Restricted Affiliate as of the date of this report and, therefore, none of them have any obligation to provide for the payment of any Obligation issued under the AAH Master Indenture.

Basis of Presentation

The accompanying consolidated financial statements for AAH as of and for the three months and years ended December 31, 2024 and 2023, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB. December 31, 2024 and 2023 information is derived from the audited financial statements and the quarter information is prepared by management.

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 716,506	\$ 857,599
Assets limited as to use	179,057	179,288
Patient accounts receivable	2,009,794	1,906,747
Other current assets	1,085,336	1,093,683
Total current assets	<u>3,990,693</u>	<u>4,037,317</u>
Noncurrent assets		
Assets limited as to use	21,553,860	11,863,519
Property and equipment, net	6,079,747	5,919,233
Operating lease right-of-use assets	280,150	305,114
Other noncurrent assets	562,080	872,637
Total other assets	<u>28,475,837</u>	<u>18,960,503</u>
Total assets	<u>\$ 32,466,530</u>	<u>\$ 22,997,820</u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 343,589	\$ 527,479
Operating lease liabilities, current portion	67,961	69,062
Accrued salaries and employee benefits	1,400,664	1,245,445
Accounts payable and other accrued liabilities	1,536,611	1,401,812
Third-party payors payables	423,230	404,496
Total current liabilities	<u>3,772,055</u>	<u>3,648,294</u>
Noncurrent liabilities		
Long-term debt, less current portion	3,061,905	2,939,221
Operating lease liabilities, less current portion	249,594	273,134
Obligations under swap agreements	19,566	31,681
Due to related party - investment pool	7,945,909	—
Other noncurrent liabilities	1,869,124	1,846,436
Total noncurrent liabilities	<u>13,146,098</u>	<u>5,090,472</u>
Total liabilities	16,918,153	8,738,766
Net assets		
Without donor restrictions		
Controlling interest	15,088,922	13,823,021
Noncontrolling interests in subsidiaries	203,353	191,582
Total net assets without donor restrictions	<u>15,292,275</u>	<u>14,014,603</u>
With donor restrictions	256,102	244,451
Total net assets	<u>15,548,377</u>	<u>14,259,054</u>
Total liabilities and net assets	<u>\$ 32,466,530</u>	<u>\$ 22,997,820</u>

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ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2023
Revenue				
Patient service revenue	\$ 3,711,945	\$ 3,408,307	\$ 14,127,471	\$ 12,987,089
Capitation revenue	291,883	291,555	1,185,242	1,206,918
Other revenue	349,227	391,399	1,530,804	1,559,047
Total revenue	4,353,055	4,091,261	16,843,517	15,753,054
Expenses				
Salaries, wages, and benefits	2,444,567	2,268,530	9,538,896	8,975,567
Supplies and drugs	908,408	828,630	3,419,075	3,063,799
Purchased services and other	643,388	773,573	2,316,500	2,359,535
Contracted medical services	123,136	115,998	502,220	542,880
Depreciation and amortization	140,848	153,017	558,606	614,084
Interest	29,776	30,577	121,293	125,568
Total expenses	4,290,123	4,170,325	16,456,590	15,681,433
Operating income (loss)	62,932	(79,064)	386,927	71,621
Nonoperating (loss) income				
Investment (loss) income, net	(50,347)	509,880	1,322,601	819,180
Other nonoperating income (loss), net	17,991	(42,447)	(432,807)	(57,951)
Total nonoperating (loss) income, net	(32,356)	467,433	889,794	761,229
Revenue in excess of expenses	30,576	388,369	1,276,721	832,850
Less income attributable to noncontrolling interests	(17,951)	(14,482)	(68,801)	(58,518)
Revenue in excess of expenses - attributable to controlling interest	\$ 12,625	\$ 373,887	\$ 1,207,920	\$ 774,332

(Continued)

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ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2023
Net assets without donor restrictions, controlling interest				
Revenue in excess of expenses - attributable to controlling interest	\$ 12,625	\$ 373,887	\$ 1,207,920	\$ 774,332
Pension-related changes other than net periodic pension costs	49,567	7,213	56,068	9,311
Net assets released from restrictions for purchase of property and equipment	431	261	4,830	7,319
Other, net	(874)	(1,715)	(2,917)	(5,521)
Increase in net assets without donor restrictions, controlling interest	61,749	379,646	1,265,901	785,441
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses	17,951	14,482	68,801	58,518
Distributions to noncontrolling interests	(11,044)	(8,374)	(57,030)	(38,727)
Increase in net assets without donor restrictions, noncontrolling interests	6,907	6,108	11,771	19,791
Net assets with donor restrictions				
Contributions	11,531	7,530	22,962	17,861
Investment (loss) income, net	(1,381)	5,185	8,032	8,737
Net assets released from restrictions for operations	(5,000)	(4,782)	(13,183)	(13,060)
Net assets released from restrictions for purchase of property and equipment	(431)	(261)	(4,830)	(7,319)
Other, net	(1,510)	(46)	(1,330)	56
Increase in net assets with donor restrictions	3,209	7,626	11,651	6,275
Increase in net assets	71,865	393,380	1,289,323	811,507
Net assets at beginning of period	15,476,512	13,865,674	14,259,054	13,447,547
Net assets at end of period	\$ 15,548,377	\$ 14,259,054	\$ 15,548,377	\$ 14,259,054

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2024 presentation. Thus, certain December 31, 2023 balance sheet amounts as well as certain year ended December 31, 2023 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2023 net assets or revenues in excess of expenses.

ADVOCATE AURORA HEALTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash flows from operating activities				
Increase in net assets	\$ 71,865	\$ 393,380	\$ 1,289,323	\$ 811,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation, amortization and accretion	138,072	150,481	547,503	603,847
Noncash lease expense	15,027	7,229	65,417	59,697
Gain on sale of disposal group	—	—	(88,163)	—
Pension-related changes other than net periodic pension cost	(49,567)	(7,213)	(56,068)	(9,311)
Distribution to noncontrolling interests	1,173	1,051	54,483	37,539
Distribution from unconsolidated entities	2,228	1,886	8,727	11,265
Other	(1,418)	15,726	14,324	588
Changes in operating assets and liabilities				
Trading securities, net	(573,499)	(494,503)	(9,690,474)	(469,458)
Patient accounts receivable	(61,689)	(28,171)	(103,047)	(110,248)
Third-party payors receivables and payables, net	(25,719)	(80,613)	82,492	(30,238)
Due to related party	249,589	(6,296)	7,881,787	(6,766)
Other assets and liabilities, net	299,952	530,895	469,125	213,526
Net cash provided by operating activities	<u>66,014</u>	<u>483,852</u>	<u>475,429</u>	<u>1,111,948</u>
Cash flows from investing activities				
Capital expenditures	(177,278)	(158,342)	(681,508)	(521,414)
Cash received from sale of disposal group	—	—	184,298	—
Investments in unconsolidated entities, net	(7,255)	(391)	(11,009)	(18,504)
Purchases of investments designated as non-trading	(20,769)	(22,094)	(46,766)	(51,331)
Sales of investments designated as non-trading	20,741	22,077	46,896	51,239
Other	35	7	87	(105)
Net cash used in investing activities	<u>(184,526)</u>	<u>(158,743)</u>	<u>(508,002)</u>	<u>(540,115)</u>
Cash flows from financing activities				
Repayments of long-term debt, net	(23,377)	(22,525)	(124,403)	(51,000)
Proceeds from issuance of long-term debt	—	—	70,006	—
Distribution to noncontrolling interests	(1,173)	(1,051)	(54,483)	(37,539)
Proceeds from restricted contributions and income on investments	27	196	360	1,407
Net cash used in financing activities	<u>(24,523)</u>	<u>(23,380)</u>	<u>(108,520)</u>	<u>(87,132)</u>
Net (decrease) increase in cash and cash equivalents	(143,035)	301,729	(141,093)	484,701
Cash and cash equivalents at beginning of period	859,541	555,870	857,599	372,898
Cash and cash equivalents at end of period	<u>\$ 716,506</u>	<u>\$ 857,599</u>	<u>\$ 716,506</u>	<u>\$ 857,599</u>
Supplemental disclosures of noncash information				
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 7,752	\$ 6,679	\$ 44,510	\$ 59,500

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2024 presentation. Thus, certain December 31, 2023 balance sheet amounts as well as certain year ended December 31, 2023 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2023 net assets or revenues in excess of expenses.

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS

	Three Months Ended,	
	December 31, 2024	December 31, 2023
Operating Performance		
Operating margin ⁽¹⁾	1.4%	(1.9)%
Operating cash flow margin ⁽²⁾	5.4%	2.6%
Excess margin ⁽³⁾	0.7%	8.5%
EBIDA margin ⁽⁴⁾	4.6%	14.0%
	Year Ended,	
	December 31, 2024	December 31, 2023
Operating Performance		
Operating margin ⁽¹⁾	2.3%	0.5%
Operating cash flow margin ⁽²⁾	6.3%	5.1%
Excess margin ⁽³⁾	7.2%	5.0%
EBIDA margin ⁽⁴⁾	11.6%	10.0%
	As of December 31, 2024	As of December 31, 2023
	Leverage and Liquidity	
Debt to capitalization ⁽⁵⁾	18.2%	19.8%
Cash to debt ⁽⁶⁾	406%	349%
Days cash on hand ⁽⁷⁾	318	293
Debt service coverage ratio - trailing 12-month	5.0x	5.0x

⁽¹⁾ Operating income (loss)/Total revenue

⁽²⁾ (Operating income (loss) + Interest + Depreciation and amortization)/Total revenue

⁽³⁾ Revenue in excess of expenses/(Total revenue + Total nonoperating (loss) income, net)

⁽⁴⁾ (Revenue in excess of expenses + Interest + Depreciation and amortization)/Total revenue

⁽⁵⁾ (Long-term debt, current portion + Long-term debt, less current portion)/(Long-term debt, current portion + Long-term debt, less current portion + Total net assets without donor restrictions)

⁽⁶⁾ Unrestricted cash and investments/(Long-term debt, current portion + Long-term debt, less current portion)

⁽⁷⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2024 and the year ended December 31, 2023.

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands)

	Year Ended December 31, 2024
Debt Service Coverage	
Revenue in excess of expenses- attributable to controlling interest	\$ 1,207,920
Adjustments:	
Depreciation and amortization expense	558,606
Interest expense	121,293
Unrealized gain on investments	(883,434)
Unrealized gain on interest rate swap obligation	(12,115)
Gain on sale of assets not in the ordinary course of business	(88,163)
Asset impairment charges	16,420
Pension settlement costs	12,261
Other unusual charges	5,269
Loss on early extinguishment of debt	52
Total income available for debt service	938,109
Debt service requirement	188,214
Historical debt service coverage ratio	5.0
	Year Ended December 31, 2024
Days Cash on Hand	
Cash and cash equivalents	\$ 716,506
Assets limited as to use, current	179,057
Assets limited as to use, noncurrent	21,553,860
Less: Due to related party - investment pool	7,945,909
Less: Restricted funds	665,981
Unrestricted cash and investments	13,837,533
Operating expenses	16,456,590
Less: Depreciation and amortization	558,606
Adjusted operating expenses	15,897,984
Number of days in period	365
Operating expense per day	43,556
Days cash on hand	318

(Continued)

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024
(in thousands)

Debt to Capitalization	Year Ended December 31, 2024
Debt	
Long-term debt, current portion	\$ 343,589
Long-term debt, less current portion	3,061,905
Total debt	<u>3,405,494</u>
Capitalization	
Total debt	3,405,494
Total net assets without donor restrictions	<u>15,292,275</u>
Total capitalization	18,697,769
Debt to capitalization	18.2 %

ADVOCATE AURORA HEALTH, INC.
UTILIZATION STATISTICS AND SOURCES OF REVENUE

Utilization Statistics

A summary of certain utilization statistics for the AAH System for the three months and years ended December 31, 2024 and 2023 are set forth in the table below.

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Change	% Change
Historical Utilization Statistics				
Discharges	68,783	64,378	4,405	6.8 %
Observation Cases	20,541	23,933	(3,392)	(14.2)%
Patient Days	345,257	330,571	14,686	4.4 %
Hospital Outpatient Visits	1,231,159	1,189,378	41,781	3.5 %
Physician Visits	2,925,594	2,764,268	161,326	5.8 %
Home Care Visits	231,907	208,163	23,744	11.4 %
Capitated Member Lives ⁽¹⁾	215,938	222,398	(6,460)	(2.9)%

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Historical Utilization Statistics				
Discharges	268,119	246,131	21,988	8.9 %
Observation Cases	83,291	102,663	(19,372)	(18.9)%
Patient Days	1,356,560	1,278,299	78,261	6.1 %
Hospital Outpatient Visits	4,809,829	4,601,774	208,055	4.5 %
Physician Visits	11,254,515	10,602,880	651,635	6.1 %
Home Care Visits	889,189	843,450	45,739	5.4 %

⁽¹⁾ As of the date set forth in the column header

Sources of Patient Service Revenue

In the three months and years ended December 31, 2024 and 2023, the composition of the AAH System's patient service revenue by payor was as follows:

	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2023
Payor Mix				
Managed Care	54 %	51 %	53 %	52 %
Medicare	32 %	34 %	32 %	32 %
Medicaid	11 %	12 %	12 %	13 %
Self-pay and Other	3 %	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the primary payor category in the table above.

**ADVOCATE AURORA HEALTH, INC.
EMPLOYEES AND MEDICAL STAFF**

As of December 31, 2024, the AAH System employed approximately 83,900 individuals (approximately 69,700 FTE's). Approximately 0.6% of AAH employees are represented by collective bargaining groups.

As of December 31, 2024, the AAH System employed approximately 4,300 physicians (3,700 FTE's) and approximately 2,200 FTE advanced practice clinicians. As of December 31, 2024, there were approximately 9,000 individuals on the active medical staffs of AAH System hospitals. Approximately 79% of the members of the active medical staff are board certified specialists.



THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY
Introduction

Atrium Health CMHA Combined Group

CMHA issues revenue bonds (CMHA Bonds”) under a Second Amended and Restated Bond Order adopted in 1997 (as amended, the “CMHA Bond Order”). CMHA and certain of its affiliates have formed an “Obligated Group” (the “CMHA Obligated Group”) under the CMHA Bond Order. Members of the CMHA Obligated Group are jointly and severally liable for payment of CMHA Bonds and other obligations secured by the CMHA Bond Order (“Parity Obligations”). The CMHA Bond Order also authorizes the creation of a “Combined Group” (the “CMHA Combined Group”), which consists of the members of the CMHA Obligated Group and any affiliates designated by CMHA (“Designated Affiliates”).

None of the Advocate Health JOA, the AAH System Entities, or any entities that are part of Wake Forest Baptist are members of the CMHA Combined Group as of the date of this report and, therefore, none of them have any obligation to provide for the payment of the CMHA Bonds or Parity Obligations.

Basis of Presentation

The accompanying consolidated financial statements and highlights reflect the financial position and results of operations of the CMHA Combined Group as of and for the years ended December 31, 2024 and 2023. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by GASB, and are derived from the audited financial statements.

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF HISTORICAL REVENUES AND EXPENSES
(in thousands)

	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
Revenue			
Patient service revenue	\$ 6,883,832	\$ 8,123,784	\$ 8,899,994
Other revenue	802,211	1,048,335	1,314,477
Total revenue	<u>7,686,043</u>	<u>9,172,119</u>	<u>10,214,471</u>
Expenses			
Salaries, wages and benefits	4,561,984	4,921,584	5,336,393
Other expenses	2,801,330	3,247,770	3,731,539
Depreciation and amortization	427,934	478,796	510,527
Total expenses	<u>7,791,248</u>	<u>8,648,150</u>	<u>9,578,459</u>
Operating (loss) income	(105,205)	523,969	636,012
Nonoperating (loss) income			
Interest expense	(114,396)	(136,097)	(129,317)
Investment (loss) income, net	(932,805)	746,947	640,788
Other nonoperating (loss) income, net	89,549	(74,946)	186,787
Total nonoperating (loss) income, net	<u>(957,652)</u>	<u>535,904</u>	<u>698,258</u>
(Deficiency) excess of revenue over expenses of the Combined Group before contributions	\$ (1,062,857)	\$ 1,059,873	\$ 1,334,270
Adjustment to exclude net expenses (revenue) of affiliates that are members of the Combined Group but not part of the Primary Enterprise	36,214	(28,802)	(36,360)
Adjustment to include net (expenses) revenue of affiliates that are not members of the Combined Group but part of the Primary Enterprise	<u>(122,771)</u>	<u>21,367</u>	<u>14,495</u>
(Deficiency) excess of revenue over expenses of the Primary Enterprise before contributions	\$ (1,149,414)	\$ 1,052,438	\$ 1,312,405

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEET
(in thousands)

	December 31, 2024
Assets	
Current assets	
Cash and cash equivalents	\$ 394,089
Short term investments	37,969
Assets limited as to use	6,274
Patient accounts receivable, net	1,184,604
Other current assets	524,846
Total current assets	2,147,782
Other assets	
Assets limited as to use	7,012,371
Property and equipment, net	4,877,707
Right-of-use assets	483,352
Other noncurrent assets	587,658
Total other assets	12,961,088
Total assets	15,108,870
Deferred outflows of resources	196,442
Total assets and deferred outflows of resources	\$ 15,305,312
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 644,979
Lease liabilities, current portion	75,432
Accrued salaries and employee benefits	651,777
Accounts payable and other accrued liabilities	826,226
Third-party payors payables	242,270
Total current liabilities	2,440,684
Noncurrent liabilities	
Long-term debt, less current portion	2,083,807
Lease liabilities, less current portion	459,346
Obligations under swap agreements	52,076
Other noncurrent liabilities	794,384
Total noncurrent liabilities	3,389,613
Total liabilities	5,830,297
Deferred inflows of resources	184,373
Net position	
Net investment in capital assets	2,110,582
Restricted, by donor	536,967
Unrestricted	6,643,093
Total net position	9,290,642
Total liabilities, deferred inflows of resources and net position	\$ 15,305,312

THE CMHA COMBINED GROUP
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	Year Ended December 31, 2024
Revenue	
Patient service revenue	\$ 8,899,994
Other revenue	1,314,477
Total revenue	10,214,471
Expenses	
Salaries, wages and benefits	5,336,393
Supplies and drugs	2,305,877
Purchased services and other expenses	1,425,662
Depreciation and amortization	510,527
Total expenses	9,578,459
Operating income	636,012
Nonoperating income	
Interest expense	(129,317)
Investment income, net	640,788
Other nonoperating income, net	186,787
Total nonoperating income, net	698,258
Excess of revenue over expenses and losses before capital and other contributions	\$ 1,334,270
Changes in net position	
Capital and other contributions	21,283
Changes in net position	1,355,553
Net position, beginning of year	7,935,089
Net position, end of year	\$ 9,290,642

THE CMHA COMBINED GROUP

Management's Discussion and Analysis of Results of Operations

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

For the year ended December 31, 2024, revenue exceeded expenses by \$1,334,270, which resulted in a \$274,397 increase in excess revenue from the prior year, primarily driven by higher income from operations and the 2024 recognition of Federal Emergency Management Agency (FEMA) proceeds. Operating income for the Combined Group was \$636,012 in 2024, an increase of \$112,043 from the prior year. The Combined Group's operating earnings before interest, and depreciation and amortization (operating EBIDA) percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and amortization, divided by total operating revenue) was 11.2% in 2024. Net nonoperating income for 2024 was \$698,258 compared to net nonoperating income of \$535,904 in 2023. The increase was a result of the recognition of \$200,000 of FEMA proceeds to reimburse CMHA for labor costs incurred during the COVID-19 pandemic.

Total operating revenue increased 11.4% to \$10,214,471 largely due to increases in patient volumes, service line expansions and new healthcare operations, improved payor mix, annual increases in reimbursement rates, and growth in retail pharmacy sales. Discharges, surgeries, emergency room visits and Medical Group visits all increased from 2023. Operating revenue also included an additional \$201,251 of recognition from the North Carolina Healthcare Access & Stabilization Program (HASP) related to the period July 1 - December 31, 2023. Other operating revenue increased 25.4% to \$1,314,477 due to the growth in retail pharmacy sales.

Total operating expenses increased 10.8% to \$9,578,459. Salaries, wages and benefits increased 8.4% to \$5,336,393, due to increases in clinical personnel to support higher patient volumes, premium clinical staff pay, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased to \$3,731,539 primarily due to increases in patient volumes, higher HASP assessments, including assessments related to the period July 1 - December 31, 2023, retail pharmacy growth, and inflationary cost increases in drugs, supplies and services.

Unrestricted cash and investments for the Combined Group increased from \$6,782,317 at December 31, 2023 to \$7,252,278 at December 31, 2024 driven primarily by cash earned from operating performance and net gains on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 274 days at December 31, 2024. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt, including current portion, as the numerator and the outstanding principal amount of long-term debt, including current portion, plus total unrestricted net position, which includes unrestricted plus net investment in capital assets, as the denominator) decreased to 23.8% at December 31, 2024 as total unrestricted net position increased to \$8,753,675. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) decreased to 47.2 days as of December 31, 2024, compared to 51.3 days as of December 31, 2023.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

For the year ended December 31, 2023, revenue exceeded expenses by \$1,059,873, which resulted in a \$2,122,730 increase in excess revenue from the prior year, primarily driven by favorable investment

performance and higher income from operations. Operating income for the Combined Group was \$523,969 in 2023, an increase of \$629,174 from the prior year. The Combined Group's operating EBIDA percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and amortization, divided by total operating revenue) was 10.9% in 2023. Net nonoperating income for 2023 was \$535,904 compared to a net nonoperating loss of \$957,652 in 2022. The increase was a result of largely favorable unrealized investment gains in 2023 compared to unfavorable results in 2022.

Total operating revenue increased 19.3% to \$9,172,119 largely due to increases in patient volumes, service line expansions and new healthcare operations, improved payor mix, annual increases in reimbursement rates and growth in retail pharmacy sales. Discharges, surgeries, emergency room visits and Medical Group visits all increased from 2022. Other operating revenue increased 30.7% to \$1,048,335 due to the growth in retail pharmacy sales.

Total operating expenses increased 11.0% to \$8,648,150. Salaries, wages and benefits increased 7.9% to \$4,921,584, due to increases in clinical personnel to support higher patient volumes, premium clinical staff pay, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased to \$3,247,770 primarily due to increases in patient volumes, higher Medicaid supplemental plan costs, retail pharmacy growth, and inflationary cost increases in supplies and services.

Unrestricted cash and investments for the Combined Group increased from \$6,197,623 at December 31, 2022 to \$6,782,317 at December 31, 2023 driven primarily by cash earned from operating performance and net gain on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 285 days at December 31, 2023. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt, including current portion, as the numerator and the outstanding principal amount of long-term debt, including current portion, plus total unrestricted net position, which includes unrestricted plus net investment in capital assets, as the denominator) decreased to 28.2% at December 31, 2023 as total unrestricted net position increased to \$7,449,594. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) decreased to 51.3 days as of December 31, 2023, compared to 54.2 days as of December 31, 2022.

Third Party Reimbursement and Sources of Payment

The sources of the Combined Group's gross patient revenue by type of payor, expressed as percentages of total gross patient revenue, for the three years ended December 31, 2022, 2023 and 2024 were as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
Medicare	41.8 %	40.6 %	40.5 %
Medicaid	16.9 %	16.4 %	17.2 %
Managed Care	32.6 %	35.0 %	35.8 %
Self Pay	5.7 %	4.7 %	3.3 %
Other	3.0 %	3.3 %	3.2 %
Total	100.0 %	100.0 %	100.0 %

Historic Debt Service Coverage

The following table presents the Combined Group's Historic Long-Term Debt Service Coverage Ratio (as such term is defined in the Bond Order) for the year ended December 31, 2024. The debt service coverage ratio presented below measures how many times the Combined Group's Income Available for Debt Service (as such term is defined in the Bond Order) would have covered the Long-Term Debt Service Requirement (as such term is defined in the Bond Order) on all Bonds outstanding under the Bond Order during the year ended December 31, 2024. Historic Long-Term Debt Service Coverage Ratio for the Combined Group is as follows (dollars in thousands):

	Year Ended December 31, 2024
Excess of revenue over expenses	\$ 1,334,270
Add (exclude):	
Depreciation and amortization	510,527
Interest expense	129,317
Unrealized net loss on investments and other assets	420,319
Income Available for Debt Service	<u>\$ 2,394,433</u>
Long-Term Debt Service Requirement	<u>\$ 143,754</u>
Historic Long-term Debt Service Coverage Ratio	16.66

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Health Facilities

The following table describes the number of licensed beds, beds in service, level of care and location of the CMHA Combined Group’s medical group division, principal inpatient facilities, home health operations and palliative and hospice care operations as of December 31, 2024, except as otherwise noted:

	Licensed Beds	Beds In Service	Level of Care	Location
Combined Group:				
Medical Group Division ⁽¹⁾	—	—	Primary and Specialty Physician Care	Throughout the Region
Carolinas Medical Center	661	661	Quaternary/Tertiary	Charlotte, NC
Levine Children’s Hospital	229	229	Quaternary/Tertiary	Charlotte, NC
Atrium Health Behavioral Health - Charlotte	66	66	Mental Health	Charlotte, NC
Atrium Health Behavioral Health - Davidson	66	66	Mental Health	Charlotte, NC
Atrium Health Mercy ⁽²⁾	207	207	Tertiary/Acute	Charlotte, NC
Atrium Health Cabarrus	457	457	Tertiary/Acute	Concord, NC
Atrium Health Pineville	337	337	Tertiary/Acute	Pineville, NC
Atrium Health Cleveland	241	193	Acute	Shelby, NC
Atrium Health Union	142	142	Acute	Monroe, NC
Atrium Health Union West ⁽³⁾	40	40	Acute	Matthews, NC
Atrium Health University City	117	117	Acute	Charlotte, NC
Atrium Health Kings Mountain ⁽⁴⁾	47	25	Acute/Swing	Kings Mountain, NC
	14	20	Mental Health	Kings Mountain, NC
	6	8	Chemical Dependency	Kings Mountain, NC
Atrium Health Lincoln	101	101	Acute	Lincolnton, NC
Atrium Health Stanly	97	97	Acute	Albemarle, NC
	12	12	Mental Health	Albemarle, NC
Atrium Health Anson	15	15	Acute/Swing	Wadesboro, NC
Carolinas Rehabilitation - Charlotte	72	72	Rehabilitative	Charlotte, NC
Carolinas Rehabilitation - Mount Holly	40	40	Rehabilitative	Mount Holly, NC
Carolinas Rehabilitation - Concord	38	38	Rehabilitative	Concord, NC
Huntersville Oaks	168	168	Long-Term	Huntersville, NC
Sardis Oaks	124	119	Long-Term	Charlotte, NC
Cleveland Pines	120	120	Long-Term	Shelby, NC
Jesse Helms Nursing Center	70	70	Long-Term	Monroe, NC
Stanly Manor	90	90	Long-Term	Albemarle, NC
	10	7	Assisted Living	Albemarle, NC
Carolinas Palliative Care and Hospice Network	50	24	Palliative Care and Hospice Services	Throughout the Region
Atrium Health at Home	—	—	Home Health	Throughout the Region
Subtotals	<u>3,637</u>	<u>3,541</u>		

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Facilities Footnotes:

⁽¹⁾ Includes physician practices of Carolinas Physician Network, NorthEast Physicians Network, and Faculty Physicians Network.

⁽²⁾ Atrium Health Mercy is a facility of Carolinas Medical Center.

⁽³⁾ Atrium Health Union West is a facility of Atrium Health Union.

⁽⁴⁾ Atrium Health Kings Mountain is a facility of Atrium Health Cleveland.

**THE CMHA COMBINED GROUP
UTILIZATION STATISTICS**

	Year Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2024
Medical Group			
Practice locations	536	536	540
Total Physicians	1,848	1,838	1,909
Patient visits (including faculty)	5,899,524	6,246,537	6,543,212
Total Acute Care Facilities			
Licensed beds	2,662	2,662	2,714
Beds in service	2,600	2,600	2,650
Average daily census	2,327	2,378	2,538
Percentage occupancy of licensed beds	87.4 %	89.3 %	93.5 %
Percentage occupancy of beds in service	89.5 %	91.5 %	95.8 %
Patient days (excluding newborn)	849,522	867,801	928,750
Adjusted patient days (excluding newborn)	1,873,115	1,965,900	2,120,849
Average length of stay	6.16	5.82	5.85
Discharges	137,944	149,001	158,804
Adjusted discharges (excluding newborn)	308,990	343,732	369,467
Emergency room visits	746,040	783,923	796,381
Surgical Procedures	94,714	103,575	108,436
Newborn deliveries	16,678	17,093	18,256

Note: Utilization statistics for individual acute care facilities operated by the CMHA Combined Group are available upon request. To obtain such information, please contact Jennifer L. Temple, VP Treasury and Assistant Treasurer, at jennifer.temple@atriumhealth.org.



ATRIUM HEALTH WAKE FOREST BAPTIST

Introduction

Atrium Health Wake Forest Baptist Combined Group

Atrium Health Wake Forest Baptist is an integrated clinical, research, and academic enterprise operated by Wake Forest University Baptist Medical Center, a North Carolina nonprofit corporation (“WFUBMC”), which is a joint operating company that was established by Wake Forest University, a North Carolina nonprofit corporation (“WFU”), and North Carolina Baptist Hospital, a North Carolina nonprofit corporation (“NCBH”). Wake Forest University Health Sciences (“WFUHS”) is a wholly-owned affiliate of WFU that owns all of the assets of and operates Wake Forest University School of Medicine and is part of Atrium Health Wake Forest Baptist.

WFUBMC, NCBH, and WFUHS are the members of the “Obligated Group” (the “WFB Obligated Group”) created under a Master Trust Indenture, dated as of March 1, 2010 (as supplemented and amended, the “WFB Master Indenture”), between NCBH and The Bank of New York Mellon Trust Company, N.A., as master trustee. The members of the WFB Obligated Group are jointly and severally liable on any “Obligations” issued under the WFB Master Indenture. The WFB Master Indenture authorizes the creation of a “Combined Group” (the “WFB Combined Group”), which consists of the members of the WFB Obligated Group and all “Designated Members.” Wake Forest University is not a member of the WFB Obligated Group or a part of Wake Forest Baptist and is not directly or indirectly obligated to pay amounts due with respect to Obligations issued under the WFB Master Indenture.

None of the Advocate Health JOA, the AAH System Entities, or CMHA or any of its affiliates are members of the WFB Combined Group as of the date of this report and, therefore, none of them have any obligation to provide for the payment of any Obligation issued under the WFB Master Indenture.

Basis of Presentation

The accompanying combining financial statements reflect the financial position and results of operations of Atrium Health Wake Forest Baptist and the WFB Combined Group as of and for the years ended December 31, 2024 and 2023. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB and are derived from the audited financial statements.

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING BALANCE SHEET INFORMATION
(in thousands)

	December 31, 2024			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets				
Current assets				
Cash and cash equivalents	\$ 482,279	\$ (31,083)	\$ —	\$ 451,196
Patient accounts receivable	481,037	(24,886)	—	456,151
Other current assets	376,309	(42,826)	—	333,483
Total current assets	1,339,625	(98,795)	—	1,240,830
Noncurrent assets				
Assets limited as to use	2,274,755	(127,238)	—	2,147,517
Property and equipment, net	1,579,837	(106,042)	—	1,473,795
Operating lease right-of-use assets	154,937	(52,018)	—	102,919
Other noncurrent assets	194,976	(85,528)	(73,165)	36,283
Total noncurrent assets	4,204,505	(370,826)	(73,165)	3,760,514
Total assets	\$ 5,544,130	\$ (469,621)	\$ (73,165)	\$ 5,001,344
Liabilities				
Current liabilities				
Long-term debt, current portion	\$ 232,066	\$ (949)	\$ —	\$ 231,117
Operating lease liabilities, current portion	42,600	(11,687)	—	30,913
Accrued salaries and employee benefits	369,958	(14,061)	—	355,897
Accounts payable and other accrued liabilities	378,271	(249,024)	—	129,247
Third-party payors payables	72,727	(19,253)	—	53,474
Total current liabilities	1,095,622	(294,974)	—	800,648
Noncurrent liabilities				
Long-term debt, less current portion	781,792	(21,381)	—	760,411
Operating lease liabilities, less current portion	118,278	(41,724)	—	76,554
Obligations under swap agreements	638	—	—	638
Other noncurrent liabilities	353,327	(697)	—	352,630
Total noncurrent liabilities	1,254,035	(63,802)	—	1,190,233
Total liabilities	2,349,657	(358,776)	—	1,990,881
Net assets				
Without donor restrictions				
Controlling interest	2,661,947	(110,797)	(63,781)	2,487,369
Noncontrolling interests in subsidiaries	9,384	—	(9,384)	—
Total net assets without donor restrictions	2,671,331	(110,797)	(73,165)	2,487,369
With donor restrictions	523,142	(48)	—	523,094
Total net assets	3,194,473	(110,845)	(73,165)	3,010,463
Total liabilities and net assets	\$ 5,544,130	\$ (469,621)	\$ (73,165)	\$ 5,001,344

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Year Ended December 31, 2024			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Revenue				
Patient service revenue	\$ 4,167,639	\$ (293,502)	\$ —	\$ 3,874,137
Other revenue	1,192,113	(36,860)	439	1,155,692
Total revenue	5,359,752	(330,362)	439	5,029,829
Expenses				
Salaries, wages and benefits	2,932,703	(212,345)	—	2,720,358
Supplies and drugs	1,341,359	(64,182)	—	1,277,177
Purchased services and other	801,155	(74,695)	—	726,460
Depreciation and amortization	143,915	(17,373)	439	126,981
Interest	31,160	(914)	—	30,246
Total expenses	5,250,292	(369,509)	439	4,881,222
Operating income	109,460	39,147	—	148,607
Nonoperating income (loss)				
Investment income, net	131,049	(13,442)	—	117,607
Other nonoperating (loss) income, net	(2,038)	2,402	(57,861)	(57,497)
Total nonoperating income, net	129,011	(11,040)	(57,861)	60,110
Revenue in excess of expenses	238,471	28,107	(57,861)	208,717
Less loss (income) attributable to noncontrolling interests	1,358	—	(493)	865
Revenue in excess of expenses - attributable to controlling interest	\$ 239,829	\$ 28,107	\$ (58,354)	\$ 209,582

(Continued)

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Year Ended December 31, 2024			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Net assets without donor restrictions, controlling interest				
Revenue in excess of expenses - attributable to controlling interest	\$ 239,829	\$ 28,107	\$ (58,354)	\$ 209,582
Pension-related changes other than net periodic pension costs	20,882	(952)	—	19,930
Other, net	(2,000)	—	—	(2,000)
Increase in net assets without donor restrictions, controlling interest	258,711	27,155	(58,354)	227,512
Net assets without donor restrictions, noncontrolling interests				
Revenue (less than) in excess of expenses - attributable to noncontrolling interests	(1,358)	—	493	(865)
(Decrease) increase in net assets without donor restrictions, noncontrolling interests	(1,358)	—	493	(865)
Net assets with donor restrictions				
Contributions	127,586	(181)	—	127,405
Investment income, net	14,456	—	—	14,456
Net assets released from restrictions for operations	(92,198)	145	—	(92,053)
Other, net	6,795	—	—	6,795
Increase in net assets with donor restrictions	56,639	(36)	—	56,603
Increase in net assets	313,992	27,119	(57,861)	283,250
Net assets at beginning of period	2,880,481	(137,964)	(15,304)	2,727,213
Net assets at end of period	\$ 3,194,473	\$ (110,845)	\$ (73,165)	\$ 3,010,463

ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
KEY FINANCIAL RATIOS
(in thousands)

Liquidity

The following table sets forth, as of December 31, 2024, and December 31, 2023, the WFB Combined Group's operating cash, Board-designated funds for capital expansion and short-term investments. Excluded are trustee-held funds, donor restricted funds, and pension assets. All investments are shown at market value. The WFB Master Indenture requires the WFB Combined Group to maintain a Liquidity Ratio (defined as the ratio of Unrestricted Cash⁽¹⁾ to the outstanding principal amount of all Long-Term Indebtedness) of 0.50 or higher.

	<u>12/31/2024</u>	<u>12/31/2023</u>
Cash and cash equivalents	451,196	\$ 398,874
Assets limited as to use (unrestricted)	1,741,045	1,637,359
Total cash and unrestricted investments ⁽¹⁾	<u>2,192,241</u>	<u>\$ 2,036,233</u>
Bonds payable	777,982	\$ 805,846
Notes payable and capital leases	213,546	39,523
Long-Term Indebtedness	<u>991,528</u>	<u>\$ 845,369</u>
Liquidity Ratio	221%	241%
Days Cash on Hand ⁽²⁾	168	169

⁽¹⁾ "Unrestricted Cash" means the sum of cash, securities and investments, including, without limitation, board-designated funds, investments in mutual funds and limited partnerships as shown on the WFB Combined Group financial statements, minus, to the extent included above, (i) trustee-held funds derived from, or held for the payment of, Long-Term Indebtedness, including, without limitation, debt service, reserve and construction funds, and (ii) amounts required to be set aside by donor restriction, contractual agreement or by law or regulation to meet a specific obligation or potential obligation of any Member of the WFB Combined Group, including, without limitation, malpractice exposure, self-insurance or "captive" insurer commitments, and pension or retirement fund payments.

⁽²⁾ Calculated by dividing Unrestricted Cash by daily cash expenses (total operating expenses less depreciation and amortization divided by total days in the period).

ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
KEY FINANCIAL RATIOS
(in thousands)

Debt-to-Capitalization

The capitalization for the WFB Combined Group as of December 31, 2024 and December 31, 2023, is set forth in the following table.

	<u>12/31/2024</u>	<u>12/31/2023</u>
Bonds Payable	777,982	805,846
Notes Payable and capital leases	213,546	39,523
Total Long-Term Debt	991,528	845,369
Less Current Portion	(231,117)	(52,073)
Total Long-Term Debt, net of current	760,411	793,296
Unrestricted Net Assets	2,487,369	2,260,722
Total Capitalization	<u>3,247,780</u>	<u>3,054,018</u>
Total Debt as a % of Total Capitalization	23.4%	26.0%

Debt Service Coverage Ratio

The WFB Combined Group's historical Coverage Ratio (calculated upon actual annual debt service) for the years ended December 31, 2024 and 2023 is set forth in the following table. The Coverage Ratio for each year is the ratio determined by dividing Income Available for Debt Service (as defined in the WF Master Indenture) for such year by the Annual Debt Service Requirement (as defined in the WFB Master Indenture) for such year. The WFB Master Indenture requires the WFB Combined Group to maintain a Coverage Ratio of 1.20 or higher during each year, but does not obligate the WFB Combined Group to meet or exceed any maximum annual debt service coverage ratio.

	<u>Year Ended</u> <u>12/31/2024</u>	<u>Year Ended</u> <u>12/31/2023</u>
Operating Income	148,607	171,364
Unrestricted Contributions	—	—
Interest and Dividend Income	5,328	27,538
Depreciation and Amortization	126,981	139,647
Financing Costs	30,246	32,606
Income Available for Debt Service	<u>311,162</u>	<u>371,155</u>
Actual Debt Service	63,151	101,406
Debt Service Coverage Ratio	4.9	3.7

**ATRIUM HEALTH WAKE FOREST BAPTIST COMBINED GROUP
UTILIZATION STATISTICS AND SOURCES OF REVENUE**

Utilization

The utilization of services at the WFB Combined Group's acute care facilities for the years ended December 31, 2024 and 2023 is summarized below:

	Year Ended December 31, 2024	Year Ended December 31, 2023	Change	% Change
Number of Beds:				
Licensed	1,380	1,380	—	—%
Operational	1,278	1,271	7	0.6%
Average Daily Census	972	948	24	2.5%
Percent Occupancy				
Licensed Beds	70.4%	68.7%	1.7%	2.5%
Operational Beds	76.0%	74.6%	1.4%	1.9%
Case Mix Adjusted Equivalent Discharges	324,412	313,662	10,750	3.4%
Patient Days	355,712	346,186	9,526	2.8%
Inpatient Admissions	68,041	64,750	3,291	5.1%
Average Length of Stay	5.73	5.35	0.38	7.1%
Inpatient Operating Room Cases	19,439	18,972	467	2.5%
Outpatient Operating Room Cases	44,432	44,197	235	0.5%
Total Operating Room Cases	63,871	63,169	702	1.1%
Emergency Department Visits	216,826	219,383	(2,557)	(1.2)%
Case Mix Index (all payors using Medicare weights)	1.8591	1.9347	(0.0756)	(3.9)%
RVUs	11,062,428	10,145,187	917,241	9.0%
Outpatient Visits	2,123,697	2,060,312	63,385	3.1%

Combined Sources of Revenue - Based on Gross Patient Revenue by Payor

The sources of gross patient revenue by payor for the WFB Combined Group expressed as a percentage of gross patient revenue for the years ended December 31, 2024 and 2023 were as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Payor Mix		
Medicare	45 %	45 %
Medicaid	17 %	14 %
Managed Care	31 %	31 %
Self Pay	2 %	5 %
Other	5 %	5 %
	<u>100 %</u>	<u>100 %</u>