

**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	CSCDA 2015A – cont.		CSCDA AHS/W 2018 Series A		CHFFA AHS/W 2023 Series A	
13080SYC2	13080SJK1	13080SJN5	13080SVU5	13080SVY7	13032UH50	
CHFFA AHS/W 2009 Series B	13080SJL9	13080SJP0	13080SVV3	13080VZ4	CHFFA AHS/W 2023 Series B	
13033LBC0	13080SJM7		13080SVW1	13080SWA8	13032UJ33	
CHFFA AHS/W 2013 Series A	CHFFA AHS/W 2016 Series A		13080SWC4	13080SWB6	CHFFA AHS/W 2024 Series A	
13033LR82	13033LS32	13032UFY9	13080SWD2	13080SWG5	13032UT40	13032UU22
13033LS73	13033LS40	13032UFZ6	13080SWE0	13080SWH3	13032UT57	13032UU30
13033LR90	13033LS65	13032UGA0	13080SWF7	13080SWJ9	13032UT65	13032UU48
13033LS24	13033LS57	13032UGB8	13080SVX9	13080SWK6	13032UT73	13032UU55
CSCDA AHS/W 2015 Series A	13032UGC6	13032UGK8	Multnomah County, OR 2019		13032UT81	13032UU63
13080SJB1	13080SJF2	13032UGD4	62551PCX3		13032UT99	13032UU71
13080SJC9	13080SJO0	13032UGE2	CHFFA AHS/W 2022 Series A		CalPFA AHS/W 2024 Series B	
13080SJD7	13080SJH8	AHS/W Taxable 2019	13032UG93		13057EHS6	
13080SJE5	13080SJJ4	007944AF8	007944AG6		CalPFA AHS/W 2024 Series C	
					13057EHU1	

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

1. _____ Principal and interest payment delinquencies
2. _____ Non-payment related defaults
3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _____ Substitution of credit or liquidity providers, or their failure to perform
6. _____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. _____ Modifications to rights of security holders
8. _____ Bond calls
9. _____ Defeasances
10. _____ Release, substitution or sale of property securing repayment of the securities
11. _____ Rating changes
12. _____ Failure to provide annual financial information as required
13. _____ Other material event notice
14. X Financial information (not to be filed with the MSRB): Please check all appropriate boxes
 CAFR ¹: a. X includes Annual Financial Information ___ does not include Annual Information
 b. Audited? Yes X No ___

Operating Data

Period Covered: 12 months ended December 31, 2024

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

Signature: _____

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

Adventist Health System/West
 Annual Report: December 31, 2024
 Per Continuing Disclosure Certificates:

- CSCDA 2007 Series A
- CHFFA 2009 Series B
- CHFFA 2013 Series A
- CSCDA 2015 Series A
- CHFFA 2016 Series A
- Roseville Finance Authority 2017 Series B
- CSCDA 2018 Series A
- Multnomah County, OR 2019 Series A
- Adventist Health System/West Taxable Bonds 2019
- CHFFA 2022 Series A
- CHFFA 2023 Series A
- CHFFA 2023 Series B
- CHFFA 2024 Series A
- CalPFA 2024 Series B
- CalPFA 2024 Series C

Certificate Reference	Requirement	Location
Section 3(b)(2)*	Long-term debt disclosure	Tab “Financial Ratios”
Section 3(b)(3)*	Statement regarding accounts receivable liens	Tab “Financial Ratios”
Section 4(a)	Audited combined financial statement	Tab “AH 2024 Audited Financials”
Section 4(b)(1)	Summary Listing of Hospitals	Tab “Operating/Utilization Statistics”
	(2) Combined Summary of Revenues & Expenses Note that 21.6% of Revenues are from entities outside of the Obligated Group	Tab “AH 2024 Audited Financials”
	(3) Combined Balance Sheet Note that 12.0% of Assets and (7.7%) of Unrestricted Net Assets are from entities outside of the Obligated Group	Tab “AH 2024 Audited Financials”
	(4) Debt Service Coverage, Capitalization and Days Cash on Hand	Tab “Financial Ratios”
	(5) Payor Mix – Obligated Group	Tab “Operating/Utilization Statistics”
	(6) Utilization Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
	(7) Operating Statistics – Obligated Group	Tab “Operating/Utilization Statistics”
Section 4(c)	Combining financial statements	Tab “AH 2024 Audited Financials”

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



ADVENTIST HEALTH SYSTEM/WEST

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2024 and 2023

(With Independent Auditor's Report Thereon)

ADVENTIST HEALTH SYSTEM/WEST
Years ended December 31, 2024 and 2023

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

Independent Auditors' Report

The Board of Directors
Adventist Health Systems/West:

Opinion

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

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

Basis for Opinion

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

Other Matter

The accompanying consolidated financial statements of Adventist Health as of and for the year ended December 31, 2023 were audited by another auditor, who expressed an unmodified opinion on those statements on March 22, 2024.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and



therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

KPMG LLP

Sacramento, California
March 21, 2025

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Balance Sheets

December 31, 2024 and 2023
(In millions of dollars)

Assets	2024	2023
Cash and cash equivalents	\$ 165	91
Short-term investments	117	131
Patient accounts receivable	924	828
Receivables from third-party payors	908	610
Other current assets	369	293
Total current assets	2,483	1,953
Noncurrent investments	2,540	2,110
Other assets	971	500
Property and equipment, net	2,472	2,267
Total assets	\$ 8,466	6,830
Liabilities and Net Assets		
Accounts payable	\$ 441	391
Accrued compensation and related payables	414	361
Liabilities to third-party payors	311	82
Other current liabilities	120	179
Short-term financing	115	150
Current maturities of long-term debt	93	268
Total current liabilities	1,494	1,431
Long-term debt, net of current maturities	3,501	2,313
Other noncurrent liabilities	843	362
Total liabilities	5,838	4,106
Net assets without donor restrictions:		
Controlling	2,495	2,609
Noncontrolling	22	20
Net assets with donor restrictions	111	95
Total net assets	2,628	2,724
Total liabilities and net assets	\$ 8,466	6,830

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Operations and Changes in Net Assets

Year ended December 31, 2024 and 2023

(In millions of dollars)

	<u>2024</u>	<u>2023</u>
Revenues and support:	\$	
Patient service revenue	6,175	5,263
Premium revenue	213	246
Other revenue	487	450
Net assets released from restrictions for operations	<u>31</u>	<u>26</u>
Total revenues and support	<u>6,906</u>	<u>5,985</u>
Expenses:		
Employee compensation	3,363	2,816
Professional fees	916	828
Supplies	1,065	878
Purchased services and other	1,410	1,281
Interest	146	94
Depreciation and amortization	<u>230</u>	<u>196</u>
Total expenses	<u>7,130</u>	<u>6,093</u>
Loss from operations	(224)	(108)
Nonoperating income:		
Net realized and unrealized gains on investments	119	156
(Loss) gain on acquisitions and divestures	(6)	80
Other nonoperating loss	<u>(8)</u>	<u>(12)</u>
Total nonoperating income	<u>105</u>	<u>224</u>
(Deficit) excess of revenues over expenses	(119)	116
Less excess of revenues over expenses from noncontrolling interests	<u>(2)</u>	<u>(5)</u>
(Deficit) excess of revenues over expenses from controlling interests	<u>\$ (121)</u>	<u>111</u>

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Operations and Changes in Net Assets

Year ended December 31, 2024 and 2023

(In millions of dollars)

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Controlling:		
Excess (deficit) of revenues over expenses from controlling interests	\$ (121)	111
Net change in unrealized gains and losses on other-than-trading securities	1	2
Net assets released from restrictions for capital additions	<u>6</u>	<u>11</u>
(Decrease) increase in net assets without donor restrictions – controlling	(114)	124
Noncontrolling:		
Excess of revenues over expenses from noncontrolling interests	<u>2</u>	<u>5</u>
Increase in net assets without donor restrictions – noncontrolling	2	5
Net assets with donor restrictions:		
Restricted gifts and grants	52	52
Net realized and unrealized gains on investments	1	—
Net assets released from restrictions	<u>(37)</u>	<u>(38)</u>
Increase in net assets with donor restrictions	<u>16</u>	<u>14</u>
(Decrease) increase in net assets	<u>(96)</u>	<u>143</u>
Net assets, beginning of year	<u>2,724</u>	<u>2,581</u>
Net assets, end of year	\$ <u><u>2,628</u></u>	\$ <u><u>2,724</u></u>

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST

Consolidated Statements of Cash Flows

Year ended December 31, 2024 and 2023
(In millions of dollars)

	<u>2024</u>	<u>2023</u>
Operating activities:		
(Decrease) increase in net assets	\$ (96)	143
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Inherent contribution from affiliation	—	(80)
Depreciation and amortization	230	196
Amortization of bond issuance costs and discount/premium	(10)	(8)
Noncash operating lease expense	41	34
(Gain) loss on note receivable	(34)	34
Net realized and unrealized gain on investments	(119)	(167)
Net changes in operating assets and liabilities:		
Patient accounts receivable	(43)	(102)
Other assets	(127)	14
Net payables to third-party payors and other liabilities	383	(328)
Net cash provided by (used in) operating activities	<u>225</u>	<u>(264)</u>
Investing activities:		
Purchases of property and equipment	(277)	(271)
Acquisition, net of cash acquired	(565)	—
Proceeds from sale of property and equipment	—	2
Purchase of investments	(1,845)	(401)
Proceeds from sale of investments	1,548	308
Cash acquired in affiliation	—	7
Net cash used in investing activities	<u>(1,139)</u>	<u>(355)</u>
Financing activities:		
Proceeds from issuance of short-term financing	—	149
Payments on short-term financing	(35)	—
Proceeds from lines of credit	434	330
Payments on lines of credit	(484)	(280)
Payments on long-term debt	(261)	(38)
Proceeds from bond issuance	1,334	170
Net cash provided by financing activities	<u>988</u>	<u>331</u>
Increase (decrease) in cash and cash equivalents	74	(288)
Cash and cash equivalents, beginning of year	<u>91</u>	<u>379</u>
Cash and cash equivalents, end of year	<u><u>165</u></u>	<u><u>91</u></u>

See notes to consolidated financial statements.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

(1) Summary of Significant Accounting Policies

(a) Reporting Entity and Principles of Consolidation

Adventist Health System/West (“Adventist Health”) is a California not-for-profit religious corporation that controls and operates hospitals, other healthcare facilities, and wellness promoting operations in the western United States and beyond (collectively, the “System”). Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the “Church”). The obligations and liabilities of Adventist Health and its hospitals and other healthcare facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations. Adventist Health maintains close ties to its heritage through connection to its Sponsor, the Church. Church leaders serve on the Adventist Health Membership and the Board of Directors (the “Board”) but the Church does not control or have ownership in the System.

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

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

ADVENTIST HEALTH SYSTEM/WEST

Notes to Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(In millions of dollars)

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

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

(b) Basis of Accounting

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

(c) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts. Cash deposits are federally insured in limited amounts.

(d) Marketable Securities

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

Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets. Assets that are expected to be expended within one year are

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

classified as current, including board-designated assets that are available and periodically borrowed for working capital needs.

(e) Goodwill

The System records goodwill as the excess of purchase price and related costs over the fair value of identifiable net assets acquired. These amounts are evaluated for impairment annually or when there is an indicator of impairment. If it is determined that goodwill is impaired, the carrying value is reduced. The System had goodwill of \$425 and \$75 at December 31, 2024 and 2023, respectively, which is included in other assets with additions of \$350 and \$2 in 2024 and 2023, respectively. No impairments were deemed necessary at December 31, 2024 or 2023.

(f) Property and Equipment

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

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

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

(g) Short-Term Financing

In December 2020, the System initiated a taxable commercial paper program supported by self-liquidity for general corporate purposes. Under the program, the System is registered to issue up to \$400. There was \$115 and \$150 of commercial paper outstanding at December 31, 2024 and 2023, respectively.

(h) Debt Issuance Costs

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

(i) Bond Discounts/Premiums

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

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
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(In millions of dollars)

(j) Other Noncurrent Liabilities

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

(k) Net Assets

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

(l) Charity Care

The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income. The System did not materially change its charity care policy during 2024 or 2023. The estimated cost of charity care was \$22 in 2024 and 2023. The costs were determined using cost-to-charge ratios.

(m) Premium Revenue

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

(n) Other Revenue

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

(o) Income Tax

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

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

basis of its assets and liabilities, along with net operating loss and tax credit carryovers only for tax positions that meet the more likely than not recognition criteria. At December 31, 2024 and 2023, no such assets or liabilities were recorded.

The System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U.S. federal jurisdiction and the state of California. The System is not subject to income tax examinations prior to 2021 in major tax jurisdictions.

(p) Loss From Operations

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

(q) Deficit (Excess) of Revenues Over Expenses

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

(r) Use of Estimates

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

(s) Reclassifications

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

(2) Fair Value of Financial Instruments

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

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

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation

ADVENTIST HEALTH SYSTEM/WEST
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(In millions of dollars)

techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include U.S. government agencies and municipal bonds, asset-backed securities, and U.S. corporate bonds.

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at December 31, 2024 or 2023.

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

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 165	—	165
Money market funds	197	—	197
Fixed income:			
U.S. government treasury obligations	304	—	304
U.S. corporation and agency debentures	—	43	43
U.S. agency mortgage-backed securities	—	4	4
U.S. corporate debt securities	—	243	243
Municipal bonds	—	2	2
Mutual funds	158	155	313
Equities:			
Equities	4	—	4
Mutual funds	899	—	899
Total financial assets stated at fair value	\$ 1,727	447	2,174
Commercial real estate at cost			19
Investments measured at NAV			629
Total cash and investments		\$	<u>2,822</u>

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The table represents fair value measurements at December 31, 2023:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	\$ 91	—	91
Money market funds	94	—	94
Fixed income:			
U.S. government treasury obligations	118	—	118
U.S. corporation and agency debentures	—	40	40
U.S. agency mortgage-backed securities	—	4	4
U.S. corporate debt securities	—	207	207
Municipal bonds	—	6	6
Mutual funds	166	151	317
Equities:			
Equities	5	—	5
Mutual funds	795	—	795
Total financial assets stated at fair value	\$ 1,269	408	1,677
Commercial real estate at cost			20
Investments measured at NAV			635
Total cash and investments			\$ 2,332

As of December 31, 2024 and 2023, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

(a) U.S. Corporation and Agency Debentures

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

(b) 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.

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(c) U.S. Corporate Debt Securities

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

(d) 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:

		December 31, 2024			
		NAV	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Currently Eligible)
Commingled funds – equity securities	\$	101	—	Weekly/Monthly Weekly/	4-30 days
Hedge funds		276	—	Monthly/Quarterly	30-90 days
Private equity funds		252	157	None	None
Total	\$	<u>629</u>	<u>157</u>		

		December 31, 2023			
		NAV	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Currently Eligible)
Commingled funds – equity securities	\$	96	—	Weekly/Monthly Weekly/	4-30 days
Hedge funds		340	6	Monthly/Quarterly	1-90 days
Private equity funds		199	165	None	None
Total	\$	<u>635</u>	<u>171</u>		

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(e) 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.

(f) Hedge Funds

This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of December 31, 2024:

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

(g) 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.

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(3) Investments and Assets Whose Use Is Limited

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

	December 31,	
	2024	2023
Total unrestricted investments	\$ 2,400	2,009
Asset designated by the Board, primarily for property and equipment	28	27
Investments held by trustees for:		
Debt Service	—	77
Future capital projects	195	72
Self-insurance programs	20	41
Charitable annuities and other	—	2
Total investments held by trustees	215	192
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	5	5
Other purposes	9	8
Total donor-restricted investments	14	13
Total investments	2,657	2,241
Less short-term investments	117	131
Total noncurrent investments	\$ 2,540	2,110

Total investments and assets whose use is limited above excludes other investments of \$170 and \$129 at December 31, 2024 and 2023, respectively, which includes retirement plan assets, joint ventures, and partnerships that are included in other assets.

(a) Liquidity Management

As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System invests cash in excess of daily requirements in short-term investments and has a committed syndicated line of credit and a commercial paper program to help manage unanticipated liquidity needs.

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

	December 31,	
	2024	2023
Cash and cash equivalents	\$ 165	91
Unrestricted investments	2,059	1,735
Patient accounts receivable	924	828
Receivables from third-party payors	908	610
Other current assets	165	111
	\$ 4,221	3,375

(4) Investment Income

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

	Year Ended December 31,	
	2024	2023
Realized (losses) gains, net	\$ 94	(8)
Unrealized gains, net	25	164
	119	156
Interest and dividend income	75	58
	\$ 194	214

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

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

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(5) Patient Accounts Receivable

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

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

	December 31,	
	2024	2023
Medicare	38%	37%
Medicaid	18	20
Other third-party payors	42	41
Self-pay	2	2
Total	<u>100%</u>	<u>100%</u>

(6) Property and Equipment

The following is a summary of property and equipment:

	December 31,	
	2024	2023
Land	\$ 252	188
Land improvements	97	89
Buildings and improvements	3,383	3,237
Equipment	<u>1,616</u>	<u>1,519</u>
Total	5,348	5,033
Less accumulated depreciation	<u>(3,060)</u>	<u>(2,857)</u>
	2,288	2,176
Construction-in-progress	<u>184</u>	<u>91</u>
Property and Equipment, net	<u>\$ 2,472</u>	<u>2,267</u>

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The System has commitments to complete certain construction projects approximating \$437 as of December 31, 2024. The estimated future payments for these commitments for the next five years are as follows:

	Construction Commitments
2025	\$ 174
2026	119
2027	109
2028	35
2029	—
	\$ 437

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

	December 31,	
	2024	2023
Equipment	\$ 302	298
Less accumulated depreciation	(260)	(236)
	42	62
Construction-in-progress	12	3
	\$ 54	65

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(7) Long-Term Debt

The following is a summary of long-term debt:

	December 31,	
	2024	2023
Non-taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 3.00% to 5.70%, payable in installments through 2054	\$ 1,693	1,189
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2041	115	119
Taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 2.43% to 5.76%, payable in installments through 2049	1,378	1,105
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2064	250	—
Long-term notes payable, with fixed rates currently ranging from 3.00% to 6.50%, payable in installments through 2045	62	67
Long-term revolving line of credit, with rates that vary with market conditions, payable in 2026	—	50
Net unamortized debt issuance costs and net original issue premium	96	51
	3,594	2,581
Less current maturities	(93)	(268)
	\$ 3,501	2,313

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System consolidated entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by bank letters of credit aggregating to \$372 at December 31, 2024. Bonds are not secured by any property of the System.

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The System has a syndicate line of credit to meet temporary capital requirements and to provide flexibility in meeting the System's capital needs of \$400. Draws outstanding under this line of credit were \$0 and \$50 at December 31, 2024 and 2023, respectively.

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

Certain financing agreements impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios. Management believes that the System was in compliance with its debt covenants at December 31, 2024.

Interest paid, net of amounts capitalized, totaled \$143 and \$85 in 2024 and 2023, respectively.

In May 2024, the System issued \$605 of tax-exempt bonds through the California Health Facilities Financing Authority (CHFFA), \$250 of taxable bonds through the California Public Finance Authority (CalPFA), and \$425 of Adventist Health taxable bonds for the purpose of acquiring Adventist Health Sierra Vista and Adventist Health Twin Cities hospitals, refinancing \$152 of 2019 Taxable bonds and financing costs of construction and equipping health facilities of the System.

Scheduled maturities of long-term debt are as follows as of December 31, 2024:

	Long-Term Debt
2025	\$ 84
2026	31
2027	33
2028	144
2029	335
Thereafter	2,871
	\$ 3,498

(8) Leases

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

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At lease commencement, the System determines the lease term by assuming the exercise of the renewal options that are reasonably certain to be exercised. The exercise of lease renewal or termination options is at the System's sole discretion. The depreciable life of leased assets and leasehold improvements is 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 the related right-of-use asset and lease liability.

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 initial direct costs, where applicable. The System also elected the practical expedient not to separate lease components from non-lease components for all existing lease classes. The System implemented a policy of not recording leases on its balance sheets when the leases have a term of 12 months or less. The System did not elect the practical expedient allowing the use of hindsight, which would require the System to reassess the term of its leases based on all facts and circumstances through the effective date.

	<u>Classification</u>	December 31,	
		<u>2024</u>	<u>2023</u>
Right-of-use-Assets			
Operating	Other assets	\$ 227	205
Finance	Other assets	8	5
Total right-of-use assets		<u>235</u>	<u>210</u>
Current Lease liabilities			
Operating	Other current liabilities	29	27
Finance	Other current liabilities	3	2
Noncurrent Lease Liabilities			
Operating	Other noncurrent liabilities	207	185
Finance	Other noncurrent liabilities	5	3
Total lease liabilities		<u>\$ 244</u>	<u>217</u>

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	Classification	December 31,	
		2024	2023
Operating lease expense			
Operating lease cost	Purchased services and other	\$ 43	35
Finance lease cost:			
Ammortization of leased assets	Depreciation and amortization	3	2

	December 31,	
	2024	2023
Cash paid for amounts not included in the measurement of lease liabilities		
Operating cash outflows for operating leases	\$ 41	34

	December 31,	
	2024	2023
Right-of-use assets obtained in exchange for lease obligations		
Operating	\$ 55	68
Finance	3	2

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 December 31, 2024:

	Operating Leases	Finance Leases
2025	\$ 40	3
2026	35	2
2027	32	1
2028	30	1
2029	25	—
Thereafter	146	2
Total lease payments	308	9
Less imputed interest	(72)	(1)
	\$ 236	8

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	December 31,	
Lease Term and Discount Rate	2024	2023
Weighted average operating remaining lease term (years)	10.45	9.86
Weighted average finance remaining lease term (years)	6.32	2.65
Weighted average operating lease discount rate	4.79%	4.16%
Weighted average finance lease discount rate	4.46%	2.71%

(9) Net Assets With Donor Restrictions

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

	December 31,	
	2024	2023
Subject to expenditures for specified purpose:		
Capital Projects and medical equipment	\$ 47	38
Research and education	49	43
	96	81
Subject to passage of time	3	3
Investment in perpetuity - endowment	12	11
	\$ 111	95

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

	December 31,	
	2024	2023
Capital	\$ 16	16
Subject to expenditures for patient care, education, and other	5	6
Board designated - endowments	7	5
	\$ 28	27

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(10) Revenue Recognition

(a) Patient Service Revenue

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

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

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

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

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

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

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

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price and from the finalization of prior-year settlements were immaterial for the years ended December 31, 2024 and 2023, respectively.

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

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2024 and 2023 was not significant.

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(b) Disaggregation of Patient Service Revenue

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

	Year Ended December 31,	
	2024	2023
Medicare	\$ 2,498	1,372
Medicaid	1,633	2,054
Other payors	2,044	1,837
Total	<u>\$ 6,175</u>	<u>5,263</u>

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

	Year Ended December 31,	
	2024	2023
Inpatient	\$ 3,231	2,736
Outpatient and other	1,924	1,471
Emergency	441	569
Physician services	699	592
Eliminations	(120)	(105)
Grand Total	<u>\$ 6,175</u>	<u>5,263</u>

(c) Premium revenues

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

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

	2024	2023
Medicaid managed care	\$ 174	207
Other managed care	39	39
	<u>\$ 213</u>	<u>246</u>

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(d) Other reimbursement

The System recorded variable consideration from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of \$74 and \$71 in 2024 and 2023, respectively, including final settlements on prior years.

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal program coverage expansions. The program charges a hospital quality assurance fee (HQAF) that is used to obtain federal matching funds for Medi-Cal with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There were three HQAF programs active in 2024 and 2023: HQAF 6 (July 1, 2019 to December 31, 2021), HQAF 7 (January 1, 2022 to December 31, 2022), and HQAF 8 (January 1, 2023 to December 31, 2024). Accordingly, all related supplemental payments have been recognized as variable consideration and related quality assurance fees recognized as expenses as of December 31, 2024.

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

	Year Ended December 31	
	2024	2023
Patient service revenue	\$ 592	510
Purchased services		
Quality assurance fees	219	196
CHFT payments	18	3
	<u>237</u>	<u>199</u>
Total purchased services and other expenses		
Income from operations	<u>\$ 355</u>	<u>311</u>

Accrued net receivables related to the hospital fee programs are included in receivables from third-party payors, and amount to \$607 and \$494 as of December 31, 2024 and 2023, respectively.

(11) FEMA Assistance

The System has submitted requests for public assistance to the Federal Emergency Management Agency (“FEMA”) for the cost of various expenses that resulted from the COVID-19 pandemic. The System recorded \$90 and \$91 for the years ended December 31, 2024 and 2023, respectively, which are included in other revenue.

(12) Functional Classification of Expenses

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

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

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

	Year Ended December 31, 2023		
	Program Services	General and Administrative	Total
Employee compensation	\$ 2,260	556	2,816
Professional fees	753	75	828
Supplies	886	(8)	878
Purchased services and other	1,123	158	1,281
Interest	94	—	94
Depreciation and amortization	183	13	196
Total expenses	<u>\$ 5,299</u>	<u>794</u>	<u>6,093</u>

(13) Retirement Plan

Most of the System's operating entities participate in a single defined contribution plan (the "Plan"). The Plan is exempt from the Employee Retirement Income Security Act of 1974 as a Church Plan. The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year. Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages. Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan. The cost to the System for the Plan is included in employee compensation in the amount of \$113 and \$93 for the years ended December 31, 2024 and 2023, respectively.

(14) Self-Insurance Liability Programs

The System has established a separate self-insurance program (the "System Program") that covers the System's entities for professional and general liability claims up to \$9 per occurrence and \$30 in the aggregate for the years ended December 31, 2024 and 2023, respectively. The System contracts with

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

Adhealth, Limited (“Adhealth”), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the System Program limits. Adhealth provided excess coverage with aggregate and per claim limits of \$120 for professional and general liability claims for the years ended December 31, 2024 and 2023, which brought total coverage per claim and aggregate limits to \$129 for the years ended December 31, 2024 and 2023. Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage.

Claim liabilities (reserves) for incurred losses and related loss adjustment expenses for professional liability claims have been determined by an actuary. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. The System Program’s accrued liability for professional and general liability claims is included in the consolidated balance sheets in the amount of \$114 and \$116 at December 31, 2024 and 2023, respectively.

The System has a 50% ownership position in Adhealth at December 31, 2024 and 2023, and accounts for its investment using the equity method of accounting. The cost of acquiring commercial insurance by Adhealth is reflected as an expense in the consolidated statements of operations and changes in net assets.

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

Workers’ compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2024 and 2023. The System’s accrued liability for workers’ compensation claims is recorded in the other noncurrent liabilities on the consolidated balance sheets in the amount of \$94 and \$86 at December 31, 2024 and 2023, respectively.

(15) Commitments and Contingencies

Certain member organizations are involved in litigation and investigations arising in the ordinary course of business. In addition, certain member organizations in the ordinary course of business identified matters that they have reported to CMS, CMS contractors, or Medicaid/Medi-Cal contractors. Such disclosures typically involve simple repayment of affected claims; however, federal and state contractors may refer these matters to the Department of Health and Human Services’ Office of Inspector General to investigate whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws. Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs. The System is committed to cooperating in such investigations as they arise. Although management does not believe these matters will have a material adverse effect on the System’s consolidated financial position, there can be no assurance that this will be the case.

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

(16) Energy-as-a-Service Transactions

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

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

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

(17) Acquisitions

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

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

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

Assets acquired:

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

Liabilities assumed:

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

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

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

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

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

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

On August 7, 2023, there was an Asset Purchase Agreement (“Agreement”) between White Memorial Medical Center, a California nonprofit religious corporation, DBA Adventist Health White Memorial (“White” or “AHWM”), as Purchaser, and Beverly Community Hospital Association DBA Beverly Hospital, a California nonprofit public benefit corporation, Montebello Community Health Services, a California nonprofit public benefit corporation, as Sellers. The Agreement was filed in a bid in Bankruptcy Court. The Agreement was approved by the Bankruptcy Court and the closing date of the Agreement was September 7, 2023. The purchase was for \$43 resulted in the System receiving a gain on acquisition of \$20 which is reported as a gain on acquisition and divestures in a separate line in the accompanying consolidated financial statements. No intangible assets were recorded as a result of this Agreement. This purchase will expand the System’s mission in the Southern California Network.

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

Assets acquired:

Cash and cash equivalents	\$	7
Short-term investments		6
Patient accounts receivable		34
Property and equipment		113
Other assets, including noncurrent investments		93
		93
	\$	253

Liabilities assumed:

Accounts payable and current liabilities	\$	93
Other noncurrent liabilities		30
		30
		123

Net assets without donor restrictions - controlling	\$	130
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Less:

Cash considerations		43
Acquisition cost		7
		7
Gain on acquisition and divestures	\$	80

Acquisition results of operations and changes in net assets were included in the System’s consolidated financial statements. Summary operating results, exclusive of the gain on acquisition recorded at acquisition, were as follows:

Revenues and support	\$	127
Excess of revenue over expense		(26)
Decrease in net assets without donor restrictions		(1)

ADVENTIST HEALTH SYSTEM/WEST
Notes to Consolidated Financial Statements
Years ended December 31, 2024 and 2023
(In millions of dollars)

The following pro forma consolidated operating results for the years ended December 31, 2023 and 2022 give effect to the acquisitions as if they had occurred on January 1, 2022. Pro forma amounts for both periods were adjusted to exclude the gain on acquisition recognized from acquisitions. The pro forma consolidated operating results do not necessarily represent the System's consolidated operating results had the acquisitions occurred on the date assumed, nor are these results necessarily indicative of the System's future consolidated operating results.

	Year ended December 31	
	2023	2022
	(Unaudited)	(Unaudited)
Pro forma revenues and support	\$ 6,112	5,767
Pro forma (deficiency) excess of revenue over expense	(9)	(693)

(18) Subsequent Events

The System has evaluated subsequent events and disclosed all material events through March 21, 2025, the date the accompanying consolidated financial statements were issued.



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

Independent Auditors' Report on Supplementary Information

The Board of Director
Adventist Health System/West:

We have audited the consolidated financial statements of Adventist Health System/West (Adventist Health) as of and for the year ended December 31, 2024, and have issued our report thereon dated March 21, 2025 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of consolidating balance sheet information and schedule of consolidating operations and changes in net assets are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Sacramento, California
March 21, 2025

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
December 31, 2024
(In millions of dollars)

Assets	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Cash and cash equivalents	\$ 165	(1,842)	30	90	5	86	60	3	110	2	—
Short-term investments	117	—	116	—	—	—	—	—	—	—	1
Patient accounts receivable	924	3	(4)	92	—	37	19	20	13	—	87
Receivables from third-party payors	908	(7)	—	96	—	—	33	—	34	5	75
Other current assets	369	(721)	440	147	1	11	4	3	6	1	28
Total current assets	2,483	(2,567)	582	425	6	134	116	26	163	8	191
Noncurrent investments	2,540	(9)	2,495	—	—	2	—	6	—	3	4
Other assets	971	18	282	21	—	22	9	26	—	—	31
Property and equipment, net	2,472	—	322	196	—	127	39	26	40	2	160
Total assets	\$ 8,466	(2,558)	3,681	642	6	285	164	84	203	13	386
Liabilities and net assets											
Accounts payable	\$ 441	—	163	31	—	11	5	4	5	—	24
Accrued compensation and related payables	414	3	203	18	—	8	8	4	4	—	22
Liabilities to third-party payors	311	(2)	30	32	—	—	12	1	5	1	51
Other current liabilities	120	(671)	66	217	4	11	20	9	6	—	26
Short-term financing	115	(581)	115	—	—	—	—	—	—	—	124
Current maturities of long-term debt	93	—	6	3	—	—	1	—	—	—	4
Total current liabilities	1,494	(1,251)	583	301	4	30	46	18	20	1	251
Long-term debt, net of current maturities	3,501	(60)	994	155	2	70	66	33	43	—	216
Other noncurrent liabilities	843	(1,247)	1,811	19	—	5	8	21	—	—	20
Total liabilities	5,838	(2,558)	3,388	475	6	105	120	72	63	1	487
Net assets (deficit) without donor restrictions:											
Controlling	2,495	—	286	153	—	171	43	10	140	9	(112)
Noncontrolling	22	—	—	(1)	—	1	—	—	—	—	—
Net assets with donor restrictions	111	—	7	15	—	8	1	2	—	3	11
Total net assets (deficit)	2,628	—	293	167	—	180	44	12	140	12	(101)
Total liabilities and net assets	\$ 8,466	(2,558)	3,681	642	6	285	164	84	203	13	386

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
Year Ended December 31, 2024
(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist San Luis Obispo	Adventist Health Simi Valley
Assets											
Cash and cash equivalents	\$ 485	60	—	13	—	13	—	169	—	—	—
Short-term investments	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable	51	11	46	12	27	—	63	24	77	38	32
Receivables from third-party payors	111	16	53	9	—	2	—	44	89	12	29
Other current assets	22	3	26	3	14	2	54	1	23	29	10
Total current assets	669	90	125	37	41	17	117	238	189	79	71
Noncurrent investments	—	—	—	—	—	—	—	—	—	—	—
Other assets	44	10	6	3	—	—	24	36	13	217	9
Property and equipment, net	151	37	113	5	—	—	137	50	304	65	106
Total assets	\$ 864	137	244	45	41	17	278	324	506	361	186
Liabilities and net assets											
Accounts payable	\$ 15	6	12	2	7	2	24	6	24	12	7
Accrued compensation and related payables	15	3	11	2	3	—	14	6	21	1	8
Liabilities to third-party payors	3	5	18	1	—	2	—	10	34	7	15
Other current liabilities	22	4	36	11	12	10	16	13	21	8	9
Short-term financing	—	—	—	—	1	—	7	—	106	1	95
Current maturities of long-term debt	4	1	4	—	—	—	60	—	4	—	2
Total current liabilities	59	19	81	16	23	14	121	35	210	29	136
Long-term debt, net of current maturities	229	25	131	50	—	—	34	54	243	304	98
Other noncurrent liabilities	19	9	4	2	1	—	21	25	14	37	6
Total liabilities	307	53	216	68	24	14	176	114	467	370	240
Net assets (deficit) without donor restrictions:											
Controlling	547	83	24	(23)	17	3	97	210	17	(9)	(54)
Noncontrolling	—	—	—	—	—	—	—	—	22	—	—
Net assets with donor restrictions	10	1	4	—	—	—	5	—	—	—	—
Total net assets (deficit)	557	84	28	(23)	17	3	102	210	39	(9)	(54)
Total liabilities and net assets	\$ 864	137	244	45	41	17	278	324	506	361	186

ADVENTIST HEALTH
Schedule of Consolidating Balance Sheet Information
Year Ended December 31, 2024
(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Assets											
Cash and cash equivalents	\$ 230	—	24	—	13	103	437	—	74	—	—
Short-term investments	—	—	—	—	—	—	—	—	—	—	—
Patient accounts receivable	45	44	9	11	22	31	84	—	18	—	12
Receivables from third-party payors	36	20	11	23	9	43	165	—	—	—	—
Other current assets	10	23	4	4	17	7	191	—	2	4	—
Total current assets	321	87	48	38	61	184	877	—	94	4	12
Noncurrent investments	—	39	—	—	—	—	—	—	—	—	—
Other assets	9	5	1	12	155	12	1	—	1	1	3
Property and equipment, net	75	100	37	13	96	73	185	—	12	—	1
Total assets	\$ 405	231	86	63	312	269	1,063	—	107	5	16
Liabilities and net assets											
Accounts payable	\$ 13	10	4	3	7	11	23	—	4	4	2
Accrued compensation and related payables	10	8	2	3	1	7	20	—	4	—	5
Liabilities to third-party payors	1	16	2	3	—	2	58	—	4	—	—
Other current liabilities	15	16	2	6	(6)	21	206	—	5	—	5
Short-term financing	—	160	—	63	—	—	—	4	—	—	20
Current maturities of long-term debt	2	1	—	—	—	1	—	—	—	—	—
Total current liabilities	41	211	10	78	2	42	307	4	17	4	32
Long-term debt, net of current maturities	85	65	62	119	275	57	143	—	6	1	1
Other noncurrent liabilities	7	4	—	9	25	10	9	1	1	—	2
Total liabilities	133	280	72	206	302	109	459	5	24	5	35
Net assets (deficit) without donor restrictions:											
Controlling	270	(73)	11	(144)	10	157	593	(5)	83	—	(19)
Noncontrolling	—	—	—	—	—	—	—	—	—	—	—
Net assets with donor restrictions	2	24	3	1	—	3	11	—	—	—	—
Total net assets (deficit)	272	(49)	14	(143)	10	160	604	(5)	83	—	(19)
Total liabilities and net assets	\$ 405	231	86	63	312	269	1,063	—	107	5	16

See accompanying auditors' report on supplementary information.

ADVENTIST HEALTH

Schedule of Consolidating Operations and Changes in Net Assets

Year Ended December 31, 2024

(In millions of dollars)

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Revenues and support:											
Patient service revenue	\$ 6,175	(124)	(17)	697	—	238	176	125	101	—	568
Premium revenue	213	(36)	—	—	21	9	6	3	—	—	—
Other revenue	487	(741)	866	21	—	23	4	4	9	—	51
Net assets released from restrictions for operations	31	—	2	1	—	1	3	—	—	—	4
Total unrestricted revenues and support	6,906	(901)	851	719	21	271	189	132	110	—	623
Expenses:											
Employee compensation	3,363	(134)	459	282	—	130	87	83	50	—	283
Professional fees	916	—	58	74	—	12	40	9	11	—	43
Supplies	1,065	—	9	149	—	49	13	19	14	—	114
Purchased services and other	1,410	(767)	296	208	21	65	41	37	36	—	191
Interest	146	(36)	45	6	—	3	3	2	2	—	15
Depreciation and amortization	230	—	35	19	—	10	4	5	4	7	16
Total expenses	7,130	(937)	902	738	21	269	188	155	117	7	662
(Loss) income from operations	(224)	36	(51)	(19)	—	2	1	(23)	(7)	(7)	(39)
Nonoperating income:											
Investment income (loss)	119	(36)	4	6	—	7	3	1	8	—	1
Gain (loss) on acquisitions and divestitures	(6)	—	(1)	1	—	—	—	(5)	—	—	—
Other nonoperating (loss) gains	(8)	—	(5)	—	—	—	—	—	—	—	(3)
Total nonoperating income (loss)	105	(36)	(2)	7	—	7	3	(4)	8	—	(2)
Excess (deficit) of revenues over expenses	(119)	—	(53)	(12)	—	9	4	(27)	1	(7)	(41)
Less: excess of revenues over expenses from noncontrolling interests	(2)	—	—	1	—	—	—	—	—	—	—
Excess (deficit) of revenues over expense from controlling interests	\$ (121)	—	(53)	(11)	—	9	4	(27)	1	(7)	(41)

ADVENTIST HEALTH
Schedule of Consolidating Operations and Changes in Net Assets
Year Ended December 31, 2024
(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health San Luis Obispo	Adventist Health Simi Valley
Revenues and support:											
Patient service revenue	\$ 408	87	296	81	200	—	414	219	506	150	219
Premium revenue	37	5	—	1	9	58	—	3	—	—	—
Other revenue	16	3	36	1	13	—	41	3	13	1	4
Net assets released from restrictions for operations	—	—	—	1	1	—	—	2	1	—	—
Total unrestricted revenues and support	<u>461</u>	<u>95</u>	<u>332</u>	<u>84</u>	<u>223</u>	<u>58</u>	<u>455</u>	<u>227</u>	<u>520</u>	<u>151</u>	<u>223</u>
Expenses:											
Employee compensation	174	43	130	40	92	—	253	98	250	66	108
Professional fees	42	13	36	18	172	—	25	46	50	20	18
Supplies	54	13	48	11	26	—	63	15	73	21	31
Purchased services and other	134	22	93	19	(68)	58	109	50	166	38	74
Interest	9	1	6	2	—	—	4	2	21	10	8
Depreciation and amortization	15	4	10	2	1	—	15	4	16	5	10
Total expenses	<u>428</u>	<u>96</u>	<u>323</u>	<u>92</u>	<u>223</u>	<u>58</u>	<u>469</u>	<u>215</u>	<u>576</u>	<u>160</u>	<u>249</u>
(Loss) income from operations	<u>33</u>	<u>(1)</u>	<u>9</u>	<u>(8)</u>	<u>—</u>	<u>—</u>	<u>(14)</u>	<u>12</u>	<u>(56)</u>	<u>(9)</u>	<u>(26)</u>
Nonoperating income:											
Investment income (loss)	35	4	—	1	—	—	3	12	7	1	—
Gain (loss) on acquisitions and divestitures	—	—	—	—	—	—	—	—	—	—	—
Other nonoperating (loss) gains	—	—	—	—	—	—	—	—	—	—	—
Total nonoperating income (loss)	<u>35</u>	<u>4</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>3</u>	<u>12</u>	<u>7</u>	<u>1</u>	<u>—</u>
Excess (deficit) of revenues over expenses	<u>68</u>	<u>3</u>	<u>9</u>	<u>(7)</u>	<u>—</u>	<u>—</u>	<u>(11)</u>	<u>24</u>	<u>(49)</u>	<u>(8)</u>	<u>(26)</u>
Less: excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	(3)	—	—
Excess (deficit) of revenues over expense from controlling interests	<u>\$ 68</u>	<u>3</u>	<u>9</u>	<u>(7)</u>	<u>—</u>	<u>—</u>	<u>(11)</u>	<u>24</u>	<u>(52)</u>	<u>(8)</u>	<u>(26)</u>

ADVENTIST HEALTH

Schedule of Consolidating Operations and Changes in Net Assets

Year Ended December 31, 2024
(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Revenues and support:											
Patient service revenue	\$ 328	264	68	76	111	211	593	—	121	—	59
Premium revenue	—	24	—	—	—	43	30	—	—	—	—
Other revenue	35	19	4	6	—	22	26	—	2	4	1
Net assets released from restrictions for operations	1	3	—	1	—	1	8	—	1	—	—
Total unrestricted revenues and support	364	310	72	83	111	277	657	—	124	4	60
Expenses:											
Employee compensation	145	112	33	42	48	95	286	1	57	—	50
Professional fees	48	32	8	12	11	44	55	—	17	—	2
Supplies	75	67	7	13	12	52	99	—	16	—	2
Purchased services and other	69	104	16	27	18	77	229	—	30	4	13
Interest	4	11	3	8	9	2	5	—	—	—	1
Depreciation and amortization	7	10	2	3	5	6	13	—	2	—	—
Total expenses	348	336	69	105	103	276	687	1	122	4	68
(Loss) income from operations	16	(26)	3	(22)	8	1	(30)	(1)	2	—	(8)
Nonoperating income:											
Investment income (loss)	16	—	2	—	1	8	30	—	5	—	—
Gain (loss) on acquisitions and divestitures	—	—	—	—	—	—	(1)	—	—	—	—
Other nonoperating (loss) gains	—	—	—	—	—	—	—	—	—	—	—
Total nonoperating income (loss)	16	—	2	—	1	8	29	—	5	—	—
Excess (deficit) of revenues over expenses	32	(26)	5	(22)	9	9	(1)	(1)	7	—	(8)
Less: excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—
Excess (deficit) of revenues over expense from controlling interests	\$ 32	(26)	5	(22)	9	9	(1)	(1)	7	—	(8)

See accompanying auditors' report on supplementary information.

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2024

(In millions of dollars)

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Columbia Gorge	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ (121)	—	(53)	(11)	—	9	4	(27)	1	(7)	(41)
Net change in unrealized gains on other-than-trading securities	1	—	1	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	6	—	—	—	—	1	—	—	—	—	2
Transfers from (to) related parties	—	—	80	(7)	—	(3)	(2)	—	(1)	—	(12)
Increase (decrease) in net assets without donor restrictions – controlling	(114)	—	28	(18)	—	7	2	(27)	—	(7)	(51)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	2	—	—	(1)	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – noncontrolling	2	—	—	(1)	—	—	—	—	—	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	52	—	2	3	—	5	2	2	—	—	2
Net realized and unrealized gains (losses) on investments	1	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions	(37)	—	(2)	(1)	—	(2)	(3)	—	—	—	(6)
Other Donor restricted activity	—	—	1	—	—	—	1	—	—	—	—
Increase (decrease) in net assets with donor restrictions	16	—	1	2	—	3	—	2	—	—	(4)
Increase (decrease) in net assets	(96)	—	29	(17)	—	10	2	(25)	—	(7)	(55)
Net assets, beginning of year	2,724	—	264	184	—	170	42	37	140	19	(46)
Net assets, end of year	\$ 2,628	—	293	167	—	180	44	12	140	12	(101)

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2024

(In millions of dollars)

	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial	Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health San Luis Obispo	Adventist Health Simi Valley
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ 68	3	9	(7)	—	—	(11)	24	(52)	(8)	(26)
Net change in unrealized gains on other-than-trading securities	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	(6)	(1)	(4)	(1)	—	—	(13)	(3)	(7)	(1)	(3)
Transfers from (to) related parties	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions – controlling	62	2	5	(8)	—	—	(24)	21	(59)	(9)	(29)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	3	—	—
Increase in net assets without donor restrictions – noncontrolling	—	—	—	—	—	—	—	—	3	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	10	—	2	—	2	—	—	1	1	—	—
Net realized and unrealized gains (losses) on investments	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions	—	—	—	(1)	(1)	—	—	(2)	(1)	—	—
Other Donor restricted activity	(1)	—	—	—	(1)	—	—	—	—	—	—
Increase (decrease) in net assets with donor restrictions	9	—	2	(1)	—	—	—	(1)	—	—	—
Increase (decrease) in net assets	71	2	7	(9)	—	—	(24)	20	(56)	(9)	(29)
Net assets, beginning of year	486	82	21	(14)	17	3	126	190	95	—	(25)
Net assets, end of year	\$ 557	84	28	(23)	17	3	102	210	39	(9)	(54)

ADVENTIST HEALTH

Consolidating Statements of Operations and Changes in Net Assets

Year Ended December 31, 2024

(In millions of dollars)

	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tulare	Adventist Health Twin Cities	Adventist Health Ukiah Valley	Adventist Health White Memorial	South Coast Medical Center	Adventist Health Tillamook	Premier Physician Alliance, Inc	Western Health Resources
Net assets without donor restrictions:											
Controlling:											
Excess (deficit) of revenues over expenses from controlling interests	\$ 32	(26)	5	(22)	9	9	(1)	(1)	7	—	(8)
Net change in unrealized gains on other-than-trading securities	—	—	—	—	—	—	—	—	—	—	—
Net assets released from restrictions for capital additions	(4)	(4)	(1)	(1)	1	(3)	(8)	1	(2)	—	5
Transfers from (to) related parties	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in net assets without donor restrictions – controlling	28	(27)	4	(23)	10	6	(9)	—	5	—	(3)
Noncontrolling:											
Excess of revenues over expenses from noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—
Increase in net assets without donor restrictions – noncontrolling	—	—	—	—	—	—	—	—	—	—	—
Net assets with donor restrictions:											
Restricted gifts and grants	1	3	3	2	—	—	10	—	1	—	—
Net realized and unrealized gains (losses) on investments	—	1	—	—	—	—	—	—	—	—	—
Net assets released from restrictions	(1)	(6)	—	(1)	—	(1)	(8)	—	(1)	—	—
Other Donor restricted activity	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in net assets with donor restrictions	—	(2)	3	1	—	(1)	2	—	—	—	—
Increase (decrease) in net assets	28	(29)	7	(22)	10	5	(7)	—	5	—	(3)
Net assets, beginning of year	244	(20)	7	(121)	—	155	611	(5)	78	—	(16)
Net assets, end of year	\$ 272	(49)	14	(143)	10	160	604	(5)	83	—	(19)

See accompanying auditors' report on supplementary information.

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

Debt Service Coverage	<u>2024</u>
Excess of Revenues over Expenses from Continuing Operations	\$ 9
Net unrealized (gains) losses on investments	(23)
Depreciation, amortization, interest expense and other exluded items	<u>345</u>
Income available for debt service	331
Annual debt service	180
Debt service coverage ratio	<u><u>1.8</u></u>

Capitalization	<u>2024</u>
Long-term Debt (including current maturities)	\$ 3,592
Unrestricted Net Assets	<u>2,460</u>
Total Capitalization	6,052
Total Long-term Debt as a Percentage of Total Capitalization	<u><u>59.4%</u></u>

Days Cash on Hand	<u>2024</u>
Unrestricted Cash and Investments	\$ 2,880
Expenses per Day	14.5
Days Cash on Hand	<u><u>198.6</u></u>

**Adventist Health System/West
Municipal Secondary Market Disclosure
December 31, 2024
(In millions of dollars)**

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

California Health Facilities Financing Authority Revenue Bonds, 2009 Series B
California Health Facilities Financing Authority Revenue Bonds, 2013 Series A

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

On December 31, 2024, the long-term debt of the Members of the Obligated Group (including current maturities) totaled \$3,592. Of that amount, \$365 was variable interest rate debt, with the remaining \$3,227 being fixed interest rate debt.

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

During the twelve months ended December 31, 2024 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

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

Summary Listing of the System's Hospitals

Obligated Group Hospital Name	Location	Number of Licensed Beds at December 31, 2024	2024 Patient Service Revenue (in millions)
Adventist Health Bakersfield	Bakersfield, CA	300	\$697
Adventist Health Clear Lake ⁽¹⁾	Clearlake, CA	25	176
Adventist Health Delano	Delano, CA	156	101
Adventist Health Hanford	Hanford, CA	235	408
Adventist Health Feather River	Paradise, CA	-	-
Adventist Health Glendale	Glendale, CA	515	568
Adventist Health Howard Memorial ⁽¹⁾	Willits, CA	25	87
Adventist Health Lodi Memorial	Lodi, CA	194	296
Adventist Health Reedley	Reedley, CA	49	219
Adventist Health Sierra Vista	San Luis Obispo, CA	162	150
Adventist Health Simi Valley	Simi Valley, CA	136	219
Adventist Health Sonora	Sonora, CA	152	328
Adventist Health Tehachapi Valley ⁽¹⁾	Tehachapi, CA	25	68
Adventist Health Twin Cities	Templeton, CA	122	111
Adventist Health Ukiah Valley	Ukiah, CA	68	211
Adventist Health White Memorial	Los Angeles, CA	545	593
Adventist Health Castle	Kailua, HI	160	238
Adventist Health Portland	Portland, OR	302	414
Adventist Health Tillamook ⁽¹⁾	Tillamook, OR	25	121
Non-Obligated Group Hospital Name			
Adventist Health Columbia Gorge	The Dalles, OR	49	125
Adventist Health Mendocino Coast ⁽¹⁾	Fort Bragg, CA	25	81
Adventist Health and Rideout	Marysville, CA	366	506
Adventist Health St Helena	Deer Park, CA	211	264
Adventist Health Tulare	Tulare, CA	108	76

⁽¹⁾ Critical Access Hospital.

Source: The Corporation.

Adventist Health System/West
Obligated Group Operating/Utilization Statistics

Section 4(b)(5)

	Payor Mix		
	2022	2023	2024
Medicare	45.0%	45.1%	45.5%
Medicaid	30.0%	30.7%	30.2%
HMO/PPO	17.8%	17.2%	17.9%
Commercial	5.0%	4.5%	4.1%
Self-Pay and Other	2.2%	2.5%	2.4%

Section 4(b)(6)

<u>Hospital</u>	Patient Days (Including Sub-Acute)		
	2022	2023	2024
Adventist Health Hanford	44,025	40,479	39,399
Adventist Health Portland	35,095	33,912	36,012
Adventist Health Reedley	7,176	6,241	5,414
Adventist Health Castle	25,662	24,612	26,922
Adventist Health Feather River	-	-	-
Adventist Health Glendale	86,884	98,807	100,619
Adventist Health Howard Memorial	6,982	6,101	5,234
Adventist Health Lodi Memorial	32,567	34,813	34,206
Adventist Health Clearlake	5,841	5,463	5,730
Adventist Health Bakersfield	65,669	68,335	72,695
Adventist Health Delano	23,412	22,891	23,573
Adventist Health Tehachapi Valley	3,486	3,226	3,998
Adventist Health Sonora	32,453	32,496	36,339
Adventist Health Simi Valley	31,948	30,018	28,973
Adventist Health Sierra Vista	-	-	19,664
Adventist Health Twin Cities	-	-	12,654
Tillamook Regional Medical Center	3,969	3,454	3,368
Adventist Health Ukiah Valley	13,262	12,142	11,500
Adventist Health White Memorial	80,667	86,319	99,284
	<u>499,098</u>	<u>509,309</u>	<u>565,584</u>

Hospital

	Average Length of Stay		
	2022	2023	2024
Adventist Health Hanford	4.64	4.38	4.11
Adventist Health Portland	4.60	4.55	4.39
Adventist Health Reedley	3.99	3.69	3.30
Adventist Health Castle	4.12	3.90	3.97
Adventist Health Feather River	-	-	-
Adventist Health Glendale	5.15	5.52	5.49
Adventist Health Howard Memorial	4.12	4.03	4.11
Adventist Health Lodi Memorial	4.53	4.57	4.33
Adventist Health Clearlake	4.92	4.10	3.83
Adventist Health Bakersfield	4.13	4.12	4.05
Adventist Health Delano	11.01	10.84	9.19
Adventist Health Tehachapi Valley	3.54	3.77	3.24
Adventist Health Sonora	7.29	7.27	7.55
Adventist Health Simi Valley	4.51	4.29	4.40
Adventist Health Sierra Vista	-	-	5.04
Adventist Health Twin Cities	-	-	4.38
Tillamook Regional Medical Center	3.99	3.75	3.82
Adventist Health Ukiah Valley	4.01	3.76	3.60
Adventist Health White Memorial	4.52	4.79	4.79
	<u>4.76</u>	<u>4.79</u>	<u>4.72</u>

Adventist Health System/West
Obligated Group Operating/Utilization Statistics

Section 4(b)(6)

Hospital	Discharges (Including Sub-Acute)		
	2022	2023	2024
Adventist Health Hanford	9,495	9,247	9,589
Adventist Health Portland	7,628	7,453	8,205
Adventist Health Reedley	1,799	1,691	1,642
Adventist Health Castle	6,232	6,305	6,773
Adventist Health Feather River	-	-	-
Adventist Health Glendale	16,887	17,895	18,315
Adventist Health Howard Memorial	1,696	1,513	1,272
Adventist Health Lodi Memorial	7,194	7,620	7,905
Adventist Health Clearlake	1,186	1,332	1,497
Adventist Health Bakersfield	15,906	16,597	17,953
Adventist Health Delano	2,127	2,112	2,565
Adventist Health Tehachapi Valley	985	856	1,233
Adventist Health Sonora	4,449	4,469	4,810
Adventist Health Simi Valley	7,090	6,998	6,581
Adventist Health Sierra Vista	-	-	3,904
Adventist Health Twin Cities	-	-	2,890
Tillamook Regional Medical Center	994	922	882
Adventist Health Ukiah Valley	3,304	3,231	3,194
Adventist Health White Memorial	17,848	18,030	20,719
	<u>104,820</u>	<u>106,271</u>	<u>119,929</u>

Section 4(b)(7)

	Other Key Volume Indicators		
	2022	2023	2024
Number of Licensed Beds	2,682	2,921	3,196
Discharges	104,820	106,271	119,929
Patient Days	499,098	509,309	565,584
Occupancy - Licensed Beds	51.0%	47.8%	48.5%
Average Length of Stay	4.76	4.79	4.72
Outpatient Revenues as % of Gross Pt. Revenues	50.3%	51.7%	52.5%



Management Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions)

Year End: December 31, 2024

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 is 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 five networks of care three service areas and one market systemwide: Oregon Network, Northern California Network, Central California Network, Central Coast Network, and Southern California Network, with North Coast Service Area, Glendale & Simi Valley Service Area, and White Memorial-Montebello Service Area, and Adventist Health Castle market. Teams of clinical staff provide coordinated care across these networks and service areas utilizing advanced medical technology, innovative models of health transformation, and compassionate care. Adventist Health owns or manages 440 sites of care, including 27 hospitals, clinics (physician clinics, hospital-based clinics, and the largest rural health clinic network in California), home care and hospice agencies in both rural and urban communities.

Adventist Health's vision is to provide exceptional care at every stage of life, inspiring community transformation through health and well-being for all. Through our five operating pillars, People, Quality, Growth, Experience, and 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 five operating pillars are core to our reviews and reports. They have proven to sharpen our focus systemwide. They are essential to our networks in strengthening our hospitals, ambulatory centers, clinics, home health, and post-acute

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

Operating Pillars

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

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

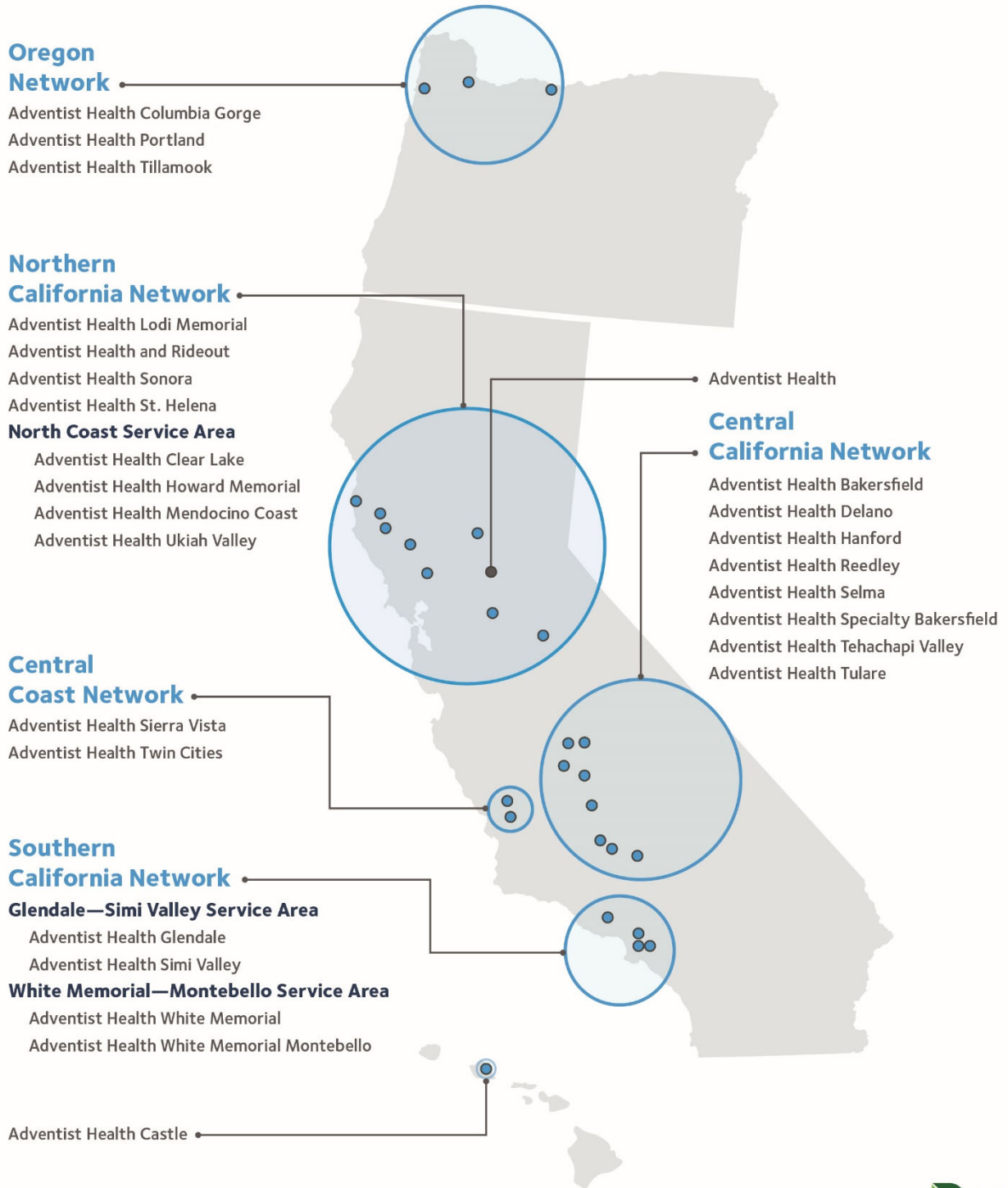
Growth — Adventist Health expands networks of care to create community relevance and well-being.

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

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



Organization Structure



Affiliation and Other Activities

Mid-Columbia Medical Center (dba Adventist Health Columbia Gorge)

On March 1, 2023, Mid-Columbia Medical Center (MCMC) and Adventist Health executed a definitive agreement for affiliation of MCMC with Adventist Health, with regulatory approvals granted on April 13, 2023. MCMC is 80 miles east of Adventist Health Portland in The Dalles, Oregon. The closing date occurred on June 1, 2023. The facility, with a 122-year history and a team of 850-plus employees and nearly 100 providers, is now known as Adventist Health Columbia Gorge. The affiliation of MCMC marks a significant step forward as we continue to grow our presence in Oregon and adds 49 licensed beds and about \$125 annual net revenue to the system.

Visalia Medical Clinic

On May 1, 2023, Adventist Health Physicians Network began a partnership with Visalia Medical Clinic (VMC). VMC is the largest physician-owned clinic in Tulare County, California, and brings 200 employees, 62 primary and specialty providers and four Visalia locations into the system. The clinic addition supports Adventist Health's strategic objective to expand services to care for more patients and strengthen its network.

Bakersfield Heart Hospital (dba Adventist Health Specialty Bakersfield)

On June 1, 2023, Adventist Health completed transactions for the acquisition of the real estate portion of Bakersfield Heart Hospital (BHH), as well as the purchase of the operations. This specialty hospital has been a healthcare pillar of the Bakersfield community for the past 24 years and its 47 beds, three operating rooms and four cardiac catheterization labs will significantly increase the capacity for care at Adventist Health in Kern County and is expected to add about \$60 annual net revenue to the system.

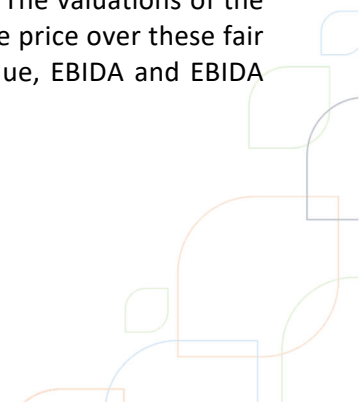
Beverly Community Hospital (dba Adventist Health White Memorial Montebello)

On August 25, 2023, the Bankruptcy Court approved an asset purchase agreement between Beverly Community Hospital and Adventist Health. Beverly Community Hospital became part of Adventist Health White Memorial and is now known as Adventist Health White Memorial Montebello and adds 192 beds to the system. On September 7, 2023, Adventist Health White Memorial began operating a full-service emergency department and one 24-bed medical surgical unit supporting the emergency department, two surgical suites, a stroke center and wound care at the Montebello site. For decades, Beverly has provided critical and low-cost medical services to Montebello and its surrounding communities and has been a vital acute care hospital serving a primarily Medi-Cal and Medicare population.

Sierra Vista Regional Medical Center and Twin Cities Community Hospital (dba Adventist Health Sierra Vista and Adventist Health Twin Cities)

In February 2024, Adventist Health signed definitive agreements to purchase from Tenet Healthcare, Sierra Vista Regional Medical Center and Twin Cities Community Hospital located on the Central California Coast. This includes the related physician practices and imaging centers. The acquisition will enable Adventist Health to expand its mission of providing access to high-quality care on the central coast and to broaden Adventist Health's geographic diversification. The transaction closed on March 28, 2024, and adds 284 beds to the system.

We have recorded the fair value of the assets and liabilities assumed as part of the acquisition. The valuations of the acquired property and equipment were also completed and adjusted. The excess of the purchase price over these fair values has been recorded as goodwill. The following tables summarize the System's net revenue, EBIDA and EBIDA margin as if the acquisition had occurred on January 1, 2022:



ACQUISITION PRO FORMA

Twelve Months Ended December 31, 2024

	Adventist Health	Acquisitions	Combined
Total operating revenue	\$6,644	\$262	\$6,906
EBIDA	\$123	\$29	\$152
EBIDA as a percentage of total operating revenue	1.9%	11.1%	2.2%

Twelve Months Ended December 31, 2023

	Adventist Health	Acquisitions	Combined
Total operating revenue	\$5,985	\$338	\$6,323
EBIDA	\$182	\$39	\$221
EBIDA as a percentage of total operating revenue	3.0%	11.5%	3.5%

Ratings and Outlook Updates

In May 2024, Fitch Ratings downgraded its long-term rating from A to BBB+ and revised the outlook from Negative to Stable, and S&P Global Ratings downgraded its long-term rating from A- to BBB+ and revised the outlook from Stable to Negative on Adventist Health's bonds.

The rating downgrades are primarily driven by the increase in leverage related to the acquisition of two new hospitals, Adventist Health Sierra Vista and Adventist Health Twin Cities. Management expects improved operational performance over the next twelve months. The rating agencies view positively Adventist Health's considerable size and growing revenue diversity, as well as management's ongoing improvement initiatives that have resulted in recovering operating performance. They also view the strategy of scale and essentiality favorably and anticipate long-term strategic value.



Key Operating Metrics: Volume Trends

Adventist Health's focus on creating integrated networks of care has created consistent volume growth across discharges, surgical volume, ER visits and clinic visits. Total surgeries increased by 10.8% from the same period in the previous year with inpatient surgeries increasing by 8.5% and outpatient surgeries increasing by 11.6%. These procedural volumes were fueled by an increase of 12.5% for emergency department visits.

During the twelve months ended December 31, 2024, the System's inpatient discharges increased by 12.0%. Observation patients increased by 14.7%. On combined inpatient and observation stays, total discharges increased by 12.4% from the same period in the previous year.

UTILIZATION STATISTICS

Twelve Months Ended December 31,	2024	2023	'24 Same Store	'23 Same Store
Discharges	141,864	126,694	131,541	122,036
Patient days	725,029	666,032	666,396	655,087
Observation stays	27,176	23,687	23,976	22,892
Outpatient procedures	5,147,628	4,529,758	4,845,423	4,451,705
Emergency department visits	916,694	815,027	861,443	788,986
Inpatient surgeries	24,559	22,627	21,362	22,012
Outpatient surgeries	67,769	60,714	61,183	59,320
Capitated lives	231,115	221,654	231,115	221,654
Average length of stay (in days)	5.1	5.3	5.1	5.4
Outpatient revenues as % of gross patient revenue	53.5%	52.4%	53.7%	52.3%

Key Operating Metrics: Total Operating Revenue and Income from Operations

Adventist Health continues to progress on operational tactics, reducing the headwinds such as inflation and regulatory changes. Throughout 2024, leadership across the organization has implemented plans to improve run rate, certain of these accomplishments are outlined below.

- Acquisition of the Central Coast Service Area, generating EBIDA of \$29 for 9 months in 2024.
- Growth in surgical volume of 10.8%.
- Service line integration and optimization across service areas and networks, including care coordination centers, and retail and specialty pharmacy which has grown by 70% from prior year.
- Net revenue per patient increasing 2.6% as we realize rate improvements and solidify our revenue cycle operations.
- Premium pay expense improving from 12.3% to 9.7%.

Total operating revenue as of December 2024 grew 15.4% as compared to December 2023. December 2024 YTD net patient revenue increased to \$6,906. The net patient revenue growth including acquisitions is due to \$915 due to volume growth of \$538 and yield and rate improvement of \$377. Revenue cycle operations collected cash of \$4,968, or 102% of goal, as of December 2024. Greater transparency and teamwork between finance, managed care, and revenue cycle 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, generating approximately \$15 of cash collected in 2024. Based on these and other actions, net patient revenue per adjusted discharge was 2.6% higher than prior year. Premium revenue declined \$32 as management moved non-performing contracts to fee-based contracts. Operating revenue as of December 2024 includes \$89 from Federal Emergency Management Agency (FEMA) compared to a total of \$91 through December 2023.

Management’s action to stabilize the workforce and bend the labor cost curve is taking hold but fighting head winds of wage inflation including minimum wage. YTD labor costs are 17.6% higher than 2023 but only 2.9% higher on a volume-adjusted basis. Premium labor, including contract labor, has improved from 12.3% in 2023 to 9.7% in 2024 and management’s focus on contract labor has driven external labor costs down 18.5%. In July 2024, California’s wage increase went into law, resulting in \$51 increase in costs annually. We continue to see inflationary pressure on professional fees, including costs for hospital-based physicians and clinic-based physicians, which increased 17.4% over 2023.

Weekly updates and bi-weekly calls with system officers have been implemented to accelerate necessary reductions. These more frequent reviews have helped improve the actionable information available for our leaders to use, enhancing the spread of internal best practices and ensuring system services are supporting our operational teams in achieving their goals.

Adventist Health continues to see increased supply cost from surgical volume and growth in retail pharmacies. The related service line growth has improved EBIDA. December YTD surgical supply cost per case increased 7.7% due to the rise of implantable devices. Volume-adjusted pharmaceutical supply cost increased 7.6% over YTD December.

TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Twelve Months Ended December 31,	2024	2023
Total operating revenue	\$6,906	\$5,985
Total EBIDA expenses	\$6,754	\$5,803
EBIDA	\$152	\$182
EBIDA as a percentage of total operating revenue	2.2%	3.0%
Depreciation and interest expense	\$376	\$290
Loss from operations	(\$224)	(\$108)
Loss from operations as a percentage of total operating revenue	(3.2%)	(1.8%)



Key Operating Metrics: Total Nonoperating Income

Investment income decreased for the twelve months ended December 31, 2024, as compared to the previous year. Realized gains (losses) of \$94 and (\$8) are included in investment income at December 31, 2024 and December 31, 2023, respectively. Management maintains a long-term asset allocation strategy.

NONOPERATING INCOME

Twelve Months Ended December 31,	2024	2023
Investment income (loss)	\$119	\$156
Other nonoperating gains (losses)	\$(8)	\$(12)
Nonoperating income (loss) before gain on acquisition and divestitures	\$111	\$144
(Loss)/Gain on acquisitions and divestitures	\$(6)	\$80
Nonoperating income	\$105	\$224

Balance Sheet Ratios

Cash and unrestricted investments increased by \$466 for the twelve months ended December 31, 2024. Days cash on hand increased to 137.5 on December 31, 2024 from 131.7 at December 31, 2023, driven by investment returns due to strong market performance and proceeds from excess capacity payment related to Energy-as-a-Service strategy. Long-term debt to capitalization increased to 58.2% on December 31, 2024 due to financing the Adventist Health Sierra Vista and Adventist Health Twin Cities acquisition, from 46.8% at December 31, 2023. 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

Period Ended	Dec 31, 2024	Dec 31, 2023
Total cash and unrestricted investments	\$2,593	\$2,127
Days cash on hand	137.5	131.7
Cash-to-debt	74.1%	92.0%
Long-term debt-to-capitalization	58.2%	46.8%
Capital expenditures as a percentage of depreciation expense	120.4%	138.3%



Opportunities

Adventist Health continues to implement its long-term strategy of complementary growth and operational excellence. Adventist Health is continuing its focus on improving and protecting its total operating revenue through targeted service line growth and rationalization, continued improvement in revenue realization through standard procedures and increased front end focus, and payor relationships, including enhance advocacy at the state and federal levels. An equal focus is placed on margin improvement through reduced operating expenses. An example of capturing this opportunity is reduced premium spend in labor, leveraging our reduction in RN turnover which is at a leading practice of 13.7% in 2024. Additional cost strategies include implementing top quartile labor standards across the company and continued realization of supply chain and purchased service reductions from our move to Vizient as our GPO partner. Finally, of note, the Energy-as-a-Service strategy will bend the cost inflation curve on utility spend and allow for additional capital to harden, increase reliability and reduce carbon emissions across Adventist Health's energy infrastructure.

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

