



Annual Disclosure Statements
(Unaudited)
For the Year Ended December 31, 2025
For



Advocate Aurora Health, Inc.



The Charlotte-Mecklenburg Hospital Authority
Combined Group



Wake Forest Baptist Combined Group

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ADVOCATE HEALTH
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Introduction

Purpose of this Report

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

Advocate Health

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

Advocate Aurora Health, Inc.

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

Atrium Health, Inc.

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

Advocate Health Nonprofit Credit Group

In March 2026, the Advocate Aurora Health Credit Group and Wake Forest Baptist Health Combined Group and the Advocate Health JOC were combined into one credit group, which is referred to as the “Advocate Health Nonprofit Credit Group.” The financial and other information presented in this report reflect the Advocate Aurora Health Credit Group and the Wake Forest Baptist Health Combined Group as of and for the periods ended December 31, 2025 and 2024, prior to the creation of the Advocate Health Nonprofit Credit Group.



Advocate Health Introduction

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

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

ADVOCATE HEALTH
COMBINED BALANCE SHEETS - FASB
(in thousands)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,508,839	\$ 2,026,581
Short term investments	51,816	49,808
Assets limited as to use	214,626	185,331
Patient accounts receivable	4,234,473	3,974,174
Other current assets	2,972,313	1,894,762
Total current assets	<u>9,982,067</u>	<u>8,130,656</u>
Noncurrent assets		
Assets limited as to use	27,192,534	24,176,299
Property and equipment, net	14,872,937	13,541,714
Operating lease right-of-use assets	1,123,933	1,013,775
Other noncurrent assets	1,387,338	1,275,911
Total other assets	<u>44,576,742</u>	<u>40,007,699</u>
Total assets	<u>\$ 54,558,809</u>	<u>\$ 48,138,355</u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 1,796,931	\$ 1,238,272
Operating lease liabilities, current portion	196,760	196,933
Accrued salaries and employee benefits	3,038,049	2,839,085
Accounts payable and other accrued liabilities	3,667,987	2,615,952
Third-party payors payables	823,800	770,916
Total current liabilities	<u>9,523,527</u>	<u>7,661,158</u>
Noncurrent liabilities		
Long-term debt, less current portion	5,725,687	6,388,008
Operating lease liabilities, less current portion	1,088,477	897,771
Other noncurrent liabilities	3,563,061	3,347,338
Total noncurrent liabilities	<u>10,377,225</u>	<u>10,633,117</u>
Total liabilities	19,900,752	18,294,275
Net assets		
Without donor restrictions		
Controlling interest	32,830,361	28,101,899
Noncontrolling interests in subsidiaries	218,734	212,737
Total net assets without donor restrictions	<u>33,049,095</u>	<u>28,314,636</u>
With donor restrictions	1,608,962	1,529,444
Total net assets	<u>34,658,057</u>	<u>29,844,080</u>
Total liabilities and net assets	<u>\$ 54,558,809</u>	<u>\$ 48,138,355</u>

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2024 net assets or revenues in excess of expenses.

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue		
Patient service revenue	\$ 32,677,865	\$ 29,220,208
Other revenue	6,267,891	5,571,128
Total revenue	<u>38,945,756</u>	<u>34,791,336</u>
Expenses		
Salaries, wages and benefits	21,037,722	19,160,895
Supplies and drugs	8,701,854	7,418,935
Purchased services and other	6,141,185	5,534,909
Depreciation and amortization	1,268,110	1,198,692
Interest	250,092	265,443
Total expenses	<u>37,398,963</u>	<u>33,578,874</u>
Operating income	1,546,793	1,212,462
Nonoperating income		
Investment income, net	3,074,123	1,728,142
Inherent contribution for acquisition	126,468	—
Other nonoperating loss, net	(125,483)	(14,299)
Total nonoperating income, net	<u>3,075,108</u>	<u>1,713,843</u>
Revenue in excess of expenses	4,621,901	2,926,305
Less income attributable to noncontrolling interests	<u>(58,200)</u>	<u>(67,443)</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 4,563,701	\$ 2,858,862

(Continued)

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2024 net assets or revenues in excess of expenses.

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Net assets without donor restrictions, controlling interest		
Revenue in excess of expenses - attributable to controlling interest	\$ 4,563,701	\$ 2,858,862
Pension-related changes other than net periodic pension costs	117,062	182,967
Other, net	47,699	7,452
Increase in net assets without donor restrictions, controlling interest	<u>4,728,462</u>	<u>3,049,281</u>
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses	58,200	67,443
Distributions to noncontrolling interests	(52,203)	(57,030)
Increase in net assets without donor restrictions, noncontrolling interests	<u>5,997</u>	<u>10,413</u>
Net assets with donor restrictions		
Contributions	429,594	571,425
Investment income, net	111,552	72,800
Net assets released from restrictions for operations	(399,824)	(350,711)
Other, net	(61,804)	(2,305)
Increase in net assets with donor restrictions	<u>79,518</u>	<u>291,209</u>
Increase in net assets	4,813,977	3,350,903
Net assets at beginning of period	29,844,080	26,493,177
Net assets at end of period	<u>\$ 34,658,057</u>	<u>\$ 29,844,080</u>

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2024 net assets or revenues in excess of expenses.

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

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
Cash flows from operating activities		
Increase in net assets	\$ 4,813,977	\$ 3,350,903
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	1,250,850	1,179,698
Noncash lease expense	236,088	217,883
Inherent contribution for acquisition	(126,468)	—
Gain on sale of disposal group	—	(88,163)
Pension-related changes other than net periodic pension cost	(117,062)	(182,967)
Proceeds from restricted contributions and income on investments	(46,391)	(201,819)
Distribution to noncontrolling interests	62,074	54,483
Other	(35,843)	(4,205)
Changes in operating assets and liabilities		
Trading securities, net	(2,926,571)	(2,906,147)
Patient accounts receivable	(250,478)	(182,889)
Other assets and liabilities, net	279,113	480,295
Net cash provided by operating activities	<u>3,139,289</u>	<u>1,717,072</u>
Cash flows from investing activities		
Capital expenditures	(2,454,386)	(2,060,387)
Cash received from sale of disposal group	—	184,298
Acquisition of business, net of cash acquired	(27,158)	(116,706)
Investments in unconsolidated entities, net	(4,576)	(15,809)
Purchases of investments designated as non-trading	(37,935)	(46,766)
Sales of investments designated as non-trading	37,961	46,896
Other	21,267	9,912
Net cash used in investing activities	<u>(2,464,827)</u>	<u>(1,998,562)</u>
Cash flows from financing activities		
Repayments of debt	(926,521)	(472,304)
Proceeds from issuance of debt	750,000	350,806
Distribution to noncontrolling interests	(62,074)	(54,483)
Proceeds from restricted contributions and income on investments	46,391	201,819
Net cash (used in) provided by financing activities	<u>(192,204)</u>	<u>25,838</u>
Net increase (decrease) in cash and cash equivalents	482,258	(255,652)
Cash and cash equivalents at beginning of period	2,026,581	2,282,233
Cash and cash equivalents at end of period	<u>\$ 2,508,839</u>	<u>\$ 2,026,581</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 494,972	\$ 220,349

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ADVOCATE HEALTH
UTILIZATION STATISTICS AND KEY FINANCIAL RATIOS

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change
Census				
Discharges ⁽¹⁾	579,331	553,239	26,092	4.7 %
Observation Cases ⁽¹⁾	169,411	163,363	6,048	3.7 %
Total Bedded Patients	748,742	716,602	32,140	4.5 %
Inpatient Length of Stay	5.29	5.37	(0.08)	(1.5)%
Case Mix index	1.77	1.79	(0.02)	(1.1)%
Other Volume Stats				
Inpatient Surgeries	130,509	127,853	2,656	2.1 %
Outpatient Surgeries	329,971	324,814	5,157	1.6 %
Total Surgeries	460,480	452,667	7,813	1.7 %
ED Visits	2,364,662	2,276,741	87,921	3.9 %
wRVUs ⁽¹⁾	63,896,182	59,017,442	4,878,740	8.3 %

⁽¹⁾Prior year was updated to reflect the current year measurement methodology

	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating Performance		
Operating margin ⁽¹⁾	4.0%	3.5%
Operating cash flow margin ⁽²⁾	7.9%	7.7%
Excess margin ⁽³⁾	11.0%	8.0%
	As of December 31, 2025	As of December 31, 2024
Leverage and Liquidity		
Debt to capitalization ⁽⁴⁾	18.5%	21.2%
Cash to debt ⁽⁵⁾	372%	321%
Days cash on hand ⁽⁶⁾	283	276

⁽¹⁾ Operating income/Total revenue

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

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

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

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

⁽⁶⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2025 and the year ended December 31, 2024.

**ADVOCATE HEALTH
OTHER FINANCIAL INFORMATION**

Sources of Patient Service Revenue

In the year ended December 31, 2025 and 2024, the composition of Advocate Health's patient service revenue by payor was as follows:

Payor Mix	Year Ended December 31, 2025	Year Ended December 31, 2024
Commercial	48 %	49 %
Medicare	30 %	31 %
Medicaid	19 %	16 %
Self-pay and other	3 %	4 %
	<u>100 %</u>	<u>100 %</u>

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

Unrestricted cash and investments

As of December 31, 2025 and 2024, the composition of Advocate Health's unrestricted cash and investments was as follows:

	December 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 2,508,839	\$ 2,026,581
Short term investments, excluding restricted assets	12,845	11,840
Long-term investments, excluding restricted assets limited as to use	25,444,789	22,420,281
Total unrestricted cash and investments	<u>\$ 27,966,473</u>	<u>\$ 24,458,702</u>

Long-Term Debt

As of December 31, 2025 and 2024, the composition of Advocate Health's debt was as follows:

	December 31, 2025		December 31, 2024	
Taxable Fixed Bonds	\$ 2,392,690	33%	\$ 2,392,690	32%
Tax-Exempt Fixed Rate Bonds	1,143,190	16%	1,208,120	16%
Tax-Exempt Variable Rate Bonds	1,939,580	26%	1,857,475	25%
Put Bonds	820,920	11%	938,610	13%
Commercial Paper	270,000	4%	270,000	4%
Finance Leases / Other Bank Debt	795,138	10%	781,448	10%
Total debt , excluding unamortized bond premiums and bond issuance costs	<u>\$ 7,361,518 100%</u>		<u>\$ 7,448,343 100%</u>	



ADVOCATE AURORA HEALTH, INC.

Introduction

Advocate Aurora Health Credit Group

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

Neither the Advocate Health JOC nor any of the AHI Enterprise Entities was a member of the AAH Obligated Group or a Restricted Affiliate on or prior to December 31, 2025 and, therefore, none of them had any obligation on or prior to that date to provide for the payment of any Obligation issued under the AAH Master Indenture.

In March 2026, the AAH Master Indenture was supplemented to add the Advocate Health JOC, and the three primary Wake Forest Baptist entities: Wake Forest University Baptist Medical Center, North Carolina Baptist Hospital and Wake Forest University Health Sciences, as members of the AAH Obligated Group. The Advocate Health JOC was appointed as the Obligated Group Agent, replacing AAH. The financial and other information in this report for AAH is presented as of and for the three months and years ended December 31, 2025 and 2024, prior to the effective date of this supplement.

Basis of Presentation

The accompanying consolidated financial statements for AAH as of and for the three months and years ended December 31, 2025 and 2024, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB. December 31, 2025 and 2024 information is derived from the audited financial statements and the quarter information is prepared by management.

Change in Reporting Entity

In 2025, Advocate Health JOC combined the operations of three of its captive insurance companies, including an AHI affiliate, in a subsidiary of AAH. As the combining entities were under common control, the 2024 consolidated financial statements were retrospectively adjusted to include the previously unconsolidated AHI affiliate. The 2024 balance sheet impact was an increase in total assets and total liabilities and net assets of approximately \$90,000, which primarily consisted of increases in assets limited as to use and other noncurrent liabilities. The 2024 statements of operations and changes in net assets impact was a decrease of \$3,700 in revenue in excess of expenses.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 304,990	\$ 733,229
Due from related party - centralized cash management arrangement	476,218	—
Assets limited as to use	183,210	179,057
Patient accounts receivable	2,187,133	2,009,794
Other current assets	2,049,483	1,086,141
Total current assets	<u>5,201,034</u>	<u>4,008,221</u>
Noncurrent assets		
Assets limited as to use	25,473,116	21,613,340
Property and equipment, net	6,395,432	6,079,747
Operating lease right-of-use assets	277,219	280,150
Other noncurrent assets	549,854	576,114
Total other assets	<u>32,695,621</u>	<u>28,549,351</u>
Total assets	<u>\$ 37,896,655</u>	<u>\$ 32,557,572</u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 462,253	\$ 343,589
Operating lease liabilities, current portion	61,712	67,961
Accrued salaries and employee benefits	1,270,602	1,400,664
Accounts payable and other accrued liabilities	2,432,691	1,536,878
Third-party payors payables	455,107	423,230
Total current liabilities	<u>4,682,365</u>	<u>3,772,322</u>
Noncurrent liabilities		
Long-term debt, less current portion	2,940,317	3,061,905
Operating lease liabilities, less current portion	263,532	249,594
Due to related party - investment pool	9,989,853	7,945,909
Other noncurrent liabilities	2,166,226	1,979,030
Total noncurrent liabilities	<u>15,359,928</u>	<u>13,236,438</u>
Total liabilities	20,042,293	17,008,760
Net assets		
Without donor restrictions		
Controlling interest	17,370,781	15,089,357
Noncontrolling interests in subsidiaries	217,324	203,353
Total net assets without donor restrictions	<u>17,588,105</u>	<u>15,292,710</u>
With donor restrictions	266,257	256,102
Total net assets	<u>17,854,362</u>	<u>15,548,812</u>
Total liabilities and net assets	<u>\$ 37,896,655</u>	<u>\$ 32,557,572</u>

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no material impact on previously reported 2024 net assets or revenues in excess of expenses due to the reclasses. See Introduction for changes related to a change in reporting entity.

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

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue				
Patient service revenue	\$ 4,064,583	\$ 3,711,945	\$ 15,490,841	\$ 14,127,471
Other revenue	709,428	645,605	2,755,528	2,734,028
Total revenue	4,774,011	4,357,550	18,246,369	16,861,499
Expenses				
Salaries, wages and benefits	2,579,074	2,444,567	10,194,774	9,538,896
Supplies and drugs	1,079,738	908,408	3,936,287	3,419,075
Purchased services and other	780,663	773,891	2,837,061	2,845,762
Depreciation and amortization	150,250	140,848	576,782	558,606
Interest	31,685	29,776	121,772	121,293
Total expenses	4,621,410	4,297,490	17,666,676	16,483,632
Operating income	152,601	60,060	579,693	377,867
Nonoperating income (loss)				
Investment income (loss), net	713,421	(49,888)	2,933,864	1,327,852
Other nonoperating (loss) income, net	(316,519)	17,991	(1,246,802)	(432,698)
Total nonoperating income (loss), net	396,902	(31,897)	1,687,062	895,154
Revenue in excess of expenses	549,503	28,163	2,266,755	1,273,021
Less income attributable to noncontrolling interests	(18,956)	(17,951)	(66,174)	(68,801)
Revenue in excess of expenses - attributable to controlling interest	\$ 530,547	\$ 10,212	\$ 2,200,581	\$ 1,204,220

(Continued)

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no material impact on previously reported 2024 net assets or revenues in excess of expenses due to the reclasses. See Introduction for changes related to a change in reporting entity.

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

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Net assets without donor restrictions, controlling interest				
Revenue in excess of expenses - attributable to controlling interest	\$ 530,547	\$ 10,212	\$ 2,200,581	\$ 1,204,220
Pension-related changes other than net periodic pension costs	65,264	49,567	80,333	56,068
Net assets released from restrictions for purchase of property and equipment	2,098	431	9,855	4,830
Other, net	8,076	(874)	(9,345)	(917)
Increase in net assets without donor restrictions, controlling interest	605,985	59,336	2,281,424	1,264,201
Net assets without donor restrictions, noncontrolling interests				
Revenues in excess of expenses	18,956	17,951	66,174	68,801
Distributions to noncontrolling interests	(10,795)	(11,044)	(52,203)	(57,030)
Increase in net assets without donor restrictions, noncontrolling interests	8,161	6,907	13,971	11,771
Net assets with donor restrictions				
Contributions	13,408	11,531	28,814	22,962
Investment income (loss), net	3,748	(1,561)	15,733	8,032
Net assets released from restrictions for operations	(11,488)	(5,000)	(24,537)	(13,183)
Net assets released from restrictions for purchase of property and equipment	(2,098)	(431)	(9,855)	(4,830)
Other, net	—	(1,330)	—	(1,330)
Increase in net assets with donor restrictions	3,570	3,209	10,155	11,651
Increase in net assets	617,716	69,452	2,305,550	1,287,623
Net assets at beginning of period	17,236,646	15,479,360	15,548,812	14,261,189
Net assets at end of period	\$ 17,854,362	\$ 15,548,812	\$ 17,854,362	\$ 15,548,812

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no material impact on previously reported 2024 net assets or revenues in excess of expenses due to the reclasses. See Introduction for changes related to a change in reporting entity.

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

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Cash flows from operating activities				
Increase in net assets	\$ 617,716	\$ 69,452	\$ 2,305,550	\$ 1,287,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation, amortization and accretion	147,880	138,072	567,203	547,503
Noncash lease expense	15,764	15,027	66,048	65,417
Gain on sale of disposal group	—	—	—	(88,163)
Pension-related changes other than net periodic pension cost	(65,264)	(49,567)	(80,333)	(56,068)
Distribution to noncontrolling interests	10,795	1,173	62,074	54,483
Distribution from unconsolidated entities	1,501	2,228	8,224	8,727
Other	(53,395)	(1,418)	(21,482)	14,324
Changes in operating assets and liabilities				
Trading securities, net	(1,022,491)	(573,430)	(3,859,801)	(9,693,249)
Patient accounts receivable	(115,799)	(61,689)	(177,339)	(103,047)
Third-party payors receivables and payables, net	205,692	(25,719)	36,806	82,492
Due to related party	396,710	249,589	2,114,832	7,881,787
Other assets and liabilities, net	127,062	283,946	70,455	473,574
Net cash provided by operating activities	<u>266,171</u>	<u>47,664</u>	<u>1,092,237</u>	<u>475,403</u>
Cash flows from investing activities				
Capital expenditures	(316,974)	(177,278)	(905,472)	(681,508)
Net transfers to related party under centralized cash management arrangement	161,436	—	(476,218)	—
Cash received from sale of disposal group	—	—	—	184,298
Investments in unconsolidated entities, net	(342)	(7,255)	(1,758)	(11,009)
Purchases of investments designated as non-trading	(20,907)	(20,769)	(37,935)	(46,766)
Sales of investments designated as non-trading	20,860	20,741	37,961	46,896
Other	(4,843)	35	(1,606)	87
Net cash used in investing activities	<u>(160,770)</u>	<u>(184,526)</u>	<u>(1,385,028)</u>	<u>(508,002)</u>
Cash flows from financing activities				
Repayments of debt	(249,242)	(23,377)	(447,101)	(124,403)
Proceeds from issuance of debt	—	—	400,000	70,006
Distribution to noncontrolling interests	(10,795)	(1,173)	(62,074)	(54,483)
Other	59	27	(26,273)	360
Net cash used in financing activities	<u>(259,978)</u>	<u>(24,523)</u>	<u>(135,448)</u>	<u>(108,520)</u>
Net decrease in cash and cash equivalents	(154,577)	(161,385)	(428,239)	(141,119)
Cash and cash equivalents at beginning of period	459,567	894,614	733,229	874,348
Cash and cash equivalents at end of period	<u>\$ 304,990</u>	<u>\$ 733,229</u>	<u>\$ 304,990</u>	<u>\$ 733,229</u>
Supplemental disclosures of noncash information				
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 60,664	\$ 7,752	\$ 132,538	\$ 44,510

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2025 presentation. Thus, certain December 31, 2024 balance sheet amounts as well as certain year ended December 31, 2024 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no material impact on previously reported 2024 net assets or revenues in excess of expenses due to the reclasses. See Introduction for changes related to a change in reporting entity.

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS

	Three Months Ended,	
	December 31, 2025	December 31, 2024
Operating Performance		
Operating margin ⁽¹⁾	3.2%	1.4%
Operating cash flow margin ⁽²⁾	7.0%	5.3%
Excess margin ⁽³⁾	10.6%	0.7%
EBIDA margin ⁽⁴⁾	15.3%	4.6%
	Year Ended,	
	December 31, 2025	December 31, 2024
Operating Performance		
Operating margin ⁽¹⁾	3.2%	2.2%
Operating cash flow margin ⁽²⁾	7.0%	6.3%
Excess margin ⁽³⁾	11.4%	7.2%
EBIDA margin ⁽⁴⁾	16.3%	11.6%
	As of December 31, 2025	As of December 31, 2024
	Leverage and Liquidity	
Debt to capitalization ⁽⁵⁾	16.2%	18.2%
Cash to debt ⁽⁶⁾	466%	407%
Days cash on hand ⁽⁷⁾	338	318
Debt service coverage ratio - trailing 12-month	6.7x	5.0x

⁽¹⁾ Operating income/Total revenue

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

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

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

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

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

⁽⁷⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses for the year ended December 31, 2025 and the year ended December 31, 2024.

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands)

	Year Ended December 31, 2025
Debt Service Coverage	
Revenue in excess of expenses- attributable to controlling interest	\$ 2,200,581
Adjustments:	
Depreciation and amortization expense	576,782
Interest expense	121,772
Unrealized gain on investments	(1,709,934)
Unrealized loss on interest rate swap obligation	3,163
Total income available for debt service	<u>1,192,364</u>
Debt service requirement	177,606
Historical debt service coverage ratio	6.7
Days Cash on Hand	
Cash and cash equivalents	\$ 304,990
Due from related party - centralized cash management arrangement	476,218
Assets limited as to use, current	183,210
Assets limited as to use, noncurrent	25,473,116
Less: Due to related party - investment pool	9,989,853
Less: Restricted funds	602,832
Unrestricted cash and investments	<u>15,844,849</u>
Operating expenses	17,666,676
Less: Depreciation and amortization	576,782
Adjusted operating expenses	<u>17,089,894</u>
Number of days in period	365
Operating expense per day	<u>46,822</u>
Days cash on hand	338

(Continued)

ADVOCATE AURORA HEALTH, INC.
KEY FINANCIAL RATIOS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands)

Debt to Capitalization	Year Ended December 31, 2025
Debt	
Long-term debt, current portion	\$ 462,253
Long-term debt, less current portion	2,940,317
Total debt	<u>3,402,570</u>
Capitalization	
Total debt	3,402,570
Total net assets without donor restrictions	<u>17,588,105</u>
Total capitalization	20,990,675
Debt to capitalization	16.2 %

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

Utilization Statistics

A summary of certain utilization statistics for AAH for the three months and years ended December 31, 2025 and 2024 are set forth in the table below.

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Change	% Change
Historical Utilization Statistics				
Discharges	71,496	68,783	2,713	3.9 %
Observation Cases	19,659	20,541	(882)	(4.3)%
Patient Days	352,020	345,257	6,763	2.0 %
Hospital Outpatient Visits	1,287,999	1,231,159	56,840	4.6 %
Physician Visits	3,017,732	2,925,594	92,138	3.1 %
Home Care Visits	249,271	231,907	17,364	7.5 %
Capitated Member Lives ⁽¹⁾	171,372	215,938	(44,566)	(20.6)%

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change
Historical Utilization Statistics				
Discharges	281,888	268,119	13,769	5.1 %
Observation Cases	79,881	83,291	(3,410)	(4.1)%
Patient Days	1,403,193	1,356,560	46,633	3.4 %
Hospital Outpatient Visits	5,075,683	4,809,829	265,854	5.5 %
Physician Visits	11,661,357	11,254,515	406,842	3.6 %
Home Care Visits	977,928	889,189	88,739	10.0 %

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

Sources of Patient Service Revenue

In the three months and years ended December 31, 2025 and 2024, the composition of the AAH System's patient service revenue by payor was as follows:

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
Payor Mix				
Commercial	53 %	54 %	52 %	53 %
Medicare	32 %	32 %	32 %	32 %
Medicaid	12 %	11 %	13 %	12 %
Self-pay and Other	3 %	3 %	3 %	3 %
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

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

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

As of December 31, 2025, AAH employed approximately 86,100 individuals (approximately 72,200 FTE's). Approximately 0.7% of AAH employees are represented by collective bargaining groups.

As of December 31, 2025, AAH employed approximately 4,500 physicians (3,900 FTE's) and approximately 2,300 FTE advanced practice clinicians. As of December 31, 2025, there were approximately 9,000 individuals on the active medical staffs of AAH hospitals. Approximately 87% of the members of the active medical staff are board certified specialists.



THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY
Introduction

Atrium Health CMHA Combined Group

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

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

Basis of Presentation

The accompanying financial statements and highlights reflect the financial position and results of operations of the CMHA Combined Group as of and for the years ended December 31, 2025 and 2024. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by GASB, and are derived from the audited financial statements.

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

	Year Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2025
Revenue			
Patient service revenue	\$ 8,123,784	\$ 8,899,994	\$ 9,922,173
Other revenue	1,048,335	1,314,477	1,782,480
Total revenue	<u>9,172,119</u>	<u>10,214,471</u>	<u>11,704,653</u>
Expenses			
Salaries, wages and benefits	4,921,584	5,336,393	6,020,023
Other expenses	3,247,770	3,731,539	4,442,134
Depreciation and amortization	478,796	510,527	534,513
Total expenses	<u>8,648,150</u>	<u>9,578,459</u>	<u>10,996,670</u>
Operating income	523,969	636,012	707,983
Nonoperating income			
Interest expense	(136,097)	(129,317)	(129,637)
Investment income, net	746,947	640,788	947,553
Other nonoperating (loss) income, net	(74,946)	186,787	79,126
Total nonoperating income, net	<u>535,904</u>	<u>698,258</u>	<u>897,042</u>
Excess of revenue over expenses of the Combined Group before contributions	\$ 1,059,873	\$ 1,334,270	\$ 1,605,025
Adjustment to exclude net revenue of affiliates that are members of the Combined Group but not part of the Primary Enterprise	(28,802)	(36,360)	(63,395)
Adjustment to include net revenue of affiliates that are not members of the Combined Group but part of the Primary Enterprise	<u>21,367</u>	<u>10,795</u>	<u>116,206</u>
Excess of revenue over expenses of the Primary Enterprise before contributions	<u>\$ 1,052,438</u>	<u>\$ 1,308,705</u>	<u>\$ 1,657,836</u>

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEET
(in thousands)

	December 31, 2025
Assets	
Current assets	
Cash and cash equivalents	\$ 818,171
Short term investments	38,972
Assets limited as to use	12,186
Patient accounts receivable, net	1,256,047
Other current assets	411,986
Total current assets	2,537,362
Other assets	
Assets limited as to use	7,723,922
Property and equipment, net	5,516,195
Right-of-use assets	638,712
Other noncurrent assets	762,988
Total other assets	14,641,817
Total assets	17,179,179
Deferred outflows of resources	213,081
Total assets and deferred outflows of resources	\$ 17,392,260
Liabilities	
Current liabilities	
Long-term debt, current portion	\$ 1,008,931
Lease liabilities, current portion	80,673
Accrued salaries and employee benefits	919,807
Accounts payable and other accrued liabilities	548,306
Due to related party - centralized cash management arrangement	210,951
Third-party payors payables	245,807
Total current liabilities	3,014,475
Noncurrent liabilities	
Long-term debt, less current portion	1,668,136
Lease liabilities, less current portion	678,355
Other noncurrent liabilities	886,003
Total noncurrent liabilities	3,232,494
Total liabilities	6,246,969
Deferred inflows of resources	234,691
Net position	
Net investment in capital assets	2,566,608
Restricted, by donor	584,027
Unrestricted	7,759,965
Total net position	10,910,600
Total liabilities, deferred inflows of resources and net position	\$ 17,392,260

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

	Year Ended December 31, 2025
Revenue	
Patient service revenue	\$ 9,922,173
Other revenue	1,782,480
Total revenue	11,704,653
Expenses	
Salaries, wages and benefits	6,020,023
Supplies and drugs	2,821,511
Purchased services and other expenses	1,620,623
Depreciation and amortization	534,513
Total expenses	10,996,670
Operating income	707,983
Nonoperating income	
Interest expense	(129,637)
Investment income, net	947,553
Other nonoperating income, net	79,126
Total nonoperating income, net	897,042
Excess of revenue over expenses and losses before capital and other contributions	\$ 1,605,025
Changes in net position	
Capital and other contributions	14,933
Changes in net position	1,619,958
Net position, beginning of year	9,290,642
Net position, end of year	\$ 10,910,600

THE CMHA COMBINED GROUP

Management's Discussion and Analysis of Results of Operations

Year Ended December 31, 2025 Compared with Year Ended December 31, 2024

For the year ended December 31, 2025, revenue exceeded expenses by \$1,605,025, which resulted in a \$270,755 increase in excess revenue from the prior year, primarily driven by higher income from operations and investment income. Operating income for the Combined Group was \$707,983 in 2025, an increase of \$71,971 from the prior year. The Combined Group's operating earnings before interest and depreciation and amortization (operating EBIDA) percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and amortization, divided by total operating revenue) was 10.6% in 2025. Net nonoperating income for 2025 was \$897,042 compared to net nonoperating income of \$698,258 in 2024. The increase was a result of investment returns primarily associated with units held in the Advocate Health investment pool offset by less grant revenues related to Federal Emergency Management Agency (FEMA) than in the prior year.

Total operating revenue increased 14.6% to \$11,704,653 largely due to increases in patient volumes, service line expansions and new healthcare operations, growth in retail pharmacy sales, and higher net reimbursement, including higher Medicaid supplemental program funding. Discharges, surgeries, emergency room visits and Medical Group visits all increased from 2024. Other operating revenue increased 35.6% to \$1,782,480 due primarily to the growth in retail pharmacy sales.

Total operating expenses increased 14.8% to \$10,996,670. Salaries, wages and benefits increased 12.8% to \$6,020,023, due to increases in clinical personnel to support higher patient volumes, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased to \$4,442,134 primarily due to increases in patient volumes, higher Medicaid supplemental program assessments, retail pharmacy growth, and inflationary cost increases in drugs, supplies and services.

Unrestricted cash and investments for the Combined Group increased from \$7,252,278 at December 31, 2024 to \$7,664,603 at December 31, 2025 driven primarily by cash earned from operating performance and net gains on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 267 days at December 31, 2025. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt, including current portion, as the numerator and the outstanding principal amount of long-term debt, including current portion, plus total unrestricted net position, which includes unrestricted plus net investment in capital assets, as the denominator) decreased to 20.6% at December 31, 2025 as total unrestricted net position increased to \$10,326,573. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) increased to 49.9 days as of December 31, 2025, compared to 48.8 days as of December 31, 2024.

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

For the year ended December 31, 2024, revenue exceeded expenses by \$1,334,270, which resulted in a \$274,397 increase in excess revenue from the prior year, primarily driven by higher income from operations and the 2024 recognition of FEMA proceeds. Operating income for the Combined Group was \$636,012 in 2024, an increase of \$112,043 from the prior year. The Combined Group's operating EBIDA percentage (defined as the sum of operating income, which excludes interest expense, plus depreciation and

amortization, divided by total operating revenue) was 11.2% in 2024. Net nonoperating income for 2024 was \$698,258 compared to a net nonoperating income of \$535,904 in 2023. The increase was a result of the recognition of \$200,000 of FEMA proceeds to reimburse CMHA for labor costs incurred during the COVID-19 pandemic.

Total operating revenue increased 11.4% to \$10,214,471 largely due to increases in patient volumes, service line expansions and new healthcare operations, growth in retail pharmacy sales, and higher net reimbursement, including higher Medicaid supplemental program funding. Discharges, surgeries, emergency room visits and Medical Group visits all increased from 2023. Other operating revenue increased 25.4% to \$1,314,477 due to the growth in retail pharmacy sales.

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

Unrestricted cash and investments for the Combined Group increased from \$6,782,317 at December 31, 2023 to \$7,252,278 at December 31, 2024 driven primarily by cash earned from operating performance and net gain on investments. Days cash on hand (calculated using unrestricted and internally designated cash plus investments as the numerator and total operating expenses minus depreciation and amortization divided by the number of days in the period as the denominator) was 274 days at December 31, 2024. Debt-to-capitalization ratio (calculated using the outstanding principal amount of long-term debt, including current portion, as the numerator and the outstanding principal amount of long-term debt, including current portion, plus total unrestricted net position, which includes unrestricted plus net investment in capital assets, as the denominator) decreased to 23.8% at December 31, 2024 as total unrestricted net position increased to \$8,753,675. Net days in accounts receivable (calculated as patient accounts receivable, net as the numerator and a rolling three months of net patient service revenue divided by the number of days in the period as the denominator) decreased to 48.8 days as of December 31, 2024, compared to 51.3 days as of December 31, 2023.

Third Party Reimbursement and Sources of Payment

The sources of the Combined Group's gross patient revenue by type of payor, expressed as percentages of total gross patient revenue, for the three years ended December 31, 2023, 2024 and 2025 were as follows:

	Year Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2025
Medicare	41 %	41 %	41 %
Medicaid	16 %	17 %	18 %
Commercial	35 %	36 %	34 %
Self Pay	5 %	3 %	4 %
Other	3 %	3 %	3 %
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Historic Debt Service Coverage

The following table presents the Combined Group's Historic Long-Term Debt Service Coverage Ratio (as such term is defined in the Bond Order) for the year ended December 31, 2025. The debt service coverage ratio presented below measures how many times the Combined Group's Income Available for Debt Service (as such term is defined in the Bond Order) would have covered the Long-Term Debt Service Requirement (as such term is defined in the Bond Order) on all Bonds outstanding under the Bond Order during the year ended December 31, 2025. Historic Long-Term Debt Service Coverage Ratio for the Combined Group is as follows (dollars in thousands):

	Year Ended December 31, 2025
Excess of revenue over expenses	\$ 1,605,025
Exclude:	
Depreciation and amortization	534,513
Interest expense	129,637
Unrealized net gain on investments and other assets	(937,543)
Income Available for Debt Service	<u>\$ 1,331,632</u>
Long-Term Debt Service Requirement	<u>\$ 132,376</u>
Historic Long-term Debt Service Coverage Ratio	10.06

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Health Facilities

The following table describes the number of licensed beds, beds in service, level of care and location of the CMHA Combined Group’s medical group division, principal inpatient facilities, home health operations and palliative and hospice care operations as of December 31, 2025, except as otherwise noted:

	Licensed Beds	Beds In Service	Level of Care	Location
Combined Group:				
Medical Group Division ⁽¹⁾	—	—	Primary and Specialty Physician Care	Throughout the Region
Carolinas Medical Center	652	652	Quaternary/Tertiary	Charlotte, NC
Levine Children’s Hospital	229	229	Quaternary/Tertiary	Charlotte, NC
Atrium Health Behavioral Health - Charlotte	66	66	Mental Health	Charlotte, NC
Atrium Health Behavioral Health - Davidson	66	66	Mental Health	Charlotte, NC
Atrium Health Mercy ⁽²⁾	207	207	Tertiary/Acute	Charlotte, NC
Atrium Health Cabarrus	457	457	Tertiary/Acute	Concord, NC
Atrium Health Pineville	379	379	Tertiary/Acute	Pineville, NC
Atrium Health Cleveland	241	197	Acute	Shelby, NC
Atrium Kings Mountain ⁽³⁾	47	33	Acute/Swing	Kings Mountain, NC
	14	14	Mental Health	Kings Mountain, NC
	6	6	Chemical Dependency	Kings Mountain, NC
Atrium Health Union	142	142	Acute	Monroe, NC
Atrium Health Union West ⁽⁴⁾	48	48	Acute	Matthews, NC
Atrium Health University City	117	117	Acute	Charlotte, NC
Atrium Health Lake Norman ⁽⁵⁾	33	33	Acute	Cornelius, NC
Atrium Health Lincoln	101	101	Acute	Lincolnton, NC
Atrium Health Stanly	97	97	Acute	Albemarle, NC
	12	12	Mental Health	Albemarle, NC
Atrium Health Anson	15	15	Acute/Swing	Wadesboro, NC
Carolinas Rehabilitation - Charlotte	72	72	Rehabilitative	Charlotte, NC
Carolinas Rehabilitation - Mount Holly	40	40	Rehabilitative	Mount Holly, NC
Carolinas Rehabilitation - Concord	38	38	Rehabilitative	Concord, NC
Huntersville Oaks	168	168	Long-Term	Huntersville, NC
Sardis Oaks	124	124	Long-Term	Charlotte, NC
Cleveland Pines	120	120	Long-Term	Shelby, NC
Jesse Helms Nursing Center	70	70	Long-Term	Monroe, NC
Stanly Manor	90	90	Long-Term	Albemarle, NC
Carolinas Palliative Care and Hospice Network	50	50	Palliative Care and Hospice Services	Throughout the Region
Atrium Health at Home	—	—	Home Health	Throughout the Region
Subtotals	<u>3,701</u>	<u>3,643</u>		

THE CMHA COMBINED GROUP SUMMARY OF FACILITIES

Summary of CMHA Combined Group Facilities Footnotes:

- (1) Includes physician practices of Carolinas Physician Network.
- (2) Atrium Health Mercy is a facility of Carolinas Medical Center.
- (3) Atrium Health Kings Mountain is a facility of Atrium Health Cleveland.
- (4) Atrium Health Union West is a facility of Atrium Health Union.
- (5) Atrium Health Lake Norman is a facility of Atrium Health University City.

**THE CMHA COMBINED GROUP
UTILIZATION STATISTICS**

	Year Ended December 31, 2023	Year Ended December 31, 2024	Year Ended December 31, 2025
Medical Group			
Practice locations	536	540	548
Total Physicians	1,838	1,909	2,028
Patient visits (including faculty)	6,246,537	6,543,212	6,981,363
Total Acute Care Facilities			
Licensed beds	2,662	2,714	2,765
Beds in service	2,600	2,650	2,707
Average daily census	2,378	2,538	2,613
Percentage occupancy of licensed beds	89.3 %	93.5 %	94.5 %
Percentage occupancy of beds in service	91.5 %	95.8 %	96.5 %
Patient days (excluding newborn)	867,801	928,750	953,613
Adjusted patient days (excluding newborn)	1,965,900	2,120,849	2,208,276
Average length of stay	5.82	5.85	5.78
Discharges	149,001	158,804	164,946
Adjusted discharges (excluding newborn)	343,732	369,467	387,784
Emergency room visits	783,923	796,381	828,842
Surgical Procedures	103,575	108,436	110,617
Newborn deliveries	17,093	18,256	19,181

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



ATRIUM HEALTH WAKE FOREST BAPTIST

Introduction

Atrium Health Wake Forest Baptist Combined Group

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

As of December 31, 2025, WFUBMC, NCBH and WFUHS were the members of the “Obligated Group” (the “WFB Obligated Group”) created under a Master Trust Indenture, dated as of March 1, 2010 (as supplemented and amended, the “WFB Master Indenture”), between NCBH and The Bank of New York Mellon Trust Company, N.A., as master trustee. The members of the WFB Obligated Group were jointly and severally liable on any “Obligations” issued under the WFB Master Indenture. The WFB Master Indenture authorized the creation of a “Combined Group” (the “WFB Combined Group”), which consisted of the members of the WFB Obligated Group and all “Designated Members.” Wake Forest University was not a member of the WFB Obligated Group or a part of Wake Forest Baptist and was not directly or indirectly obligated to pay amounts due with respect to Obligations issued under the WFB Master Indenture.

None of the Advocate Health JOC, AAH System Entities, or CMHA or any of its affiliates were members of the WFB Combined Group on or prior to December 31, 2025 and, therefore, none of them had any obligation to provide for the payment of any Obligation issued under the WFB Master Indenture.

In March 2026, the WFB Master Indenture was replaced and WFUBMC, NCBH and WFUHS became Members of the Obligated Group under the AAH Master Indenture. The Advocate Health JOC was appointed as the Obligated Group Agent, replacing AAH. Additionally, substitute Obligations were issued under the AAH Master Indenture for each Obligation outstanding under the WFB Master Indenture. The financial and other information presented in this report reflects the Atrium Health Wake Forest Baptist Combined Group as of and for the years ended December 31, 2025 and 2024, prior to the effective date of the replacement of the WFB Master Indenture.

Basis of Presentation

The accompanying combining financial statements reflect the financial position and results of operations of Atrium Health Wake Forest Baptist and the WFB Combined Group as of and for the years ended December 31, 2025 and 2024. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB and are derived from the audited financial statements.

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

	December 31, 2025			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets				
Current assets				
Cash and cash equivalents	\$ 234,652	\$ (28,981)	\$ —	\$ 205,671
Due from/(to) related party - centralized cash management arrangement	282,768	(9,702)	—	273,066
Assets limited as to use	1,570	(1,570)	—	—
Patient accounts receivable	507,094	(31,879)	—	475,215
Other current assets	285,917	208,918	—	494,835
Total current assets	<u>1,312,001</u>	<u>136,786</u>	<u>—</u>	<u>1,448,787</u>
Noncurrent assets				
Assets limited as to use	2,626,951	(177,364)	—	2,449,587
Property and equipment, net	1,887,461	(151,556)	—	1,735,905
Operating lease right-of-use assets	200,632	(43,233)	—	157,399
Other noncurrent assets	141,077	(53,394)	160,968	248,651
Total noncurrent assets	<u>4,856,121</u>	<u>(425,547)</u>	<u>160,968</u>	<u>4,591,542</u>
Total assets	<u>\$ 6,168,122</u>	<u>\$ (288,761)</u>	<u>\$ 160,968</u>	<u>\$ 6,040,329</u>
Liabilities				
Current liabilities				
Long-term debt, current portion	\$ 308,052	\$ (1,060)	\$ —	\$ 306,992
Operating lease liabilities, current portion	46,370	(10,597)	—	35,773
Accrued salaries and employee benefits	482,606	(29,302)	—	453,304
Accounts payable and other accrued liabilities	286,110	(17,661)	—	268,449
Third-party payors payables	39,141	(1,072)	—	38,069
Total current liabilities	<u>1,162,279</u>	<u>(59,692)</u>	<u>—</u>	<u>1,102,587</u>
Noncurrent liabilities				
Long-term debt, less current portion	674,418	(22,103)	—	652,315
Operating lease liabilities, less current portion	160,331	(34,316)	—	126,015
Other noncurrent liabilities	355,497	(1,789)	—	353,708
Total noncurrent liabilities	<u>1,190,246</u>	<u>(58,208)</u>	<u>—</u>	<u>1,132,038</u>
Total liabilities	<u>2,352,525</u>	<u>(117,900)</u>	<u>—</u>	<u>2,234,625</u>
Net assets				
Without donor restrictions				
Controlling interest	3,289,796	(173,794)	160,808	3,276,810
Noncontrolling interests in subsidiaries	1,410	—	(1,410)	—
Total net assets without donor restrictions	<u>3,291,206</u>	<u>(173,794)</u>	<u>159,398</u>	<u>3,276,810</u>
With donor restrictions	<u>524,391</u>	<u>2,933</u>	<u>1,570</u>	<u>528,894</u>
Total net assets	<u>3,815,597</u>	<u>(170,861)</u>	<u>160,968</u>	<u>3,805,704</u>
Total liabilities and net assets	<u>\$ 6,168,122</u>	<u>\$ (288,761)</u>	<u>\$ 160,968</u>	<u>\$ 6,040,329</u>

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

	Year Ended December 31, 2025			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Revenue				
Patient service revenue	\$ 5,054,154	\$ (398,872)	\$ —	\$ 4,655,282
Other revenue	1,462,094	(13,958)	—	1,448,136
Total revenue	6,516,248	(412,830)	—	6,103,418
Expenses				
Salaries, wages and benefits	3,349,685	(247,709)	—	3,101,976
Supplies and drugs	1,503,690	(70,581)	—	1,433,109
Purchased services and other	1,184,543	(109,109)	—	1,075,434
Depreciation and amortization	158,038	(19,046)	—	138,992
Interest	36,554	(1,679)	—	34,875
Total expenses	6,232,510	(448,124)	—	5,784,386
Operating income	283,738	35,294	—	319,032
Nonoperating income (loss)				
Investment income, net	237,468	(16,895)	—	220,573
Inherent contribution for acquisition	126,468	—	—	126,468
Other nonoperating (loss) income, net	(8,095)	772	(1,284)	(8,607)
Total nonoperating income (loss), net	355,841	(16,123)	(1,284)	338,434
Revenue in excess of expenses	639,579	19,171	(1,284)	657,466
Less loss attributable to noncontrolling interests	7,974	—	(7,974)	—
Revenue in excess of expenses - attributable to controlling interest	\$ 647,553	\$ 19,171	\$ (9,258)	\$ 657,466

(Continued)

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

	Year Ended December 31, 2025			
	Atrium Health Wake Forest Baptist	Non-Designated Entities	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Net assets without donor restrictions, controlling interest				
Revenue in excess of expenses - attributable to controlling interest	\$ 647,553	\$ 19,171	\$ (9,258)	\$ 657,466
Pension-related changes other than net periodic pension costs	10,484	(332)	—	10,152
Other, net	(30,188)	(81,824)	87,517	(24,495)
Increase (decrease) in net assets without donor restrictions, controlling interest	627,849	(62,985)	78,259	643,123
Net assets without donor restrictions, noncontrolling interests				
Revenue (less than) in excess of expenses - attributable to noncontrolling interests	(7,974)	—	7,974	—
(Decrease) increase in net assets without donor restrictions, noncontrolling interests	(7,974)	—	7,974	—
Net assets with donor restrictions				
Contributions	306,563	2,869	—	309,432
Investment income, net	46,796	—	—	46,796
Net assets released from restrictions for operations	(290,453)	1,691	—	(288,762)
Other, net	(61,657)	(1,591)	1,570	(61,678)
Increase in net assets with donor restrictions	1,249	2,969	1,570	5,788
Increase (decrease) in net assets	621,124	(60,016)	87,803	648,911
Net assets at beginning of period	3,194,473	(110,845)	73,165	3,156,793
Net assets at end of period	\$ 3,815,597	\$ (170,861)	\$ 160,968	\$ 3,805,704

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

Liquidity

The following table sets forth, as of December 31, 2025, and December 31, 2024, the WFB Combined Group's operating cash, Board-designated funds for capital expansion and short-term investments. Excluded are trustee-held funds, donor restricted funds and pension assets. All investments are shown at market value. The WFB Master Indenture required the WFB Combined Group to maintain a Liquidity Ratio (defined as the ratio of Unrestricted Cash⁽¹⁾ to the outstanding principal amount of all Long-Term Indebtedness) of 0.50 or higher.

	<u>12/31/2025</u>	<u>12/31/2024</u>
Cash and cash equivalents	\$ 205,671	\$ 451,196
Due from related party - centralized cash management arrangement	273,066	—
Assets limited as to use (unrestricted)	1,995,107	1,741,045
Total cash and unrestricted investments ⁽¹⁾	<u>\$ 2,473,844</u>	<u>\$ 2,192,241</u>
Bonds payable	\$ 751,303	\$ 777,982
Notes payable and capital leases	208,004	213,546
Long-Term Indebtedness	<u>\$ 959,307</u>	<u>\$ 991,528</u>
Liquidity Ratio	258%	221%
Days Cash on Hand ⁽²⁾	144	168

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

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

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

Debt-to-Capitalization

The capitalization for the WFB Combined Group as of December 31, 2025 and 2024, is set forth in the following table.

	<u>12/31/2025</u>	<u>12/31/2024</u>
Bonds Payable	\$ 751,303	\$ 777,982
Notes Payable and capital leases	208,004	213,546
Total Long-Term Debt	959,307	991,528
Less Current Portion	(306,992)	(231,117)
Total Long-Term Debt, net of current	652,315	760,411
Unrestricted Net Assets	3,276,810	2,487,369
Total Capitalization	<u>3,929,125</u>	<u>3,247,780</u>
Total Debt as a % of Total Capitalization	16.6%	23.4%

Debt Service Coverage Ratio

The WFB Combined Group's historical Coverage Ratio (calculated upon actual annual debt service) for the years ended December 31, 2025 and 2024 is set forth in the following table. The Coverage Ratio for each year is the ratio determined by dividing Income Available for Debt Service (as defined in the WFB Master Indenture) for such year by the Annual Debt Service Requirement (as defined in the WFB Master Indenture) for such year. The WFB Master Indenture required the WFB Combined Group to maintain a Coverage Ratio of 1.20 or higher during each year, but did not obligate the WFB Combined Group to meet or exceed any maximum annual debt service coverage ratio.

	<u>Year Ended</u> <u>12/31/2025</u>	<u>Year Ended</u> <u>12/31/2024</u>
Operating Income	\$ 319,032	\$ 148,607
Interest and Dividend Income	17,772	5,328
Depreciation and Amortization	138,992	126,981
Financing Costs	34,875	30,246
Income Available for Debt Service	<u>510,671</u>	<u>311,162</u>
Actual Debt Service	65,992	63,151
Debt Service Coverage Ratio	7.7	4.9

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

Utilization

The utilization of services at the WFB Combined Group's acute care facilities for the years ended December 31, 2025 and 2024 is summarized below:

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change	% Change
Number of Beds:				
Licensed	1,380	1,380	—	—%
Operational	1,304	1,278	26	2.0%
Average Daily Census	1,040	972	68	7.0%
Percent Occupancy				
Licensed Beds	75.4%	70.4%	5.0%	7.1%
Operational Beds	79.7%	76.0%	3.7%	4.9%
Case Mix Adjusted Equivalent Discharges	345,680	324,412	21,268	6.6%
Patient Days	379,631	355,712	23,919	6.7%
Inpatient Admissions	72,466	68,041	4,425	6.5%
Average Length of Stay	5.24	5.73	(0.49)	(8.6)%
Inpatient Operating Room Cases	19,024	19,439	(415)	(2.1)%
Outpatient Operating Room Cases	46,264	44,432	1,832	4.1%
Total Operating Room Cases	65,288	63,871	1,417	2.2%
Emergency Department Visits	226,685	216,826	9,859	4.5%
Case Mix Index (all payors using Medicare weights)	1.8363	1.8591	(0.0228)	(1.2)%
RVUs	12,521,248	11,062,428	1,458,820	13.2%
Outpatient Visits	3,270,319	2,123,697	1,146,622	54.0%

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

The sources of gross patient revenue by payor for the WFB Combined Group expressed as a percentage of gross patient revenue for the years ended December 31, 2025 and 2024 were as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Payor Mix		
Medicare	45 %	45 %
Medicaid	18 %	17 %
Commercial	30 %	31 %
Self Pay	4 %	2 %
Other	3 %	5 %
	<u>100 %</u>	<u>100 %</u>