



**Atrium Health**

# The Charlotte-Mecklenburg Hospital Authority (Atrium Health CMHA)

Basic Financial Statements and Other Financial Information  
As of and for the Year Ended December 31, 2025

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY**  
**(Atrium Health CMHA)**  
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## **Report of Independent Auditors**

The Board of Directors  
Advocate Health, Inc.

### **Opinions**

We have audited the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of The Charlotte-Mecklenburg Hospital Authority (Atrium Health CMHA, the Organization), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component unit of Atrium Health CMHA, at December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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 opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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



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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 financial statement.

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 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 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 the Organization'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 financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), Schedule of Changes in Net Pension Liability and Related Ratios - Atrium Health Charlotte Defined Benefit Plan (unaudited), Schedule of Pension Contributions - Atrium Health Charlotte Defined Benefit Plan (unaudited), Schedule of Pension Plan Investment Returns - Atrium Health Charlotte Defined Benefit Plan (unaudited), Schedule of Changes in Net Pension Liability and Related Ratios - Atrium Health Navicent Defined Benefit Plan (unaudited), Schedule of Pension Contributions - Atrium Health Navicent Defined Benefit Plan (unaudited), Schedule of Pension Plan Investment Returns - Atrium Health Navicent Defined Benefit Plan (unaudited), Schedule of Changes in Net Pension Liability and Related Ratios - Atrium Health Floyd Defined Benefit Plan (unaudited), Schedule of Pension Contributions - Atrium Health Floyd Defined Benefit Plan (unaudited), Schedule of Pension Plan Investment Returns - Atrium Health Floyd Defined Benefit Plan (unaudited) under Governmental Accounting Standard 68 and 67, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Atrium Health CMHA's basic financial statements. The supplementary combining information of Atrium Health CMHA (including CMHA Combined Group, Atrium Health Navicent and Atrium Health Floyd) are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other information**

Management is responsible for the other information. The other information comprises the Atrium Health CMHA Annual Disclosure Statements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Ernst + Young LLP*

April 7, 2026

# THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY

(Atrium Health CMHA)

Management's Discussion and Analysis - Unaudited

December 31, 2025

(in thousands)

This Management's Discussion and Analysis provides an overview of the financial position and results of activities of The Charlotte-Mecklenburg Hospital Authority (CMHA, Atrium Health CMHA) for the years ended December 31, 2025 and 2024. Atrium Health CMHA follows guidance from the Governmental Accounting Standards Board (GASB) as it is a governmental entity. This discussion and analysis has been prepared by management and is required supplemental information to the basic financial statements of Atrium Health CMHA and the notes that follow this section. Except as otherwise noted, the financial highlights in this analysis refer exclusively to Atrium Health CMHA's Primary Enterprise as described in note 1 of the notes to the basic financial statements, including Atrium Health Charlotte, Atrium Health Navicent and Atrium Health Floyd.

Certain information set forth in the following discussion contains "forward-looking statements" regarding the future oriented financial information, business plans and the future performance of Atrium Health CMHA and the health care industry that are based on the beliefs and assumptions of the management of Atrium Health CMHA and the information available to management at the time that these disclosures were prepared. Words such as "expects," "plans," "believes," "will" and other similar expressions are intended to identify these forward-looking statements. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Actual results may differ materially from those expressed in or implied by any forward-looking statements. Atrium Health CMHA undertakes no obligation to revise or update publicly any forward-looking statements for any reason.

## **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to Atrium Health CMHA's basic financial statements and the notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

GASB requires three financial statements: the statement of net position (balance sheet); the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The balance sheet; statement of revenue, expenses and changes in net position; and statement of cash flows are presented on an accrual basis, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). This information provides an indication of Atrium Health CMHA's financial health. The balance sheet includes all of Atrium Health CMHA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as well as an indication about which assets can be utilized for general purposes and which are restricted as a result of bond covenants or other agreements. The statement of revenue, expenses, and changes in net position reports the revenue and expenses during the periods indicated. The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources, such as investment income, and other cash uses, such as repayment of debt and purchase of capital.

Atrium Health CMHA applies the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and how those activities should be reported. As a result, the Statement of Fiduciary Net Position, and the Statement of Changes in Fiduciary Net Position for all Atrium Health CMHA defined benefit plans have been presented with the basic financial statements. Notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the basic financial statements. Required supplementary information

relates to Atrium Health CMHA’s progress in funding its obligation to provide pension benefits to its employees.

In 2025, as part of a common control transaction, a CMHA captive insurance company was transferred into a subsidiary of Advocate Aurora Health, Inc. (AAH). The 2024 financial statements were retrospectively adjusted to exclude the captive company which was previously included in the basic financial statements. The 2024 balance sheet impact was a decrease in total assets and deferred outflows of resources of approximately \$90,000, and a decrease in total liabilities, deferred inflows of resources and net position of approximately \$90,000 which primarily consisted of decreases in assets limited as to use and accrued professional liability costs, included in other noncurrent liabilities. The 2024 statement of revenues, expenses and changes in net position was an increase of \$3,700 in excess of revenues over expenses before capital and other contributions. More detailed information about CMHA and AAH is presented in note 1 of the notes to the basic financial statements.

### Financial Analysis and Results of Operations

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31 are summarized in Table 1 and are discussed below:

**Table 1 – Summary Balance Sheet**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 3,184,550	\$ 2,698,960
Property and equipment, net	6,361,526	5,682,152
Other noncurrent assets	9,773,165	8,704,754
Total assets	<u>19,319,241</u>	<u>17,085,866</u>
Deferred outflows of resources	349,340	321,129
Total assets and deferred outflows of resources	<u>\$ 19,668,581</u>	<u>\$ 17,406,995</u>
Current liabilities	3,463,175	2,810,250
Long-term liabilities	3,867,500	3,965,003
Total liabilities	<u>7,330,675</u>	<u>6,775,253</u>
Deferred inflows of resources	236,362	198,104
Net investment in capital assets	2,975,405	2,364,784
Restricted - by donor	51,272	41,413
Unrestricted	9,074,867	8,027,441
Total net position	<u>12,101,544</u>	<u>10,433,638</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 19,668,581</u>	<u>\$ 17,406,995</u>

Atrium Health CMHA classifies net position as either net investment in capital assets, restricted – by donor, or unrestricted. The change in net investment in capital assets net position over the prior year was driven by additional capital expenditures and debt principal payments. The unrestricted net position increase for the year ended December 31, 2025 was driven primarily by favorable operating performance and investment returns.

Total net position of Atrium Health CMHA at December 31, 2025 increased \$1,667,906 from December 31, 2024. The increase in total net position was due to positive results of operations of \$671,630 and nonoperating income of \$986,206, and capital and other contributions of \$10,070.

Atrium Health CMHA's unrestricted cash and investment position at December 31, 2025 and 2024 was \$9,287,377 and \$8,249,036, respectively. More detailed information about Atrium Health CMHA's cash, investments and other financial instruments is presented in notes 5 and 6 of the notes to the basic financial statements.

Days cash on hand, as defined by the debt covenants, for the Atrium Health CMHA Combined Group (CMHA Combined Group), which consists of all entities that have either a direct obligation (Obligated Group) or indirect obligation (Designated Affiliates, of which there are currently none) to pay amounts due on Atrium Health CMHA's bonds, was 267 and 274 at December 31, 2025 and 2024, respectively.

## Revenues and Expenses

Revenues, expenses and changes in net position are summarized in Table 2 and are discussed below:

**Table 2 – Statement of Revenues, Expenses, and Changes in Net Position**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Revenue		
Patient service revenue	\$ 12,132,855	\$ 10,925,097
Other operating revenue	1,924,739	1,472,681
Total revenue	<u>14,057,594</u>	<u>12,397,778</u>
Expenses		
Salaries, wages, and benefits	7,444,528	6,624,716
Supplies and drugs	3,261,795	2,715,600
Purchased services and other expenses	2,031,566	1,844,912
Depreciation and amortization	648,075	615,691
Total expenses	<u>13,385,964</u>	<u>11,800,919</u>
Operating income	<u>671,630</u>	<u>596,859</u>
Nonoperating income		
Interest expense	(157,074)	(160,004)
Net investment income	1,029,677	692,505
Other nonoperating income (loss), net	113,603	186,745
Total nonoperating income	<u>986,206</u>	<u>719,246</u>
Excess of revenues over expenses before contributions	1,657,836	1,316,105
Capital and other contributions	<u>10,070</u>	<u>6,960</u>
Changes in net position	1,667,906	1,323,065
Beginning net position, beginning of year	10,433,638	9,110,573
Ending net position, end of year	<u>\$ 12,101,544</u>	<u>\$ 10,433,638</u>

## Operating Revenues

Operating revenues in 2025 increased 13.4% from 2024 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. More detail of operating revenue can be found in notes 2 and 4 of the notes to basic financial statements.

### Operating Expenses

Operating expenses in 2025 increased 13.4% from the prior year. Salaries, wages, and benefits, comprising 55.6% of total Atrium Health CMHA operating expenses in 2025, increased due to patient volume growth at hospital facilities and the medical group, and inflationary increases on wages and benefits. Other expenses, consisting primarily of pharmaceutical and supply costs, professional fees, rent and purchased services, increased 14.8%, primarily due to higher patient volumes, higher assessments from the North Carolina Healthcare Access & Stabilization Program (HASP), and inflationary cost increases, including the cost of new technologies.

### Nonoperating Income and Contributions

Nonoperating income, which consists primarily of realized and unrealized investment returns, was impacted favorably in 2025 by an increase in the market value of pooled investments.

Nonoperating activity from investment returns primarily associated with units held in the pooled investments generated income of \$1,029,677 in 2025 compared to income of \$692,505 in 2024. More detail of the pooled investments can be found in notes 5 and 6 of the notes to basic financial statements. Interest and dividend income was \$21,900 in 2025 and \$17,968 in 2024. Net realized and unrealized gains were \$1,007,777 in 2025 and \$674,537 in 2024, both driven by favorable market performance.

Other net nonoperating income were \$113,603 and \$186,745 for the years ended December 31, 2025 and 2024, respectively. The decrease is primarily due to lower grant revenues related to Federal Emergency Management Agency for the year ended December 31, 2025.

### Property and Equipment and Debt Administration Property and Equipment

Property and equipment, net of depreciation, at December 31, 2025 and 2024 are summarized in Table 3 and are discussed below.

**Table 3 – Property and Equipment, Net of Depreciation**

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	\$ 483,480	\$ 482,279
Land improvements	129,653	117,164
Buildings and other improvements	6,239,348	5,732,382
Fixed and movable equipment	2,944,146	2,980,875
Construction- in-progress	<u>1,414,919</u>	<u>1,145,956</u>
Subtotal	11,211,546	10,458,656
Accumulated depreciation	<u>(4,850,020)</u>	<u>(4,776,504)</u>
Property and equipment, net	<u>\$ 6,361,526</u>	<u>\$ 5,682,152</u>

During the current year, significant additions to property and equipment in excess of \$100,000 were upgrades to the Carolinas Medical Center Tower and infrastructure, \$390,674.

During the prior year, significant additions to property and equipment in excess of \$100,000 included the following:

Carolinas Medical Center Tower and Infrastructure Upgrades	\$	264,550
Lake Norman New Hospital and Medical Office Buildings		118,808

Ongoing capital requirements are funded from a combination of operating cash, assets limited as to use, debt proceeds, and contributions. Cash outflows related to capital additions, net of retirements, for 2025 and 2024 totaled \$1,165,044 and \$1,091,334, respectively. Total depreciation expense on property and equipment was \$501,286 and \$473,425 for 2025 and 2024, respectively. At December 31, 2025, Atrium Health CMHA has planned future capital spending of approximately \$3,389,964 for 2026-2030 for ongoing routine and significant strategic IT and facility expansion projects. More detailed information about Atrium Health CMHA's property and equipment is presented in note 7 of the notes to the basic financial statements.

### **Long-Term Debt**

Atrium Health Charlotte can issue debt on behalf of the CMHA Combined Group members as established under its Second Amended and Restated Bond Order, as further amended (the Bond Order). Likewise, Atrium Health Navicent can borrow on behalf of its Obligated Group members as established under its Amended and Restated Master Trust Indenture, as further amended (the Master Trust Indenture).

Debt service for the CMHA Combined Group (principal and interest payments and net interest rate swap payments, excluding refinancing activity) for 2025 and 2024 totaled \$137,848 and \$144,484, respectively.

The actual annual debt service coverage ratio for the CMHA Combined Group, as defined in the Bond Order (and excluding net interest rate swap payments), for 2025 and 2024 was 10.06 and 16.66, respectively. The Bond Order requires an actual annual debt service coverage ratio of not less than 1.1.

More detailed information about Atrium Health CMHA's outstanding debt is presented in note 10 of the notes to the basic financial statements.

### **Events and Factors Expected to Impact Future Periods**

Healthcare is a capital-intensive industry requiring significant reinvestment to keep pace with patient care advancements, technology transformations, and demand for services. The capacity to reinvest to meet longer-term capital and program needs is dependent on a healthcare entity's ability to perform well financially. The healthcare financial performance landscape in 2026 is expected to present significant challenges. Hospital systems across the county are facing rising expense pressures from higher supply costs, higher costs of salaries and benefits for our workforce, and higher drug costs. Additionally, financial performance is likely to be impacted by federal healthcare policy changes, such as changes to Medicaid and Medicare reimbursement, changes to HASP, and changes to the 340b drug pricing program.

Atrium Health CMHA leadership continues to identify and implement solutions to address its financial challenges. The organization is actively monitoring executive and legislative developments, assessing potential operational and financial impacts, and strategically evaluating opportunities to improve patient health outcomes and financial performance. However, given industry volatility and economic and political uncertainty, future financial impacts cannot be fully determined at this time.

Management believes Atrium Health CMHA, supported by its geographic dispersion, world-class providers and services, experienced management team, and strong financial position, is well positioned to address these pressures while advancing its commitment to redefining how, when, and where care is delivered.

**Finance Contact**

Atrium Health CMHA's financial statements are designed to present users with a general overview of Atrium Health CMHA's finances and to demonstrate Atrium Health CMHA's accountability. If you have any questions about the report or need additional financial information, please contact the Vice President of Finance, Atrium Health CMHA, 1000 Blythe Boulevard, Charlotte, NC 28203.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY  
(Atrium Health CMHA)**

**BALANCE SHEET**

(in thousands)

	December 31, 2025	
	Primary Enterprise	Component Unit
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,040,854	\$ 1,161
Due from related party - centralized cash management arrangement	—	22,021
Short term investments	12,845	38,972
Assets limited as to use	12,186	—
Patient accounts receivable, net	1,540,245	—
Other current assets	578,420	7,969
Total current assets	<u>3,184,550</u>	<u>70,123</u>
Other assets		
Assets limited as to use	8,433,594	472,095
Property and equipment, net	6,361,526	10,948
Right-to-use assets	726,608	—
Other noncurrent assets	612,963	65,610
Total other assets	<u>16,134,691</u>	<u>548,653</u>
Total assets	19,319,241	618,776
Deferred outflows of resources	349,340	—
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 19,668,581</u></b>	<b><u>\$ 618,776</u></b>
<b>Liabilities</b>		
Current liabilities		
Long-term debt, current portion	\$ 1,023,834	\$ —
Lease liabilities, current portion	94,234	—
Accrued salaries and employee benefits	1,068,463	507
Accounts payable and other accrued liabilities	737,334	309
Due to related party - centralized cash management arrangement	273,740	—
Third-party payors payables	265,570	—
Total current liabilities	<u>3,463,175</u>	<u>816</u>
Noncurrent liabilities		
Long-term debt, less current portion	2,088,942	—
Lease liabilities, less current portion	769,907	—
Other noncurrent liabilities	1,008,651	3,629
Total noncurrent liabilities	<u>3,867,500</u>	<u>3,629</u>
<b>Total liabilities</b>	<b><u>7,330,675</u></b>	<b><u>4,445</u></b>
Deferred inflows of resources	236,362	6,440
<b>Net position</b>		
Net investment in capital assets	2,975,405	10,948
Restricted, by donor	51,272	584,027
Unrestricted	9,074,867	12,916
<b>Total net position</b>	<b><u>12,101,544</u></b>	<b><u>607,891</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 19,668,581</u></b>	<b><u>\$ 618,776</u></b>

See accompanying notes to basic financial statements.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY**  
**(Atrium Health CMHA)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
(in thousands)

	Year Ended December 31, 2025	
	Primary Enterprise	Component Unit
<b>Revenue</b>		
Patient service revenue, net	\$ 12,132,855	\$ —
Other revenue	1,924,739	54,510
Total revenue	<u>14,057,594</u>	<u>54,510</u>
<b>Expenses</b>		
Salaries, wages and benefits	7,444,528	8,573
Supplies and drugs	3,261,795	15
Purchased services and other	2,031,566	40,196
Depreciation and amortization	648,075	189
Total expenses	<u>13,385,964</u>	<u>48,973</u>
<b>Operating income</b>	<u>671,630</u>	<u>5,537</u>
<b>Nonoperating income</b>		
Interest expense	(157,074)	—
Investment income	1,029,677	57,858
Other nonoperating income, net	113,603	—
Total nonoperating income — net	<u>986,206</u>	<u>57,858</u>
<b>Excess of revenues over expenses before capital and other contributions</b>	1,657,836	63,395
<b>Changes in net position</b>		
Capital and other contributions	10,070	2,312
Change in net position	1,667,906	65,707
Net position, beginning of year	10,433,638	542,184
Net position, end of year	<u>\$ 12,101,544</u>	<u>\$ 607,891</u>

See accompanying notes to basic financial statements.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY  
(Atrium Health CMHA)**

**STATEMENT OF CASH FLOWS**

(in thousands)

	Year Ended December 31, 2025	
	Primary Enterprise	Component Unit
<b>Cash flows from operating activities</b>		
Receipts from third-party payors and patients	\$ 12,066,562	—
Payments to suppliers	(5,292,384)	(46,374)
Payments to employees	(7,373,808)	(11,414)
Other receipts - net	1,564,205	78,679
Net cash provided by operating activities	<u>964,575</u>	<u>20,891</u>
<b>Noncapital financing activities</b>		
Net transfers from related party under centralized cash management arrangement	273,740	—
Proceeds from the issuance of commercial paper	350,000	—
Retirements of commercial paper	(350,000)	—
Other activities	96,000	—
Net cash provided by noncapital financial activities	<u>369,740</u>	<u>—</u>
<b>Cash flows from investing activities</b>		
Net transfers to related party under centralized cash management arrangement	—	(22,021)
Investment earnings	63,057	19,336
Withdrawals from assets limited as to use	218,323	—
Contributions to assets limited as to use and purchases of units in investment pool	(12,008)	(25,127)
Other activities	(5,616)	—
Net cash provided by (used in) investing activities	<u>263,756</u>	<u>(27,812)</u>
<b>Cash flows from capital and related financing activities</b>		
Capital expenditures	(1,165,044)	(4,090)
Interest payments on long-term debt	(123,324)	—
Principal payments, refunding and retirements on long-term debt	(59,379)	—
Contributions restricted for building and equipment purchases	18,463	(222)
Other (distributions) contributions	(3,383)	2,777
Net cash used in financing activities	<u>(1,332,667)</u>	<u>(1,535)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>265,404</b>	<b>(8,456)</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	776,243	9,617
End of year	<u>\$ 1,041,647</u>	<u>\$ 1,161</u>

**Reconciliation of cash and cash equivalents to the balance sheet**

Cash and cash equivalents	1,040,854	1,161
Restricted cash in assets limited as to use, noncurrent	793	—
Total cash, cash equivalents and restricted cash	<u>\$ 1,041,647</u>	<u>\$ 1,161</u>

**Reconciliation of operating income to net cash used in operating activities**

Operating income	\$ 671,630	\$ 5,537
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	648,075	189
Increase in patient accounts receivable, net	(56,903)	—
(Increase) decrease in other current assets	(89,552)	16,942
Increase in other assets affecting operating activities	(496,214)	(5,206)
Decrease in accounts payable and other current liabilities	(15,552)	(2,938)
Increase in other liabilities affecting operating activities	312,481	6,367
Decrease in estimated third party payors payables	(9,390)	—
Net cash provided by operating activities	<u>\$ 964,575</u>	<u>\$ 20,891</u>

**Supplemental disclosures of noncash information**

Right-to-use assets in exchange for new operating lease liabilities	\$ 241,374	\$ —
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See accompanying notes to basic financial statements.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY**  
**(Atrium Health CMHA)**  
**Statement of Fiduciary Net Position - Pension Trust Funds**  
**December 31, 2025**  
**(in thousands)**

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<b>Assets</b>	
Cash and short-term investments	\$ 21,782
Investments at fair value:	
Corporate bonds and other debt securities	198,304
United States government obligations	77,837
Equity funds	792,794
Real estate funds	112,715
Total investments at fair value	<u>1,181,650</u>
Investments at net asset value	<u>154,721</u>
Total assets	<u>\$ 1,358,153</u>
<b>Net position restricted for pensions</b>	<u><u>\$ 1,358,153</u></u>

See accompanying notes to basic financial statements.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY**  
**(Atrium Health CMHA)**  
**Statement of Changes in Fiduciary Net Position - Pension Trust Funds**  
**For the Year Ended December 31, 2025**  
**(in thousands)**

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**Additions**

Employer contributions	\$	39,164
Investment income:		
Change in fair value of investments		172,633
Interest and dividends		14,547
		187,180
Less investment expense		2,273
Net investment income		184,907
Total additions		224,071

**Deductions**

Benefit payments		(118,999)
Administrative expense		(2,660)
Total deductions		(121,659)

Net increase in fiduciary net position		102,412
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**Fiduciary net position restricted for pensions:**

Beginning of year		1,255,741
End of year	\$	1,358,153

See accompanying notes to basic financial statements.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY**  
**(Atrium Health CMHA)**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(dollars in thousands)

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**1. ORGANIZATION AND BASIS OF PRESENTATION**

**Description of Organization**

The Charlotte-Mecklenburg Hospital Authority (Atrium Health CMHA or CMHA) was organized in 1943 under the North Carolina Hospital Authorities Act. It is a public body and a body corporate and politic and, therefore, has been determined by the Internal Revenue Service to be exempt from federal and state income taxes. Atrium Health CMHA is headquartered in Charlotte, North Carolina.

Atrium Health CMHA and the Wake Forest Baptist Health System (Atrium Health WFB), including Wake Forest School of Medicine, are part of a single enterprise (the Atrium Health Enterprise), governed and managed by Atrium Health, Inc. (AHI) pursuant to a health system integration agreement and related agreements. Atrium Health CMHA and Atrium Health WFB and their affiliates maintain their separate legal existence and continue to own their own assets. No sale, transfer or other conveyance of assets or assumption of debt and liabilities occurred in connection with the formation of the Atrium Health Enterprise.

AHI and Advocate Aurora Health, Inc. (AAH), a Delaware nonprofit nonstock corporation, entered into a joint operating agreement pursuant to which they created Advocate Health, Inc. (Advocate Health), a Delaware nonprofit nonstock corporation, 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. AHI and AAH are the two corporate members of Advocate Health. AHI and the participants in the Atrium Health Enterprise maintain their separate legal existence and no sale, transfer or other conveyance of assets or assumption of debt and liabilities occurred in connection with the formation of Advocate Health.

For financial reporting purposes under Governmental Accounting Standards Board (GASB) standards, Atrium Health CMHA is divided into the "Primary Enterprise," "Discrete Component Unit" and "Fiduciary Activities." The Primary Enterprise consists of Atrium Health CMHA and all of its controlled affiliates (Atrium Health Charlotte) and three blended component units (Atrium Health Navicent, Atrium Health Floyd and Harbin Clinic LLC) described below. The Discrete Component Unit is Atrium Health Foundation (the Foundation), which raises and holds economic resources for the direct benefit of Atrium Health CMHA. The Foundation operates to raise funds to enhance, promote and support medical services, scientific education and research. It solicits contributions for Atrium Health CMHA entities, and, in the absence of donor restrictions, its Board of Directors has discretionary control over the amounts to be distributed. Capital and operating contributions to Atrium Health CMHA from the Foundation included in the statement of revenues, expenses and changes in net position were \$43,839 for the year ended December 31, 2025. The Foundation is reported on a basis consistent with Atrium Health CMHA's calendar year and is discretely presented.

Atrium Health CMHA is the sole member of AH Georgia, Inc., which is the sole member of two non-profit hospital systems in Georgia and one multi-specialty physician clinic: Navicent Health, Inc., which with its subsidiaries does business as Atrium Health Navicent in central and southern Georgia, and Floyd Healthcare Management, Inc., which with its affiliates does business as Atrium Health Floyd in

northwest Georgia and northeast Alabama; and Harbin Clinic, LLC (Harbin) which does business in northwest Georgia, which operates and is governed as part of Atrium Health Floyd under a common Board of Directors. Each of Atrium Health Navicent and Atrium Health Floyd retains and appoints a majority of its Board of Directors, but Atrium Health CMHA holds customary approval rights, including approving budgets and any borrowings or discharging of debt. In addition, Atrium Health CMHA agrees to ensure, but does not formally guarantee, that neither Atrium Health Navicent nor Atrium Health Floyd defaults under any indebtedness agreements, notes or bonds, or other debt-related liabilities. Atrium Health Navicent, Atrium Health Floyd, and Harbin are component units of Atrium Health CMHA and, because a controlled subsidiary of Atrium Health CMHA is the sole member of each, financial information of these entities is blended with the Atrium Health CMHA Primary Enterprise as of and for the year ended December 31, 2025. Each of Atrium Health Navicent and Atrium Health Floyd has its own obligated group and, like Harbin, is not part of the CMHA Combined Group described below. The basic financial statements of Atrium Health Navicent and Atrium Health Floyd, inclusive of Harbin, are separately presented as other financial information within this report.

Atrium Health CMHA issues revenue bonds (CMHA Bonds) under a Second Amended and Restated Bond Order adopted in 1997 (as amended, the Bond Order). Atrium Health CMHA and certain of its affiliates have formed an "Obligated Group" (CMHA Obligated Group) under the Bond Order. Members of the CMHA Obligated Group are jointly and severally liable for payment of CMHA Bonds and other obligations secured by the Bond Order (Parity Obligations). The Bond Order also authorizes the creation of a "Combined Group" (CMHA Combined Group), which consists of members of the CMHA Obligated Group and any affiliates designated by Atrium Health CMHA (Designated Affiliates). Only the CMHA Combined Group has a direct or indirect obligation to pay amounts due on bonds issued by Atrium Health CMHA. As of December 31, 2025, the members of the CMHA Combined Group were substantially all of the members of Atrium Health CMHA, with the exception of Atrium Health Navicent and Atrium Health Floyd (including Harbin) and the Foundation.

### **Basis of Presentation**

The basic financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the GASB. All significant intercompany transactions have been eliminated in consolidation.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Use of Estimates**

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and amounts disclosed in the notes to the basic financial statements at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Although estimates are considered to be fairly stated at the time made, actual results could differ materially from those estimates.

### **Cash Equivalents**

CMHA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250. At times, the amounts on deposit with these financial institutions exceed the insured limit. Atrium Health Charlotte follows North Carolina General Statute (NCGS) 159-30, whereby all deposits of CMHA are held in depositories that are either insured or covered under statewide single financial

institution collateral pools (the Pooling Method). Collateral is maintained for all the depositories' governmental units in the state. The North Carolina State Treasurer monitors the Pooling Method depositories for adequate collateralization. Under the Pooling Method, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with CMHA. Because of the inability to measure the exact amount of collateral pledged for CMHA under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, each Pooling Method Depository is subject to financial stability standards and oversight by the State Treasurer of North Carolina.

### **Due From Related Party - Centralized Cash Management Arrangement**

Atrium Health CMHA participates in a centralized cash management arrangement with Advocate Health to maximize cash management opportunities across the larger organization. The amount due to Advocate Health under the cash arrangement totaled \$273,740 at December 31, 2025. The program follows the requirements of NCGS 159-30.

### **Investments**

Investments in debt and equity securities with readily determinable fair values are measured at fair value using quoted market prices or otherwise observable inputs. Investments in private equity limited partnerships and derivative products (hedge funds) are reported at fair value using net asset value as a practical expedient. Commingled funds are carried at fair value based on other observable inputs. Income or loss on investments and in units in the Advocate Health investment pool held by AAH (including realized gains and losses, interest, dividends and unrealized gains and losses) is included in the nonoperating section of the accompanying statement of revenues, expenses and changes in net position, unless the income or loss is related to assets designated for self-insurance programs. Investment income on self-insurance trust funds is reported in other revenue in the accompanying statement of revenues, expenses and changes in net position.

Atrium Health CMHA purchased units in an investment pool held by AAH. Per the Investment Agreement, each participant in the pool has no ownership interest in the pool's investment assets. CMHA receives a share of the results of the investment pool based on its proportionate share of the total pooled funds based on a unitization calculation. The value of the units is adjusted each month to the current market value. If redemption is sought under the terms of the agreement, the participant is entitled to receive the fair market value of its units in cash.

### **Assets Limited as to Use**

Assets limited as to use consist of investments set aside by Atrium Health CMHA for future capital improvements and certain medical education and other health care programs. Atrium Health CMHA retains control of these investments and may, at its discretion, subsequently use them for other purposes. Additionally, assets limited as to use include investments held by trustees or for self-insurance.

### **Patient Service Revenue and Accounts Receivable**

Patient service revenue is reported at the amount that reflects the consideration to which Atrium Health CMHA expects to be entitled in exchange for providing patient care. These amounts are due

from patients, third-party payors (including commercial payors and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates will change by a material amount. Settlements with third-party payors for retroactive adjustments due to reviews and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and Atrium Health CMHA'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 or as years are settled or are no longer subject to such reviews and adjustments.

For the year ended December 31, 2025, adjustments arising from changes in Atrium Health CMHA's allowances for matters subject to final settlement were not significant.

### **Intangible Assets, Net**

Atrium Health CMHA accounts for the acquisition of healthcare related businesses in accordance with GASB Statement No. 69. Any excess of purchase price over the acquisition value of net position acquired is recorded as a deferred outflow of resources and is amortized over periods that do not exceed 10 years. Any purchase price in excess of net position acquired prior to January 1, 2013 is being amortized over periods that do not exceed 25 years. Amortization is included in depreciation and amortization in the accompanying statement of revenues, expenses and changes in net position.

### **Asset Impairment**

Atrium Health CMHA considers whether indicators of impairment are present and, if indicators are present, performs the necessary tests to determine if the carrying value of an asset is recoverable. Impairment write-downs are recognized in the accompanying statement of revenues, expenses and changes in net position as a component of operating expense at the time the impairment is identified. There were no material impairment charges recorded for the year ended December 31, 2025.

### **Property and Equipment, Net**

Property and equipment are reported at cost or, if donated, at fair value at the date of the gift. Atrium Health CMHA capitalizes expenditures for equipment when the unit of acquisition cost is five thousand dollars or greater and the estimated useful life is greater than two years. Costs of computer software developed or obtained for internal use, including external and internal direct costs of materials and labor directly associated with internal-use software development projects, are capitalized during the application development stage and included in property and equipment.

Depreciation is recorded on the straight-line method over the estimated useful life of each class or component of depreciable asset. Depreciation is not recorded on land and construction in progress.

	<b>Estimated Useful Life in Years</b>
Land improvements	2-28
Buildings and other improvements	2-80
Fixed and movable equipment	2-25

### **Leases and Subscription-Based Information Technology Arrangements**

Atrium Health CMHA has leases for real estate and equipment. Atrium Health CMHA determines if an arrangement is a lease at the inception of a contract and has both leases under which it is obligated as a lessee and leases for which it is a lessor. Leases as a lessee are included in right-to-use assets and lease liabilities in the balance sheet. Balances related to lessor leases are included in other current assets, other noncurrent assets and deferred inflows of resources.

Atrium Health CMHA records right-to-use assets at the net present value of fixed lease payments over the lease term discounted using an appropriate incremental borrowing rate. Right-to-use assets are amortized using the straight-line method over the related lease term. Amortization of right-to-use assets is included in depreciation and amortization and interest in the accompanying statement of revenues, expenses and changes in net position.

Atrium Health CMHA contracts to use a vendor's information technology, alone or in combination with tangible property and equipment, as specified in the contract for a period of time. A subscription-based information technology arrangement (SBITA) liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. Subscription assets are reported in other noncurrent assets in the balance sheet. Amortization of the assets are included in depreciation and amortization in the accompanying statement of revenues, expenses and changes in net position. Subscription liabilities are included in accounts payable and other accrued liabilities and other noncurrent liabilities in the balance sheet.

### **Derivative Financial Instruments**

Atrium Health Charlotte has adopted an Interest Rate Exchange Agreement Policy (the Policy) that governs its use of derivative instrument agreements and restricts the use of such agreements to achieving desired interest cost savings, hedging interest rate risk in financing transactions, adjusting the mix of variable and fixed rate debt exposure to appropriate levels, providing flexibility to meet financial objectives not available under then-existing market conditions and improving cash flows. The Policy does not allow Atrium Health Charlotte to speculate using derivative instrument agreements. The changes in fair value of derivative instruments that meet the criteria of an effective hedge are deferred on the balance sheet.

### **General and Professional Liability Risks**

The provision for self-insured general and professional liability claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. Atrium Health CMHA measures the cost of its unfunded obligations under such programs based upon actuarial calculations and records a liability on a discounted basis.

## **Net Position**

Net position is classified as either net investment in capital assets, restricted - by donor, or unrestricted. Net investment in capital assets consists of property and equipment, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Restricted net position consists of assets generated from revenues that have third-party limitations on their use. Unrestricted net position has no third-party restrictions on use. When both restricted and unrestricted resources are available for use, generally it is Atrium Health CMHA's policy to use restricted resources first and then unrestricted resources when they are needed.

## **Other Revenue**

Primary categories of other revenue include retail pharmacy revenue, medical education research grants and contracts, clinical integration revenue, managed care risk/quality shared savings revenue and other miscellaneous revenue.

## **Nonoperating Income**

Revenues and expenses related to the delivery of health care services are reported in operations. Income and losses that arise from transactions that are peripheral or incidental to Atrium Health CMHA's main purpose, such as investment income and interest expense, are included in nonoperating income, net. Other nonoperating income, net primarily consist of earnings of unconsolidated entities accounted for using the equity method, grant revenues that are considered subsidies in accordance with GASB standards, and other incidental transactions.

## **Accounting Pronouncements Adopted**

In 2023, the GASB issued Statement No 102, *Certain Risk Disclosures*, to enhance disclosures about certain risks related to concentrations and constraints and provide essential information about risks that could affect governmental operations and financial stability. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party of formal government action. In 2025, Atrium Health CMHA adopted this Statement, which had no material impact on the basic financial statements.

### **3. COMMUNITY BENEFIT**

Atrium Health CMHA provides health care services without charge or at discounted rates to patients who meet the criteria of its financial assistance policies. Charity care services provided under those policies are not reported as patient service revenue, because payment is not anticipated while the related costs to provide the health care are included in operating expenses. Patients whose income falls below 300% of the federal poverty level receive full financial assistance. Atrium Health CMHA's cost of providing charity care was \$355,502 for the year ended December 31, 2025, as determined using total cost to charge ratios.

In addition to the provision of charity care, Atrium Health CMHA provides significant financial support to its communities to sustain and improve health care services.

These activities include:

- The unreimbursed cost of providing care to patients covered by the Medicare and Medicaid programs.
- The cost of providing services that are not self-sustaining, for which patient service revenues are less than the costs required to provide the services. Such services benefit uninsured and low-income patients, as well as the broader community, but are not expected to be financially self-supporting.
- Other community benefits include the unreimbursed costs of community benefits programs and services for the general community, not solely for those demonstrating financial need, including the unreimbursed cost of medical education, health education, immunizations for children, support groups, health screenings and fairs.

#### 4. REVENUE AND RECEIVABLES

##### Patient service revenue

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

	<b>December 31, 2025</b>	
Commercial	\$ 5,973,329	49 %
Medicare	3,272,996	27 %
Medicaid	2,491,029	21 %
Self pay and other	395,501	3 %
	<u>\$ 12,132,855</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. Net patient service revenue is shown net of provision for uncollectible accounts of approximately \$605,000 for the year ended December 31, 2025.

States in which Atrium Health CMHA operate utilize supplemental reimbursement programs to increase reimbursement to providers to offset a portion of the cost of providing care to Medicaid and indigent patients. These programs are designed with input from the Centers for Medicare & Medicaid Services and are funded with a combination of state and federal resources, including assessments levied on the providers. Under these supplemental programs, Atrium Health CMHA recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured. Programs include Upper Payment Limit, Graduate Medical Education, and two directed payment programs, the North Carolina Healthcare Access & Stabilization Program (HASP) and Strengthening the Reinvestment of a Necessary-workforce in Georgia (GA-Strong).

For both North Carolina and Georgia, the state funding share consists of multiple sources including Certified Public Expenditures, Intergovernmental Transfers (IGT), and state legislated assessment payments. Under the assessment program, Atrium Health CMHA reports assessments within other operating expenses and receipts and IGTs within patient service revenue in the accompanying statement of revenues, expenses and changes in net position.

The following is a summary of the funds recognized and assessments paid under these programs:

	Classification	Year Ended December 31, 2025	
Reimbursement	Patient service revenue	\$	1,109,449
Assessment	Purchased services and other expenses	\$	293,619

Due to the timing of state approvals and final reconciliation of HASP funding, Atrium Health CMHA recognized prior year HASP funding as follows, which are included in the table above:

	Classification	Year Ended December 31, 2025	
Reimbursement	Patient service revenue	\$	137,965
Assessment	Purchased services and other expenses	\$	19,716

There are no assurances regarding future reimbursement related to these Medicaid supplemental programs as they are subject to annual legislative and regulatory approvals that could be materially modified in the future.

### Patient accounts receivable

The composition of patient accounts receivable is summarized as follows:

	December 31, 2025		
Commercial	\$	701,689	46 %
Medicare		355,463	23 %
Medicaid		184,859	12 %
Self-pay and other		298,234	19 %
	\$	1,540,245	100 %

The self-pay patient accounts receivable above include amounts due from patients for co-insurance, deductibles, and amounts due from patients without insurance. Patient accounts receivable is recorded net of allowances for uncollectible accounts of approximately \$839,000.

## 5. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of December 31, 2025, Atrium Health Charlotte had cash and cash equivalents of \$836,465. Of the total cash and cash equivalents, \$650,967 was invested with the North Carolina Capital Management Trust's Government Portfolio, which has a rating of AAAm from S&P Global Ratings and AAA-mf from Moody's Investor's Service, Inc.

As of December 31, 2025, Atrium Health Navicent and Atrium Health Floyd had uncollateralized cash and cash equivalents of \$40,176 and \$164,213, respectively, which consisted of cash on hand, deposits with banks and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding assets limited as to use.

Atrium Health CMHA may, for funds not required for immediate disbursement, make investments that are permissible for trustees, executors, and other fiduciaries under North Carolina and Georgia laws. Funds that are not needed for immediate operating needs and that have been designated by the governing boards for capital improvements, along with other trustee assets, are invested in short term investments, fixed income securities, equity securities and limited partnerships. Investments included in the portfolio are reflected at fair value at the balance sheet date, as noted in the table below, with

gains and losses reflected in nonoperating income in the accompanying statement of revenues, expenses and changes in net position.

The fair value of Atrium Health CMHA's interest in the investment pool (see note 2 of the notes to the basic financial statements under the header "Investments") as of December 31, 2025 was \$8,315,367, which is included in assets limited as to use in the accompanying combined balance sheet. The investment pool is not SEC-registered, therefore there is no credit quality rating associated with the investment pool.

Atrium Health CMHA's pooled and non-pooled short term investments and assets limited as to use – current and noncurrent based on fair value as of December 31, 2025, are as follows:

	<u>Designated for capital improvement</u>	<u>All other investments</u>	<u>Total</u>
Short term investments	\$ 2,186	\$ 35,851	\$ 38,037
Total fixed income	\$ —	\$ 9,913	\$ 9,913
Domestic equities	\$ 5	\$ 41,308	\$ 41,313
International equities	—	9,711	9,711
Total equity	<u>\$ 5</u>	<u>\$ 51,019</u>	<u>\$ 51,024</u>
Multi-strategy hedge funds	—	1,730	1,730
Private equity funds	—	42,554	42,554
Advocate Health Investment pool	<u>\$ 8,122,454</u>	<u>\$ 192,913</u>	<u>\$ 8,315,367</u>
Total reported value	<u><u>\$ 8,124,645</u></u>	<u><u>\$ 333,980</u></u>	<u><u>\$ 8,458,625</u></u>

Investments owned by Atrium Health CMHA are exposed to various kinds and levels of risk. Custodial credit risk is the risk that Atrium Health CMHA will not be able to recover the value of its bank deposits, which are exposed to custodial credit risk if they are uninsured and uncollateralized. Fixed income investments and equity securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of Atrium Health CMHA and are held by either the counterparty or the counterparty's trust department or agent, but not in Atrium Health CMHA's name. With respect to fixed income investments, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligations as required by the fixed income security.

## 6. FAIR VALUE

Atrium Health CMHA accounts for certain assets and liabilities at fair value and categorizes assets and liabilities measured at fair value in the accompanying basic financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available under the circumstances.

The fair value of all assets and liabilities recognized or disclosed at fair value are classified based on the lowest level of significant inputs. Assets and liabilities that are measured at fair value are disclosed and classified in one of the three categories. Category inputs are defined as follows:

*Level 1* — Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.

*Level 2* — Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* — Inputs that are unobservable for the asset or liability for which there is little or no market data.

The following section describes the valuation methodologies used by Atrium Health CMHA to measure financial assets and liabilities at fair value. In general, where applicable, Atrium Health CMHA uses quoted prices in active markets for identical assets and liabilities to determine fair value. This pricing methodology applies to Level 1 investments, such as domestic and international equities, exchange-traded funds and agency securities.

If quoted prices in active markets for identical assets and liabilities are not available to determine the fair value, then quoted prices for similar assets and liabilities or inputs other than quoted prices that are observable either directly or indirectly are used. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, fixed-income securities, including fixed-income government obligations, commercial paper and certain agency, United States and international equities, which are not traded on an active exchange. The fair value for the obligations under swap agreements included in Level 2 is estimated using industry-standard valuation models. These models project future cash flows and discount the future amounts to a present value using market-based observable inputs, including interest rate curves. The fair values of the obligation under swap agreements include adjustments related to Atrium Health CMHA's credit risk.

The fair value of Atrium Health CMHA's interest in the investment pool is determined using the calculated NAV provided by the investment pool. The redemption notice period for the investment pool is 30 days.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities. In general, for Level 2, Level 3, and NAV investments, Atrium Health CMHA utilizes the investment manager of the asset to provide a valuation estimate based on disclosed techniques and processes, which have been reviewed by management for propriety and consistency with consideration given to type and investment strategy.

The fair value for the obligations under swap agreements included in Level 2 were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The spot rates used for discounting are further adjusted for the credit (nonpayment) risk associated with the party that is a net debtor as of the measurement date.

The carrying values of cash and cash equivalents, accounts receivable and payable, other current assets and accrued liabilities are reasonable estimates of their fair values, due to the short-term nature of these financial instruments.

The fair values of financial assets and liabilities measured at fair value on a recurring basis are as follows:

	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
<b>Investments</b>				
Short-term investments	\$ 38,037	\$ 38,037	\$ —	\$ —
Bond and other debt security funds	9,913	—	9,913	—
Equity securities	51,024	50,930	94	—
	98,974	88,967	10,007	—
<b>Investments at net asset value</b>				
Alternative investments	44,284			
Advocate Health Investment pool	8,315,367			
<b>Total investments</b>	<b>\$ 8,458,625</b>			
<b>Liabilities</b>				
Obligations under swap agreements	\$ (56,918)		\$ (56,918)	

### Atrium Health Foundation's Investments

The Foundation purchased units in the Advocate Health investment pool held by AAH. The Foundation has no ownership interest in the pool's investment assets. The fair value of the Foundation interest in the investment pool as of December 31, 2025 was \$471,623 and is determined using the calculated NAV provided by the investment pool. The redemption period for the investment pool is 30 days.

The fair values of financial assets and liabilities measured at fair value on a recurring basis are as follows:

	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
<b>Investments</b>				
Short-term investments	\$ 18,381	\$ 18,381	\$ —	\$ —
United States government bonds	15,238	—	15,238	—
Bond and other debt security funds	5,825	—	5,825	—
	39,444	18,381	21,063	—
<b>Investments at net asset value</b>				
Advocate Health Investment pool	471,623			
<b>Total investments</b>	<b>\$ 511,067</b>			

## 7. PROPERTY AND EQUIPMENT, NET

The components of property and equipment, net are summarized as follows as of December 31, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable property and equipment:					
Land improvements	\$ 117,164	\$ 21,027	\$ —	\$ (8,538)	\$ 129,653
Buildings and other improvements	5,732,382	577,242	—	(70,276)	6,239,348
Fixed and movable equipment	2,980,875	312,858	—	(349,587)	2,944,146
	<u>8,830,421</u>	<u>911,127</u>	<u>—</u>	<u>(428,401)</u>	<u>9,313,147</u>
Accumulated depreciation	<u>(4,776,504)</u>	<u>(500,856)</u>	<u>—</u>	<u>427,340</u>	<u>(4,850,020)</u>
Depreciable property and equipment - net	4,053,917	410,271	—	(1,061)	4,463,127
Non-depreciable property and equipment:					
Land	482,279	1,781	—	(580)	483,480
Construction in progress	1,145,956	269,628	(665)	—	1,414,919
Property and equipment, net	<u>\$ 5,682,152</u>	<u>\$ 681,680</u>	<u>\$ (665)</u>	<u>\$ (1,641)</u>	<u>\$ 6,361,526</u>

During 2025, the Atrium Health CMHA wrote off fully depreciated property and equipment totaling \$339,501.

Depreciation expense was \$501,286 for the year ended December 31, 2025.

## 8. OPERATING LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Atrium Health CMHA leases office and clinical space, land and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

The depreciable lives of assets are limited by the expected lease terms. The majority of leases do not provide an implicit rate; therefore, Atrium Health CMHA has elected to use its incremental borrowing rate, which is the interest rate Atrium Health CMHA would borrow on a collateralized basis over a similar term, as the discount rate. Atrium Health CMHA used its incremental borrowing rate on January 1, 2021 for operating leases that commenced prior to that date.

Operating leases are classified as follows within the accompanying balance sheet:

Leases	Classification	December 31, 2025
Right-to-use assets:	Right-to-use assets	
Buildings		\$ 1,166,537
Accumulated amortization		(446,828)
Equipment		48,729
Accumulated amortization		(47,737)
Land		7,059
Accumulated amortization		(1,152)
Total right-to-use assets, net		<u>\$ 726,608</u>
Lessors receivables:		
Current receivables	Other current assets	\$ 13,651
Long-term receivables	Other noncurrent assets	138,758
Total lessor receivables		<u>\$ 152,409</u>
Lease liabilities:		
Current lease liabilities:	Lease liabilities, current portion	
Buildings		\$ 93,433
Equipment		714
Land		87
Total current lease liabilities		<u>\$ 94,234</u>
Long-term lease liabilities:	Lease liabilities, less current portion	
Buildings		\$ 763,084
Equipment		328
Land		6,495
Total long-term lease liabilities		<u>\$ 769,907</u>
Total lease liabilities		<u>\$ 864,141</u>
Lessors deferred inflows:	Deferred inflows of resources	
Buildings		\$ 111,033
Land		32,651
Total lease deferred inflows		<u>\$ 143,684</u>

Future annual operating lease payments are as follows:

	Principal	Interest	Total
2026	\$ 94,234	\$ 32,938	\$ 127,172
2027	91,029	29,493	120,522
2028	83,571	26,355	109,926
2029	75,551	23,262	98,813
2030	69,490	20,510	90,000
Thereafter	450,266	81,701	531,967
	<u>\$ 864,141</u>	<u>\$ 214,259</u>	<u>\$ 1,078,400</u>

Atrium Health CMHA reported SBITA assets net of accumulated amortization of \$31,377 in other noncurrent assets, a short-term SBITA liability of \$11,279 in accounts payable and other accrued liabilities, and a long-term SBITA liability of \$6,346 in other noncurrent liabilities, at December 31, 2025.

Future annual SBITA payments are as follows:

	Principal	Interest	Total
2026	\$ 11,279	\$ 771	\$ 12,050
2027	6,346	325	6,671
	<u>\$ 17,625</u>	<u>\$ 1,096</u>	<u>\$ 18,721</u>

## 9. DEFERRED OUTFLOWS OF RESOURCES AND INFLOWS OF RESOURCES

Atrium Health CMHA's deferred outflows of resources consists of the unamortized amounts related to long-term debt refunding transactions, which are being amortized over the remaining life of the debt, benefit plan differences between expected and actual investment earnings, benefit plan differences between expected and actual experience related to demographic factors, benefit plan assumption changes, and the excess cost of net position related to the acquisition of health-related businesses. The balance of the deferred outflows of resources at December 31, 2025 is composed of the following:

Refunding of Debt	\$	123,078
Employer contributions subsequent to the measurement date		39,163
Deferred outflows of resources related to Atrium Health Charlotte Plan (note 12)		46,327
Deferred outflows of resources related to Atrium Health Navicent Plan (note 12)		31,210
Deferred outflows of resources related to Atrium Health Floyd Plan (note 12)		4,788
Excess cost of net position acquired		104,774
	\$	<u>349,340</u>

Atrium Health CMHA's deferred inflows of resources consists of the aggregate change in fair value of swaps that are effective hedges, benefit plan differences between expected and actual experience related to demographic factors, benefit plan assumption changes, benefit plan differences between expected and actual investment earnings, and the expected future receipts of lease payments, which are being amortized over the term of leases. The balance of the deferred inflows of resources at December 31, 2025 is composed of the following:

Aggregate change in fair value of swaps (note 11)	\$	74,080
Deferred inflows of resources related to Atrium Health Charlotte Plan (note 12)		16,421
Deferred inflows of resources related to Atrium Health Navicent Plan (note 12)		2,171
Deferred inflows of resources related to Atrium Health Floyd Plan (note 12)		6
GASB 87 lessor leases (note 8)		143,684
	\$	<u>236,362</u>

## 10. LONG-TERM DEBT

Atrium Health CMHA's long-term debt, including related issuance premiums and unamortized gains on debt-related derivative instrument agreements, consists of the following:

	<u>December 31, 2025</u>
Atrium Health Charlotte:	
Revenue bonds and revenue refunding bonds	
Series 2005B, C, and D Variable Rate Refunding Revenue Bonds, maturing 2026, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 3.60%)	8,730
Series 2007B Variable Rate Refunding Revenue Bonds, maturing 2026 through 2038, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.58%)	72,335
Series 2007C Variable Rate Refunding Revenue Bonds, maturing 2027 through 2037, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.58%)	87,635
Series 2007D Variable Rate Revenue Bonds, maturing 2041 through 2043, bearing interest at variable rates which are adjusted monthly (weighted average rate for the year ended December 31, 2025 was 4.05%)	67,140
Series 2007E Variable Rate Revenue Bonds, maturing 2041 through 2044, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.62%)	77,220
Series 2007F Variable Rate Revenue Bonds, maturing 2030 through 2042, bearing interest at variable rates which are adjusted monthly (weighted average rate for the year ended December 31, 2025 was 4.05%)	57,055
Series 2007G Variable Rate Revenue Bonds, maturing 2032 through 2041, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 3.60%)	111,170
Series 2007H Variable Rate Revenue Bonds, maturing 2027 through 2045, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 3.72%)	166,050
Series 2013A Revenue and Refunding Revenue Bonds, maturing 2025 through 2039 bearing interest at 3.5% to 5.0%	95,820
Series 2016A Refunding Revenue Bonds, maturing 2025 through 2047 bearing interest at 3.5% to 5.0%	243,945
Series 2018A Refunding Revenue Bonds, maturing 2025 through 2039 bearing interest at 4.0% to 5.0%	140,480
Series 2018B Variable Rate Revenue Bonds, maturing 2040 through 2048 bearing interest at 1.95% through long-term rate period ending October 31, 2029	50,000
Series 2018C Variable Rate Revenue Bonds, maturing 2040 through 2048, bearing interest at a market index plus a spread through the index floating rate period ending May 31, 2026, which is adjusted weekly (weighted average rate for the year ended December 31, 2025 was 3.43%)	50,000
Series 2018D Variable Rate Revenue Bonds, maturing 2040 through 2048 bearing interest at 3.625% through long-term rate period ending June 14, 2027	50,000
Series 2018E Variable Rate Revenue Bonds, maturing 2040 through 2048, bearing interest at a market index plus a spread through the index floating rate period ending May 31, 2026, which is adjusted weekly (weighted average rate for the year ended December 31, 2025 was 1.23%)	50,000
Series 2018F Variable Rate Revenue Bonds, maturing 2040 through 2048 bearing interest at variable rates which are adjusted weekly (weighted average rate for the year ended December 31, 2025 was 2.71%)	100,000
Series 2018G Variable Rate Revenue Bonds, maturing 2040 through 2048 bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.58%)	50,000
Series 2018H Variable Rate Revenue Bonds, maturing 2040 through 2048 bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.58%)	50,000
Series 2021B Variable Rate Revenue Bonds, maturing 2050 bearing interest at 3.25% through the long-term rate period ending June 14, 2027	100,000
Series 2021C Variable Rate Revenue Bonds, maturing 2049 through 2050 bearing interest at 5.0% through the initial long-term rate period ending November 30, 2028	100,000
Series 2021D Variable Rate Revenue Bonds, maturing 2040 through 2050 bearing interest at 5.0% through the initial long-term rate period ending November 30, 2031	100,000
Series 2021E Variable Rate Refunding Revenue Bonds, maturing 2026 through 2042, bearing interest at variable rates which are adjusted daily (weighted average rate for the year ended December 31, 2025 was 2.57%)	112,480
Series 2022A Refunding Revenue Bonds, maturing 2026 through 2043 bearing interest at 4.0% to 5.0%	115,675
	<u>2,055,735</u>
Taxable bonds	
Series 2015B Taxable Commercial Paper Revenue Bonds (weighted average interest rate for the year ended December 31, 2025 was 4.29%)	150,000
Series 2021A Taxable Revenue Bonds, maturing 2051 bearing interest at 3.20%	300,000
	<u>450,000</u>

	<u>December 31, 2025</u>
Other long-term debt	48,336
Net unamortized premiums and other debt related costs	<u>141,773</u>
	2,695,844
Less amounts classified as current	
Current portion of long-term debt	(853,709)
Commercial paper, net of original issue discount	(150,000)
Current portion of unamortized premiums and other debt related costs	<u>(7,057)</u>
Long-term debt and commercial paper, current portion	(1,010,766)
Total Atrium Health Charlotte Long-term debt	<u>\$ 1,685,078</u>
Atrium Health Navicent:	
Revenue bonds and revenue refunding bonds:	
Series 2017A Revenue Anticipation Certificates, maturing 2042 through 2045 bearing interest at variable rates which are adjusted weekly (weighted average rate for the year ended December 31, 2025 was 4.71%)	40,000
Series 2017B Revenue Anticipation Certificates, maturing 2026 through 2042 bearing interest at variable rates which are adjusted weekly (weighted average rate for the year ended December 31, 2025 was 4.71%)	<u>162,625</u>
	202,625
Other financing arrangements:	
Taxable Variable Term Loan, maturing 2038 through 2048 bearing interest at variable rates which are adjusted weekly (weighted average rate for the year ended December 31, 2025 was 5.61%)	60,000
Less amounts classified as current:	
Current portion of long-term debt	<u>(6,460)</u>
Total Atrium Health Navicent Long-term debt	256,165
Atrium Health Floyd:	
Variable Term loan, (weighted average rate of 5.61% during 2025) principal payable in varying annual installments through July 2043	154,000
Interest Free Term Loan, principal payable in annual installments through November 2028	<u>307</u>
	154,307
Less amounts classified as current:	
Current portion of long-term debt	<u>(6,608)</u>
Total Atrium Health Floyd Long-term debt	<u>147,699</u>
Total Atrium Health CMHA Long-term debt	<u>\$ 2,088,942</u>

A summary of Atrium Health CMHA changes in long-term debt during 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Atrium Health Charlotte:				
Fixed rate revenue bonds	\$ 927,790	\$ —	\$ (31,870)	\$ 895,920
Variable rate revenue bonds	1,053,170	—	(3,500)	1,049,670
Commercial paper revenue bonds	150,000	350,000	(350,000)	150,000
Direct placement revenue bonds	418,390	—	(8,245)	410,145
Notes from direct borrowings	51,343	—	(3,007)	48,336
	<u>2,600,693</u>	<u>350,000</u>	<u>(396,622)</u>	<u>2,554,071</u>
Atrium Health Navicent:				
Direct placement revenue anticipation certificates	208,775	—	(6,150)	202,625
Note from direct borrowings	60,000	—	—	60,000
	<u>268,775</u>	<u>—</u>	<u>(6,150)</u>	<u>262,625</u>
Atrium Health Floyd:				
Term loans	160,914	—	(6,607)	154,307
	<u>160,914</u>	<u>—</u>	<u>(6,607)</u>	<u>154,307</u>
Combined Total	<u>\$ 3,030,382</u>	<u>\$ 350,000</u>	<u>\$ (409,379)</u>	<u>\$ 2,971,003</u>

### **Atrium Health Charlotte Components of Debt**

Atrium Health Charlotte can issue debt on behalf of the CMHA Combined Group members as established under its the Bond Order. Debt issued under the Bond Order is payable solely from the CMHA Combined Group's revenues (as defined by the Bond Order). There are various financial covenants and restrictions contained in the Bond Order, Series Resolutions, and other debt agreements, including maintenance of a defined minimum level of annual long term debt service coverage.

Atrium Health Charlotte's Revenue Bonds (other than the Series 2015B Revenue Bonds and Series 2021A Revenue Bonds which are taxable) are tax exempt and are secured on a parity basis by and payable from Atrium Health Charlotte's revenues as defined in the Bond Order, the money and securities held in certain funds and accounts created by the applicable bond agreements and held by the bond trustee, and in the case of the CMHA Combined Group, amounts payable by the other members of the CMHA Combined Group under their respective Member Guaranty Agreement or Member Security Agreement. The tax-exempt fixed rate revenue bonds are redeemable at the option of Atrium Health Charlotte at par value upon the expiration of the 10 year no call period subsequent to their respective issuance date.

In December 2005, Atrium Health Charlotte issued Series 2005B, C and D Variable Rate Refunding Revenue Bonds. Interest on the Series 2005B, C, and D is payable monthly in arrears and principal is payable on January 15 of each year.

In August 2007, Atrium Health Charlotte issued Series 2007B and C Variable Rate Refunding Revenue Bonds. Interest on the Series 2007B and C is payable monthly in arrears and principal is payable on January 15 of each year.

In September 2007, Atrium Health Charlotte issued Series 2007D, E and F Variable Rate Revenue Bonds insured by Financial Security Assurance, Inc., now known as Assured Guaranty Municipal Corp. (AGMC). Interest on the Series 2007D, E and F is payable monthly in arrears and principal is payable on January 15 of each year. In May 2023, Atrium Health Charlotte utilized a mandatory tender process to convert Series 2007D and F from direct purchase bonds with weekly interest rate mode to direct purchase bonds with a monthly interest rate mode with a new mandatory tender date of May 28, 2026. As a result of the mandatory tender process, these bonds were deemed extinguished and the remarketed bonds were treated as a new issuance.

In September 2007, Atrium Health Charlotte issued Series 2007G Variable Rate Revenue Bonds insured by AGMC and Series 2007H Variable Rate Revenue Bonds. Interest on Series 2007G and Series 2007H is payable monthly in arrears. Principal is payable on January 15 of each year.

In May 2013, Atrium Health Charlotte issued Series 2013A Revenue and Refunding Revenue Bonds. Interest on Series 2013A is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In October 2015, Atrium Health Charlotte established a taxable commercial paper program providing for the issuance of up to \$200,000 in aggregate taxable commercial paper revenue bonds. In June 2025, the issuance limit was increased to \$800,000. The bonds issued under the commercial paper program currently carry short-term credit ratings of A-1+ from S&P Global Ratings and P-1 from Moody's Investors Service. Proceeds from the sale of commercial paper are used to pay for additional healthcare facilities or the costs of operating healthcare facilities, including general operating costs, routine capital expenditures and the acquisition and installation of healthcare equipment. Atrium Health Charlotte has established a self-liquidity program that will be used to repurchase any commercial paper that is not remarketed. Commercial paper may be issued with maturity dates from one to 270 days from the date of issuance. While management may elect to continuously roll over all or portions of the commercial paper, the principal amount of all commercial paper must be repaid by October 2055. At December 31, 2025, commercial paper totaling \$150,000, with a weighted average maturity and interest rate of 32 days and 3.97% respectively, was outstanding and included within current portion of debt.

In November 2016, Atrium Health Charlotte issued Series 2016A Refunding Revenue Bonds. Interest on Series 2016A is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In November 2018, Atrium Health Charlotte issued Series 2018A Refunding Revenue Bonds. Interest on Series 2018A is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In November 2018, Atrium Health Charlotte issued Series 2018B and 2018C Variable Rate Revenue Bonds. Interest on the Series 2018B and 2018C is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In November 2018, Atrium Health Charlotte issued Series 2018D and 2018E Variable Rate Revenue Bonds. Interest on Series 2018D and 2018E is payable monthly in arrears and principal is payable on January 15 of each year.

In November 2018, Atrium Health Charlotte issued Series 2018F Variable Rate Revenue Bonds. Interest on Series 2018F is payable monthly in arrears and principal is payable on January 15 of each year.

Atrium Health Charlotte has established a self-liquidity program that will be used to repurchase any Series 2018F Variable Rate Bonds that are not remarketed.

In December 2018, Atrium Health Charlotte issued Series 2018G and 2018H Variable Rate Revenue Bonds. Interest on the Series 2018 G and 2018 H Variable Rate Revenue Bonds is payable monthly in arrears and principal is payable on January 15 of each year.

In May 2021, Atrium Health Charlotte issued Series 2021A Taxable Revenue Bonds. Interest on the Series 2021A Taxable Revenue Bonds is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In May 2021, Atrium Health Charlotte issued Series 2021B, C, and D Variable Rate Revenue Bonds. Interest on Series 2021B, C, and D is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

In July 2021, Atrium Health Charlotte issued Series 2021E Variable Rate Refunding Revenue Bonds. Interest on the Series 2021E Variable Rate Refunding Revenue Bonds is payable monthly in arrears and principal is payable on January 15 of each year.

In February 2022, Atrium Health Charlotte issued Series 2022A Refunding Revenue Bonds. Interest on Series 2022A is payable semiannually on January 15 and July 15 of each year and principal is payable on January 15 of each year.

Premiums, net of accumulated amortization, totaled \$149,482 as of December 31, 2025. These costs are being amortized over the estimated duration of the related debt using the effective interest method.

Atrium Health Charlotte's parity obligation revenue bonds totaling \$2,355,735 contain terms related to significant events of default with finance-related consequences. The principal of and accrued interest on all parity obligations may be accelerated if certain events of default under the Bond Order or the individual Series Resolutions occur, including: (i) failure to pay the principal of or interest on parity obligations when due and payable; (ii) failure to comply with any of the covenants, agreements, conditions or provisions of the Bond Order or any Series Resolution for a period of 30 days after receipt by Atrium Health Charlotte of a written notice from the Trustee specifying such default and requesting it be corrected; or (iii) any member of the CMHA Combined Group becomes insolvent, or the subject of insolvency proceedings, is unable or admits in writing its inability to pay its debts as they mature, makes a general assignment for the benefit of creditors to an authorized agent to liquidate any substantial amount of property or files a petition or other pleading seeking reorganization, composition, readjustment or liquidation of assets or requesting similar relief or applies to a court for the appointment of a receiver for any of its assets.

With respect to Atrium Health Charlotte's parity obligation variable rate revenue bonds totaling \$1,459,815, certain agreements contain terms related to significant termination events with finance-related consequences. For revenue bonds totaling \$259,970 that are supported by liquidity facilities, if certain events occur (event of insolvency, payment default, contest of validity, invalidity, and ratings downgrade below Baa3 and or BBB-), the financial institution's obligation to purchase tendered bonds of a series may be terminated immediately and without prior written notice to the owners of the bonds of that series or the Trustee. Atrium Health Charlotte will then be obligated to pay the purchase price of any bonds of a series tendered for purchase after an immediate termination of the liquidity facility for that series. In the event funds are not otherwise available on a purchase date for that series, Atrium Health Charlotte will have 90 days in which to arrange for the purchase of the tendered bonds. Atrium

Health Charlotte’s failure to arrange for purchase of the tendered bonds by the end of that 90-day period is an event of default under the Series Resolution for the applicable series. For revenue bonds totaling \$189,700 that are supported by direct pay letters of credit, the related reimbursement agreements set forth a number of events of default (including but not limited to failure to pay amounts due under the reimbursement agreement, failure to perform any covenant, restriction or agreement contained in the reimbursement agreement, ratings downgrade below A3 and A-, an involuntary case or other proceeding commenced against Atrium Health Charlotte seeking liquidation, reorganization or other relief with respect to bankruptcy or insolvency). If an event of default under the reimbursement agreement occurs and is continuing, the financial institution may: (i) terminate the letter of credit on a date at least 40 days after giving written notice to the Trustee that an event of default has occurred and is continuing, which will result in a mandatory purchase date; and (ii) declare all amounts due under the reimbursement agreement and all interest accrued thereon (other than payments of principal and redemption price and interest on bonds purchased with money furnished by the financial institution pursuant to the letter of credit) to be immediately due and payable.

With respect to Atrium Health Charlotte’s parity obligation direct placement revenue bonds totaling \$410,145, the continuing covenants agreements contain terms related to significant events of default with finance-related consequences. The principal of and accrued interest on such parity obligations may be accelerated and immediately due if certain events of default under the continuing covenants agreements occur as follows: (i) failure to pay the principal of or interest on parity obligations when due or failure to purchase the parity obligations from the financial institution on the purchase date; (ii) an event of default as defined in the Bond Order or Series Resolutions occurs and is continuing; (iii) default in the payment of any material debt when due; (iv) the credit ratings of Atrium Health Charlotte are withdrawn or reduced below Baa3 and BBB-; (iv) commencement of a voluntary case or other proceeding seeking liquidation, reorganization, arrangement, adjustment, winding-up, dissolution, composition or similar relief with respect to its debts; or (v) a representation or warranty proves to have been untrue or incomplete in any material respect. Other events of default such as the failure to observe or perform any covenant, restriction or agreement contained in the continuing covenants agreements for 30 days after receipt of written notice from the financial institutions do not allow the acceleration of parity obligations prior to a period of 180 days after notice is given by the financial institutions.

In the event bondholders elect to tender any or all of Series 2007B, C, and E Revenue Bonds, Series 2018G and H Revenue Bonds, or Series 2021E Revenue Bonds for purchase and the bonds cannot be remarketed, liquidity facilities and a direct pay letter of credit provided by two financial institutions are utilized to purchase the unremarketed bonds. Bonds held by the liquidity facility and letter of credit providers generally require payment of a higher rate of interest. The terms of these liquidity facilities and direct pay letter of credit are described in the table below.

<b>Series</b>	<b>Facility type</b>	<b>Expiration year</b>	<b>Repayment period</b>
2007B	Liquidity facility	2026	3 year
2007C	Liquidity facility	2026	3 year
2007E	Direct pay letter of credit	2028	3 year
2018G	Liquidity facility	2026	3 year
2018H	Liquidity facility	2026	3 year
2021E	Direct pay letter of credit	2026	3 year

Atrium Health Charlotte’s Series 2005B, C, and D Variable Rate Refunding Revenue Bonds and Series 2007D, F, G, and H Revenue Bonds have been purchased by three financial institutions with holding periods noted in the table below that expire prior to the maturity of the respective bonds.

Series	Facility type	Expiration year
2005B, C, and D	Direct placement	2026
2007D	Direct placement	2026
2007F	Direct placement	2026
2007G	Direct placement	2026
2007H	Direct placement	2028

Atrium Health Charlotte's Series 2018B, C, D, and E and Series 2021B, C, and D Variable Rate Revenue Bonds are subject to mandatory tender for purchase at the end of the initial holding periods noted in the table below that expire prior to the maturity of the respective bonds.

Series	Facility type	Expiration year
2018B	Long-term rate period bonds	2029
2018C	Index floating rate period bonds	2026
2018D	Long-term rate period bonds	2027
2018E	Index floating rate period bonds	2026
2021B	Long-term rate period bonds	2027
2021C	Long-term rate period bonds	2028
2021D	Long-term rate period bonds	2031

In March 2013, Atrium Health Charlotte entered into an Amended and Restated Interlocal Agreement with Cleveland County, North Carolina for the purpose of more fully integrating Atrium Health Cleveland with Atrium Health Charlotte and enhancing Atrium Health Charlotte's ability to provide services to the residents of Cleveland County. Atrium Health Charlotte's payment to Cleveland County included an unsecured, non-interest bearing note in the original amount of \$77,000, payable through 2038 which is recorded as long-term debt at its net present value of \$27,735 at December 31, 2025.

In October 2014, Atrium Health Charlotte became the sole member of Pineville LTACH/Rehab Hospital, LLC (the LLC), which owns and leases a facility to Atrium Health Charlotte. Previously, the LLC was a joint venture between Atrium Health Charlotte and an unaffiliated entity. The loan, which was not issued under the Bond Order, is secured by a leasehold deed of trust and assignment of facility leases and rents. The balance of \$18,778 at December 31, 2025 is included on other long-term debt.

#### **Atrium Health Navicent Components of Debt**

Atrium Health Navicent can borrow on behalf of its Obligated Group members as established under its Amended and Restated Master Trust Indenture, as further amended (the Master Trust Indenture). There are various financial covenants and restrictions contained in the Master Trust Indenture and other debt agreements, including maintenance of a defined minimum level of annual long term debt service coverage.

Atrium Health Navicent's tax-exempt Revenue Anticipation Certificates and taxable Variable Term Loan are secured on a parity basis by and payable from Atrium Health Navicent's revenues as defined in the Master Trust Indenture, the money and securities held in certain funds and accounts created by the applicable bond agreements and held by the bond trustee. The Series 2017A and Series 2017B Certificates and taxable Variable Term Loan are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount of each Bond to be redeemed plus accrued interest to the date fixed for redemption. The Variable Term Loan is also subject to mandatory prepayment in whole, without penalty, on January 16, 2027.

In December 2017, the Macon-Bibb County Hospital Authority issued Series 2017A and Series 2017B Revenue Anticipation Certificates. Interest on Series 2017A and 2017B is payable monthly in arrears and principal is payable on August 1 of each year.

In December 2017, Atrium Health Navicent entered into a taxable Variable Term Loan with a financial institution. Interest on the Variable Term Loan is payable monthly in arrears and principal is payable on August 1 of each year.

Atrium Health Navicent’s parity obligation revenue anticipation certificates and taxable variable term loan totaling \$262,625 contain terms related to significant events of default with finance-related consequences. The principal of and accrued interest on all parity obligations may be accelerated if certain events of default under the Navicent Master Trust Indenture occur, including: (i) failure to make due and punctual payment of principal and interest on parity obligations; (ii) income available for debt service is less than 1.00 times annual debt service for any two consecutive years; (iii) failure to observe or perform any covenants or agreement under the Master Trust Indenture for a period of 60 days after receipt by Atrium Health Navicent of a written notice from the Master Trustee requiring the failure to be remedied; (iv) default in the payment of other indebtedness whose grace, notice and / or cure period for such payments has expired; (v) a court decree or order for relief in an involuntary case under applicable federal / state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, or the winding up or liquidation of its affairs; (vi) commencement of a voluntary case under any applicable federal / state bankruptcy, insolvency or other similar law or consent to an order for relief in an involuntary case under such law; or (vii) an event of default under the Lease and Transfer Agreement with the Macon-Bibb County Hospital Authority.

With respect to Atrium Health Navicent’s direct placement revenue anticipation certificates and note from direct borrowings totaling \$262,625, the continuing covenant and credit agreement contains terms related to significant events of default with finance-related consequences. The principal of and accrued interest on such parity obligations may be accelerated and due within 7 days if certain events of default under the continuing covenant and credit agreement occurs including but not limited to the following: (i) failure to pay the principal of or interest on parity obligations when due or failure to purchase the parity obligations from the financial institution on the purchase date; (ii) default on parity debt and senior debt; (iii) invalidity of the obligations or pledge of gross revenues; (iv) an event of insolvency; or (v) termination of the Agreement and Member Substitution with Atrium Health CMHA. Other events of default such as the failure to perform any term, covenant, condition, or provision contained in the continuing covenant and credit agreement for 30 days or more do not allow the acceleration of the parity obligations prior to a period of 30 days after notice is given by the financial institution.

Atrium Health Navicent’s Series 2017A and Series 2017B Revenue Anticipation Certificates have been purchased by one financial institution with holding periods noted in the table below that expire prior to the maturity of the respective obligations.

Series	Facility type	Expiration year
2017A	Direct placement	2027
2017B	Direct placement	2027

## Atrium Health Floyd Components of Debt

In December 2021, Atrium Health Floyd entered into a term loan with a financial institution. Interest is payable monthly in arrears while principal is payable on July 1 of each year with the final maturity of July 1, 2043. The Term Loan is subject to a Mandatory Prepayment Date of January 16, 2027. Neither Atrium Health Charlotte nor Atrium Health Navicent have guaranteed the Atrium Health Floyd Term Loan.

## Debt Covenants and Debt Service Requirements

There are various financial covenants and restrictions contained in the Bond Order, Series Resolutions, liquidity facilities, direct pay letter of credit and continuing covenants agreements for direct placements, Atrium Health Navicent's Master Trust Indenture and continuing covenant and credit agreement for direct placements and term loan, and Atrium Health Floyd's term loan agreement. As of December 31, 2025, Atrium Health Charlotte, Atrium Health Navicent, and Atrium Health Floyd were in compliance with these financial covenants.

There are no subjective acceleration clauses included in the debt agreements of Atrium Health Charlotte, Atrium Health Navicent, and Atrium Health Floyd.

For Atrium Health CMHA, interest expense was \$157,074 for the year ended December 31, 2025. Interest paid to bond holders and other lenders totaled \$123,324 for the year ended December 31, 2025.

Debt service requirements for Atrium Health CMHA long-term debt in future years, excluding commercial paper but including the impact of other long-term debt (note payable to a financial services company, note payable to Cleveland County and note payable to a financial institution) and interest rate swap transactions discussed in note 11, are shown in the table below. Debt service requirements, as reflected in the table, assume current interest rates on unhedged variable rate debt while net swap payments, are projected using the December 31, 2025 relationship between the Securities Information and Financial Markets Association (SIFMA) Municipal Swap Index and the one month Secured Overnight Financing Rate (SOFR).

	Fixed Rate and Variable rate Revenue bonds		Notes from Direct Borrowings and Direct Placements		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 37,085	\$ 68,523	\$ 24,996	\$ 33,693	\$ 62,081	\$ 102,216
2027	40,920	66,676	24,084	32,776	65,004	99,452
2028	41,430	63,968	25,000	31,824	66,430	95,792
2029	43,425	61,611	25,867	30,836	69,292	92,447
2030	45,425	56,085	26,925	29,798	72,350	85,883
2031-2035	268,850	236,354	148,613	132,171	417,463	368,525
2036-2040	271,350	177,554	253,911	95,572	525,261	273,126
2041-2045	320,930	137,232	298,815	33,206	619,745	170,438
2046-2050	576,175	70,182	47,200	4,845	623,375	75,027
2051-2055	300,000	4,806	—	—	300,000	4,806
	<u>\$ 1,945,590</u>	<u>\$ 942,991</u>	<u>\$ 875,411</u>	<u>\$ 424,721</u>	<u>\$ 2,821,001</u>	<u>\$ 1,367,712</u>

## 11. INTEREST RATE SWAP PROGRAM

The significant terms and features of Atrium Health Charlotte's interest rate swap program as of and for the year ended December 31, 2025, are summarized in the tables below. The notional amounts of the swaps effectively match the principal amounts of the associated debt. The swaps contain scheduled reductions to outstanding notional amounts that are expected to follow scheduled or anticipated reductions in the associated bonds.

Bond Series	Notional Amount	Swap Type	Issuance Date	Maturity Date	Rate Received	Rate Paid
2005B, C, and D	\$ 8,730	Floating-to-fixed	January 15, 2006	January 15, 2026	75% of SOFR	5.520 %
2007B	72,335	Floating-to-fixed	August 28, 2007	January 15, 2038	SIFMA	4.360 %
2007C	87,635	Floating-to-fixed	August 28, 2007	January 15, 2037	SIFMA	4.380 %
2007D	67,140	Floating-to-fixed	September 19, 2007	January 15, 2043	62.97% of SOFR + 0.29%	3.880 %
2007E	77,220	Floating-to-fixed	September 19, 2007	January 15, 2044	62.97% of SOFR + 0.29%	3.890 %
2007F	57,055	Floating-to-fixed	September 19, 2007	January 15, 2042	62.97% of SOFR + 0.29%	3.890 %
2007G	111,170	Floating-to-fixed	September 19, 2007	January 15, 2041	62.97% of SOFR + 0.29%	3.900 %
2007H	166,050	Floating-to-fixed	September 19, 2007	January 15, 2045	67.5% of SOFR if SOFR is equal to or greater than 3.5%; 77.5% of SOFR if SOFR is less than 3.5%	3.890 %
2021E	112,480	Floating-to-fixed	January 15, 2021	January 15, 2042	70% of SOFR	1.970 %

In the event Atrium Health Charlotte's credit ratings, as determined by S&P Global Ratings and Moody's Investors Service, fall below a level of A+ or A1, respectively, Atrium Health Charlotte must post collateral on these swap agreements equal to the amount of negative fair value in excess of thresholds.

In addition to the above requirement, with respect to the AGMC-insured swap agreements, should the financial strength ratings of AGMC, as determined by S&P Global Ratings and Moody's Investors Service, fall below A- or A3, respectively, upon the request of the counterparty, Atrium Health Charlotte, at its option, must either procure replacement swap insurance policies from counterparties rated at least AAA by S&P Global Ratings and Aaa by Moody's Investors Services, respectively, or agree to post collateral on those swap agreements equal to the amount of negative fair value in excess of the thresholds.

As of December 31, 2025, no collateral was required to be posted by Atrium Health Charlotte for these swap agreements.

**Fair Value at December 31, 2025**

	<b>Counterparty 1 (A+/Aa2)<sup>1</sup></b>		<b>Counterparty 2 (A+/Aa3)<sup>1</sup></b>		<b>Counterparty 3 (A+/Aa2)<sup>1</sup></b>		<b>Total</b>	
	<b>Uninsured</b>	<b>AGMC Insured (AA/A1)<sup>2</sup></b>	<b>Uninsured</b>	<b>Uninsured</b>	<b>Uninsured</b>	<b>AGMC Insured (AA/A1)<sup>2</sup></b>		
	Series 2005BCD	\$ (10)						
Series 2007B		(3,751)		(3,751)			(7,502)	
Series 2007C		(3,920)		(3,920)			(7,840)	
Series 2007D						(7,578)	(7,578)	
Series 2007E		(4,437)				(4,449)	(8,886)	
Series 2007F		(3,159)				(3,168)	(6,327)	
Series 2007G		(5,876)				(5,894)	(11,770)	
Series 2007H		(7,267)			(7,267)		(14,534)	
Series 2021E				7,529			7,529	
<b>Total Fair Value</b>	<b>\$ (10)</b>	<b>\$ (14,938)</b>	<b>\$ (13,472)</b>	<b>\$ 7,529</b>	<b>\$ (7,671)</b>	<b>\$ (7,267)</b>	<b>\$ (21,089)</b>	<b>\$ (56,918)</b>

<b>Atrium Health Charlotte Ratings Thresholds<sup>3</sup></b>		<b>Collateral Posting Thresholds</b>					
A/A2	(25,000)	(25,000)	(25,000)	(25,000)	(55,000)	(50,000)	(50,000)
A-/A3	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(10,000)	(10,000)

<sup>1</sup> S&P / Moody's Rating

<sup>2</sup> Credit Support Annex Posting Thresholds (in terms of posting, only applies to insured swaps where Atrium Health Charlotte has signed on to the Credit Support Annex when insurer is below A-/A3).

<sup>3</sup> The ratings threshold is triggered if Atrium Health Charlotte falls below A+/A1.

The fair value of the Atrium Health Charlotte swaps is reported in other noncurrent liabilities on the balance sheet. Certain mandatory tender processes undertaken with the associated bonds resulted in the termination of the related hedging relationships. Although hedging relationships have been subsequently re-established, the swaps are considered off-market swaps because the fixed rates of the swaps differed from the market rates for similar swaps at the time the hedging relationship was re-established. The negative fair values of the off-market swaps are being amortized using straight-line amortization. As of December 31, 2025, Atrium Health Charlotte has determined that 14 of its 15 interest rate swaps are effective hedging derivative instruments. Because the swaps are effective hedges, aggregate changes in their fair value are deferred and are reported on the balance sheet as a deferred inflow of resources. For swaps that are ineffective hedging derivative instruments, the aggregate change in the fair value are reported on the statement of revenues, expenses and changes in net position in non-operating income. See note 6 for further discussion of the measurement techniques and inputs utilized in the measurement of the swaps' fair value.

As of December 31, 2025, 14 of the 15 swaps had a negative fair value. The negative fair value may be countered by a reduction in total interest payments required under Atrium Health Charlotte's associated variable rate revenue bonds, creating a lower synthetic interest rate. Because the coupons on the variable rate revenue bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases.

As of December 31, 2025, Atrium Health Charlotte was exposed to credit risk as one of the swaps had a positive fair value. Atrium Health Charlotte's exposure to credit risk was \$7,529, the amount of the swap's fair value.

Atrium Health Charlotte's Series 2007B, C, and E and Series 2021E bonds bear interest at a rate that is equivalent to the SIFMA rate while the Series 2005B, C and D bonds and Series 2007 D, F, G and H bonds bear interest at SOFR plus a spread. For those swaps on the SIFMA-based variable rate revenue bonds for which it receives a variable rate based on SOFR, Atrium Health Charlotte is exposed to basis risk depending upon the relationship between SIFMA and SOFR. If that relationship changes, the effective synthetic rate on the SIFMA-based variable rate revenue bonds may be higher than the intended synthetic rate. As of December 31, 2025, the SIFMA rate was 2.36% and SOFR was 3.87%, resulting in a SIFMA to SOFR relationship of approximately 60.98%.

Atrium Health Charlotte or the counterparty may terminate any of the swaps if either party fails to perform under the terms of the agreement. If any of the swaps are terminated, the associated variable rate revenue bonds would no longer carry synthetic interest rates. Also, if the swap has a negative fair value at the time of termination, Atrium Health Charlotte would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at the time of termination, Atrium Health Charlotte would be entitled to a payment equal to the swap's fair value from the counterparty terminating the swap.

Amounts recorded in the accompanying statement of revenues, expenses and changes in net position are as follows:

	Year Ended December 31, 2025
Net cash payments on interest rate swap agreements (interest expense)	\$ 5,472
Change in fair value of interest rate swaps (other nonoperating income, net)	\$ (1,499)

Debt service requirements of Atrium Health Charlotte's outstanding hedged variable rate revenue bonds and related net swap payments, assuming SIFMA and SOFR interest rates as of the balance sheet date and the SIFMA and SOFR relationship remain the same, as of December 31, 2025, were as follows:

	Variable Rate Bonds			Interest Rate Swap - Net	Total
	Principal	Interest			
2026	\$ 12,310	\$ 22,413	\$ 8,286	\$ 43,009	
2027	19,440	21,876	8,045	49,361	
2028	13,930	21,465	7,915	43,310	
2029	14,625	21,041	7,778	43,444	
2030	15,575	20,581	7,632	43,788	
2031-2035	140,375	92,129	33,148	265,652	
2036-2040	236,585	64,771	20,026	321,382	
2041-2045	306,975	14,384	5,215	326,574	
2046-2050	—	—	—	—	
	<u>\$ 759,815</u>	<u>\$ 278,660</u>	<u>\$ 98,045</u>	<u>\$ 1,136,520</u>	

## 12. RETIREMENT PLANS

Atrium Health CMHA maintains various employee retirement benefit plans available to qualifying employees and retirees: Atrium Health Charlotte Defined Benefit Pension Plan ("Charlotte Plan"), Atrium Health Navicent Defined Benefit Pension Plan ("Navicent Plan") and Atrium Health Floyd

Defined Benefit Pension Plan ("Floyd Plan") are collectively referred to as the "Atrium Health CMHA Plans."

The Charlotte plan covers substantially all employees of Atrium Health Charlotte who were employed prior to January 1, 2014 and who have attained five or more years of service. These benefits are based on years of service and the teammates' compensation. Effective January 1, 2009, the Charlotte Plan became a cash balance plan and a small group of teammates meeting specified employment, age and service criteria were grandfathered and accrued benefits under the Atrium Health Charlotte pre-cash balance formula. The Board of Commissioners of Atrium Health Charlotte or an authorized committee of the Board has the authority to amend benefit provisions.

The Navicent plan covers substantially all employees of Atrium Health Navicent who were employed prior to December 31, 2007 and who have attained more than five years of service. Effective January 1, 2008, plan participants under the age of 40 no longer accrue benefits under the Navicent Plan.

The Floyd plan covers substantially all employees of Atrium Health Floyd who were employed prior to September 30, 2005. The benefits are based on earnings for each year after January 1, 1998, with the total benefit subject to thirty-five years of benefit service maximum.

The Atrium Health CMHA Plans were frozen (effective the dates below) to new participants and participants ceased accruing additional pension benefits at that date.

	<u>Frozen Date</u>
Charlotte Plan	January 1, 2018
Navicent Plan	December 31, 2013
Floyd Plan	March 31, 2014

### **GASB 68 Accounting**

The actuarial valuation establishing the net pension liability for the purposes of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was based on the Atrium Health CMHA Plan membership data as of January 1, 2024 and rolled forward to the measurement date of December 31, 2024. The Atrium Health CMHA Plans' participant data as of January 1, 2024 is as follows:

	<u>Charlotte Plan</u>	<u>Navicent Plan</u>	<u>Floyd Plan</u>
Retirees and beneficiaries receiving benefits	2,847	865	615
Previously employed plan members entitled to but not yet receiving benefits	7,645	1,377	225
Employed plan members	<u>13,001</u>	<u>1,032</u>	<u>342</u>
Total	<u><u>23,493</u></u>	<u><u>3,274</u></u>	<u><u>1,182</u></u>

Annual contributions to the Atrium Health CMHA Plans are based upon actuarial calculations. Atrium Health CMHA Plans utilize the entry age normal method to determine annual contributions. There are no teammate contributions to any of the Atrium Health CMHA Plans.

Atrium Health CMHA's funding policy is to contribute such actuarially determined amounts as are necessary to provide assets sufficient to meet the benefits to be paid to Atrium Health CMHA Plans' participants. In addition, since the freezing of the Atrium Health CMHA Plans, contributions have periodically been made to the plans in addition to the annual actuarially determined amounts in an effort to reduce the unfunded actuarially accrued liability in a systematic manner. Atrium Health

CMHA's contribution rate for the year ended December 31, 2024 equaled 2.5% of covered payroll for Atrium Health Charlotte. This contribution rate was determined based on a date of January 1, 2024.

Atrium Health CMHA made the below contributions to its respective plans and had the below ending net pension liability as of December 31, 2025:

	<u>Contribution</u>	<u>Net Pension Liability (Asset)</u>
Charlotte Plan	\$ 34,455	\$ 391,388
Navicent Plan	—	(15,022)
Floyd Plan	2,395	7,609
Total	<u>\$ 36,850</u>	<u>\$ 383,975</u>

Expected contributions to the Atrium Health CMHA Plans for the 2025 measurement date are \$39,164.

A summary of changes in the plans' assets, benefit obligation and the resulting funded status for the Atrium Health CMHA Plans, as of December 31, 2025, is as follows:

	<u>Charlotte Plan</u>	<u>Navicent Plan</u>	<u>Floyd Plan</u>
Plan's assets at fair value at beginning of period	\$ 883,675	\$ 292,951	\$ 71,976
Actual return on plan assets	83,851	1,772	1,424
Employer contributions	34,455	—	2,395
Expense paid	(156)	(657)	(638)
Benefits paid	(93,541)	(16,402)	(5,364)
Plan's assets at fair value at end of period	<u>\$ 908,284</u>	<u>\$ 277,664</u>	<u>\$ 69,793</u>
Change in benefit obligation:			
Benefit obligation at beginning of period	\$ 1,251,778	\$ 245,484	\$ 78,068
Interest cost	96,725	16,636	4,334
Actuarial loss (gain)	4,055	371	(11)
Changes in assumptions	40,655	16,553	375
Benefits paid	(93,541)	(16,402)	(5,364)
Benefit obligation at end of period	<u>\$ 1,299,672</u>	<u>\$ 262,642</u>	<u>\$ 77,402</u>
Plan assets (less than) greater than projected benefit obligation	<u>\$ (391,388)</u>	<u>\$ 15,022</u>	<u>\$ (7,609)</u>
Net pension liability (asset) at beginning of period	\$ 368,103	\$ (47,467)	\$ 6,092
Net pension liability (asset) at end of period	\$ 391,388	\$ (15,022)	\$ 7,609

Pension plan expense included in salaries, wages and benefits in the accompanying statement of revenues, expenses, and changes in net position is as follows for the Atrium Health CMHA Plans for the year ended December 31, 2025:

	<u>Charlotte Plan</u>	<u>Navicent Plan</u>	<u>Floyd Plan</u>
Interest cost	\$ 96,725	\$ 16,636	\$ 4,334
Expected return on plan assets	(68,438)	(19,909)	(4,019)
Amortization of:			
Actuarial (gain) loss	(8,702)	6,286	5,910
Administrative expenses	156	657	638
Net pension expense	<u>\$ 19,741</u>	<u>\$ 3,670</u>	<u>\$ 6,863</u>

The following are the Atrium Health CMHA Plans' financial instruments at the December 31, 2024 measurement date, measured at fair value on a recurring basis by the valuation hierarchy defined in note 6. FAIR VALUE:

#### Charlotte Plan

Description	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 17,810	\$ 17,810	\$ —	\$ —
Corporate bonds and other debt securities	140,729	46,600	94,129	—
United States government obligations	26,700	—	26,700	—
Equity funds	480,084	307,969	172,115	—
Real estate funds	111,224	—	111,224	—
	<u>\$ 776,547</u>	<u>\$ 372,379</u>	<u>\$ 404,168</u>	<u>\$ —</u>
<b>Investments at net asset value</b>				
Alternative investments	<u>131,737</u>			
<b>Total investments</b>	<u>\$ 908,284</u>			

#### Navicent Plan

Description	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 3,413	\$ 3,413	\$ —	\$ —
Corporate bonds and other debt securities	43,865	—	43,865	—
Equity funds	151,457	—	151,457	—
Real estate funds	66,141	—	66,141	—
	<u>264,876</u>	<u>\$ 3,413</u>	<u>\$ 261,463</u>	<u>\$ —</u>
<b>Investments at net asset value</b>				
Alternative investments	<u>12,788</u>			
<b>Total investments</b>	<u>\$ 277,664</u>			

#### Floyd Plan

Description	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 1,680	\$ 1,680	\$ —	\$ —
Corporate bonds and other debt securities	34,451	—	34,451	—
United States government obligations	20,113	—	20,113	—
Equity funds	9,109	—	9,109	—
Real estate funds	4,440	—	4,440	—
<b>Total investments</b>	<u>\$ 69,793</u>	<u>\$ 1,680</u>	<u>\$ 68,113</u>	<u>\$ —</u>

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in note 6. FAIR VALUE. Real estate commingled funds for which an active market exists are included in Level 2. Atrium Health CMHA opted to use the net asset value per share, or its equivalent, as a practical expedient for the fair value of the Atrium Health CMHA Plans' interest in hedge funds, private equity limited partnerships and real estate commingled funds. There is inherent uncertainty in such valuations and the estimated fair values may differ from the values that would have been used had a ready market for these investments existed. Private equity limited partnerships and real estate commingled funds typically have finite lives ranging from five to ten years, at the end of which all invested capital is returned. For hedge funds, the typical lockup period is one year, after which invested capital can be redeemed on a quarterly basis with at least 30 days' but no more than 90 days' notice. The Atrium Health CMHA Plans' investment assets are exposed to the same kinds and levels of risk as described in note 6. FAIR VALUE.

The table below discloses the unfunded commitments, redemption frequency and redemption notice period for investments measured at net asset value as of the December 31, 2024 measurement date:

<b>Charlotte Plan</b>				
	<b>2024</b>	<b>Unfunded commitments as of December 31, 2024</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Equity funds	\$ 98,173	\$ —	Monthly	10 days
Private equity funds	33,564	11,316	N/A	N/A
	<u>\$ 131,737</u>	<u>\$ 11,316</u>		
<b>Navicent Plan</b>				
	<b>2024</b>	<b>Unfunded commitments as of December 31, 2024</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Private equity funds	\$ 12,788	\$ 5,477	N/A	N/A

The total Atrium Health CMHA Plans' pension liability (asset) based on the December 31, 2024, measurement date was determined using the following actuarial assumptions:

	<b>Charlotte Plan</b>	<b>Navicent Plan</b>	<b>Floyd Plan</b>
Discount rate and expected return on assets	7.40 %	6.30 %	5.70 %
Lump sum interest rate	6.00 %	N/A	N/A

The 2024 mortality assumption for the Atrium Health CMHA Plans was based on the Pri-2012 table (credibility adjustment factor of 95%) projected generationally from 2012 with Scale MP-2021.

The long-term investment rate of return on pension assets was determined using a combination of benchmark return information and a building-block method in which best-estimated expected real rates of return are developed for each major asset class. These expected real rates of return are weighted by the target asset allocation percentage to produce an overall expected real rate of return which is then increased by expected inflation.

The target allocation, expected nominal return (which includes inflation) and the best estimates of geometric or compounded real rates of return (which are net of inflation) for each major asset class

were established as of January 1, 2024, the beginning of the measurement period, and are summarized in the following table:

<b>Charlotte Plan</b>			
<b>Asset Class</b>	<b>Target allocation</b>	<b>Expected nominal return range</b>	<b>Expected real rate of return range</b>
Corporate bonds and other debt securities	18.5 %	4.5%	1.8%
Equity funds	60.0 %	6.8%-7.3%	4.0%-4.5%
Alternative investments	21.5 %	5.9%-8.2%	3.1%-5.4%
Total target allocation	<u>100.0 %</u>		

  

<b>Navicent Plan</b>			
<b>Asset Class</b>	<b>Target allocation</b>	<b>Expected nominal return</b>	<b>Expected real rate of return</b>
Corporate bonds and other debt securities	70.0 %	3.9%-4.8%	1.2%-2.1%
Equity funds	20.0 %	7.2%-7.3%	4.5%
Alternative investments	10.0 %	6.3%-8.2%	3.6%-5.4%
Total target allocation	<u>100.0 %</u>		

  

<b>Floyd Plan</b>			
<b>Asset Class</b>	<b>Target allocation</b>	<b>Expected nominal return</b>	<b>Expected real rate of return</b>
Cash and short-term investments	1.7 %	3.9%	1.2%
Corporate bonds and other debt securities	43.4 %	4.6%-5.5%	1.9%-2.7%
United States government obligations	24.8 %	3.9%-4.1%	1.2%-1.4%
Equity funds	23.8 %	6.8%-7.3%	4.0%-4.5%
Real estate	6.3 %	6.2%	3.4%
Total target allocation	<u>100.0 %</u>		

For the Atrium Health CMHA Plans year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.8% for Atrium Health Charlotte, 0.6% for Atrium Health Navicent and 2.0% for Atrium Health Floyd. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The discount rate used to measure the total Atrium Health CMHA Plans' pension liability (asset) as of the December 31, 2024 measurement date was 7.40% for Charlotte, 6.30% for Navicent and 5.70% for Floyd. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in amounts equal to the actuarially determined contributions. Based on those assumptions, the Atrium Health CMHA Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive teammates. Therefore, the long-term expected rate of return on pension assets was applied to all periods of projected benefit payments to determine the total pension liability (asset).

The following table presents the net Atrium Health CMHA Plans pension liability (asset) as of the December 31, 2024 measurement date calculated using the discount rate and alternatively, as required by GASB 68, what the net pension liability (asset) would be under different scenarios assuming it were

calculated using a discount rate that is 1% lower or 1% higher at the December 31, 2024 measurement date:

	<b>1% Decrease 6.40%</b>	<b>Current Rate 7.40%</b>	<b>1% Increase 8.40%</b>
Charlotte Plan	\$ 467,308	\$ 391,388	\$ 331,523
	<b>1% Decrease 5.30%</b>	<b>Current Rate 6.30%</b>	<b>1% Increase 7.30%</b>
Navicent Plan	\$ 12,198	\$ (15,022)	\$ (38,121)
	<b>1% Decrease 4.70%</b>	<b>Current Rate 5.70%</b>	<b>1% Increase 6.70%</b>
Floyd Plan	\$ 15,829	\$ 7,609	\$ 683

At December 31, 2025, Atrium Health CMHA Plans reported deferred outflows and inflows of resources as follows based on December 31, 2024 measurement date:

	<b>Deferred outflows of resources</b>			<b>Deferred inflows of resources</b>		
	<b>Charlotte Plan</b>	<b>Navicent Plan</b>	<b>Floyd Plan</b>	<b>Charlotte Plan</b>	<b>Navicent Plan</b>	<b>Floyd Plan</b>
Difference between expected and actual experience related to demographic factors	\$ 12,391	\$ 2,456	\$ 308	\$ 1,077	\$ —	\$ 6
Assumption changes	33,936	8,994	1,316	10,631	2,171	—
Difference between expected and actual investment earnings	—	19,760	3,164	4,713	—	—
<b>Total</b>	<b>\$ 46,327</b>	<b>\$ 31,210</b>	<b>\$ 4,788</b>	<b>\$ 16,421</b>	<b>\$ 2,171</b>	<b>\$ 6</b>

Amounts reported above as deferred outflows of resources and deferred inflows of resources related to the Atrium Health CMHA Plans at December 31, 2025 will be recognized as an increase or (decrease) in pension expense for the year ended December 31, as follows:

	<b>Charlotte Plan</b>	<b>Navicent Plan</b>	<b>Floyd Plan</b>
2026	33,533	20,507	4,159
2027	(3,468)	3,717	106
2028	(1)	1,186	(1)
2029	(158)	3,628	519
<b>Total</b>	<b>\$ 29,906</b>	<b>\$ 29,038</b>	<b>\$ 4,783</b>

In addition to the defined benefit Plans, Atrium Health CMHA offers several defined contribution plans under IRS codes 401(k) and 403(b). These plans cover all full-time teammates of Atrium Health CMHA and are funded by voluntary teammate contributions and certain matching contributions by Atrium Health CMHA to their respective plans. Defined contribution plan assets are not recorded in Atrium Health CMHA's balance sheet but are held in participant-directed individual accounts and were \$7,876,960 at December 31, 2025.

Expenses related to the defined contribution plans were \$327,282 for the year ended December 31, 2025.

Atrium Health Navicent also sponsors an unfunded postretirement health and dental plan which has a liability of \$15,679 at December 31, 2025 (based on December 31, 2024 measurement date).

## GASB 67 Accounting

The Atrium Health CMHA Plans are considered fiduciary pension trust funds. The following fiduciary fund information is provided as of December 31, 2025, the year end for the three plans, in addition to information previously provided for the three plans as of December 31, 2024 regarding plan administration, membership, benefit terms, contributions, investment policy and actuarial assumptions. This information is presented as required by GASB Statement No. 67, *Financial Reporting for Pension Plans*, as no separate financial statements for these plans are issued.

The Atrium Health CMHA plans' year end is December 31. The components of the net pension liability (asset) of the Atrium Health CMHA Plans on December 31, 2025 were as follows:

	<u>Charlotte Plan</u>	<u>Navicent Plan</u>	<u>Floyd Plan</u>
Total pension liability	\$ 1,297,391	\$ 252,177	\$ 75,034
Plan fiduciary net position	1,006,060	280,791	71,302
Net pension liability (asset)	<u>\$ 291,331</u>	<u>\$ (28,614)</u>	<u>\$ 3,732</u>
Plan fiduciary net position as a percentage of total pension liability (asset)	77.5 %	111.3 %	95.0 %

The following table presents the net Atrium Health CMHA Plans pension liability (asset) as of the December 31, 2025 measurement date calculated using the discount rate and alternatively, as required by GASB 67, what the net pension liability (asset) would be under different scenarios assuming it were calculated using a discount rate that is 1% lower or 1% higher at December 31, 2025:

	<u>1% Decrease 6.40%</u>	<u>Current Rate 7.40%</u>	<u>1% Increase 8.40%</u>
Charlotte Plan	\$ 365,032	\$ 291,331	\$ 233,614
	<u>1% Decrease 5.70%</u>	<u>Current Rate 6.70%</u>	<u>1% Increase 7.70%</u>
Navicent Plan	\$ (4,037)	\$ (28,614)	\$ (49,609)
	<u>1% Decrease 4.90%</u>	<u>Current Rate 5.90%</u>	<u>1% Increase 6.90%</u>
Floyd Plan	\$ 11,353	\$ 3,732	\$ (2,724)

For the Atrium Health CMHA Plans year ended December 31, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 17.6% for Atrium Health Charlotte, 7.9% for Atrium Health Navicent and 9.5% for Atrium Health Floyd. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

The following are the Atrium Health CMHA Plans' financial instruments at December 31, 2025, measured at fair value on a recurring basis by the valuation hierarchy defined in note 6. FAIR VALUE:

**Charlotte Plan**

Description	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 15,288	\$ 15,288	\$ —	\$ —
Corporate bonds and other debt securities	123,297	51,149	72,148	—
United States government obligations	59,185	—	59,185	—
Equity funds	623,181	84,371	538,810	—
Real estate funds	41,645	—	41,645	—
	862,596	\$ 150,808	\$ 711,788	\$ —
<b>Investments at net asset value</b>				
Alternative investments	143,464			
<b>Total investments</b>	<u>\$ 1,006,060</u>			

**Navicent Plan**

Description	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 5,199	\$ 5,199	\$ —	\$ —
Corporate bonds and other debt securities	42,579	—	42,579	—
Equity funds	155,234	—	155,234	—
Real estate funds	66,522	—	66,522	—
	269,534	\$ 5,199	\$ 264,335	\$ —
<b>Investments at net asset value</b>				
Alternative investments	11,257			
<b>Total investments</b>	<u>\$ 280,791</u>			

**Floyd Plan**

Description	December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and short-term investments	\$ 1,295	\$ 1,295	\$ —	\$ —
Corporate bonds and other debt securities	32,428	—	32,428	—
United States government obligations	18,652	—	18,652	—
Equity funds	14,379	—	14,379	—
Real estate funds	4,548	—	4,548	—
<b>Total investments</b>	<u>\$ 71,302</u>	<u>\$ 1,295</u>	<u>\$ 70,007</u>	<u>\$ —</u>

The table below discloses the unfunded commitments, redemption frequency and redemption notice period for investments measured at net asset value as of the December 31, 2025 measurement date:

<b>Charlotte Plan</b>				
	<b>2025</b>	<b>Unfunded commitments as of December 31, 2025</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Equity funds	\$ 55,299	\$ —	Monthly	10 days
Private equity funds	88,165	10,910	N/A	N/A
	<u>\$ 143,464</u>	<u>\$ 10,910</u>		
<b>Navicent Plan</b>				
	<b>2025</b>	<b>Unfunded commitments as of December 31, 2025</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>
Private equity funds	\$ 11,257	\$ 2,593	N/A	N/A

### 13. COMMITMENTS AND CONTINGENCIES

#### Litigation

From time to time, Atrium Health CMHA receives and responds to investigations and requests concerning possible violations of reimbursement, false claims, anti-kickback and anti-referral statutes, environmental regulations and other regulations of health care providers from federal and state regulatory agencies. There can be no assurance that regulatory authorities will not challenge Atrium Health CMHA's compliance with these laws and regulations, and it is not possible to determine the impact, if any, such claims or penalties would have on Atrium Health CMHA. To foster compliance with applicable laws and regulations, Atrium Health CMHA maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

#### Future Obligations

Atrium Health CMHA has entered into contracts for various construction and capital projects for which remaining commitments totaled approximately \$657,431 at December 31, 2025.

Effective January 1, 2012, under the terms of an Agreement between Atrium Health CMHA and Union County, Atrium Health CMHA leases hospital real estate from, and makes annual payments to, Union County. The initial term of the Agreement remains in effect until December 31, 2061, unless earlier terminated, extended, or renewed in accordance with the provisions of the Agreement. Upon the expiration of the initial term, unless certain events of default exist, Atrium Health CMHA has the option to extend and renew the Agreement for an initial renewal term of 25 years. During the term of the Agreement, Union County has the right to require Atrium Health CMHA to purchase the hospital real estate at a stated price determined in accordance with the Agreement. If Union County elects to require Atrium Health CMHA to purchase the hospital real estate, Atrium Health CMHA will have no further obligations under the Agreement. As of December 31, 2025, the purchase price as stated in the Agreement was \$121,565. The present value of Atrium Health CMHA's obligation for the annual payments, discounted using an effective interest rate of 4.34%, was \$115,824 as of December 31, 2025, and is recorded on the balance sheet as a long-term liability. The liability and related interest are payable in annual installments of approximately \$6,000 per year through 2061.

Additionally, as part of the Agreement between Atrium Health CMHA and Union County, Atrium Health CMHA has committed to reinvest in healthcare facilities and operations in Union County. As measured in 15-year increments commencing January 1, 2012, Atrium Health CMHA has committed to spending in Union County no less than 75% of the capital spending ratio of Atrium Health CMHA as a whole (defined as capital investments divided by net operating revenues) but limited to 75% of the operating income of the Union Healthcare Enterprise as defined in the Agreement.

In connection with the Agreements and Member Substitutions with Atrium Health Navicent and Atrium Health Floyd, Atrium Health CMHA has committed to make capital, strategic, and other expenditures in the Georgia markets. Of these commitments, approximately \$942,000 remains outstanding as of December 31, 2025.

In connection with the Health System Integration Agreement and related agreements between Atrium Health CMHA and Atrium Health WFB (see note 1), the Atrium Health Enterprise, which includes both Atrium Health WFB and Atrium Health CMHA, has committed to approximately \$3,400,000 in planned investments into the Winston-Salem, North Carolina area over 10 years beginning in October 2020. The Enterprise has agreed to invest approximately \$2,800,000 to improve facilities and fund critical investments across the communities served by Atrium Health WFB. Of this commitment, approximately \$1,508,000 remains outstanding as of December 31, 2025. With Atrium Health WFB and the Wake Forest University School of Medicine forming the academic core of the Atrium Health Enterprise, the Atrium Health Enterprise also has agreed to invest nearly \$600,000 to advance the academic mission of Atrium Health WFB and further elevate its national reputation, including a \$150,000 academic endowment funded in March 2021 to fund additional education and research growth and a \$70,000 Academic Enrichment Fund (\$10,000 annually for seven years beginning in 2022) to accelerate academic initiatives. Atrium Health Charlotte and the Atrium Health Enterprise have committed to establish the academic endowment fund and to fund the Academic Enrichment Fund from non-Atrium Health WFB funds. Of this commitment, \$216,000 remains outstanding as of December 31, 2025. See note 15 for more information regarding the funding of these commitments.

#### **14. GENERAL AND PROFESSIONAL LIABILITY RISKS**

Atrium Health CMHA is subject to legal proceedings and claims that arise in the course of providing healthcare services.

Atrium Health Charlotte has instituted a limited self-insurance program for professional liability and general liability claims. Self-insurance is limited to \$10 million per occurrence, with no aggregate limit for the year end December 31, 2025. General liability and professional liability are also covered by umbrella liability insurance policies. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for asserted and unasserted claims not covered by the policy and any other uninsured liability.

#### **15. RELATED PARTY TRANSACTIONS**

As part of the Advocate Health joint operating agreement as described in note 1, AHI and AAH share certain expenses related to the management of Advocate Health. Advocate Health utilizes a management fee to allocate these shared expenses. As of December 31, 2025, Atrium Health CMHA recorded management fees of \$61,728 included in purchased services and other expenses in the statement of revenues, expenses and changes in net position.

## **16. SUBSEQUENT EVENTS**

Atrium Health CMHA evaluated events and transactions subsequent to December 31, 2025 through April 7, 2026, the date of basic financial statement issuance.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Charlotte Defined Benefit Plan (unaudited)**

	December 31,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Measurement date change	\$ —	\$ (823)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Service cost	—	—	—	—	—	—	—	—	46,519	53,214
Interest cost	96,725	96,856	93,065	96,970	100,567	99,367	91,210	96,417	100,609	95,929
Plan amendments	—	—	—	—	—	7,538	—	—	—	—
Differences between expected and actual experiences	4,055	(11,040)	17,983	(7,416)	4,818	15,058	25,325	(14,720)	(23,718)	7,092
Changes of assumptions	40,655	3,853	(32,475)	4,039	6,103	21,607	5,138	(2,402)	(5,217)	20,252
Benefit payments	(93,541)	(97,188)	(118,643)	(172,599)	(146,316)	(122,465)	(150,638)	(146,796)	(108,339)	(106,420)
Net change in total pension liability	47,894	(8,342)	(40,070)	(79,006)	(34,828)	21,105	(28,965)	(67,501)	9,854	70,067
Total pension liability – beginning	1,251,778	1,260,120	1,300,190	1,379,196	1,414,024	1,392,952	1,291,461	1,358,962	1,349,108	1,279,041
Total pension liability – ending (a)	1,299,672	1,251,778	1,260,120	1,300,190	1,379,196	1,414,057	1,262,496	1,291,461	1,358,962	1,349,108
Plan fiduciary net position:										
Measurement date change	\$ —	\$(17,918)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contributions – employer	34,455	—	33,978	32,777	36,570	37,378	37,473	78,526	124,181	132,884
Investment gains (losses) and other, net	83,851	106,616	78,880	(115,455)	295,675	13,096	31,478	76,644	118,972	(36,909)
Benefit payments	(93,541)	(97,188)	(118,643)	(172,599)	(146,316)	(122,465)	(150,638)	(146,796)	(108,339)	(106,420)
Administrative expense	(156)	(194)	(219)	(175)	(178)	(80)	(162)	(312)	(217)	(364)
Net change in plan fiduciary net position	24,609	(8,684)	(6,004)	(255,452)	185,751	(72,071)	(81,849)	8,062	134,597	(10,809)
Plan fiduciary net position – beginning	883,675	892,359	898,363	1,153,815	968,064	1,040,135	991,368	983,306	848,709	859,518
Plan fiduciary net position – ending (b)	908,284	883,675	892,359	898,363	1,153,815	968,064	909,519	991,368	983,306	848,709
Net pension liability – ending (a) – (b)	\$391,388	\$368,103	\$367,761	\$401,827	\$225,381	\$445,993	\$352,977	\$300,093	\$375,656	\$500,399
Plan fiduciary net position as a percentage of the total pension liability	69.9 %	70.6 %	70.8 %	69.1 %	83.7 %	68.5 %	72.0 %	76.8 %	72.4 %	62.9 %
Covered-employee payroll	\$1,362,722	\$1,451,363	\$1,451,363	\$1,530,991	\$1,665,998	\$1,688,456	\$1,642,381	\$1,804,814	\$1,796,876	\$1,959,073
Net pension liability as a percentage of covered-employee payroll	28.7 %	25.4 %	25.3 %	26.2 %	13.5 %	26.4 %	21.5 %	16.6 %	20.9 %	25.5 %

**Notes to schedule:**

Measurement date is December 31 of the prior year for after 2024 and July 1 of each prior year presented.

Effective June 30, 2020, the Cleveland and Stanly DB Plans were merged with the Atrium Health Charlotte DB Plan which increased the beginning total pension liability by approximately \$130 million and the beginning plan fiduciary net position by approximately \$131 million.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Charlotte Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2025	\$ 33,273	\$ 34,455	\$ (1,182)	\$ 1,362,722	2.5 %
2024	—	—	—	1,451,363	— %
2023	33,978	\$ 33,978	—	1,451,363	2.3 %
2022	32,777	32,777	—	1,530,991	2.1 %
2021	36,570	36,570	—	1,665,998	2.2 %
2020	37,378	37,378	—	1,688,456	2.2 %
2019	37,473	37,473	—	1,642,381	2.3 %
2018	36,326	78,526	(42,200)	1,804,814	4.4 %
2017	81,981	124,181	(42,200)	1,796,876	6.9 %
2016	90,684	132,884	(42,200)	1,959,073	6.8 %

**Notes to schedule:**

Valuation date Actuarially determined contribution rates are calculated as of January 1 of the prior year, except for 2024 since the contribution year is the same as 2023.

Methods and assumptions used to determine contribution rate for 2025:

Actuarial cost method	Entry age normal
Amortization method	20-year as level percent of pay, closed
Asset valuation method	5-year smoothed market
Cash balance interest credits	Varying based on historical plan (4.38%-6.5%)
Salary increases	Not applicable after 12/31/2017 due to benefit accrual freeze; 3.0% prior to 12/31/2017
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Retirement rates	Age-graded rates from 55 to 70
Termination rates	Select and ultimate age-graded rates
Mortality	Pri-2012 Employee/Annuitant Mortality Tables for males and females projected forward generationally using Scale MP-2021.

The schedules are intended to show information for 10 years.

See accompanying independent auditors' report.

**Schedule of Pension Plan Investment Returns – Atrium Health Charlotte Defined Benefit Plan (unaudited)**

Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2024	9.8 %
December 31, 2023	13.2 %
July 1, 2023	9.4 %
July 1, 2022	(11.1)%
July 1, 2021	32.6 %
July 1, 2020	1.6 %
July 1, 2019	3.8 %
July 1, 2018	8.0 %
July 1, 2017	15.0 %
July 1, 2016	(4.8)%

**Notes to schedule:**

The schedules are intended to show information for 10 years.

See accompanying independent auditors' report.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Navicent Defined Benefit Plan (unaudited)**

	December 31,					
	2025	2024	2023	2022	2021	2020
Total pension liability:						
Measurement date change	\$ —	\$ (608)	\$ —	\$ —	\$ —	\$ —
Service cost	—	—	—	—	—	—
Interest cost	16,636	16,188	16,283	17,551	20,195	20,004
Differences between expected and actual experiences	371	—	(1,957)	23,915	(2,042)	2,382
Changes of assumptions	16,553	(12,041)	—	24,743	(1,221)	(1,507)
Benefit payments	(16,402)	(15,422)	(14,947)	(84,452)	(19,937)	(16,741)
Net change in total pension liability	17,158	(11,883)	(621)	(18,243)	(3,005)	4,138
Total pension liability – beginning	245,484	257,367	257,988	276,231	279,236	275,098
Total pension liability – ending (a)	262,642	245,484	257,367	257,988	276,231	279,236
Plan fiduciary net position:						
Measurement date change	—	(13,107)	—	—	—	—
Contributions – employer	—	—	—	2,500	7,108	4,363
Investment gains (losses) and other, net	1,772	29,848	13,389	(25,086)	93,602	9
Benefit payments	(16,402)	(15,422)	(14,947)	(84,452)	(19,937)	(16,741)
Administrative expense	(657)	(1,102)	(1,974)	(1,973)	(2,202)	(2,756)
Net change in plan fiduciary net position	(15,287)	217	(3,532)	(109,011)	78,571	(15,125)
Plan fiduciary net position – beginning	292,951	292,734	296,266	405,277	326,706	341,831
Plan fiduciary net position – ending (b)	277,664	292,951	292,734	296,266	405,277	326,706
Net pension asset – ending (a) – (b)	\$ (15,022)	\$ (47,467)	\$ (35,367)	\$ (38,278)	\$ (129,046)	\$ (47,470)
Plan fiduciary net position as a percentage of the total pension liability	105.7 %	119.3 %	113.7 %	114.8 %	146.7 %	117.0 %
Covered-employee payroll	\$ 90,165	\$ 87,966	\$ 87,966	\$ 94,325	\$ 96,163	\$ 118,953
Net pension asset as a percentage of covered-employee payroll	(16.7)%	(54.0)%	(40.2)%	(40.6)%	(134.2)%	(39.9)%

**Note to schedule:**

Measurement date is December 31 of the prior year after 2024 and July 1 of each prior year presented.

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Navicent Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ —	\$ —	\$ —	\$ 90,165	— %
2024	—	—	—	87,966	— %
2023	—	—	—	87,966	— %
2022	—	2,500	(2,500)	94,325	2.7 %
2021	—	7,108	(7,108)	96,163	7.4 %
2020	4,135	4,363	(228)	118,953	3.7 %

**Notes to schedule:**

Valuation date Actuarially determined contribution rates are calculated as of January 1 of the prior year, except for 2024 since the contribution year is the same as 2023.

Methods and assumptions used to determine contribution rate for 2025:

Actuarial cost method	Traditional Unit Credit
Amortization method	15-year amortization of funding shortfall
Asset valuation method	2-year smoothed market
Salary increases	Not applicable after 12/31/2013 due to benefit accrual freeze.
Investment rate of return	3- segment rates with a September applicable lookback month
Retirement rates	Age-graded rates from 55 to 70
Termination rates	Select and ultimate age-graded rates
Mortality	The prescribed mortality assumption under Section 430(h)(3)(A) of the IRC

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Plan Investment Returns – Atrium Health Navicent Defined Benefit Plan (unaudited)**

Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2024	0.6 %
December 31, 2023	11.0 %
July 1, 2023	4.8 %
July 1, 2022	(8.9)%
July 1, 2021	29.9 %
July 1, 2020	0.5 %
July 1, 2019	5.4 %

**Notes to schedule:**

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Floyd Defined Benefit Plan (unaudited)**

	December 31,				
	2025	2024	2023	2022	2021
Total pension liability:					
Measurement date change	\$ —	\$ 285	\$ —	\$ —	\$ —
Service cost	—	—	—	—	—
Interest cost	4,334	4,660	4,630	4,414	2,221
Differences between expected and actual experiences	(11)	—	221	675	—
Changes of assumptions	375	7,135	(1,671)	(7,322)	—
Benefit payments	(5,364)	(5,223)	(5,232)	(5,164)	(2,518)
Net change in total pension liability	(666)	6,857	(2,052)	(7,397)	(297)
Total pension liability – beginning	78,068	71,211	73,263	80,660	80,957
Total pension liability – ending (a)	77,402	78,068	71,211	73,263	80,660
Plan fiduciary net position:					
Measurement date change	—	(1,688)	—	—	—
Contributions – employer	2,395	—	—	614	1,114
Investment gains and other, net	1,424	7,180	4,297	(7,691)	4,446
Benefit payments	(5,364)	(5,223)	(5,232)	(5,164)	(2,518)
Administrative expense	(638)	(912)	(878)	(862)	(25)
Net change in plan fiduciary net position	(2,183)	(643)	(1,813)	(13,103)	3,017
Plan fiduciary net position – beginning	71,976	72,619	74,432	87,535	84,518
Plan fiduciary net position – ending (b)	69,793	71,976	72,619	74,432	87,535
Net pension liability (asset) – ending (a) – (b)	\$ 7,609	\$ 6,092	\$ (1,408)	\$ (1,169)	\$ (6,875)
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	92.2 %	102.0 %	101.6 %	108.5 %
Covered-employee payroll	\$ 34,311	\$ 33,474	\$ 32,839	\$ 32,319	\$ 32,839
Net pension liability (asset) as a percentage of covered-employee payroll	22.2 %	18.2 %	(4.3)%	(3.6)%	(20.9)%

**Note to schedule:**

Measurement date is December 31 of the prior year after 2024 and July 1 of each prior year presented.

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Floyd Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 1,109	\$ 2,395	\$ (1,286)	\$ 34,311	7.0 %
2024	—	—	—	33,474	— %
2023	—	—	—	32,839	— %
2022	—	614	(614)	32,319	1.9 %
2021	—	1,114	(1,114)	32,839	3.4 %

**Notes to schedule:**

Valuation date Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the year in which contributions are reported.

Methods and assumptions used to determine contribution rate for 2025:

Actuarial cost method	Traditional Unit Credit
Amortization method	15-year amortization of funding shortfall
Asset valuation method	2-year smoothed market
Salary increases	Not applicable after 10/1/2005 due to benefit accrual freeze.
Retirement rates	Age-graded rates from 55 to 62
Termination rates	Select and ultimate age-graded rates
Mortality	The prescribed mortality assumption under Section 430(h)(3)(A) of the IRC

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Plan Investment Returns – Atrium Health Floyd Defined Benefit Plan (unaudited)**

Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2024	2.0 %
December 31, 2023	10.6 %
July 1, 2023	6.1 %
July 1, 2022	(10.1)%
July 1, 2021	20.2 %

**Notes to schedule:**

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Charlotte Defined Benefit Plan (unaudited)**

	December 31,					
	2025	2024	2023	2022	2021	2020
Total pension liability:						
Interest cost	\$ 92,799	\$ 96,725	\$ 93,887	\$ 94,717	\$ 98,735	\$ 99,191
Changes of benefit terms	—	—	—	—	—	7,811
Differences between expected and actual experiences	2,564	4,055	(9,632)	(7,986)	(146)	14,140
Changes of assumptions	(1,256)	40,656	(14,303)	1,591	11,803	28,432
Benefit payments	(96,388)	(93,542)	(97,188)	(160,383)	(151,854)	(144,489)
Net change in total pension liability	(2,281)	47,894	(27,236)	(72,061)	(41,462)	5,085
Total pension liability – beginning	1,299,672	1,251,778	1,279,014	1,351,075	1,392,537	1,387,452
Total pension liability – ending (a)	1,297,391	1,299,672	1,251,778	1,279,014	1,351,075	1,392,537
Plan fiduciary net position:						
Contributions – employer	37,924	34,455	33,978	32,777	36,570	37,378
Investment gains and other, net	157,237	83,851	106,616	(146,520)	157,404	131,318
Benefit payments	(96,388)	(93,542)	(97,188)	(160,383)	(151,854)	(144,489)
Administrative expense	(997)	(155)	(193)	(215)	(188)	(121)
Net change in plan fiduciary net position	97,776	24,609	43,213	(274,341)	41,932	24,086
Plan fiduciary net position – beginning	908,284	883,675	840,462	1,114,803	1,072,871	1,048,785
Plan fiduciary net position – ending (b)	1,006,060	908,284	883,675	840,462	1,114,803	1,072,871
Net pension liability – ending (a) – (b)	\$ 291,331	\$ 391,388	\$ 368,103	\$ 438,552	\$ 236,272	\$ 319,666
Plan fiduciary net position as a percentage of the total pension liability	77.5 %	69.9 %	70.6 %	65.7 %	82.5 %	77.0 %
Covered-employee payroll	\$ 1,379,122	\$ 1,362,722	\$ 1,451,363	\$ 1,530,991	\$ 1,665,998	\$ 1,688,456
Net pension liability as a percentage of covered-employee payroll	21.1 %	28.7 %	25.4 %	28.6 %	14.2 %	18.9 %

**Notes to schedule:**

Measurement date is December 31, 2025

The December 31, 2022 information reflects the merger of the Cleveland and Stanly DB plans into the Atrium DB plan effective June 30, 2021. The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Charlotte Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 37,097	\$ 37,924	\$ (827)	\$ 1,379,122	2.7 %
2024	33,273	34,455	(1,182)	1,362,722	2.5 %
2023	33,978	33,978	—	1,451,363	2.3 %
2022	32,777	32,777	—	1,530,991	2.1 %
2021	36,570	36,570	—	1,665,998	2.2 %
2020	37,378	37,378	—	1,688,456	2.2 %

**Notes to schedule:**

Valuation date	Actuarially determined contribution rates are calculated as of January 1, of the current year
Methods and assumptions used to determine contribution rate for 2025:	
Actuarial cost method	Entry age normal
Amortization method	20-year as level percent of pay, closed
Asset valuation method	5-year smoothed market
Cash balance interest credits	Varying based on historical plan (4.38%-6.50%)
Salary increases	Not applicable after 12/31/2017 due to benefit accrual freeze; 3.0% prior to 12/31/2017
Investment rate of return	7.4% including inflation
Retirement rates	Age-graded rates from 55 to 70
Mortality	Pri-2012 Employee/Annuitant Mortality Tables for males and females (adjusted by a factor of 0.95) projected forward generationally using Scale MP-2021.

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Plan Investment Returns – Atrium Health Charlotte Defined Benefit Plan (unaudited)**

Atrium Health Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2025	17.6 %
December 31, 2024	9.8 %
December 31, 2023	13.5 %
December 31, 2022	(13.5)%
December 31, 2021	15.0 %
December 31, 2020	14.0 %

**Notes to schedule:**

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Navicent Defined Benefit Plan (unaudited)**

	December 31,					
	2025	2024	2023	2022	2021	2020
Total pension liability:						
Interest cost	\$ 16,009	\$ 16,636	\$ 16,188	\$ 16,910	\$ 19,987	\$ 20,084
Changes in benefit terms	—	—	—	—	23,969	—
Differences between expected and actual experiences	77	371	(1,896)	(1,041)	(1,852)	854
Changes of assumptions	(9,358)	16,553	(12,041)	23,914	321	(904)
Benefit payments	(17,193)	(16,402)	(15,422)	(14,525)	(86,284)	(19,426)
Net change in total pension liability	(10,465)	17,158	(13,171)	25,258	(43,859)	608
Total pension liability – beginning	262,642	245,484	258,655	233,397	277,256	276,648
Total pension liability – ending (a)	252,177	262,642	245,484	258,655	233,397	277,256
Plan fiduciary net position:						
Contributions – employer	—	—	—	2,500	6,960	4,363
Investment gains and other, net	21,299	1,772	29,848	(49,205)	55,294	36,807
Benefit payments	(17,193)	(16,402)	(15,422)	(14,525)	(86,284)	(19,426)
Administrative expense	(979)	(657)	(1,102)	(1,958)	(1,980)	(2,507)
Net change in plan fiduciary net position	3,127	(15,287)	13,324	(63,188)	(26,010)	19,237
Plan fiduciary net position – beginning	277,664	292,951	279,627	342,815	368,825	349,588
Plan fiduciary net position – ending (b)	280,791	277,664	292,951	279,627	342,815	368,825
Net pension liability – ending (a) – (b)	\$ (28,614)	\$ (15,022)	\$ (47,467)	\$ (20,972)	\$ (109,418)	\$ (91,569)
Plan fiduciary net position as a percentage of the total pension liability	111.3 %	105.7 %	119.3 %	108.1 %	146.9 %	133.0 %
Covered-employee payroll	\$ 92,419	\$ 90,165	\$ 87,966	\$ 94,325	\$ 96,163	\$ 112,865
Net pension liability as a percentage of covered-employee payroll	(31.0)%	(16.7)%	(54.0)%	(22.2)%	(113.8)%	(81.1)%

**Notes to schedule:**

Measurement date is December 31, 2025.

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Navicent Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ —	\$ —	—	\$ 92,419	— %
2024	—	—	—	90,165	— %
2023	—	—	—	87,966	— %
2022	2,500	2,500	—	94,325	2.6 %
2021	6,960	6,960	—	96,163	6.2 %
2020	4,135	4,363	(228)	112,865	3.9 %

**Notes to schedule:**

Valuation date Actuarially determined contribution rates are calculated as of January 1, of the current year

Methods and assumptions used to determine contribution rate for 2025:

Actuarial cost method Traditional Unit Credit

Amortization method 15-year amortization of funding shortfall

Asset valuation method 2-year smoothed market

Salary increases Not applicable after 12/31/2013 due to benefit accrual freeze.

Investment rate of return 3- segment rates with a September applicable lookback month

Retirement rates Age-graded rates from 55 to 70

Termination rates Select and ultimate age-graded rates

Mortality The prescribed mortality assumption under Section 430(h)(3)(A) of the IRC

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

Schedule of Pension Plan Investment Returns – Atrium Health Navicent Defined Benefit Plan (unaudited)

Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2025	7.9 %
December 31, 2024	0.6 %
December 31, 2023	11.3 %
December 31, 2022	(15.0)%
December 31, 2021	15.6 %
December 31, 2020	11.2 %

**Notes to schedule:**

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Changes in Net Pension Liability and Related Ratios – Atrium Health Floyd Defined Benefit Plan (unaudited)**

	December 31,				
	2025	2024	2023	2022	2021
Total pension liability:					
Interest cost	\$ 4,269	\$ 4,334	\$ 4,659	\$ 4,432	\$ 4,432
Differences between expected and actual experiences	204	(11)	(100)	258	—
Changes of assumptions	(1,423)	375	7,135	(8,192)	—
Benefit payments	(5,418)	(5,364)	(5,222)	(5,204)	(5,088)
Net change in total pension liability	(2,368)	(666)	6,472	(8,706)	(656)
Total pension liability – beginning	77,402	78,068	71,596	80,302	80,958
Total pension liability – ending (a)	75,034	77,402	78,068	71,596	80,302
Plan fiduciary net position:					
Contributions – employer	1,240	2,395	—	614	1,114
Investment gains and other, net	6,371	1,424	7,180	(11,618)	8,345
Benefit payments	(5,418)	(5,364)	(5,222)	(5,204)	(5,088)
Administrative expense	(684)	(638)	(912)	(869)	(882)
Net change in plan fiduciary net position	1,509	(2,183)	1,046	(17,077)	3,489
Plan fiduciary net position – beginning	69,793	71,976	70,930	88,007	84,518
Plan fiduciary net position – ending (b)	71,302	69,793	71,976	70,930	88,007
Net pension liability – ending (a) – (b)	\$ 3,732	\$ 7,609	\$ 6,092	\$ 666	\$ (7,705)
Plan fiduciary net position as a percentage of the total pension liability	95.0 %	90.2 %	92.2 %	99.1 %	109.6 %
Covered-employee payroll	\$ 33,474	\$ 34,311	\$ 32,839	\$ 32,319	\$ 32,839
Net pension liability as a percentage of covered-employee payroll	11.1 %	22.2 %	18.6 %	2.1 %	(23.5)%

**Notes to schedule:**

Measurement date is December 31, 2025.

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Contributions - Atrium Health Floyd Defined Benefit Plan (unaudited)**

December 31	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2025	\$ 1,459	\$ 1,240	\$ 219	\$ 33,474	3.7 %
2024	1,109	2,395	(1,286)	34,311	7.0 %
2023	—	—	—	32,839	— %
2022	—	614	(614)	32,319	1.9 %
2021	—	1,114	(1,114)	32,839	3.4 %

**Notes to schedule:**

Valuation date Actuarially determined contribution rates are calculated as of January 1, of the current year

Methods and assumptions used to determine contribution rate for 2025:

Actuarial cost method Traditional Unit Credit

Amortization method 15-year amortization of funding shortfall

Asset valuation method 2-year smoothed market

Salary increases Not applicable after 10/1/2005 due to benefit accrual freeze.

Investment rate of return 3-segment rates with a September applicable lookback month

Retirement rates Age-graded rates from 55 to 62

Termination rates Select and ultimate age-graded rates

Mortality The prescribed mortality assumption under Section 430(h)(3)(A) of the IRC

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**Schedule of Pension Plan Investment Returns – Atrium Health Floyd Defined Benefit Plan (unaudited)**

Defined Benefit Plan measurement date	Annual money-weighted rate of return net of investment expenses
December 31, 2025	9.5 %
December 31, 2024	2.0 %
December 31, 2023	11.8 %
December 31, 2022	(13.3)%
December 31, 2021	10.1 %

**Notes to schedule:**

The schedules are intended to show information for 10 years. Additional years will be presented as the information becomes available.

See accompanying independent auditors' report.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP**  
**COMBINING BALANCE SHEET**  
**December 31, 2025**  
**(in thousands)**

	Primary Enterprise	Atrium Health Foundation	Eliminations	Subtotal	Exclude AH Georgia, Inc.	Exclude Non- Obligated Group Affiliates	Exclude Consolidating Eliminations	Total Combined Group
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 1,040,854	\$ 1,161	\$ —	\$ 1,042,015	\$ 204,389	\$ 19,455	\$ —	\$ 818,171
Due from related party - centralized cash management arrangement	—	22,021	—	22,021	92,698	—	(70,677)	—
Short term investments	12,845	38,972	—	51,817	12,845	—	—	38,972
Assets limited as to use	12,186	—	—	12,186	—	—	—	12,186
Patient accounts receivable, net	1,540,245	—	—	1,540,245	260,910	23,288	—	1,256,047
Other current assets	578,420	7,969	(437)	585,952	153,585	20,381	—	411,986
Total current assets	<u>3,184,550</u>	<u>70,123</u>	<u>(437)</u>	<u>3,254,236</u>	<u>724,427</u>	<u>63,124</u>	<u>(70,677)</u>	<u>2,537,362</u>
Other assets:								
Assets limited as to use	8,433,594	472,095	—	8,905,689	1,108,466	73,301	—	7,723,922
Property and equipment, net	6,361,526	10,948	—	6,372,474	675,658	110,621	70,000	5,516,195
Right-to-use assets	726,608	—	—	726,608	87,896	—	—	638,712
Other noncurrent assets	612,963	65,610	(6,890)	671,683	90,166	59,901	(241,372)	762,988
Total other assets	<u>16,134,691</u>	<u>548,653</u>	<u>(6,890)</u>	<u>16,676,454</u>	<u>1,962,186</u>	<u>243,823</u>	<u>(171,372)</u>	<u>14,641,817</u>
Total assets	19,319,241	618,776	(7,327)	19,930,690	2,686,613	306,947	(242,049)	17,179,179
Deferred outflows of resources	<u>349,340</u>	<u>—</u>	<u>—</u>	<u>349,340</u>	<u>132,749</u>	<u>3,510</u>	<u>—</u>	<u>213,081</u>
Total assets and deferred outflows of resources	<u>\$ 19,668,581</u>	<u>\$ 618,776</u>	<u>\$ (7,327)</u>	<u>\$ 20,280,030</u>	<u>\$ 2,819,362</u>	<u>\$ 310,457</u>	<u>\$ (242,049)</u>	<u>\$ 17,392,260</u>

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP**  
**COMBINING BALANCE SHEET**  
**December 31, 2025**  
**(in thousands)**

	Primary Enterprise	Atrium Health Foundation	Eliminations	Subtotal	Exclude AH Georgia, Inc.	Exclude Non- Obligated Group Affiliates	Exclude Consolidating Eliminations	Total Combined Group
<b>Liabilities</b>								
Current liabilities								
Long-term debt, current portion	\$ 1,023,834	\$ —	\$ —	\$ 1,023,834	\$ 13,068	\$ 1,835		\$ 1,008,931
Lease liabilities, current portion	94,234	—	(437)	93,797	13,124	—		80,673
Accrued salaries and employee benefits	1,068,463	507	—	1,068,970	139,351	9,812		919,807
Accounts payable and other accrued liabilities	737,334	309	—	737,643	161,327	28,010		548,306
Due to related party - centralized cash management arrangement	273,740	—	—	273,740	—	133,466	(70,677)	210,951
Third-party payors payables	265,570	—	—	265,570	19,763	—		245,807
Total current liabilities	<u>3,463,175</u>	<u>816</u>	<u>(437)</u>	<u>3,463,554</u>	<u>346,633</u>	<u>173,123</u>	<u>(70,677)</u>	<u>3,014,475</u>
Noncurrent liabilities								
Long-term debt, less current portion	2,088,942	—	—	2,088,942	403,864	16,942		1,668,136
Lease liabilities, less current portion	769,907	—	(6,890)	763,017	84,662	—		678,355
Other noncurrent liabilities	1,008,651	3,629	—	1,012,280	68,129	58,148		886,003
Total noncurrent liabilities	<u>3,867,500</u>	<u>3,629</u>	<u>(6,890)</u>	<u>3,864,239</u>	<u>556,655</u>	<u>75,090</u>	<u>—</u>	<u>3,232,494</u>
Total liabilities	<u>7,330,675</u>	<u>4,445</u>	<u>(7,327)</u>	<u>7,327,793</u>	<u>903,288</u>	<u>248,213</u>	<u>(70,677)</u>	<u>6,246,969</u>
Deferred inflows of resources	236,362	6,440	—	242,802	8,111	—	—	234,691
Net position								
Net investment in capital assets	2,975,405	10,948	—	2,986,353	242,902	106,843	70,000	2,566,608
Restricted, by donor	51,272	584,027	—	635,299	—	51,272	—	584,027
Unrestricted	9,074,867	12,916	—	9,087,783	1,665,061	(95,871)	(241,372)	7,759,965
Total net position	<u>12,101,544</u>	<u>607,891</u>	<u>—</u>	<u>12,709,435</u>	<u>1,907,963</u>	<u>62,244</u>	<u>(171,372)</u>	<u>10,910,600</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 19,668,581</u>	<u>\$ 618,776</u>	<u>\$ (7,327)</u>	<u>\$ 20,280,030</u>	<u>\$ 2,819,362</u>	<u>\$ 310,457</u>	<u>\$ (242,049)</u>	<u>\$ 17,392,260</u>

See accompanying independent auditors' report.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Year Ended December 31, 2025  
(in thousands)

	Primary Enterprise	Atrium Health Foundation	Eliminations	Subtotal	Exclude AH Georgia, Inc.	Exclude Non- Obligated Group Affiliates	Exclude Consolidating Eliminations	Total Combined Group
<b>Revenue</b>								
Patient service revenue, net	\$ 12,132,855	\$ —	\$ —	\$ 12,132,855	\$ 2,110,021	\$ 100,661	\$ —	\$ 9,922,173
Other revenue	1,924,739	54,510	(17,300)	1,961,949	133,511	49,038	(3,080)	1,782,480
Total revenue	14,057,594	54,510	(17,300)	14,094,804	2,243,532	149,699	(3,080)	11,704,653
<b>Expenses</b>								
Salaries, wages and benefits	7,444,528	8,573	—	7,453,101	1,325,286	107,792	—	6,020,023
Supplies and drugs	3,261,795	15	—	3,261,810	429,837	10,462	—	2,821,511
Purchased services and other expenses	2,031,566	40,196	(13,800)	2,057,962	404,550	35,869	(3,080)	1,620,623
Depreciation and amortization	648,075	189	—	648,264	102,991	10,760	—	534,513
Total expenses	13,385,964	48,973	(13,800)	13,421,137	2,262,664	164,883	(3,080)	10,996,670
Operating income (loss)	671,630	5,537	(3,500)	673,667	(19,132)	(15,184)	—	707,983
<b>Nonoperating income</b>								
Interest expense	(157,074)	—	—	(157,074)	(26,663)	(774)	—	(129,637)
Investment income	1,029,677	57,858	—	1,087,535	138,963	1,019	—	947,553
Other nonoperating (loss) income, net	113,603	—	3,500	117,103	22,942	15,035	—	79,126
Total nonoperating income, net	986,206	57,858	3,500	1,047,564	135,242	15,280	—	897,042
<b>Excess (deficiency) of revenue over expenses and losses before capital and other contributions</b>	1,657,836	63,395	—	1,721,231	116,110	96	—	1,605,025
<b>Changes in net position</b>								
Capital and other contributions	10,070	2,312	—	12,382	(11)	(3,383)	843	14,933
Changes in net position	1,667,906	65,707	—	1,733,613	116,099	(3,287)	843	1,619,958
Net position, beginning of year	10,433,638	542,184	—	10,975,822	1,791,864	65,531	(172,215)	9,290,642
Net position, end of year	\$ 12,101,544	\$ 607,891	\$ —	\$ 12,709,435	\$ 1,907,963	\$ 62,244	\$ (171,372)	\$ 10,910,600

See accompanying independent auditors' report.

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2025**  
**(in thousands)**

	Primary Enterprise	Atrium Health Foundation	Eliminations	Subtotal	Exclude AH Georgia, Inc.	Exclude Non- Obligated Group Affiliates	Exclude Consolidating Eliminations	Total Combined Group
<b>Cash flows from operating activities</b>								
Receipts from third-party payors and patients	\$ 12,066,562	\$ —	\$ —	\$ 12,066,562	\$ 2,126,808	\$ 85,487	\$ —	\$ 9,854,267
Payments to suppliers	(5,292,384)	(46,374)	—	(5,338,758)	(945,133)	(85,876)	—	(4,307,749)
Payments to employees	(7,373,808)	(11,414)	—	(7,385,222)	(1,289,785)	(103,663)	—	(5,991,774)
Other receipts (payments) - net	1,564,205	78,679	(3,500)	1,639,384	107,528	43,846	—	1,488,010
Net cash provided by (used in) operating activities	964,575	20,891	(3,500)	981,966	(582)	(60,206)	—	1,042,754
<b>Noncapital financing activities</b>								
Net transfers from related party under centralized cash management arrangement	273,740	—	—	273,740	—	133,466	(70,677)	210,951
Proceeds from the issuance of commercial paper	350,000	—	—	350,000	—	—	—	350,000
Retirements of commercial paper	(350,000)	—	—	(350,000)	—	—	—	(350,000)
Other activities	96,000	—	3,500	99,500	21,441	—	—	78,059
Net cash provided by (used in) noncapital financial activities	369,740	—	3,500	373,240	21,441	133,466	(70,677)	289,010
<b>Cash flows from investing activities</b>								
Net transfers to related party under centralized cash management arrangement	—	(22,021)	—	(22,021)	(92,698)	—	70,677	—
Investment earnings	63,057	19,336	—	82,393	3,742	9,212	—	69,439
Withdrawals from investments and assets limited as to use	218,323	—	—	218,323	1,156	(359)	—	217,526
Contributions to assets limited as to use and purchases of units in investment pool	(12,008)	(25,127)	—	(37,135)	(4,739)	(575)	—	(31,821)
Other activities	(5,616)	—	—	(5,616)	—	(12,979)	—	7,363
Net cash provided by (used in) investing activities	263,756	(27,812)	—	235,944	(92,539)	(4,701)	70,677	262,507
<b>Cash flows from capital and related financing activities</b>								
Capital expenditures	(1,165,044)	(4,090)	—	(1,169,134)	(64,100)	(64,029)	—	(1,041,005)
Interest payments on short- and long-term debt	(123,324)	—	—	(123,324)	(22,899)	(774)	—	(99,651)
Principal payments, refunding and retirements on short- and long-term debt	(59,379)	—	—	(59,379)	(12,757)	(1,104)	—	(45,518)
Contributions restricted for building and equipment purchases	18,463	(222)	—	18,241	—	5,000	—	13,241
Other (distributions) contributions	(3,383)	2,777	—	(606)	—	(3,383)	—	2,777
Net cash (used in) provided by financing activities	(1,332,667)	(1,535)	—	(1,334,202)	(99,756)	(64,290)	—	(1,170,156)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>265,404</b>	<b>(8,456)</b>	<b>—</b>	<b>256,948</b>	<b>(171,436)</b>	<b>4,269</b>	<b>—</b>	<b>424,115</b>
<b>Cash and cash equivalents:</b>								
Beginning of year	776,243	9,617	—	785,860	375,825	15,186	—	394,849
End of year	<u>\$ 1,041,647</u>	<u>\$ 1,161</u>	<u>\$ —</u>	<u>\$ 1,042,808</u>	<u>\$ 204,389</u>	<u>\$ 19,455</u>	<u>\$ —</u>	<u>\$ 818,964</u>

**THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2025**  
**(in thousands)**

	Primary Enterprise	Atrium Health Foundation	Eliminations	Subtotal	Exclude AH Georgia, Inc.	Exclude Non- Obligated Group Affiliates	Exclude Consolidating Eliminations	Total Combined Group
<b>Reconciliation of cash and cash equivalents to the balance sheet</b>								
Cash and cash equivalents	1,040,854	1,161	—	1,042,015	204,389	19,455	—	818,171
Restricted cash in investments and assets whose use is limited	793	—	—	793	—	—	—	793
Total cash, cash equivalents and restricted cash	<u>\$ 1,041,647</u>	<u>\$ 1,161</u>	<u>\$ —</u>	<u>\$ 1,042,808</u>	<u>\$ 204,389</u>	<u>\$ 19,455</u>	<u>\$ —</u>	<u>\$ 818,964</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>								
Operating income (loss)	\$ 671,630	\$ 5,537	\$ (3,500)	\$ 673,667	\$ (19,132)	\$ (15,184)	\$ —	\$ 707,983
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities								
Depreciation and amortization	648,075	189	—	648,264	102,991	10,760	—	534,513
(Increase) decrease in patient accounts receivable, net	(56,903)	—	—	(56,903)	29,714	(15,174)	—	(71,443)
(Increase) decrease in inventories and other current assets	(89,552)	16,942	(10,225)	(82,835)	(44,549)	(63,905)	—	25,619
(Increase) decrease in other assets affecting operating activities	(496,214)	(5,206)	—	(501,420)	(5,854)	(45,422)	—	(450,144)
(Decrease) increase in accounts payable and other current liabilities	(15,552)	(2,938)	10,225	(8,265)	(67,634)	28,517	—	30,852
Increase in other liabilities affecting operating activities	312,481	6,367	—	318,848	16,809	40,202	—	261,837
(Decrease) increase in estimated third-party payor settlements	(9,390)	—	—	(9,390)	(12,927)	—	—	3,537
Net cash provided by (used in) operating activities	<u>\$ 964,575</u>	<u>\$ 20,891</u>	<u>\$ (3,500)</u>	<u>\$ 981,966</u>	<u>\$ (582)</u>	<u>\$ (60,206)</u>	<u>\$ —</u>	<u>\$ 1,042,754</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH NAVICENT**  
**COMBINING BALANCE SHEET**  
**December 31, 2025**  
**(in thousands)**

	Carlyle Place	All Other Navicent	Atrium Health Navicent
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,490	\$ 35,686	\$ 40,176
Short term investments	—	—	—
Assets limited as to use	—	—	—
Patient accounts receivable, net	192	151,259	151,451
Other current assets	375	89,538	89,913
Total current assets	<u>5,057</u>	<u>276,483</u>	<u>281,540</u>
Other assets			
Assets limited as to use	109,367	802,903	912,270
Property and equipment, net	42,225	390,864	433,089
Right-to-use assets	—	8,513	8,513
Other noncurrent assets	—	79,500	79,500
Total other assets	<u>151,592</u>	<u>1,281,780</u>	<u>1,433,372</u>
Total assets	156,649	1,558,263	1,714,912
Deferred outflows of resources			
	—	41,039	41,039
Total assets and deferred outflows of resources	<u>\$ 156,649</u>	<u>\$ 1,599,302</u>	<u>\$ 1,755,951</u>
<b>Liabilities</b>			
Current liabilities			
Long-term debt, current portion	\$ 1,151	\$ 5,309	\$ 6,460
Lease liabilities, current portion	—	1,561	1,561
Accrued salaries and employee benefits	570	79,636	80,206
Accounts payable and other accrued liabilities	48,145	66,337	114,482
Due to related party - centralized cash management arrangement	9,054	(8,422)	632
Third-party payors payables	—	12,472	12,472
Total current liabilities	<u>58,920</u>	<u>156,893</u>	<u>215,813</u>
Noncurrent liabilities			
Long-term debt, less current portion	27,825	228,340	256,165
Lease liabilities, less current portion	—	7,601	7,601
Obligations under swap agreements	—	—	—
Other noncurrent liabilities	125	34,854	34,979
Total noncurrent liabilities	<u>27,950</u>	<u>270,795</u>	<u>298,745</u>
Total liabilities	86,870	427,688	514,558
Deferred inflows of resources			
	—	8,105	8,105
Net position:			
Net investment in capital assets	13,249	150,632	163,881
Restricted - by donor	—	—	—
Unrestricted	56,530	1,012,877	1,069,407
Total net position	<u>69,779</u>	<u>1,163,509</u>	<u>1,233,288</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 156,649</u>	<u>\$ 1,599,302</u>	<u>\$ 1,755,951</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH NAVICENT**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended December 31, 2025**  
**(in thousands)**

	<u>Carlyle Place</u>	<u>All Other Navicent</u>	<u>Atrium Health Navicent</u>
<b>Revenue</b>			
Patient service revenue, net	\$ 2,359	\$ 1,154,405	\$ 1,156,764
Other revenue	19,721	80,975	100,696
Total revenue	<u>22,080</u>	<u>1,235,380</u>	<u>1,257,460</u>
<b>Expenses</b>			
Salaries, wages and benefits	12,411	720,426	732,837
Supplies and drugs	2,066	241,354	243,420
Purchased services and other expenses	5,158	242,222	247,380
Depreciation and amortization	3,300	49,740	53,040
Total expenses	<u>22,935</u>	<u>1,253,742</u>	<u>1,276,677</u>
Operating loss	(855)	(18,362)	(19,217)
<b>Nonoperating income</b>			
Interest expense	(1,581)	(12,339)	(13,920)
Investment income	12,715	98,407	111,122
Other nonoperating income, net	—	5,431	5,431
Total nonoperating income, net	<u>11,134</u>	<u>91,499</u>	<u>102,633</u>
Excess of revenue over expenses and losses before capital and other contributions	10,279	73,137	83,416
<b>Changes in net position</b>			
Capital and other contributions	<u>1,135</u>	<u>(1,146)</u>	<u>(11)</u>
Change in net position	11,414	71,991	83,405
Net position, beginning of year	58,365	1,091,518	1,149,883
Net position, end of year	<u>\$ 69,779</u>	<u>\$ 1,163,509</u>	<u>\$ 1,233,288</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH NAVICENT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
Year Ended December 31, 2025  
(in thousands)

	Carlyle Place	All Other Navicent	Atrium Health Navicent
<b>Cash flows from operating activities</b>			
Receipts from third-party payors and patients	\$ 2,375	\$ 1,171,740	\$ 1,174,115
Payments to suppliers	(9,151)	(566,962)	(576,113)
Payments to employees	(12,276)	(700,191)	(712,467)
Other receipts - net	19,721	75,012	94,733
Net cash provided by (used in) operating activities	669	(20,401)	(19,732)
<b>Noncapital financing activities</b>			
Net transfers from related party under centralized cash management arrangement	9,054	(8,422)	632
Stimulus grants	—	—	—
Other activities	—	4,062	4,062
Net cash provided by (used in) noncapital financial activities	9,054	(4,360)	4,694
<b>Cash flows from investing activities</b>			
Investment earnings	424	95	519
Withdrawals from assets limited as to use	—	1,156	1,156
Contributions to assets limited as to use and purchases of units in investment pool	(1,056)	(3,683)	(4,739)
Other activities	—	—	—
Net cash used in investing activities	(632)	(2,432)	(3,064)
<b>Cash flows from capital and related financing activities</b>			
Capital expenditures	(4,654)	(31,901)	(36,555)
Interest payments on short- and long-term debt	(1,581)	(11,949)	(13,530)
Principal payments, refunding and retirements on short- and long-term debt	(1,096)	(5,054)	(6,150)
Proceeds from issuance of long-term debt	—	—	—
Contributions restricted for building and equipment purchases	—	—	—
Other contributions	1,135	(1,135)	—
Net cash used in financing activities	(6,196)	(50,039)	(56,235)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,895</b>	<b>(77,232)</b>	<b>(74,337)</b>
<b>Cash and cash equivalents:</b>			
Beginning of year	1,595	112,918	114,513
End of year	<u>\$ 4,490</u>	<u>\$ 35,686</u>	<u>\$ 40,176</u>
<b>Reconciliation of cash and cash equivalents to the balance sheet</b>			
Cash and cash equivalents	4,490	35,686	40,176
Restricted cash in assets limited as to use	—	—	—
Total cash, cash equivalents and restricted cash	<u>\$ 4,490</u>	<u>\$ 35,686</u>	<u>\$ 40,176</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>			
Operating loss	\$ (855)	\$ (18,362)	\$ (19,217)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation and amortization	3,300	49,740	53,040
Decrease in patient accounts receivable, net	16	25,124	25,140
Increase in inventories and other current assets	(375)	(41,314)	(41,689)
Increase in other assets affecting operating activities	—	(6,133)	(6,133)
Decrease in accounts payable and other current liabilities	(1,542)	(49,434)	(50,976)
Increase in other liabilities affecting operating activities	125	27,767	27,892
Decrease in estimated third-party payor settlements	—	(7,789)	(7,789)
Net cash provided by (used in) operating activities	<u>\$ 669</u>	<u>\$ (20,401)</u>	<u>\$ (19,732)</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH FLOYD**  
**COMBINING BALANCE SHEET**  
December 31, 2025  
(in thousands)

	Polk Medical Center, Inc.	Floyd Cherokee Medical Center, LLC	All Other Floyd	Total Atrium Health Floyd	Exclude Harbin Clinic, LLC	Eliminations	Atrium Health Floyd, excluding Harbin Clinic, LLC
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ —	\$ —	\$ 164,213	\$ 164,213	\$ (514)	\$ —	\$ 164,727
Due from related party - centralized cash management arrangement	84,641	(2,714)	11,403	93,330	(20,928)	—	114,258
Short term investments	—	—	12,845	12,845	—	—	12,845
Assets limited as to use	—	—	—	—	—	—	—
Patient accounts receivable, net	4,835	1,771	102,853	109,459	25,834	—	83,625
Other current assets	388	912	62,372	63,672	5,001	—	58,671
Total current assets	<u>89,864</u>	<u>(31)</u>	<u>353,686</u>	<u>443,519</u>	<u>9,393</u>	<u>—</u>	<u>434,126</u>
Other assets							
Assets limited as to use	33,427	—	162,769	196,196	—	—	196,196
Property and equipment, net	31,449	4,569	206,551	242,569	23,098	—	219,471
Right-to-use assets	—	67	79,316	79,383	54,385	—	24,998
Other noncurrent assets	—	75	10,591	10,666	7,913	(47,030)	49,783
Total other assets	<u>64,876</u>	<u>4,711</u>	<u>459,227</u>	<u>528,814</u>	<u>85,396</u>	<u>(47,030)</u>	<u>490,448</u>
Total assets	154,740	4,680	812,913	972,333	94,789	(47,030)	924,574
Deferred outflows of resources							
	—	—	91,710	91,710	85,683	—	6,027
Total assets and deferred outflows of resources	<u>\$ 154,740</u>	<u>\$ 4,680</u>	<u>\$ 904,623</u>	<u>\$ 1,064,043</u>	<u>\$ 180,472</u>	<u>\$ (47,030)</u>	<u>\$ 930,601</u>

**ATRIUM HEALTH FLOYD**  
**COMBINING BALANCE SHEET**  
December 31, 2025  
(in thousands)

	Polk Medical Center, Inc.	Floyd Cherokee Medical Center, LLC	All Other Floyd	Total Atrium Health Floyd	Exclude Harbin Clinic, LLC	Eliminations	Atrium Health Floyd, excluding Harbin Clinic, LLC
<b>Liabilities</b>							
<b>Current liabilities</b>							
Long-term debt, current portion	\$ 3	\$ 174	\$ 6,431	\$ 6,608	\$ —	\$ —	\$ 6,608
Lease liabilities, current portion	—	52	11,511	11,563	8,394	—	3,169
Accrued salaries and employee benefits	1,428	911	56,806	59,145	17,101	—	42,044
Accounts payable and other accrued liabilities	944	659	45,242	46,845	3,906	—	42,939
Third-party payors payables	2,255	51	4,985	7,291	—	—	7,291
Total current liabilities	4,630	1,847	124,975	131,452	29,401	—	102,051
<b>Noncurrent liabilities</b>							
Long-term debt, less current portion	2,129	72	145,498	147,699	—	—	147,699
Lease liabilities, less current portion	—	18	77,043	77,061	51,449	—	25,612
Obligations under swap agreements	—	—	—	—	—	—	—
Other noncurrent liabilities	—	—	33,150	33,150	47,079	(47,030)	33,101
Total noncurrent liabilities	2,129	90	255,691	257,910	98,528	(47,030)	206,412
Total liabilities	6,759	1,937	380,666	389,362	127,929	(47,030)	308,463
Deferred inflows of resources	—	—	6	6	—	—	6
<b>Net position</b>							
Net investment in capital assets	29,317	4,320	45,384	79,021	17,640	—	61,381
Restricted - by donor	—	—	—	—	—	—	—
Unrestricted	118,664	(1,577)	478,567	595,654	34,903	—	560,751
<b>Total net position</b>	147,981	2,743	523,951	674,675	52,543	—	622,132
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 154,740</u>	<u>\$ 4,680</u>	<u>\$ 904,623</u>	<u>\$ 1,064,043</u>	<u>\$ 180,472</u>	<u>\$ (47,030)</u>	<u>\$ 930,601</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH FLOYD**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Year Ended December 31, 2025  
(in thousands)

	Polk Medical Center, Inc.	Floyd Cherokee Medical Center, LLC	All Other Floyd	Total Atrium Health Floyd	Exclude Harbin Clinic, LLC	Eliminations	Atrium Health Floyd, excluding Harbin Clinic, LLC
<b>Revenue</b>							
Patient service revenue, net	\$ 46,137	\$ 14,829	\$ 892,291	\$ 953,257	\$ 184,160	\$ —	\$ 769,097
Other revenue	1,322	496	30,997	32,815	21,789	(4,072)	15,098
Total revenue	<u>47,459</u>	<u>15,325</u>	<u>923,288</u>	<u>986,072</u>	<u>205,949</u>	<u>(4,072)</u>	<u>784,195</u>
<b>Expenses</b>							
Salaries, wages and benefits	17,579	11,082	563,788	592,449	170,870	—	421,579
Supplies and drugs	2,913	2,149	181,355	186,417	49,964	—	136,453
Purchased services and other expenses	9,008	5,623	142,539	157,170	30,990	(4,072)	130,252
Depreciation and amortization	2,107	953	46,891	49,951	18,054	—	31,897
Total expenses	<u>31,607</u>	<u>19,807</u>	<u>934,573</u>	<u>985,987</u>	<u>269,878</u>	<u>(4,072)</u>	<u>720,181</u>
Operating income (loss)	15,852	(4,482)	(11,285)	85	(63,929)	—	64,014
<b>Nonoperating income</b>							
Interest expense	—	(13)	(12,730)	(12,743)	(2,269)	—	(10,474)
Investment income (loss)	3,939	1	23,901	27,841	—	—	27,841
Other nonoperating income (loss), net	85	19	17,407	17,511	17	—	17,494
Total nonoperating income, net	<u>4,024</u>	<u>7</u>	<u>28,578</u>	<u>32,609</u>	<u>(2,252)</u>	<u>—</u>	<u>34,861</u>
Excess (deficiency) of revenues over expenses and losses before	19,876	(4,475)	892,291	32,694	(66,181)	—	98,875
<b>Changes in net position</b>							
Capital and other contributions	—	—	—	—	406	—	(406)
Change in net position	19,876	(4,475)	17,293	(4,475)	(65,775)	—	98,469
Net position, beginning of year	128,105	7,218	506,658	641,981	118,318	—	523,663
Net position, end of year	<u>\$ 147,981</u>	<u>\$ 2,743</u>	<u>\$ 523,951</u>	<u>\$ 674,675</u>	<u>\$ 52,543</u>	<u>\$ —</u>	<u>\$ 622,132</u>

See accompanying independent auditors' report.

**ATRIUM HEALTH FLOYD**  
**COMBINING SCHEDULE OF CASH FLOWS**  
Year Ended December 31, 2025  
(in thousands)

	Polk Medical Center, Inc.	Floyd Cherokee Medical Center, LLC	All Other Floyd	Total Atrium Health Floyd	Exclude Harbin Clinic, LLC	Eliminations	Atrium Health Floyd, excluding Harbin Clinic, LLC
<b>Cash flows from operating activities</b>							
Receipts from third-party payors and patients	\$ 49,632	\$ 6,071	\$ 896,990	\$ 952,693	\$ 172,891	\$ —	\$ 779,802
Payments to suppliers	(11,746)	(4,877)	(352,397)	(369,020)	(81,216)	—	(287,804)
Payments to employees	(16,821)	(10,465)	(550,032)	(577,318)	(169,496)	—	(407,822)
Other (payments) receipts - net	64,198	543	(51,946)	12,795	57,290	—	(44,495)
Net cash provided by (used in) operating activities	85,263	(8,728)	(57,385)	19,150	(20,531)	—	39,681
<b>Noncapital financing activities</b>							
Proceeds from the issuance of commercial paper	—	—	—	—	—	—	—
Retirements of commercial paper	—	—	—	—	—	—	—
Stimulus grants	—	—	—	—	—	—	—
Other activities	85	19	17,275	17,379	—	—	17,379
Net cash provided by (used in) noncapital financial activities	85	19	17,275	17,379	—	—	17,379
<b>Cash flows from investing activities</b>							
Net transfers to related party under centralized cash management arrangement	(84,641)	2,714	(11,403)	(93,330)	20,928	—	(114,258)
Investment earnings	—	1	3,222	3,223	—	—	3,223
Withdrawals from assets limited as to use investment pool	—	—	—	—	—	—	—
Other activities	—	—	—	—	—	—	—
Net cash (used in) provided by investing activities	(84,641)	2,715	(8,181)	(90,107)	20,928	—	(111,035)
<b>Cash flows from capital and related financing activities</b>							
Capital expenditures	(672)	(1,507)	(25,366)	(27,545)	(4,439)	—	(23,106)
Interest payments on short- and long-term debt	—	(13)	(9,356)	(9,369)	—	—	(9,369)
Principal payments, refunding and retirements on short- and long-term debt	(138)	(226)	(6,243)	(6,607)	—	—	(6,607)
Proceeds from issuance of long-term debt	—	—	—	—	—	—	—
Contributions restricted for building and equipment purchases	—	—	—	—	—	—	—
Other contributions	—	—	—	—	406	—	(406)
Net cash used in financing activities	(810)	(1,746)	(40,965)	(43,521)	(4,033)	—	(39,488)
<b>Net decrease in cash and cash equivalents</b>	(103)	(7,740)	(89,256)	(97,099)	(3,636)	—	(93,463)
<b>Cash and cash equivalents:</b>							
Beginning of year	103	7,740	253,469	261,312	3,122	—	258,190
End of year	\$ —	\$ —	\$ 164,213	\$ 164,213	\$ (514)	\$ —	\$ 164,727

**ATRIUM HEALTH FLOYD**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2025**  
**(in thousands)**

	Polk Medical Center, Inc.	Floyd Cherokee Medical Center, LLC	All Other Floyd	Total Atrium Health Floyd	Exclude Harbin Clinic, LLC	Eliminations	Atrium Health Floyd, excluding Harbin Clinic, LLC
<b>Reconciliation of cash and cash equivalents to the balance sheet</b>							
Cash and cash equivalents	\$ —	\$ —	\$ 164,213	\$ 164,213	\$ (514)	\$ —	\$ 164,727
Restricted cash in assets limited as to use	—	—	—	—	—	—	—
Total cash, cash equivalents and restricted cash	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 164,213</u>	<u>\$ 164,213</u>	<u>\$ (514)</u>	<u>\$ —</u>	<u>\$ 164,727</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>							
Operating income (loss)	\$ 15,852	\$ (4,482)	\$ (11,285)	\$ 85	\$ (63,929)	\$ —	\$ 64,014
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation and amortization	2,107	953	46,891	49,951	18,054	—	31,897
Decrease (increase) in patient accounts receivable, net	3,987	596	(9)	4,574	(11,269)	—	15,843
Decrease (increase) in inventories and other current assets	62,959	2,659	(68,478)	(2,860)	4,881	—	(7,741)
(Increase) decrease in other assets affecting operating activities	(83)	(24)	386	279	(229)	47,030	(46,522)
Increase (decrease) in accounts payable and other current liabilities	934	976	(18,568)	(16,658)	(5,442)	—	(11,216)
(Decrease) increase in other liabilities affecting operating activities	—	(52)	(11,031)	(11,083)	37,403	(47,030)	(1,456)
(Decrease) increase in estimated third-party payor settlements	(492)	(9,354)	4,708	(5,138)	—	—	(5,138)
Net cash provided by (used in) operating activities	<u>\$ 85,264</u>	<u>\$ (8,728)</u>	<u>\$ (57,386)</u>	<u>\$ 19,150</u>	<u>\$ (20,531)</u>	<u>\$ —</u>	<u>\$ 39,681</u>

See accompanying independent auditors' report.