

Atrium Health Wake Forest Baptist

Combined Financial Statements and Supplementary Information
As of and for the Years Ended December 31, 2025 and 2024



**ATRIUM HEALTH WAKE FOREST BAPTIST
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Report of Independent Auditors

The Board of Directors
Advocate Health, Inc.

Opinion

We have audited the combined financial statements of Atrium Health Wake Forest Baptist (the Organization), which comprise the combined balance sheets as of December 31, 2025 and 2024, and the related combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization at December 31, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 one year after the date that the financial statements are issued.

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



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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.

Other Information

Management is responsible for the other information. The other information comprises the Annual Disclosure Statements but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED BALANCE SHEETS
(in thousands)

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 234,652	\$ 482,279
Due from related party- centralized cash management arrangement	282,768	—
Assets limited as to use	1,570	—
Patient accounts receivable	507,094	481,037
Other current assets	285,917	376,309
Total current assets	<u>1,312,001</u>	<u>1,339,625</u>
Noncurrent assets		
Assets limited as to use	2,626,951	2,274,755
Property and equipment, net	1,887,461	1,579,837
Operating lease right-of-use assets	200,632	154,937
Other noncurrent assets	141,077	194,976
Total noncurrent assets	<u>4,856,121</u>	<u>4,204,505</u>
Total assets	<u>\$ 6,168,122</u>	<u>\$ 5,544,130</u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 308,052	\$ 232,066
Operating lease liabilities, current portion	46,370	42,600
Accrued salaries and employee benefits	482,606	418,956
Accounts payable and other accrued liabilities	286,110	329,273
Third-party payors payables	39,141	72,727
Total current liabilities	<u>1,162,279</u>	<u>1,095,622</u>
Noncurrent liabilities		
Long-term debt, less current portion	674,418	781,792
Operating lease liabilities, less current portion	160,331	118,278
Other noncurrent liabilities	355,497	353,965
Total noncurrent liabilities	<u>1,190,246</u>	<u>1,254,035</u>
Total liabilities	<u>2,352,525</u>	<u>2,349,657</u>
Net assets		
Without donor restrictions		
Controlling interest	3,289,796	2,661,947
Noncontrolling interests in subsidiaries	1,410	9,384
Total net assets without donor restrictions	<u>3,291,206</u>	<u>2,671,331</u>
With donor restrictions	524,391	523,142
Total net assets	<u>3,815,597</u>	<u>3,194,473</u>
Total liabilities and net assets	<u>\$ 6,168,122</u>	<u>\$ 5,544,130</u>

See accompanying notes to combined financial statements.

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

	Year Ended December 31, 2025	Year Ended December 31, 2024
Revenue		
Patient service revenue	\$ 5,054,154	\$ 4,167,639
Other revenue	1,462,094	1,192,113
Total revenue	<u>6,516,248</u>	<u>5,359,752</u>
Expenses		
Salaries, wages and benefits	3,349,685	2,932,703
Supplies and drugs	1,503,690	1,257,333
Purchased services and other	1,184,543	885,181
Depreciation and amortization	158,038	143,915
Interest	36,554	31,160
Total expenses	<u>6,232,510</u>	<u>5,250,292</u>
Operating income	283,738	109,460
Nonoperating income		
Investment income, net	237,468	131,049
Inherent contribution for acquisition	126,468	—
Other nonoperating loss, net	(8,095)	(2,038)
Total nonoperating income, net	<u>355,841</u>	<u>129,011</u>
Revenue in excess of expenses	639,579	238,471
Less loss attributable to noncontrolling interests	<u>7,974</u>	<u>1,358</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 647,553	\$ 239,829

(Continued)

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

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
Net assets without donor restrictions, controlling interest		
Revenue in excess of expenses - attributable to controlling interest	\$ 647,553	\$ 239,829
Pension-related changes other than net periodic pension costs	10,484	20,882
Other, net	<u>(30,188)</u>	<u>(2,000)</u>
Increase in net assets without donor restrictions, controlling interest	627,849	258,711
Net assets without donor restrictions, noncontrolling interests		
Revenue less than expenses - attributable to noncontrolling interests	<u>(7,974)</u>	<u>(1,358)</u>
Decrease in net assets without donor restrictions, noncontrolling interests	(7,974)	(1,358)
Net assets with donor restrictions		
Contributions	306,563	322,540
Investment income, net	46,796	25,073
Net assets released from restrictions for operations	(290,453)	(287,152)
Other, net	<u>(61,657)</u>	<u>(3,822)</u>
Increase in net assets with donor restrictions	<u>1,249</u>	<u>56,639</u>
Increase in net assets	621,124	313,992
Net assets at beginning of period	3,194,473	2,880,481
Net assets at end of period	<u>\$ 3,815,597</u>	<u>\$ 3,194,473</u>

See accompanying notes to combined financial statements.

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2025	Year Ended December 31, 2024
Cash flows from operating activities		
Increase in net assets	\$ 621,124	\$ 313,992
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	156,934	142,811
Noncash lease expense	52,930	47,530
Pension-related changes other than net periodic pension cost	(10,484)	(20,882)
Inherent contribution for acquisition	(126,468)	—
Other	24,889	(20,671)
Changes in operating assets and liabilities		
Trading securities, net	(316,212)	(156,426)
Patient accounts receivable	(16,236)	(477)
Third-party payors receivables and payables, net	(4,712)	(32,863)
Other assets and liabilities, net	62,129	(3,041)
Net cash provided by operating activities	<u>443,894</u>	<u>269,973</u>
Cash flows from investing activities		
Capital expenditures	(386,989)	(391,314)
Net transfers to related party under centralized cash management arrangement	(282,768)	—
Acquisition of business, net of cash acquired	(27,158)	—
Other	10,330	10
Net cash used in investing activities	<u>(686,585)</u>	<u>(391,304)</u>
Cash flows from financing activities		
Repayments of debt	(65,821)	(134,665)
Proceeds from issuance of debt	—	280,800
Proceeds from restricted contributions and income on investments	10,644	20,251
Other	18,402	—
Net cash (used in) provided by financing activities	<u>(36,775)</u>	<u>166,386</u>
Net (decrease) increase in cash and cash equivalents	(279,466)	45,055
Cash and cash equivalents at beginning of year	536,812	491,757
Cash and cash equivalents at end of year	<u>\$ 257,346</u>	<u>\$ 536,812</u>
Reconciliation of cash and cash equivalents to the balance sheet		
Cash and cash equivalents	\$ 234,652	\$ 482,279
Restricted cash in assets limited as to use	22,694	54,533
	<u>\$ 257,346</u>	<u>\$ 536,812</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 98,446	\$ 30,610

See accompanying notes to combined financial statements.

**ATRIUM HEALTH WAKE FOREST BAPTIST
NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(dollars in thousands)**

1. ORGANIZATION AND BASIS OF PRESENTATION

Description of Business

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

AHWFB, including Wake Forest School of Medicine, and the Charlotte-Mecklenburg Hospital Authority ("Atrium Health CMHA") are part of a single enterprise (the Atrium Health Enterprise), which is governed and managed by Atrium Health Inc. ("AHI"), a North Carolina not-for-profit corporation, pursuant to a health system integration agreement and related agreements. Atrium Health CMHA and AHWFB 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 other 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.

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

Principles of Combination

The combined financial statements of the entities collectively comprising AHWFB were prepared to comply with the terms of the MTI. All significant intercompany transactions have been eliminated in combination.

Significant Events

On July 1, 2025, AHWFB acquired Hugh Chatham Memorial Hospital, Inc. and Affiliates ("Hugh Chatham") to further AHWFB's strategy focusing on meeting patients' needs. The transaction was a business combination between not-for-profit entities; therefore the guidance prescribes that AHWFB recognize the excess fair value of the net assets acquired over the fair value of the consideration transferred. Accordingly, an inherent contribution of \$126,468 was recorded in the combined statements of operations and changes in net assets for the year ended December 31, 2025, representing the excess of the fair value of assets acquired over the liabilities assumed and the \$30,000 consideration paid to an external foundation by AHWFB.

On March 1, 2025, AHWFB sold its majority interest in a subsidiary to Advocate Health. As a business combination between entities under common control, the sale was recorded as an equity transfer. AHWFB received cash proceeds of \$47,716, derecognized the subsidiary's assets, liabilities and related net assets without donor restrictions of \$60,542 and noncontrolling interests of \$7,613. AHWFB recognized a loss of \$13,366 that was recorded in net assets without donor restrictions in the combined balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities and amounts disclosed in the notes to the combined financial statements at the date of the combined 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

AHWFB considers all highly liquid investments with a maturity of three months or less when purchased, other than those included in the investment portfolio, to be cash equivalents.

Due From Related Party - Centralized Cash Management Arrangement

Beginning in 2025, AHWFB transfers excess operating cash to Advocate Health to maximize cash management opportunities. The amount due from Advocate Health under the cash arrangement totaled \$282,768 at December 31, 2025.

Investments

AHWFB has designated substantially all its investments as trading. 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. Investment income or loss (including realized gains and losses, interest, dividends and unrealized gains and losses) is included in the nonoperating section of the accompanying combined statements of operations and changes in net assets, unless the income or loss is restricted by donor or law or is related to endowments without donor restrictions. Investment income on endowments without donor restrictions is reported in other

revenue in the accompanying combined statements of operations and changes in net assets. Investment income or loss that is restricted by donor or law is reported as a change in net assets with donor restrictions.

In March 2025, AHWFB purchased units in the Advocate Health investment pool held by AAH. Per the Investment Agreement, each participant in the pool has no ownership interest in the pool's investment assets. AHWFB 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. Investment income or loss (including realized gains and losses, interest, dividends and unrealized gains and losses) of the investment pool are included in nonoperating investment income, net in the accompanying combined statements of operations and changes in net assets.

Assets Limited as to Use

Assets limited as to use consist of investments set aside by AHWFB for future capital improvements and certain medical education and other health care programs. AHWFB 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 in trust under debt agreements, retirement plan assets and donor-restricted funds.

AHWFB's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts and charitable gift annuities for which AHWFB serves as trustee. Assets held in these trusts are stated at fair value and are included in assets limited as to use in the combined balance sheets. Contribution revenues are recognized at the dates the trusts are established. AHWFB records the change in value of split-interest agreements according to the fair value of assets that are associated with each trust and recalculates the liability for the present value of annuity obligations. Any change in fair value is recognized in investment income, net in net assets with donor-restrictions in the combined statements of operations and changes in net assets.

AHWFB is the beneficiary of certain trusts and other assets held and administered by others. AHWFB's share of these assets is recorded at fair value with carrying values adjusted annually for changes in fair value recognized in investment income, net in net assets with donor-restrictions in the combined statements of operations and changes in net assets.

Patient Service Revenue and Accounts Receivable

Patient service revenue is reported at the amount that reflects the consideration to which AHWFB 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.

Revenue is recognized as performance obligations are satisfied. Performance obligations are identified based on the nature of the services provided. Revenue associated with performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Performance obligations satisfied over time relate to patients receiving inpatient acute care services. AHWFB measures the performance obligation from admission into the hospital to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services, the performance obligation is satisfied as the patient simultaneously

receives and consumes the benefits provided as the services are performed. Management believes this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations.

As AHWFB's performance obligations relate to contracts with a duration of less than one year, AHWFB has applied the optional exemption provided in the guidance and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which typically occurs within days or weeks of the end of the reporting period.

AHWFB uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. The portfolios consist of major payor classes for inpatient revenue and major payor classes and types of services provided for outpatient revenue. Based on the historical collection trends and other analyses, AHWFB believes revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

AHWFB determines the transaction price, which involves significant estimates and judgment, based on standard charges for goods and services provided, reduced by explicit and implicit price concessions, including contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with policy and/or implicit price concessions based on the historical collection experience of patient accounts. AHWFB determines the transaction price associated with services provided to patients who have third-party payor coverage based on reimbursement terms per contractual agreements, discount policies and historical experience. For uninsured patients who do not qualify for charity care, AHWFB determines the transaction price associated with services based on charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on historical collection experience for applicable patient portfolios. Patients who meet AHWFB's criteria for charity care are provided care without charge; such amounts are not reported as revenue. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

AHWFB does not incur significant incremental costs in obtaining contracts with patients. Any costs incurred are expensed in the period of occurrence, as the amortization period of any asset that AHWFB would have recognized is one year or less in duration.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreements with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure 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 new information becomes available or as years are settled or are no longer subject to such audits, reviews and investigations. As a result, there is a possibility that recorded estimates will change by a material amount.

For the years ended December 31, 2025 and 2024, changes in AHWFB's estimates of implicit price concessions, discounts and contractual adjustments or other changes to expected payments for performance obligations related to prior years were not material.

In the normal course of business, AHWFB does receive payments in advance for certain services provided and would consider these amounts to represent contract liabilities. The amounts received in the normal course of business at December 31, 2025 and 2024 were not material.

AHWFB does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component, due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

AHWFB has entered into payment arrangements with patients that allow for payments over a term in excess of one year. AHWFB has evaluated historical collections in excess of one year and current market interest rates to determine whether a significant financing component exists that would require an adjustment to the promised amount of consideration from patients and third-party payors. AHWFB has determined that the impact of implicit financing arrangements for payment agreements in excess of one year is insignificant to the accompanying combined statements of operations and changes in net assets.

Asset Impairment

AHWFB 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 combined statements of operations and changes in net assets as a component of operating expense at the time the impairment is identified. There were no material impairment charges recorded for the years ended December 31, 2025 and 2024.

Property and Equipment, Net

Property and equipment are reported at cost or, if donated, at fair value at the date of the gift. 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. Internal labor and interest expense incurred during the period of construction of significant capital projects is capitalized as a component of the costs of the asset.

Property and equipment capitalized under direct financing leases are recorded at the present value of future lease payments, adding initial direct costs and prepaid lease payments, reduced by any lease incentives. Property and equipment capitalized under direct financing leases are amortized using the straight-line method over the related lease term. Amortization of property and equipment under financing leases is included in the accompanying combined statements of operations and changes in net assets in depreciation and amortization expense.

Property and equipment assets are depreciated on the straight-line method over the following estimated useful lives:

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

Operating Lease Right-of-use Assets

AHWFB records an operating lease right-of-use asset (an asset that represents AHWFB's right to use the leased asset for the lease term) for leases that do not meet the criteria as a sales-type lease or a direct financing lease.

AHWFB records operating lease right-of-use assets at the present value of future lease payments, adding initial direct costs and prepaid lease payments, reduced by any lease incentives. Operating lease right-of-use assets are amortized using the straight-line method over the related lease term. Amortization of operating lease right-of-use assets is included in purchased services and other expense in the accompanying combined statements of operations and changes in net assets.

Goodwill

AHWFB has elected to amortize goodwill using the straight-line method over a 10-year period. Amortization is included in depreciation and amortization in the accompanying combined statements of operations and changes in net assets.

Investments in Unconsolidated Entities

Investments in unconsolidated entities are included in other noncurrent assets in the accompanying combined balance sheets and are accounted for using the equity method or as an equity security without a readily determinable fair value. AHWFB applies the equity method of accounting for investments in unconsolidated entities when its ownership or membership interest is 50% or less and AHWFB has the ability to exercise significant influence over the operating and financial policies of the investee. The income (loss) on health-related unconsolidated entities is included in other revenue in the accompanying combined statements of operations and changes in net assets. The income (loss) on non-health-related unconsolidated entities is included in other nonoperating loss, net in the accompanying combined statements of operations and changes in net assets. All other unconsolidated entities are accounted for as an equity security without a readily determinable fair value. These unconsolidated entities are initially recorded at cost, tested for impairment at least annually and adjusted as market transactions occur that would indicate a fair value adjustment is needed. The income (loss) on these unconsolidated entities is included in other nonoperating loss, net in the accompanying combined statements of operations and changes in net assets.

Derivative Financial Instruments

AHWFB enters into transactions to manage its interest rate, credit and market risks. Derivative financial instruments, including exchange-traded and over-the-counter derivative contracts and interest rate swaps, are recorded as either assets or liabilities at fair value. Subsequent changes in a derivative's fair value are recognized in other nonoperating loss, net in the accompanying combined statements of operations and changes in net assets.

Bond Issuance Costs, Discounts and Premiums

Bond issuance costs, discounts and premiums are amortized over the term of the bonds using the effective interest method and are included in long-term debt, less current portion in the accompanying combined balance sheets.

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. AHWFB measures the cost of its unfunded obligations under such programs based upon actuarial calculations and records a liability on a discounted basis.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those assets whose use has been limited by donors for a specific purpose or time period or are those for which donors require the principal of the gifts to be maintained in perpetuity to provide a permanent source of income.

Assets released from restrictions to fund purchases of property and equipment are reported as increases to net assets without donor restrictions in the accompanying combined statements of operations and changes in net assets. Those assets released from restriction for operating purposes are reported in the accompanying combined statements of operations and changes in net assets as other revenue. When restricted, earnings are recorded in investment income, net in net assets with donor restrictions until amounts are expended in accordance with the donor's specifications.

Other Revenue

Other revenue is recognized at an amount that reflects the consideration to which AHWFB expects to be entitled in exchange for providing goods and services. The amounts recognized reflect consideration due from customers, third-party payors and others. Primary categories of other revenue include retail pharmacy revenue, medical education research grants and contracts and other miscellaneous revenue.

Other Nonoperating Loss, Net

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 AHWFB's main purpose are included in other nonoperating loss, net. Other nonoperating loss, net primarily consists of income or loss on investments in non-health-related unconsolidated entities and the net non-service components of the periodic benefit expense of AHWFB's pension plans.

Revenue in Excess of Expenses and Changes in Net Assets

The accompanying combined statements of operations and changes in net assets includes the revenue in excess of expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from revenue in excess of expenses, primarily include pension-related changes other than net periodic pension costs.

Income Taxes

AHWFB is a tax-exempt organization as described in Section 501c(3) of the Internal Revenue Code (the Code) and is generally exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes is made in the combined financial statements.

AHWFB has evaluated uncertain tax positions for the years ended December 31, 2025 and 2024, including a quantification of tax risks in areas such as unrelated business income. This evaluation did not have a material effect on AHWFB's combined financial statements for the years ended December 31, 2025 and 2024.

Accounting Pronouncements Not Yet Adopted

In September 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2025-06, *Intangibles- Goodwill and Other- Internal-Use Software (Subtopic 350-40)*. This guidance amends certain aspects of ASC 350-40 to better align with current software development methods. Under the new standard, entities will start capitalizing eligible costs when (1) management has authorized and committed to funding the software project and (2) it is probable that the project will be completed and the software will be used to perform the function it intended. In evaluating whether it is probable the project will be completed, the entity is required to consider whether there is significant uncertainty associated with the development activities of the software. The effective date is for fiscal years beginning after December 15, 2027, early adoption is permitted. The guidance can be applied on a prospective, modified or retrospective transition approach. AHWFB is evaluating the impact of this guidance and does not expect it to have a material impact on the combined financial statements.

Reclassifications in the Combined Financial Statements

Certain reclassifications were made to the 2024 combined financial statements to conform to the classifications used in 2025. There was no impact on previously reported net assets as of December 31, 2024 or change in net assets for the year ended December 31, 2024.

3. COMMUNITY BENEFIT

AHWFB 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. AHWFB's cost of providing charity care was \$85,692 and \$39,810 for the years ended December 31, 2025 and 2024, respectively, as determined using total cost to charge ratios.

In addition to the provision of charity care, AHWFB 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, which 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 patient service revenue by payor is as follows:

	Year Ended December 31, 2025		Year Ended December 31, 2024	
Commercial	\$ 1,590,617	31 %	\$ 1,580,224	38 %
Medicare	1,697,175	34 %	1,284,328	31 %
Medicaid	1,535,662	30 %	1,092,172	26 %
Self-pay and other	230,700	5 %	210,915	5 %
	<u>\$ 5,054,154</u>	<u>100 %</u>	<u>\$ 4,167,639</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.

Revenue disaggregated by service line is as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Hospital	\$ 3,897,576	\$ 3,138,380
Clinic	844,190	743,813
Other	312,388	285,446
Total patient service revenue	<u>\$ 5,054,154</u>	<u>\$ 4,167,639</u>

The state of North Carolina utilizes 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 and Medicaid Services and are funded with a combination of state and federal resources, including assessments levied on the providers. Under these supplemental programs, which include the North Carolina's Healthcare Access & Stabilization Program ("HASP"), AHWFB recognizes revenue and related expenses in the period in which amounts are estimable and collection is reasonably assured.

Reimbursement and the assessment under these programs are reflected in the accompanying combined statements of operations and changes in net assets as follows:

	Classification	Year Ended December 31, 2025	Year Ended December 31, 2024
Reimbursement	Patient service revenue	\$ 823,843	\$ 462,241
Assessment	Purchased services and other	335,027	235,884

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

	Classification	Year Ended December 31, 2025	Year Ended December 31, 2024
Reimbursement	Patient service revenue	\$ 92,197	\$ 144,844
Assessment	Purchased services and other	22,280	33,212

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		December 31, 2024	
Commercial	\$ 187,377	37 %	\$ 213,093	44 %
Medicare	137,562	27 %	118,366	25 %
Medicaid	82,338	16 %	69,388	14 %
Self-pay and other	99,817	20 %	80,190	17 %
	<u>\$ 507,094</u>	<u>100 %</u>	<u>\$ 481,037</u>	<u>100 %</u>

The self-pay patient accounts receivable above includes amounts due from patients for co-insurance, deductibles, installment payment plans and amounts due from patients without insurance.

5. INVESTMENTS

AHWFB invests in a diversified portfolio of investments, including alternative investments, such as real asset funds, hedge funds and private equity limited partnerships, whose fair value was \$923,858 and \$919,969 at December 31, 2025 and 2024, respectively. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods typically ranging from 1 to 90 days. Certain of these investments have redemption restrictions that may restrict redemption for up to three years.

Investment returns for assets limited as to use are composed of the following:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Interest income and dividends	\$ 19,744	\$ 43,667
Net realized gains	221,969	53,165
Net unrealized gains	81,575	96,486
Total	<u>\$ 323,288</u>	<u>\$ 193,318</u>

Investment returns are included in the accompanying combined statements of operations and changes in net assets as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Other revenue	\$ 39,024	\$ 37,196
Investment income, net	237,468	131,049
Net assets with donor restrictions	46,796	25,073
Total	<u>\$ 323,288</u>	<u>\$ 193,318</u>

The assets limited as to use presented within the accompanying combined balance sheets are comprised of the following:

	December 31, 2025	December 31, 2024
Internally designated for capital and other	1,976,097	1,703,929
Held for self-insurance	1,767	1,948
Donor restricted	456,465	408,242
Funds held under retirement plans	193,442	159,886
Collateral for derivative agreements	750	750
Total assets limited as to use	2,628,521	2,274,755
Assets limited to use, current	1,570	—
Assets limited to use, noncurrent	<u>\$ 2,626,951</u>	<u>\$ 2,274,755</u>

6. FAIR VALUE

AHWFB accounts for certain assets and liabilities at fair value and categorizes assets and liabilities measured at fair value in the accompanying combined 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 AHWFB to measure financial assets and liabilities at fair value. In general, where applicable, AHWFB 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, United States 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 AHWFB's credit risk.

Investments owned by AHWFB are exposed to various kinds and levels of risk. Equity securities and equity funds expose AHWFB to market risk, performance risk and liquidity risk for both domestic and international investments. Market risk is the risk associated with major movements of the equity markets. Performance risk is the risk associated with a company's operating performance. Fixed-income securities and fixed-income mutual funds expose AHWFB to interest rate risk, credit risk and liquidity risk. As interest rates change, the value of many fixed-income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell particular securities. Liquidity risk tends to be higher for equities related to small capitalization companies and certain alternative investments. Due to the volatility in the capital markets, there is a reasonable possibility of subsequent changes in fair value, resulting in additional gains and losses in the near term.

The fair value of AHWFB's interest in the investment pool is determined using the calculated net asset value provided by the investment pool. The redemption notice period for the investment pool is 30 days.

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)
Assets				
Cash and cash equivalents	\$ 70,157	\$ 70,157	\$ —	\$ —
United States government bonds	17,281	—	17,281	—
Bond and other debt security funds	78,405	78,405	—	—
Equity funds	89,676	89,584	92	—
Real asset funds	17,103	17,072	—	31
Perpetual trusts and assets held by others	35,736	—	—	35,736
Funds held under retirement plans	193,442	—	193,442	—
	501,800	\$ 255,218	\$ 210,815	\$ 35,767
Investments at net asset value				
Alternative investments	923,858			
Investment pool	1,202,863			
Total investments	\$ 2,628,521			
Liabilities				
Obligations under swap agreements	\$ (758)		\$ (758)	
Liabilities under retirement plans	\$ (193,442)		\$ (193,442)	

	December 31, 2024		Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Cash and cash equivalents	\$	105,490	\$ 104,790	\$ 700	\$ —
Corporate bonds and other debt securities		75,542	—	75,542	—
United States government bonds		81,804	—	81,804	—
Bond and other debt security funds		267,570	267,570	—	—
Non-government fixed-income obligations		160	—	160	—
Equity securities		27,844	27,832	—	12
Equity funds		501,610	234,241	267,369	—
Real asset funds		100,275	100,242	—	33
Pooled Investments held at WFU		618	—	—	618
Perpetual trusts and assets held by others		33,987	—	—	33,987
Funds held under retirement plans		159,886	—	159,886	—
		1,354,786	\$ 734,675	\$ 585,461	\$ 34,650

Investments at net asset value

Alternative investments	919,969
Total investments	\$ 2,274,755

Liabilities

Obligations under swap agreements	\$ (638)	\$ (638)
Liabilities under retirement plans	\$ (159,886)	\$ (159,886)

The following tables present the activity for Level 3 investments:

December 31, 2025	Beginning balance	Realized and unrealized losses	Purchases	Sales	Transfers into and (out) of Level 3	Ending balance
Equity securities	\$ 12	\$ —	\$ —	\$ (12)	\$ —	\$ —
Real asset funds	33	(2)	—	—	—	31
Pooled investments at WFU	618	—	—	—	(618)	—
Beneficial interest in perpetual trusts and assets held by others	33,987	1,871	—	(122)	—	35,736
Total Level 3 investments	\$ 34,650	\$ 1,869	\$ —	\$ (134)	\$ (618)	\$ 35,767

December 31, 2024	Beginning balance	Realized and unrealized losses	Purchases	Sales	Transfers into and (out) of Level 3	Ending balance
Equity securities	\$ 1,494	\$ —	\$ 309	\$ (1,791)	\$ —	\$ 12
Real asset funds	29	4	—	—	—	33
Pooled investments at WFU	1,108	39	—	(529)	—	618
Beneficial interest in perpetual trusts and assets held by others	23,146	2,076	9,219	(454)	—	33,987
Total Level 3 investments	\$ 25,777	\$ 2,119	\$ 9,528	\$ (2,774)	\$ —	\$ 34,650

Transfers into and out of Level 3 are typically the result of a change in observation of significant valuation inputs required by various models.

7. ENDOWMENT

AHWFB's pooled endowment funds consist of 838 individual funds established for a variety of purposes, but primarily to support its academic activities, including both donor-restricted endowment funds and funds designated by the WFUBMC Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Gift annuities, beneficial interest in perpetual trusts, assets held by others and contributions receivable are not considered components of the endowment.

The Board of Directors has implemented a spending policy for AHWFB designed to stabilize annual spending levels and preserve the real value of the endowment over time. In accordance with the policy, a predetermined endowment spending rate consistent with AHWFB's total return objective has been established and approved by the Board of Directors. Should endowment yields prove to be insufficient to support this policy, the balance is provided from capital gains. Should endowment yields exceed the amounts necessary to maintain this objective, the balance is reinvested in the endowment. The endowment spending rate for the year ended December 31, 2025 and 2024 was approximately 5.3%, calculated as a percentage of the average of the previous three-year semi-annual moving market value on a per unit basis.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as allowing AHWFB to appropriate for expenditure or accumulate so much of an endowment fund as AHWFB determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

As a result of this interpretation, AHWFB's policy is to report as net assets with donor restrictions (i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment and (iii) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, AHWFB considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund.
- b. The purpose of the donor-restricted endowment fund.
- c. General economic conditions.
- d. The possible effect of inflation and deflation.
- e. The expected total return from income and the appreciation of investments.
- f. Other policies and resources of WFUHS.

AHWFB endowment net assets consist of the following at:

December 31, 2025	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 593,048	\$ —	\$ 593,048
Donor-restricted endowment funds:			
Underwater funds	—	(89)	(89)
Other funds:			
Historical value	—	260,314	260,314
Appreciation	—	105,268	105,268
Total pooled endowment funds	593,048	365,493	958,541
Other non-pooled endowment funds	1,739	55,063	56,802
Endowment net assets	\$ 594,787	\$ 420,556	\$ 1,015,343

December 31, 2024	Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	\$ 523,952	\$ —	\$ 523,952
Donor-restricted endowment funds:			
Underwater funds	—	(456)	(456)
Other funds:			
Historical value	—	251,398	251,398
Appreciation	—	67,142	67,142
Total pooled endowment funds	523,952	318,084	842,036
Other non-pooled endowment funds	1,664	52,896	54,560
Endowment net assets	\$ 525,616	\$ 370,980	\$ 896,596

Changes in AHWFB endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, balance at January 1, 2024	\$ 500,651	\$ 344,873	\$ 845,524
Investment return:			
Investment income	1,190	582	1,772
Net appreciation	43,095	25,786	68,881
Total investment return	44,285	26,368	70,653
Contributions	—	10,827	10,827
Appropriation for expenditure	(26,610)	(11,088)	(37,698)
Transfers to create new board-designated endowment funds	7,290	—	7,290
Endowment net assets, balance at December 31, 2024	\$ 525,616	\$ 370,980	\$ 896,596
Investment return:			
Investment income	1,471	662	2,133
Net appreciation	83,670	51,324	134,994
Total investment return	85,141	51,986	137,127
Contributions	—	10,316	10,316
Appropriation for expenditure	(27,328)	(12,726)	(40,054)
Transfers to create new board-designated endowment funds	11,358	—	11,358
Endowment net assets, balance at December 31, 2025	\$ 594,787	\$ 420,556	\$ 1,015,343

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the value of the original gifts. Deficiencies of this nature existed in two and thirteen donor-restricted endowments at December 31, 2025 and 2024, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain

programs that was deemed prudent by the AHWFB Board of Directors. The amount by which the funds were underwater was calculated as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Aggregate original gift amount	\$ 3,647	\$ 4,320
Aggregate fair value	3,558	3,864
Aggregate deficiency	<u>\$ (89)</u>	<u>\$ (456)</u>

AHWFB builds allowable underwater spending into its endowment fund agreements, which is agreed upon and signed by any donor. The applicable distribution may be taken from an endowment fund irrespective of whether the fund's balance is above the total amount of gifts for the fund and any required accumulation from earnings, so long as prudence measures continue to be met. The AHWFB Board appropriated \$170 and \$191 for expenditure from endowment funds underwater during the years ended December 31, 2025 and 2024, respectively, following its normal procedure of a 5.3% distribution rate based on a three-year semi-annual moving average.

8. PROPERTY AND EQUIPMENT, NET

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land and improvements	\$ 241,128	\$ 203,936
Buildings and other improvements	2,529,747	1,997,509
Fixed and moveable equipment	1,105,290	1,044,899
Construction-in-progress	319,123	457,031
	<u>4,195,288</u>	<u>3,703,375</u>
Accumulated depreciation	(2,307,827)	(2,123,538)
Property and equipment, net	<u>\$ 1,887,461</u>	<u>\$ 1,579,837</u>

During 2025, AHWFB wrote off fully depreciated property and equipment totaling \$61,842.

Property and equipment, net include assets recorded as finance leases and under other financing arrangements. See additional disclosure in Note 9. LEASES.

Depreciation expense was \$151,644 and \$134,512 for the years ended December 31, 2025 and 2024, respectively.

9. LEASES

AHWFB leases office and clinical space, land and equipment. Leases with an initial term of 12 months or less are not recorded on the combined balance sheets. AHWFB combines lease and non-lease components, except for medical equipment leases.

The depreciable lives of assets are limited by the expected lease terms. Most leases include options to renew. The majority of leases do not provide an implicit rate; therefore, AHWFB has elected to use its incremental borrowing rate, which is the interest rate AHWFB would borrow on a collateralized basis over a similar term, as the discount rate.

Operating and finance leases are classified as follows within the accompanying combined balance sheets:

Leases	Classification	December 31, 2025	December 31, 2024
Assets			
Operating	Operating lease right-of-use assets	\$ 200,632	\$ 154,937
Finance	Property and equipment, net	29,696	29,585
Total lease assets		<u>\$ 230,328</u>	<u>\$ 184,522</u>
Liabilities			
Current			
Operating	Operating lease liabilities, current portion	\$ 46,370	\$ 42,600
Finance	Long-term debt, current portion	1,060	969
Noncurrent			
Operating	Operating lease liabilities, less current portion	160,331	118,278
Finance	Long-term debt, less current portion	22,103	21,381
Total lease liabilities		<u>\$ 229,864</u>	<u>\$ 183,228</u>

Finance lease assets are recorded net of accumulated amortization of \$12,286 and \$11,570 as of December 31, 2025 and 2024.

Lease costs are classified as follows within the accompanying combined statements of operations and changes in net assets:

Lease cost	Classification	December 31, 2025	December 31, 2024
Operating lease cost	Purchased services and other	\$ 52,930	\$ 47,530
Short term and variable lease cost	Purchased services and other	15,369	6,383
Finance lease cost			
Amortization of lease assets	Depreciation and amortization	1,818	1,910
Interest on lease liabilities	Interest	965	959
Net lease cost		<u>\$ 71,082</u>	<u>\$ 56,782</u>

Lease terms, discount rates and other supplemental information are as follows:

	December 31, 2025	December 31, 2024
Weighted average remaining lease term (in years)		
Operating	7.9	4.3
Finance	19.5	21.1
Weighted average discount rate		
Operating	4.49 %	3.70 %
Finance	4.15 %	4.00 %
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 52,946	\$ 47,723
Operating cash flows from finance leases	965	959
Financing cash flows from finance leases	1,017	1,065

Future maturities of lease liabilities at December 31, 2025 are as follows:

	Operating Leases	Finance Leases	Total
2026	\$ 54,481	\$ 2,012	\$ 56,493
2027	46,795	1,963	48,758
2028	28,698	1,816	30,514
2029	20,099	1,525	21,624
2030	14,932	1,518	16,450
Thereafter	87,249	26,828	114,077
Future minimum lease payments	252,254	35,662	287,916
Less remaining imputed interest	45,553	12,499	58,052
Total	<u>\$ 206,701</u>	<u>\$ 23,163</u>	<u>\$ 229,864</u>

10. LONG-TERM DEBT

Long-term debt consists of the following:

	December 31, 2025	December 31, 2024
Revenue bonds and revenue refunding bonds		
Series 2012A, 4.00% to 5.00%, principal payable in varying annual installments through December 2045	\$ 118,405	\$ 118,405
Series 2012B, 2.00% to 5.00%, principal payable in varying annual installments through December 2033	55,685	61,405
Series 2012D (weighted average rate of 4.09%), principal payable in varying annual installments through December 2042; interest based on SOFR plus a tax-exempt spread of 0.6715%	80,000	80,000
Series 2019A, 5.00%, principal payable in varying annual installments through December 2033	24,150	26,600
Series 2019B, (weighted average rate of 3.34%); principal payable in varying annual installments through December 2048; interest based on SIFMA plus 0.616%	105,905	105,905
Series 2019C, 2.55%, principal payable in varying annual installments through June 2048	60,605	60,605
Series 2020, 2.31%, principal payable in varying annual installments through June 2033	147,600	165,005
	<u>592,350</u>	<u>617,925</u>
Taxable bonds		
Taxable Bond Series 2016, 3.093% to 4.175%, principal payable in varying annual installments through June 2046	150,000	150,000
Line of credit	200,000	200,000
Finance lease obligations and financing arrangements	31,168	35,876
	<u>973,518</u>	<u>1,003,801</u>
Net unamortized premiums and unamortized bond issuance costs	8,952	10,057
	<u>982,470</u>	<u>1,013,858</u>
Less amounts classified as current		
Long-term debt, current portion	(308,052)	(232,066)
	<u>\$ 674,418</u>	<u>\$ 781,792</u>

Maturities of long-term debt for the five years ending December 31, 2030, are as follows:

2026	\$ 308,052
2027	31,725
2028	30,076
2029	30,663
2030	31,558

Debt issued under the MTI is payable solely from the Obligated Group’s revenues (as defined by the MTI). Additionally, the Combined Group must remain compliant with certain covenants and restrictions required by the MTI and loan agreements underlying the bonds. The Combined Group is subject to covenants under the MTI containing restrictions or limitations with respect to indebtedness, property encumbrance, consolidation or merger or transfer of assets. In addition, the Combined Group has agreed that it will not create any lien upon its property, accounts, or revenue now owned or hereafter acquired other than “permitted liens” as described in the MTI.

At December 31, 2025 and 2024, AHWFB had lines of credit with banks aggregating to \$300,000 in available commitments. These lines of credit provide for various interest rates and payment terms and as of December 31, 2025 expire as follows: \$200,000 in May 2026 and \$100,000 in June 2026. These lines of credit may be used to redeem bonded indebtedness, to pay costs related to such redemptions, for capital expenditures, for general working capital purposes or to provide for certain letters of credit. At December 31, 2025 and 2024, \$200,000 was outstanding on these lines of credit.

AHWFB’s interest paid amount encompasses all debt agreements including revenue bonds and revenue refunding bonds, taxable bonds, finance lease obligations, financing arrangements and interest rate swaps. AHWFB's interest paid amounted to \$36,553 and \$31,874 for the years ended December 31, 2025 and 2024, respectively.

11. INTEREST RATE SWAP PROGRAM

AHWFB has interest rate-related derivative instruments to manage the exposure of its variable rate debt instruments. By using derivative financial instruments to manage the risk of changes in interest rates, AHWFB exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes AHWFB, which creates credit risk for AHWFB. When the fair value of a derivative contract is negative, AHWFB owes the counterparty and, therefore, it does not possess credit risk. AHWFB may minimize the credit risk in derivative instruments by entering into transactions that require the counterparty to post collateral for the benefit of AHWFB based on the credit rating of the counterparty and the fair value of the derivative contract. Market risk is the adverse effect on the value of a derivative financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. AHWFB also mitigates risk through periodic reviews of its derivative positions in the context of its total blended cost of capital.

At December 31, 2025, AHWFB has a swap that is being held as a swap portfolio as the related debt is no longer outstanding.

The following is a summary of the outstanding position under this interest rate swap agreement at December 31, 2025:

Bond Series	Notional Amount	Maturity Date	Rate Received	Rate Paid
Swap portfolio	\$13,985	July 1, 2034	67% of SOFR	3.67%

The swap is not designated as a hedging instrument and, therefore, hedge accounting has not been applied. As such, unrealized changes in fair value of the swap is classified as other nonoperating loss, net in the accompanying combined statements of operations and changes in net assets. The net cash settlement payments, representing the realized changes in fair value of the swaps, are included as interest expense in the accompanying combined statements of operations and changes in net assets.

The fair value of the interest rate swap agreement was a liability of \$758 and \$638 as of December 31, 2025 and 2024, respectively, included in other noncurrent liabilities in the accompanying combined balance sheets, for which AHWFB has posted collateral of \$750 as of December 31, 2025 and 2024. The collateral to support the swap is included in assets limited as to use.

Amounts recorded in the accompanying combined statements of operations and changes in net assets are as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Net cash payments on interest rate swap agreements (interest expense)	\$ 96	\$ 3
Change in fair value of interest rate swaps (other nonoperating loss, net)	\$ (120)	\$ 420

12. RETIREMENT PLANS

AHWFB maintains various employee retirement benefit plans available to qualifying employees and retirees.

The NCBH pension plan was frozen effective December 31, 2011 to new participants and participants ceased accruing additional pension benefits. The net pension benefit obligation of \$27,123 and \$40,912 at December 31, 2025 and 2024, respectively, is included in other noncurrent liabilities in the accompanying combined balance sheets.

A summary of changes in the plan assets, projected benefit obligation and the resulting funded status is as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Change in plan assets:		
Plan assets at fair value at beginning of period	\$ 270,410	\$ 269,018
Actual return on plan assets	30,999	9,337
Employer contributions	7,764	10,926
Benefits paid	(19,765)	(18,871)
Plan assets at fair value at end of period	<u>\$ 289,408</u>	<u>\$ 270,410</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of period	\$ 311,322	\$ 332,731
Interest cost	17,265	16,193
Actuarial loss (gain)	7,709	(18,731)
Benefits paid	(19,765)	(18,871)
Projected benefit obligation at end of period	<u>\$ 316,531</u>	<u>\$ 311,322</u>
Plan assets less than projected benefit obligation	<u>\$ (27,123)</u>	<u>\$ (40,912)</u>
Accumulated benefit obligation at end of period	<u>\$ 316,531</u>	<u>\$ 311,322</u>

The Plan actuarial loss of \$7,709 and actuarial gain of \$18,731 for the years ending December 31, 2025 and 2024, respectively, was primarily driven by changes in the discount rate.

Pension plan expense included in other nonoperating loss, net in the accompanying combined statements of operations and changes in net assets is as follows:

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
Interest cost	\$ 17,265	\$ 16,193
Expected return on plan assets	(13,820)	(12,836)
Amortization of:		
Actuarial loss	402	4,893
Net pension expense	<u>\$ 3,847</u>	<u>\$ 8,250</u>

The net change recognized in net assets without donor restrictions as a component of pension-related changes other than net periodic pension cost was \$9,871 and \$20,125 for the years ended December 31, 2025 and 2024, respectively.

Unrecognized actuarial losses of \$25,582 and \$35,453 have not yet been recognized in net pension expense and is included in net assets without donor restrictions at December 31, 2025 and December 31, 2024, respectively.

Expected employee benefit payments to be paid from the Plan are as follows:

	<u>Total</u>
2026	22,039
2027	22,495
2028	22,925
2029	23,272
2030	23,457
2031-2035	116,752
Total	<u>\$ 230,940</u>

AHWFB expects to contribute \$10,221 to the Plan in 2026. Employer contributions are paid from employer assets. No plan assets are expected to be returned to the employer. All benefits paid under the Plan were paid from the Plan's assets.

AHWFB's asset allocation and investment strategies are designed to earn returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes, economic sectors and manager style to minimize the risk of loss. The de-risking portfolio is comprised of cash and fixed income instruments designed to hedge Plan liabilities. AHWFB utilizes investment managers specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines that include allowable and/or prohibited investment types. AHWFB regularly monitors manager performance and compliance with investment guidelines. The investment policy is broken out into de-risking and return seeking investments, with the asset allocation targets based on a floating basis dependent on the funded status of the Plan.

The targets noted in the table below are based on the funded status of the Plan on December 31, 2025 and 2024:

	December 31, 2025		December 31, 2024	
	Asset Allocation Target Range*	Actual	Asset Allocation Target Range*	Actual
De-risking portfolio	60%-85%	61 %	50%-85%	52 %
Return seeking portfolio	15%-40%	39 %	15%-50%	48 %

**Based on a PBO Funded Status Range of 80%-100%*

In the normal course of operations and within established investment policy guidelines, the Plan may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options and forward contracts. These instruments are used primarily to maintain the Plans' strategic asset allocation and hedge security price movements. These instruments require the Plans to deposit cash collateral with the broker or custodian.

Derivative contract information are as follows:

	December 31, 2025	December 31, 2024
Cash and security collateral provided	\$ 3,410	\$ 2,533
Gross notional value	\$ 193,955	\$ 194,350

By using derivative financial instruments, AHWFB exposes itself to credit risk and market risk as described in Note 11. INTEREST RATE SWAP PROGRAM.

Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 6. FAIR VALUE. AHWFB opted to use the net asset value per share, or its equivalent, as a practical expedient for the fair value of the Plan's 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 Plan's investment assets are exposed to the same kinds and levels of risk as described in Note 6. FAIR VALUE.

The following are the Plan's financial instruments at December 31, 2025, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 6. FAIR VALUE:

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	\$ 9,157	\$ 8,996	\$ 161	\$ —
Corporate bonds and other debt securities	106,950	—	106,950	—
United States government obligations	46,723	—	46,723	—
Bond and other debt security funds	17,439	3,285	14,154	—
Equity funds	110,969	110,969	—	—
	291,238	\$ 123,250	\$ 167,988	\$ —

Investments at net asset value

Alternative investments	5,450
Total plan investments	296,688
Accruals carried at cost	(7,280)
Total plan assets	\$ 289,408

The following are the Plan's financial instruments at December 31, 2024, measured at fair value on a recurring basis by the valuation hierarchy defined in Note 6. FAIR VALUE:

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	\$ 2,094	\$ 2,094	\$ —	\$ —
Corporate bonds and other debt securities	121,792	2,728	119,064	—
United States government obligations	40,478	—	40,478	—
Bond and other debt security funds	9,035	3,120	5,915	—
Equity funds	112,658	112,658	—	—
	286,057	\$ 120,600	\$ 165,457	\$ —

Investments at net asset value

Alternative investments	17,498
Total plan investments	303,555
Accruals carried at cost	(33,145)
Total plan assets	\$ 270,410

Assumption used to determine benefit obligations are as follows:

	December 31, 2025	December 31, 2024
Discount rate	5.44 %	5.74 %

Assumptions used to determine benefit cost are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	5.74 %	5.02 %
Assumed rate of return on assets	5.20 %	5.00 %

The assumed rate of return on each of the Plan assets is based on historical and projected rates of return for asset classes in which the portfolio is invested.

The 2025 and 2024 mortality assumption for the Plan was based on the Pri-2012 table projected generationally from 2012 with Scale MP-2021.

In addition, AHWFB sponsors a defined contribution plan for its employees. Expense related to the plan, which is included in salaries, wages and benefits expense in the accompanying combined statements of operations and changes in net assets, was \$145,380 and \$128,553 for the years ended December 31, 2025 and 2024, respectively.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Academic instruction and research	\$ 497,303	\$ 497,561
Other health care related programs	27,088	25,581
	<u>\$ 524,391</u>	<u>\$ 523,142</u>

14. FUNCTIONAL OPERATING EXPENSES

Operating expenses are presented by functional classification in accordance with the overall service mission of AHWFB, either academic instruction and research or health care services. Expenses other than interest expense are directly allocated to functional departments at the time they are incurred. Interest expense that relates to debt financing is allocated based on the use of the related funds. General and administrative expenses primarily include legal, finance, marketing, supply chain and human resources.

Functional operating expenses for the year ended December 31, 2025 are as follows:

	<u>Academic instruction and research</u>	<u>Health care services</u>	<u>General and administrative</u>	<u>Total</u>
Salaries, wages and benefits	\$ 350,657	\$ 2,769,559	\$ 229,469	\$ 3,349,685
Supplies and drugs	26,548	1,471,428	5,714	1,503,690
Purchased services and other	107,856	864,539	212,148	1,184,543
Depreciation and amortization	30,704	105,251	22,083	158,038
Interest	—	36,554	—	36,554
Total operating expenses	<u>\$ 515,765</u>	<u>\$ 5,247,331</u>	<u>\$ 469,414</u>	<u>\$ 6,232,510</u>

Functional operating expenses for the year ended December 31, 2024 are as follows:

	Academic instruction and research	Health care services	General and administrative	Total
Salaries, wages and benefits	\$ 336,473	\$ 2,420,164	\$ 176,066	\$ 2,932,703
Supplies and drugs	27,136	1,230,197	—	1,257,333
Purchased services and other	96,601	585,198	203,382	885,181
Depreciation and amortization	22,247	113,658	8,010	143,915
Interest	—	31,160	—	31,160
Total operating expenses	<u>\$ 482,457</u>	<u>\$ 4,380,377</u>	<u>\$ 387,458</u>	<u>\$ 5,250,292</u>

15. LIQUIDITY

AHWFB's financial assets available within one year of the combined balance sheets date for general expenditures are as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash and cash equivalents	\$ 234,652	\$ 482,279
Due from related party - centralized cash management arrangement	282,768	—
Patient accounts receivable	507,094	481,037
Assets limited as to use		
Internally designated for capital and other	1,976,097	1,703,929
Held for self-insurance	1,767	1,948
Donor restricted	456,465	408,242
Funds held under retirement plans	193,442	159,886
Collateral for derivative agreements	750	750
Total assets limited as to use	<u>2,628,521</u>	<u>2,274,755</u>
Total financial assets	<u>\$ 3,653,035</u>	<u>\$ 3,238,071</u>
Less		
Amounts unavailable for general expenditures		
Amounts not available to be liquidated within one year	<u>(436,192)</u>	<u>(425,346)</u>
Total amounts unavailable for general expenditure	<u>(436,192)</u>	<u>(425,346)</u>
Amounts unavailable to management without approval		
Collateral for derivative agreements	(750)	(750)
Held for self-insurance	(1,767)	(1,948)
Funds held under retirement plans	(193,442)	(159,886)
Designated for restricted purposes by donor	<u>(456,465)</u>	<u>(408,242)</u>
Total amounts unavailable to management without approval	<u>(652,424)</u>	<u>(570,826)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,564,419</u>	<u>\$ 2,241,899</u>

16. COMMITMENTS AND CONTINGENCIES

Future Obligations

AHWFB is committed to constructing additions and renovations to its medical facilities that are expected to be completed in future years for which remaining commitments totaled \$182,011 as of December 31, 2025.

Litigation

From time to time, AHWFB 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 AHWFB'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 AHWFB. To foster compliance with applicable laws and regulations, AHWFB maintains a compliance program designed to detect and correct potential violations of laws and regulations related to its programs.

While the final outcomes of the various legal actions that AHWFB is currently involved in cannot be determined at this time, management is of the opinion that the resolution of these legal actions will not have a material effect on the financial position of AHWFB.

17. GENERAL AND PROFESSIONAL LIABILITY RISKS

AHWFB maintains professional liability coverage, which include a per occurrence and an annual aggregate self-insurance limit.

The estimated cost of claims is actuarially determined based on past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued insurance liabilities and contributions were determined using a discount rate of 4.00% as of December 31, 2025 and 2024, respectively. AHWFB's accrued professional liability costs, including estimated claims incurred but not reported are classified as follows within the accompanying combined balance sheets:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable and other accrued liabilities	\$ 13,000	\$ 17,096
Other noncurrent liabilities	44,792	49,307

Total accrued insurance liabilities would have been \$8,310 and \$9,504 greater at December 31, 2025 and 2024, respectively, had these liabilities not been discounted.

18. RELATED-PARTY TRANSACTIONS

As part of the Advocate Health joint operating agreement as described in Note 1. ORGANIZATION AND BASIS OF PRESENTATION, AAH and AHI share certain expenses related to the management of Advocate Health. Advocate Health utilizes a management fee to allocate shared expenses between AHWFB and AHI. AHWFB recorded management fees of \$28,407 and \$7,693 included in purchased services and other expenses in the combined statements of operations and changes in net assets as of December 31, 2025 and 2024, respectively.

As part of the agreements that established the Atrium Health Enterprise, Atrium Health CMHA promised to provide an Academic Enrichment Fund consisting of \$10,000 per year for seven years to AHWFB. Atrium Health CMHA contributed \$10,000 to AHWFB during both years 2025 and 2024. AHWFB's contribution receivable from Atrium Health CMHA amounted to \$20,000 and \$30,000 at December 31, 2025 and 2024, respectively. AHWFB recorded \$10,000 of the contribution receivable in current assets at December 31, 2025 and 2024 and \$10,000 and \$20,000 of the contribution receivable in other noncurrent assets at December 31, 2025 and 2024, respectively, in the accompanying combined balance sheets.

As part of the Advocate Health joint operating agreement, Atrium Health CMHA contributed \$47,000 to AHWFB to create an academic endowment to be used to support academic enrichment activities such as recruitment of academic and research faculty, bridge funding for researchers, new or enhanced academic programs and related development of flagship/destination clinical programs ("the New Academic Endowment"). The agreement stipulates that the New Academic Endowment should be invested without distribution until January 1, 2028, at which time and continuing each year thereafter, 4.75% of the prior year ending balance of the New Academic Endowment shall be made available in equal quarterly installments to WFUBMC. Additionally, the agreement has a "right of return" clause that states that if WFUBMC terminates its participation in the Atrium Health Enterprise within the first ten years, the New Academic Endowment must be returned to CMHA within thirty days following the effective date of such termination. Because of this condition upon the contribution, AHWFB recorded the \$47,000 to other noncurrent liabilities. The funds are invested similarly to AHWFB's traditional endowments, but the \$47,000 will not be moved from other noncurrent liabilities to donor-restricted contributions until May 2032, when the "right of return" clause expires.

19. SUBSEQUENT EVENTS

AHWFB evaluated events and transactions subsequent to December 31, 2025 through April 7, 2026, the date of combined financial statements issuance.

In March 2026, the MTI was replaced and WFUBMC, NCBH and WFUHS became Members of the Obligated Group under the Second Amended and Restated Master Trust Indenture dated as of August 1, 2018 (the "Replacement Master Trust Indenture"), between AAH and the other Members of the Obligated Group identified therein and U.S. Bank Trust Company as master trustee. Advocate Health, Inc. was appointed as the Obligated Group Agent. Additionally, Substitute Obligations were issued under the Replacement Master Indenture for each obligation outstanding under the MTI, including obligations related to bonds held by the Obligated Group as referenced in Notes 1. ORGANIZATION AND BASIS OF PRESENTATION and 10. DEBT.

Supplementary Information



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**Shape the future
with confidence**

Report of Independent Auditors on Supplementary Information

The Board of Directors
Advocate Health, Inc.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying combining balance sheets and combining statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

April 7, 2026

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

	December 31, 2025								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets									
Current assets									
Cash and cash equivalents	\$ (3,413)	\$ 38,265	\$ 190,715	\$ 9,085	\$ —	\$ 234,652	\$ (28,981)	\$ —	\$ 205,671
Due from/(to) related party- centralized cash management arrangement	40,201	(2,026)	245,333	(740)	—	282,768	(9,702)	—	273,066
Assets limited as to use	—	—	1,570	—	—	1,570	(1,570)	—	—
Patient receivable	331,508	116,483	59,905	(802)	—	507,094	(31,879)	—	475,215
Other current assets	231,967	163,155	60,257	14,989	(184,451)	285,917	208,918	—	494,835
Total current assets	600,263	315,877	557,780	22,532	(184,451)	1,312,001	136,786	—	1,448,787
Assets limited as to use	1,167,150	1,264,124	195,677	—	—	2,626,951	(177,364)	—	2,449,587
Property and equipment, net	961,691	420,545	496,213	9,012	—	1,887,461	(151,556)	—	1,735,905
Operating lease right-of-use assets	13,172	155,678	46,870	4,855	(19,943)	200,632	(43,233)	—	157,399
Other noncurrent assets	336,221	358,278	104,534	—	(657,956)	141,077	(53,394)	160,968	248,651
Total assets	\$ 3,078,497	\$ 2,514,502	\$ 1,401,074	\$ 36,399	\$ (862,350)	\$ 6,168,122	\$ (288,761)	\$ 160,968	\$ 6,040,329
Liabilities									
Current liabilities									
Long-term debt, current portion	\$ 221,675	\$ 9,287	\$ 76,514	\$ 576	\$ —	\$ 308,052	\$ (1,060)	\$ —	\$ 306,992
Operating lease liabilities, current portion	1,668	33,743	11,755	540	(1,336)	46,370	(10,597)	—	35,773
Accrued salaries and employee benefits	101,422	195,746	184,946	492	—	482,606	(29,302)	—	453,304
Accounts payable and other accrued liabilities	90,184	138,184	238,379	1,970	(182,607)	286,110	(17,661)	—	268,449
Third-party payors payables	35,774	—	3,367	—	—	39,141	(1,072)	—	38,069
Total current liabilities	450,723	376,960	514,961	3,578	(183,943)	1,162,279	(59,692)	—	1,102,587
Noncurrent liabilities									
Long-term debt, less current portion	405,041	80,611	187,012	1,754	—	674,418	(22,103)	—	652,315
Operating lease liabilities, less current portion	10,331	126,039	37,047	4,430	(17,516)	160,331	(34,316)	—	126,015
Other noncurrent liabilities	71,014	272,155	15,240	23	(2,935)	355,497	(1,789)	—	353,708
Total liabilities	937,109	855,765	754,260	9,785	(204,394)	2,352,525	(117,900)	—	2,234,625
Net assets									
Without donor restrictions									
Controlling interest	2,131,027	1,203,015	588,506	26,614	(659,366)	3,289,796	(173,794)	160,808	3,276,810
Noncontrolling interests in subsidiaries	—	—	—	—	1,410	1,410	—	(1,410)	—
Total net assets without donor restrictions	2,131,027	1,203,015	588,506	26,614	(657,956)	3,291,206	(173,794)	159,398	3,276,810
With donor restrictions									
	10,361	455,722	58,308	—	—	524,391	2,933	1,570	528,894
Total net assets	2,141,388	1,658,737	646,814	26,614	(657,956)	3,815,597	(170,861)	160,968	3,805,704
Total liabilities and net assets	\$ 3,078,497	\$ 2,514,502	\$ 1,401,074	\$ 36,399	\$ (862,350)	\$ 6,168,122	\$ (288,761)	\$ 160,968	\$ 6,040,329

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

	December 31, 2024								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Assets									
Current assets									
Cash and cash equivalents	\$ 20,683	\$ 27,602	\$ 427,467	\$ 6,527	\$ —	\$ 482,279	\$ (31,083)	\$ —	\$ 451,196
Patient receivable	308,440	113,258	57,305	2,034	—	481,037	(24,886)	—	456,151
Other current assets	365,673	277,815	438,605	11,920	(717,704)	376,309	(42,826)	—	333,483
Total current assets	694,796	418,675	923,377	20,481	(717,704)	1,339,625	(98,795)	—	1,240,830
Assets limited as to use	1,059,388	1,095,986	119,381	—	—	2,274,755	(127,238)	—	2,147,517
Property and equipment, net	822,574	379,960	367,256	10,047	—	1,579,837	(106,042)	—	1,473,795
Operating lease right-of-use assets	14,070	95,380	53,650	4,719	(12,882)	154,937	(52,018)	—	102,919
Other noncurrent assets	287,133	258,522	113,726	—	(464,405)	194,976	(85,528)	73,165	182,613
Total assets	\$ 2,877,961	\$ 2,248,523	\$ 1,577,390	\$ 35,247	\$ (1,194,991)	\$ 5,544,130	\$ (469,621)	\$ 73,165	\$ 5,147,674
Liabilities									
Current liabilities									
Long-term debt, current portion	\$ 221,188	\$ 8,917	\$ 1,309	\$ 652	\$ —	\$ 232,066	\$ (949)	\$ —	\$ 231,117
Operating lease liabilities, current portion	1,784	28,645	12,708	200	(737)	42,600	(11,687)	—	30,913
Accrued salaries and employee benefits	108,644	193,128	116,625	559	—	418,956	(14,061)	—	404,895
Accounts payable and other accrued liabilities	119,671	237,396	685,380	3,833	(717,007)	329,273	(249,024)	—	80,249
Third-party payors payables	71,718	—	1,009	—	—	72,727	(19,253)	—	53,474
Total current liabilities	523,005	468,086	817,031	5,244	(717,744)	1,095,622	(294,974)	—	800,648
Noncurrent liabilities									
Long-term debt, less current portion	426,752	91,036	263,032	972	—	781,792	(21,381)	—	760,411
Operating lease liabilities, less current portion	11,315	70,950	42,354	4,553	(10,894)	118,278	(41,724)	—	76,554
Other noncurrent liabilities	92,391	251,021	12,451	50	(1,948)	353,965	(697)	—	353,268
Total liabilities	1,053,463	881,093	1,134,868	10,819	(730,586)	2,349,657	(358,776)	—	1,990,881
Net assets									
Without donor restrictions									
Controlling interest	1,795,969	929,714	366,025	24,428	(454,189)	2,661,947	(110,797)	82,549	2,633,699
Noncontrolling interests in subsidiaries	19,600	—	—	—	(10,216)	9,384	—	(9,384)	—
Total net assets without donor restrictions	1,815,569	929,714	366,025	24,428	(464,405)	2,671,331	(110,797)	73,165	2,633,699
With donor restrictions	8,929	437,716	76,497	—	—	523,142	(48)	—	523,094
Total net assets	1,824,498	1,367,430	442,522	24,428	(464,405)	3,194,473	(110,845)	73,165	3,156,793
Total liabilities and net assets	\$ 2,877,961	\$ 2,248,523	\$ 1,577,390	\$ 35,247	\$ (1,194,991)	\$ 5,544,130	\$ (469,621)	\$ 73,165	\$ 5,147,674

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

	Year Ended December 31, 2025								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Revenue									
Patient service revenue	\$ 2,994,028	\$ 933,106	\$ 1,099,077	\$ 27,955	\$ (12)	\$ 5,054,154	\$ (398,872)	\$ —	\$ 4,655,282
Other revenue	881,668	1,306,825	43,736	517	(770,652)	1,462,094	(13,958)	—	1,448,136
Total revenue	3,875,696	2,239,931	1,142,813	28,472	(770,664)	6,516,248	(412,830)	—	6,103,418
Expenses									
Salaries, wages and benefits	1,219,215	1,626,905	494,500	9,065	—	3,349,685	(247,709)	—	3,101,976
Supplies and drugs	1,127,537	162,819	211,756	1,578	—	1,503,690	(70,581)	—	1,433,109
Purchased services and other	1,320,694	309,852	313,888	10,773	(770,664)	1,184,543	(109,109)	—	1,075,434
Depreciation and amortization	83,011	35,653	37,714	1,660	—	158,038	(19,046)	—	138,992
Interest	23,407	3,137	9,902	108	—	36,554	(1,679)	—	34,875
Total expenses	3,773,864	2,138,366	1,067,760	23,184	(770,664)	6,232,510	(448,124)	—	5,784,386
Operating income	101,832	101,565	75,053	5,288	—	283,738	35,294	—	319,032
Nonoperating income (loss)									
Investment income, net	140,317	70,766	25,616	769	—	237,468	(16,895)	—	220,573
Inherent contribution for acquisition	—	—	126,468	—	—	126,468	—	—	126,468
Other nonoperating income (loss), net	92,418	101,040	5,849	(2,007)	(205,395)	(8,095)	772	(1,284)	(8,607)
Total nonoperating income (loss), net	232,735	171,806	157,933	(1,238)	(205,395)	355,841	(16,123)	(1,284)	338,434
Revenue in excess of expenses	334,567	273,371	232,986	4,050	(205,395)	639,579	19,171	(1,284)	657,466
Less loss attributable to noncontrolling interests	19,600	—	—	—	(11,626)	7,974	—	(7,974)	—
Revenue in excess of expenses - attributable to controlling interest	354,167	273,371	232,986	4,050	(217,021)	647,553	19,171	(9,258)	657,466

(Continued)

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

(in thousands)

	Year Ended December 31, 2025								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Net assets without donor restrictions, controlling interest									
Revenue in excess of expenses - attributable to controlling interest	354,167	273,371	232,986	4,050	(217,021)	647,553	19,171	(9,258)	657,466
Pension-related changes other than net periodic pension costs	9,912	240	332	—	—	10,484	(332)	—	10,152
Equity transfer to related party, net	—	—	—	—	—	—	—	—	—
Other, net	(29,021)	(310)	(10,837)	(1,864)	11,844	(30,188)	(81,824)	87,517	(24,495)
Increase (decrease) in net assets without donor restrictions, controlling interest	<u>335,058</u>	<u>273,301</u>	<u>222,481</u>	<u>2,186</u>	<u>(205,177)</u>	<u>627,849</u>	<u>(62,985)</u>	<u>78,259</u>	<u>643,123</u>
Net assets without donor restrictions, noncontrolling interests									
Revenue less than expenses - attributable to noncontrolling interests	(19,600)	—	—	—	11,626	(7,974)	—	7,974	—
(Decrease) increase in net assets without donor restrictions, noncontrolling interests	<u>(19,600)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,626</u>	<u>(7,974)</u>	<u>—</u>	<u>7,974</u>	<u>—</u>
Net assets with donor restrictions									
Contributions	1,359	312,684	(7,480)	—	—	306,563	2,869	—	309,432
Investment income, net	738	46,054	4	—	—	46,796	—	—	46,796
Net assets released from restrictions	(678)	(289,052)	(723)	—	—	(290,453)	1,691	—	(288,762)
Other, net	13	(51,680)	(9,990)	—	—	(61,657)	(1,591)	1,570	(61,678)
Increase (decrease) in net assets with donor restrictions	<u>1,432</u>	<u>18,006</u>	<u>(18,189)</u>	<u>—</u>	<u>—</u>	<u>1,249</u>	<u>2,969</u>	<u>1,570</u>	<u>5,788</u>
Increase in net assets	316,890	291,307	204,292	2,186	(193,551)	621,124	(60,016)	87,803	648,911
Net assets at beginning of period	1,824,498	1,367,430	442,522	24,428	(464,405)	3,194,473	(110,845)	73,165	3,156,793
Net assets at end of period	\$ 2,141,388	\$ 1,658,737	\$ 646,814	\$ 26,614	\$ (657,956)	\$ 3,815,597	\$ (170,861)	\$ 160,968	\$ 3,805,704

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

	Year Ended December 31, 2024								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Revenue									
Patient service revenue	\$ 2,399,340	\$ 849,805	\$ 893,297	\$ 25,197	\$ —	\$ 4,167,639	\$ (293,502)	\$ —	\$ 3,874,137
Other revenue	681,410	939,345	39,365	526	(468,533)	1,192,113	(36,860)	(439)	1,154,814
Total revenue	3,080,750	1,789,150	932,662	25,723	(468,533)	5,359,752	(330,362)	(439)	5,028,951
Expenses									
Salaries, wages and benefits	1,164,301	1,276,231	483,864	8,171	136	2,932,703	(212,345)	—	2,720,358
Supplies and drugs	897,783	151,246	206,575	1,729	—	1,257,333	(64,182)	—	1,193,151
Purchased services and other	891,377	288,236	164,483	9,754	(468,669)	885,181	(74,695)	—	810,486
Depreciation and amortization	74,099	32,975	35,457	1,384	—	143,915	(17,373)	(439)	126,103
Interest	16,450	3,722	10,927	61	—	31,160	(914)	—	30,246
Total expenses	3,044,010	1,752,410	901,306	21,099	(468,533)	5,250,292	(369,509)	(439)	4,880,344
Operating income	36,740	36,740	31,356	4,624	—	109,460	39,147	—	148,607
Nonoperating income (loss)									
Investment income, net	86,181	22,641	22,057	170	—	131,049	(13,442)	—	117,607
Other nonoperating (loss) income, net	(72,241)	(64,984)	(259)	(2,327)	137,773	(2,038)	2,402	57,861	58,225
Total nonoperating income (loss), net	13,940	(42,343)	21,798	(2,157)	137,773	129,011	(11,040)	57,861	175,832
Revenue in excess of (less than) expenses	50,680	(5,603)	53,154	2,467	137,773	238,471	28,107	57,861	324,439
Less loss attributable to noncontrolling interests	1,715	865	—	—	(1,222)	1,358	—	493	1,851
Revenue in excess of (less than) expenses - attributable to controlling interest	52,395	(4,738)	53,154	2,467	136,551	239,829	28,107	58,354	326,290

(Continued)

ATRIUM HEALTH WAKE FOREST BAPTIST
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

(in thousands)

	Year Ended December 31, 2024								
	NCBH	WFUHS	WFUBMC	Other Affiliates	Eliminations	Atrium Health Wake Forest Baptist Combined	Atrium Health Wake Forest Baptist Non- Combined Group	Eliminations	Atrium Health Wake Forest Baptist Combined Group
Net assets without donor restrictions, controlling interest									
Revenue in excess of expenses - attributable to controlling interest	52,395	(4,738)	53,154	2,467	136,551	239,829	28,107	58,354	326,290
Pension-related changes other than net periodic pension costs	20,125	(195)	952	—	—	20,882	(952)	—	19,930
Other, net	184,229	(2,000)	(184,229)	—	—	(2,000)	—	—	(2,000)
Increase (decrease) in net assets without donor restrictions, controlling interest	256,749	(6,933)	(130,123)	2,467	136,551	258,711	27,155	58,354	344,220
Net assets without donor restrictions, noncontrolling interests									
Revenue in excess of expenses - attributable to noncontrolling interests	(1,715)	(865)	—	—	1,222	(1,358)	—	(493)	(1,851)
(Decrease) increase in net assets without donor restrictions, noncontrolling interests	(1,715)	(865)	—	—	1,222	(1,358)	—	(493)	(1,851)
Net assets with donor restrictions									
Contributions	219	308,578	13,743	—	—	322,540	(181)	—	322,359
Investment income, net	537	24,536	—	—	—	25,073	—	—	25,073
Net assets released from restrictions	(1,687)	(283,160)	(2,305)	—	—	(287,152)	145	—	(287,007)
Other, net	13	16,172	(20,007)	—	—	(3,822)	—	—	(3,822)
(Decrease) increase in net assets with donor restrictions	(918)	66,126	(8,569)	—	—	56,639	(36)	—	56,603
Increase (decrease) in net assets	254,116	58,328	(138,692)	2,467	137,773	313,992	27,119	57,861	398,972
Net assets at beginning of period	1,570,382	1,309,102	581,214	21,961	(602,178)	2,880,481	(137,964)	15,304	2,757,821
Net assets at end of period	\$ 1,824,498	\$ 1,367,430	\$ 442,522	\$ 24,428	\$ (464,405)	\$ 3,194,473	\$ (110,845)	\$ 73,165	\$ 3,156,793