ASCENSION

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Years Ended June 30, 2023 and 2022
With Reports of Independent Auditors
Ascension

Consolidated Financial Statements
and Supplementary Information

Years Ended June 30, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Opinion

We have audited the consolidated financial statements of Ascension Health Alliance d/b/a Ascension (the System), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated 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 System at June 30, 2023 and 2022, and the results of its operations and 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 System 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 System’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.

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 System’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 System’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 Management’s Discussion and Analysis of Financial Condition and Results of Operations for Ascension 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.

September 13, 2023
### Ascension

### Consolidated Balance Sheets

*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th>Assets</th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,013,225</td>
<td>$747,084</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>60,793</td>
<td>70,284</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,270,862</td>
<td>3,435,376</td>
</tr>
<tr>
<td>Inventories</td>
<td>487,104</td>
<td>511,064</td>
</tr>
<tr>
<td>Due from brokers <em>(see Notes 5 and 6)</em></td>
<td>136,646</td>
<td>142,075</td>
</tr>
<tr>
<td>Estimated third-party payor settlements</td>
<td>195,549</td>
<td>219,544</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,306,215</td>
<td>940,170</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>6,470,394</td>
<td>6,065,597</td>
</tr>
<tr>
<td><strong>Long-term investments <em>(see Notes 5 and 6)</em></strong></td>
<td>19,417,590</td>
<td>22,058,171</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>9,942,027</td>
<td>11,424,061</td>
</tr>
<tr>
<td><strong>Other assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Right-of-use assets - leases</td>
<td>1,277,933</td>
<td>1,323,258</td>
</tr>
<tr>
<td>Investment in unconsolidated entities</td>
<td>1,325,565</td>
<td>1,309,662</td>
</tr>
<tr>
<td>Capitalized software costs, net</td>
<td>576,829</td>
<td>500,547</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>1,447,951</td>
<td>1,394,484</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>4,628,178</td>
<td>4,527,951</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$40,458,189</td>
<td>$44,075,780</td>
</tr>
</tbody>
</table>

*Continued on next page.*
# Ascension

## Consolidated Balance Sheets

*(Dollars in Thousands)*

### Liabilities and net assets

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>$121,541</td>
<td>$91,618</td>
</tr>
<tr>
<td>Long-term debt subject to short-term remarketing arrangements*</td>
<td>471,425</td>
<td>774,630</td>
</tr>
<tr>
<td>Current portion of lease obligations</td>
<td>269,663</td>
<td>265,528</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>3,031,199</td>
<td>3,323,858</td>
</tr>
<tr>
<td>Estimated third-party payor settlements</td>
<td>552,459</td>
<td>752,532</td>
</tr>
<tr>
<td>Due to brokers (see Notes 5 and 6)</td>
<td>108,443</td>
<td>75,789</td>
</tr>
<tr>
<td>Current portion of self-insurance liabilities</td>
<td>537,763</td>
<td>307,762</td>
</tr>
<tr>
<td>Current portion of Medicare advanced payments</td>
<td>-</td>
<td>522,045</td>
</tr>
<tr>
<td>Other</td>
<td>441,731</td>
<td>613,416</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>5,534,224</td>
<td>6,727,178</td>
</tr>
<tr>
<td><strong>Noncurrent liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt (senior and subordinated)</td>
<td>6,322,992</td>
<td>6,409,810</td>
</tr>
<tr>
<td>Lease obligations, less current portion</td>
<td>1,047,358</td>
<td>1,093,735</td>
</tr>
<tr>
<td>Self-insurance liabilities</td>
<td>934,516</td>
<td>824,552</td>
</tr>
<tr>
<td>Pension and other postretirement liabilities</td>
<td>436,952</td>
<td>562,609</td>
</tr>
<tr>
<td>Other</td>
<td>1,362,107</td>
<td>1,332,350</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td>10,103,925</td>
<td>10,223,056</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>15,638,149</td>
<td>16,950,234</td>
</tr>
</tbody>
</table>

### Net assets:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Without donor restrictions:</strong></td>
<td></td>
</tr>
<tr>
<td>Controlling interest</td>
<td>21,391,080</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>2,656,133</td>
</tr>
<tr>
<td><strong>Total net assets without donor restrictions</strong></td>
<td>24,047,213</td>
</tr>
<tr>
<td><strong>Net assets with donor restrictions</strong></td>
<td>772,827</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>24,820,040</td>
</tr>
</tbody>
</table>

### Total liabilities and net assets

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$40,458,189</td>
</tr>
</tbody>
</table>

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2024. In the event that bonds are not remarketed upon the exercise of put options for the variable bonds or scheduled mandatory tender bonds, management would utilize other sources to access the necessary liquidity. Potential sources include a drawdown on the System’s line of credit, issuing commercial paper, and liquidating investments.

The accompanying notes are an integral part of the consolidated financial statements.
Ascension

Consolidated Statements of Operations
and Changes in Net Assets
(Dollars in Thousands)

| The years ended  |
|-----------------|----------------|
|                 | June 30,       |
|                 | 2023           | 2022           |
| Operating revenue:                              |
| Net patient service revenue                      | $ 25,647,921   | $ 25,199,425   |
| Other revenue                                     | 2,699,847      | 2,776,026      |
| Total operating revenue                          | 28,347,768     | 27,975,451     |
| Operating expenses:                              |
| Salaries and wages                                | 11,792,351     | 12,089,870     |
| Employee benefits                                | 2,457,733      | 2,352,877      |
| Purchased services                               | 3,792,039      | 3,276,175      |
| Professional fees                                | 1,519,295      | 1,401,126      |
| Supplies                                         | 4,059,567      | 4,141,532      |
| Insurance                                        | 652,278        | 354,761        |
| Interest                                         | 231,121        | 224,241        |
| Provider tax                                      | 850,567        | 701,999        |
| Depreciation and amortization                    | 1,295,479      | 1,332,369      |
| Other                                            | 3,295,974      | 2,895,368      |
| Total operating expenses                         | 29,946,404     | 28,774,318     |
| Income (loss) from operations before self-insurance trust fund investment return, impairment and nonrecurring gains (losses), net | (1,598,636) | (798,857) |
| Self-insurance trust fund investment return      | 50,042         | (106,374)      |
| Income (loss) from recurring operations          | (1,548,594)    | (903,241)      |
| Impairment and nonrecurring gains (losses), net  | (1,495,139)    | 26,043         |
| Income (loss) from operations                    | (3,044,033)    | (879,198)      |
| Nonoperating gains (losses):                     |
| Investment return, net                           | 422,837        | (1,219,251)    |
| Other                                            | 83,278         | 194,747        |
| Total nonoperating gains (losses), net           | 506,115        | (1,024,504)    |
| Excess (deficit) of revenues and gains over expenses and losses | (2,537,918) | (1,901,702)    |
| Less noncontrolling interests                    | 122,123        | (59,936)       |
| Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest | (2,660,041) | (1,842,746)    |

Continued on next page.
Ascension

Consolidated Statements of Operations and Changes in Net Assets
*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets without donor restrictions, controlling interest:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenues and gains over expenses and losses</td>
<td>$2,660,041</td>
<td>$(1,843,746)</td>
</tr>
<tr>
<td>Transfers (to) from sponsors and other affiliates, net</td>
<td>(39,157)</td>
<td>(393)</td>
</tr>
<tr>
<td>Net assets released from restrictions for property acquisitions</td>
<td>35,322</td>
<td>42,548</td>
</tr>
<tr>
<td>Pension and other postretirement liability adjustments</td>
<td>4,933</td>
<td>195,161</td>
</tr>
<tr>
<td>Change in unconsolidated entities’ net assets</td>
<td>(44,095)</td>
<td>(38,492)</td>
</tr>
<tr>
<td>Other</td>
<td>26,672</td>
<td>6,731</td>
</tr>
<tr>
<td>Increase (decrease) in net assets without donor restrictions, controlling interest</td>
<td>(2,676,366)</td>
<td>(1,638,191)</td>
</tr>
<tr>
<td>Net assets without donor restrictions, noncontrolling interest:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenues and gains over expenses and losses</td>
<td>122,123</td>
<td>(59,956)</td>
</tr>
<tr>
<td>Net contributions (distributions) of capital</td>
<td>222,592</td>
<td>(342,042)</td>
</tr>
<tr>
<td>Other</td>
<td>3,684</td>
<td>(17,104)</td>
</tr>
<tr>
<td>Increase (decrease) in net assets without donor restrictions, noncontrolling interest</td>
<td>348,399</td>
<td>(419,102)</td>
</tr>
<tr>
<td>Net assets with donor restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>109,450</td>
<td>112,444</td>
</tr>
<tr>
<td>Investment return</td>
<td>4,959</td>
<td>(15,767)</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(89,178)</td>
<td>(80,460)</td>
</tr>
<tr>
<td>Divestiture</td>
<td>-</td>
<td>(92,623)</td>
</tr>
<tr>
<td>Other</td>
<td>(2,770)</td>
<td>(16,970)</td>
</tr>
<tr>
<td>Increase (decrease) in net assets with donor restrictions</td>
<td>22,461</td>
<td>(93,376)</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(2,305,506)</td>
<td>(2,150,669)</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>27,125,546</td>
<td>29,276,215</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$24,820,040</td>
<td>$27,125,546</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of the consolidated financial statements.*
### Ascension

**Consolidated Statements of Cash Flows**

*(Dollars in Thousands)*

The years ended June 30.

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$ (2,305,506)</td>
<td>$ (2,150,669)</td>
</tr>
<tr>
<td>Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,295,479</td>
<td>1,332,369</td>
</tr>
<tr>
<td>Amortization of bond premiums, discounts, and debt issuance costs</td>
<td>(30,004)</td>
<td>(33,492)</td>
</tr>
<tr>
<td>Pension and other postretirement liability adjustments</td>
<td>(4,933)</td>
<td>(195,161)</td>
</tr>
<tr>
<td>Unrealized losses (gains) on unrestricted investments, net</td>
<td>(328,129)</td>
<td>2,741,108</td>
</tr>
<tr>
<td>Change in fair value of interest rate swaps</td>
<td>(30,610)</td>
<td>(66,146)</td>
</tr>
<tr>
<td>Change in equity of unconsolidated entities</td>
<td>(189,495)</td>
<td>(194,187)</td>
</tr>
<tr>
<td>Gain on sale of assets, net</td>
<td>(364,085)</td>
<td>(407,790)</td>
</tr>
<tr>
<td>Impairment and nonrecurring expenses</td>
<td>1,496,212</td>
<td>3,344</td>
</tr>
<tr>
<td>Transfers to (from) sponsor and other affiliates, net</td>
<td>39,157</td>
<td>393</td>
</tr>
<tr>
<td>Donor restricted contributions, investment return and other</td>
<td>(60,553)</td>
<td>(58,760)</td>
</tr>
<tr>
<td>Distributions (contributions) of noncontrolling interest, net</td>
<td>(222,592)</td>
<td>342,042</td>
</tr>
<tr>
<td>Other</td>
<td>4,919</td>
<td>4,718</td>
</tr>
<tr>
<td><strong>(Increase) decrease in:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments</td>
<td>9,491</td>
<td>26,938</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>115,782</td>
<td>(180,076)</td>
</tr>
<tr>
<td>Inventories and other current assets</td>
<td>(120,832)</td>
<td>(67,359)</td>
</tr>
<tr>
<td>Due from brokers</td>
<td>5,429</td>
<td>(44,850)</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>2,948,888</td>
<td>2,326,500</td>
</tr>
<tr>
<td>Other assets</td>
<td>55,272</td>
<td>68,227</td>
</tr>
<tr>
<td><strong>Increase (decrease) in:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(242,486)</td>
<td>270,585</td>
</tr>
<tr>
<td>Estimated third-party payor settlements, net</td>
<td>(176,078)</td>
<td>(15,874)</td>
</tr>
<tr>
<td>Due to brokers</td>
<td>32,654</td>
<td>(143,714)</td>
</tr>
<tr>
<td>Medicare advanced payments</td>
<td>(522,045)</td>
<td>(1,263,063)</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>(211,252)</td>
<td>(44,692)</td>
</tr>
<tr>
<td>Self-insurance liabilities</td>
<td>339,965</td>
<td>57,311</td>
</tr>
<tr>
<td>Other noncurrent liabilities</td>
<td>(57,966)</td>
<td>(547,508)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td><strong>1,366,138</strong></td>
<td><strong>1,760,188</strong></td>
</tr>
</tbody>
</table>

*Continued on next page.*
Ascension

Consolidated Statements of Cash Flows

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>The years ended June 30,</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, equipment, and capitalized software additions, net</td>
<td>$1,645,030</td>
<td>($1,674,818)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>18,967</td>
<td>12,626</td>
</tr>
<tr>
<td>Distributions from unconsolidated entities, net</td>
<td>159,240</td>
<td>204,897</td>
</tr>
<tr>
<td>Net proceeds from sale/acquisition of other assets</td>
<td>435,213</td>
<td>300,332</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>($1,031,010)</td>
<td>($1,150,963)</td>
</tr>
</tbody>
</table>

| **Financing activities** |             |             |
| Issuance of debt                             | 263,631     | 6,274       |
| Repayment of debt, including financing lease obligations | ($594,773)  | ($241,311)  |
| Decrease (increase) in assets under bond agreements    | 38          | 1,020       |
| Transfers (to) from sponsors and other affiliates, net | ($39,157)   | ($393)      |
| Donor restricted contributions, investment return, and other | 60,553      | 58,766      |
| (Distributions) contributions of noncontrolling interest, net | 222,592     | (342,042)   |
| Net cash provided by (used in) financing activities    | ($87,116)   | (517,686)   |

Net increase (decrease) in cash, cash equivalents, and restricted cash

Cash, cash equivalents, and restricted cash at beginning of year

Cash, cash equivalents, and restricted cash at end of year

$1,060,864 $1,060,864

The accompanying notes are an integral part of the consolidated financial statements.
Ascension

Notes to Consolidated Financial Statements
(Dollars in Thousands)

1. Organization and Mission

Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 19 states and the District of Columbia. Ascension also serves as the direct or indirect member or shareholder of various subsidiaries including, but not limited to:

- Ascension Care Management
- Ascension Risk Services
- Ascension Foundation
- Ascension Global Mission
- Ascension Healthcare
- Ascension Holdings
- Ascension Leadership Academy
- Ascension Technologies
- Ascension Capital
  - Ascension Investment Management (AIM)
  - Ascension Ventures (AV)
  - AV Holding Company
- The Resource Group
- SmartHealth Solutions

Ascension is also the majority investor in Ascension Alpha Fund, LLC (Alpha Fund), a limited liability company organized in the state of Delaware, as well as the majority limited partner of various venture capital funds (the Venture Funds), as further discussed in the Investment Funds note. The Alpha Fund and the Venture Funds are collectively referred to as Investment Funds. Ascension and its member organizations are hereafter referred to collectively as the System.

Sponsorship

Ascension is sponsored by the Ascension Sponsor, a Public Juridic Person. The Participating Entities of the Ascension Sponsor include the Daughters of Charity of St. Vincent de Paul, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Carondelet; the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province; and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.
1. Organization and Mission (continued)

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System’s mission of service to those persons living in poverty and other vulnerable persons, each Ministry Market accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other persons who are vulnerable.
- Unreimbursed costs of community benefit programs and services for the broader community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured and underinsured patients, including those with the means to pay. Discounts provided to patients who did not qualify for financial assistance are not included in the cost of providing care for persons living in poverty and other community benefit programs. Traditional charity care and the unpaid cost of public programs are calculated based on a cost to charge ratio methodology.

The amount of traditional charity care provided, determined on the basis of cost, was $517,090 and $547,099 for the years ended June 30, 2023 and 2022, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.
2. Significant Accounting Policies

Principles of Consolidation

The System consolidates all entities for which operating control is exercised by the System or one of its member entities, and all significant inter-entity transactions have been eliminated in consolidation. Excluding investments where the fair value option is elected, investments in entities where the System does not have operating control are recorded under the equity method of accounting, and results of operations are included in other operating revenue.

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments measured at fair value are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.
2. Significant Accounting Policies (continued)

Long-Term Investments and Investment Return

Long-term investments are primarily comprised of the Investment Funds, which are consolidated by the System. The System’s investments, including the Investment Funds, are measured at fair value or net asset value. Further information about long-term investments and investment return are discussed in the Investment Funds, Cash and Investments, and Fair Value Measurements notes.

Long-term investments include assets limited as to use of $1,647,986 and $1,492,774 at June 30, 2023 and 2022, respectively. Assets limited as to use are primarily investments with donor restrictions, including restricted cash and cash equivalents, and assets placed in trust or held by captive insurance companies for the payment of self-insured claims.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the FIFO method. Investment returns, excluding returns of self-insurance trust funds and restricted investment returns, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives used in computing depreciation is as follows: buildings and leasehold improvements, 2 to 40 years; and equipment, 2 to 20 years. Depreciation expense for the years ended June 30, 2023 and 2022 was approximately $1,107,000 and $1,116,000, respectively.
Ascension

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment is as follows:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and improvements</td>
<td>$ 1,491,219</td>
<td>$ 1,458,294</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>20,950,390</td>
<td>22,143,058</td>
</tr>
<tr>
<td></td>
<td>22,441,609</td>
<td>23,601,352</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>13,057,675</td>
<td>13,105,544</td>
</tr>
<tr>
<td></td>
<td>9,383,934</td>
<td>10,495,808</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>558,093</td>
<td>928,253</td>
</tr>
<tr>
<td>Total property and equipment, net</td>
<td>$ 9,942,027</td>
<td>$ 11,424,061</td>
</tr>
</tbody>
</table>

Several capital projects have remaining construction and related equipment purchase commitments of approximately $926,000 as of June 30, 2023.

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows.
2. Significant Accounting Policies (continued)

Capitalized software costs in the following table include software in progress of $191,912 and $129,165 at June 30, 2023 and 2022, respectively:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalized software costs</td>
<td>$2,787,856</td>
<td>$2,619,142</td>
</tr>
<tr>
<td>Less accumulated amortization</td>
<td>2,211,027</td>
<td>2,118,595</td>
</tr>
<tr>
<td>Capitalized software costs, net</td>
<td>576,829</td>
<td>500,547</td>
</tr>
<tr>
<td>Goodwill</td>
<td>525,220</td>
<td>497,503</td>
</tr>
<tr>
<td>Other, net</td>
<td>42,883</td>
<td>45,072</td>
</tr>
<tr>
<td>Intangible assets included in other assets</td>
<td>568,103</td>
<td>542,575</td>
</tr>
<tr>
<td>Total intangible assets, net</td>
<td><strong>$1,144,932</strong></td>
<td><strong>$1,043,122</strong></td>
</tr>
</tbody>
</table>

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist. Intangible assets with definite lives, primarily capitalized computer software costs, are amortized on a straight line basis over their expected useful lives. Amortization expense for these intangible assets was approximately $189,000 and $217,000 for the years ended June 30, 2023 and 2022 respectively.

Estimated future amortization of intangible assets with definite lives, excluding software in progress, as of June 30, 2023 is as follows:

<table>
<thead>
<tr>
<th>The years ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$147,554</td>
</tr>
<tr>
<td>2025</td>
<td>$120,683</td>
</tr>
<tr>
<td>2026</td>
<td>$63,987</td>
</tr>
<tr>
<td>2027</td>
<td>$31,224</td>
</tr>
<tr>
<td>2028</td>
<td>$19,604</td>
</tr>
<tr>
<td>Thereafter</td>
<td>$33,674</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$416,726</strong></td>
</tr>
</tbody>
</table>
2. Significant Accounting Policies (continued)

Noncontrolling Interests

The Consolidated Financial Statements include all assets, liabilities, revenues, and expenses of entities that are controlled and consolidated by the System. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those controlled and consolidated entities in which the System’s ownership interest is less than 100%.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those whose use by the System has not been limited by donors and are available for general operating use.

Net Assets With Donor Restrictions

Net assets with donor restrictions include those whose use by the System has been limited by donors for a specific time period or purpose, primarily for patient care, operations, and property and equipment.

This category also includes net assets restricted by donors to be maintained in perpetuity. The income generated from these restricted investments is primarily used to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as net assets without donor restrictions.

Performance Indicator

The performance indicator is the excess (deficit) of revenues and gains over expenses and losses. Pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and changes in unconsolidated entities’ net assets are not included in the performance indicator.
2. Significant Accounting Policies (continued)

Operating and Nonoperating Activities

The System’s primary mission is to meet the healthcare needs in its communities served through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are classified as operating activities, while activities resulting in gains or losses peripheral to the System’s primary mission are classified as nonoperating.

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue relates to contracts with patients, and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the System’s performance obligations are to provide health care services. Net patient service revenues are recorded at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all the System’s performance obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the System’s charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management regularly reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.
2. Significant Accounting Policies (continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by $222,785 and $192,768 for the years ended June 30, 2023 and 2022, respectively.

Settlements with third-party payers for retroactive revenue 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. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations.

Net patient service revenue earned for the years ended June 30, 2023 and 2022, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>The years ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
</tr>
<tr>
<td>Inpatient care</td>
<td>$11,656,483</td>
</tr>
<tr>
<td>Ambulatory care</td>
<td>10,557,720</td>
</tr>
<tr>
<td>Physician practices</td>
<td>3,004,790</td>
</tr>
<tr>
<td>Long-term care</td>
<td>428,928</td>
</tr>
<tr>
<td>Total net patient service revenue</td>
<td><strong>$25,647,921</strong></td>
</tr>
</tbody>
</table>
2. Significant Accounting Policies (continued)

The System grants credit without collateral to its patients. Net patient service revenues earned by payor and significant concentrations of accounts receivable are as follows:

<table>
<thead>
<tr>
<th>Net Patient Service Revenue</th>
<th>Accounts Receivable</th>
</tr>
</thead>
<tbody>
<tr>
<td>The years ended</td>
<td>June 30,</td>
</tr>
<tr>
<td></td>
<td>2023</td>
</tr>
<tr>
<td>Medicare - traditional and managed</td>
<td>36.1 %</td>
</tr>
<tr>
<td>Medicaid - traditional and managed</td>
<td>15.7</td>
</tr>
<tr>
<td>Other commercial and managed care</td>
<td>41.7</td>
</tr>
<tr>
<td>Self-Pay and other</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>100.0 %</strong></td>
<td><strong>100.0 %</strong></td>
</tr>
</tbody>
</table>

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

The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient deductibles and copayments remain outstanding. Accounts are written off when all reasonable internal and external collection efforts have been performed.

Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. The estimates for implicit price concessions are based upon management’s assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators.

Management relies on the results of detailed reviews of historical write-offs and collections of revenues and accounts receivable as a primary source of information in estimating the collectability of accounts receivable. Management updates the hindsight analysis at least quarterly, using primarily a rolling twelve-month collection history and write-off data. These routine, quarterly changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of results of operations.
2. Significant Accounting Policies (continued)

Other Operating Revenue

Other operating revenues are recorded at amounts the System expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. The amounts recognized reflect consideration due from customers, third party payors, and others.

Components of other operating revenue are included in the following tables for the years ended June 30, 2023 and 2022, respectively:

<table>
<thead>
<tr>
<th>Component</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cafeteria and vending</td>
<td>$77,479</td>
<td>$66,218</td>
</tr>
<tr>
<td>COVID-19 funding (see Note 3)</td>
<td>$28,448</td>
<td>$365,892</td>
</tr>
<tr>
<td>Contracted services</td>
<td>$285,228</td>
<td>$302,309</td>
</tr>
<tr>
<td>Donations and grants</td>
<td>$111,697</td>
<td>$100,029</td>
</tr>
<tr>
<td>Gains on asset sales</td>
<td>$382,453</td>
<td>$416,633</td>
</tr>
<tr>
<td>Insurance plans</td>
<td>$270,449</td>
<td>$110,650</td>
</tr>
<tr>
<td>Joint venture income</td>
<td>$232,681</td>
<td>$232,486</td>
</tr>
<tr>
<td>Lab services</td>
<td>$65,472</td>
<td>$84,017</td>
</tr>
<tr>
<td>Lease and rental income</td>
<td>$95,127</td>
<td>$93,904</td>
</tr>
<tr>
<td>Retail pharmacy</td>
<td>$791,031</td>
<td>$593,004</td>
</tr>
<tr>
<td>Value based programs</td>
<td>$146,512</td>
<td>$114,865</td>
</tr>
<tr>
<td>Other</td>
<td>$213,270</td>
<td>$296,019</td>
</tr>
<tr>
<td>Total other revenue</td>
<td>$2,699,847</td>
<td>$2,776,026</td>
</tr>
</tbody>
</table>
2. Significant Accounting Policies (continued)

Impairment and Nonrecurring Gains (Losses), Net

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of an asset or group of assets is reduced to fair value based on income and market approaches, which may include discounted estimates of future net cash flows, market comparables for similar assets, and appraisals.

Ascension has determined that estimated future net cash flows for certain System long-lived assets will not support their net book values. As such, an impairment charge of approximately $1,483,000 was recognized for the year ended June 30, 2023, included in Impairment and Nonrecurring gains (losses), net in the Consolidated Statement of Operations and Changes in Net Assets.

Nonrecurring gains (losses) are related to natural disaster losses and related insurance proceeds and costs associated with entities held for sale.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds or the fixed interest period, if applicable, primarily using a method approximating the effective interest method.

Income Taxes

The System’s tax-exempt organizations are described under Internal Revenue Code Section 501(c)(3), and their related income is exempt from federal income tax under Section 501(a). The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2023.
2. Significant Accounting Policies (continued)

The System had deferred tax assets of approximately $507,000 and $500,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2023 and 2022, respectively. Net operating losses incurred prior to July 1, 2018 have expiration dates through 2038, while net operating losses incurred after July 1, 2018 can be carried forward indefinitely, under the Tax Cuts and Jobs Act of 2017. A valuation allowance of approximately $505,000 and $497,000 is recognized at June 30, 2023 and 2022, respectively, due to the uncertainty regarding use of the deferred tax assets.

Contingencies

Regulatory and legal contingencies are evaluated for risk of loss, and accruals are made when such losses are deemed probable and can be reasonably estimated. Liabilities accrued for professional liability claims include amounts covered by excess insurance, and as such, the Company records a receivable for the expected reimbursement of losses covered by excess insurance at the time liabilities are accrued.

Reclassifications

Certain reclassifications were made to prior periods’ Consolidated Financial Statements to conform to the June 30, 2023 presentation.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date, but before the Consolidated Financial Statements are issued, for potential recognition or disclosure in the Consolidated Financial Statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2023, the System evaluated subsequent events through September 13, 2023, representing the date the Consolidated Financial Statements were issued.

3. COVID-19

Other operating revenue includes amounts the System has recognized associated with U.S. Government COVID-19 legislation funding, for which management continues to monitor compliance of associated terms and conditions. If unable to attest to or comply with terms and conditions, the System’s ability to retain some or all of the distributions received may be impacted.
Ascension

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

3. COVID-19 (continued)

Ascension was advanced approximately $2,000,000 through the Centers for Medicare and Medicaid Services’ Accelerated and Advanced Payment Program in April 2020. All funds have been recouped as of June 30, 2023. At June 30, 2022, $522,045 was not yet recouped, and was recorded as a current liability.

4. Organizational Changes

Divestitures

During the years ended June 30, 2023 and 2022, Ascension, including certain of its wholly owned subsidiaries, completed the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities as follows.

Assets Held for Sale / Sold

In April 2023, Gulf Coast Health System (GCHS), a wholly owned subsidiary of Ascension, and University of South Alabama Health Care Authority (USAHCA) entered into an agreement whereby GCHS will sell substantially all assets and operations, as well as related clinical and other business associated with, Providence Hospital in Mobile, Alabama to USAHCA. At June 30, 2023, assets and liabilities held for sale are approximately $88,000 and $8,000, respectively, and are included in other current assets and other current liabilities in the Consolidated Balance Sheet. This transition is expected to be finalized after all necessary approvals are obtained.

In June 2023, Ascension Health (Ascension) and The Guthrie Clinic (Guthrie) entered into an agreement whereby Ascension will transition its sole corporate membership interest in Our Lady of Lourdes Memorial Hospital, Inc. (Lourdes) in New York as well as related clinical and other business associated with Lourdes to Guthrie. At June 30, 2023 assets and liabilities held for sale are approximately $201,000 and $33,000, respectively, and are included in other current assets and other current liabilities in the Consolidated Balance Sheet. This transition is expected to be finalized after all necessary approvals are obtained.

Effective September 30, 2022, Ascension completed the sale of certain assets of its outreach laboratory business and transitioned management of hospital-based laboratories in certain markets to Laboratory Corporation of America Holdings. Assets held for sale of approximately $62,000 were included in other current assets in the Consolidated Balance Sheet at June 30, 2022.
4. Organizational Changes (continued)

Effective August 1, 2021, Ministry Health Care, Inc., a wholly owned subsidiary of Ascension, completed the transition of its sole membership interest in seven hospitals and related clinical and other business representing substantially all operations in the Northern and Central Wisconsin markets to Aspirus, Inc.

Other

Effective April 1, 2022, Ascension and Adventist Health System Sunbelt Healthcare Corporation (AdventHealth), disaffiliated from AMITA Health, the joint operating company which served the healthcare needs of the greater Chicago area from 2015 through March 31, 2022. Beginning April 1, 2022, Ascension operates and continues to consolidate its 15 hospitals and related healthcare facilities in the Chicagoland area separately from AdventHealth.

5. Investment Funds

A significant portion of the System’s investments are held within the Investment Funds, with additional investments held by the Ministry Markets and their consolidated foundations outside of the Investment Funds.

Alpha Fund

The Alpha Fund is consolidated by the System and includes the investment interests of the System and noncontrolling Alpha Fund investors.

AIM, a wholly owned subsidiary of the System, serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund’s investors. AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management.

Ascension and the Alpha Fund invest in certain alternative investment funds which include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require capital contributions in accordance with the terms of the agreement.
5. Investment Funds (continued)

Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2023, contractual agreements expire between July 2023 and May 2029. The remaining unfunded capital commitments total approximately $1,630,000 for 285 individual funds as of June 30, 2023. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

In the normal course of business, the Alpha Fund enters into derivative contracts (derivatives) for trading purposes, following Alpha Fund guidelines. Advisors selected by AIM to manage the Alpha Fund’s assets may actively trade futures contracts, options, swaps, forward settling mortgage-backed securities, index-based instruments, and foreign currency forward contracts.

AIM may direct these advisors to execute derivative transactions. These transactions are used to hedge against changes in the interest rates, security prices, currency fluctuations, and other market developments to manage risk or for the purposes of earning additional income. Derivatives are either exchange-traded or over the counter contracts. Exchange-traded derivatives are standard contracts traded on a regulated exchange. Over the counter contracts are private contracts negotiated with counterparties.

At June 30, 2023 and 2022, the gross notional value of Alpha Fund derivatives outstanding was approximately $5,669,000 and $13,344,000, respectively. See the Fair Value Measurements note for discussion of the Alpha Fund derivatives’ fair value determination.

The fair value of Alpha Fund derivatives in an asset position was $95,080 and $130,625 at June 30, 2023 and June 30, 2022, respectively, while the fair value of Alpha Fund derivatives in a liability position was $54,798 and $548,073 at June 30, 2023 and 2022, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets.

Due from brokers and due to brokers on the Consolidated Balance Sheets represent the Alpha Fund’s positions and amounts due from or to various brokers, primarily for security transactions not yet settled.
5. Investment Funds (continued)

Venture Funds

The Venture Funds are consolidated by the System and include the investment interests of the System and other noncontrolling limited partners. The general partners of the Venture Funds are wholly owned subsidiaries of AV Holding Company. The Venture Funds invest primarily in equity and convertible debt securities of privately held domestic entities, and are reported at fair value.

6. Cash and Investments

The System’s cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes the net assets of Investment Funds. Other assets (liabilities), net of the Investment Funds are primarily amounts due from and to brokers. System unrestricted cash and investments, net, represent the System’s cash and investments excluding assets limited as to use and the noncontrolling interests of Investment Funds.

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,013,225</td>
<td>$747,084</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>60,793</td>
<td>70,284</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>19,417,590</td>
<td>22,058,171</td>
</tr>
<tr>
<td>Subtotal</td>
<td>20,491,608</td>
<td>22,875,539</td>
</tr>
<tr>
<td>Investment Funds’ other assets (liabilities), net</td>
<td>61,564</td>
<td>86,150</td>
</tr>
<tr>
<td>Total cash and investments, net</td>
<td>20,553,172</td>
<td>22,961,689</td>
</tr>
<tr>
<td>Less noncontrolling interest of Investment Funds</td>
<td>2,321,790</td>
<td>2,012,636</td>
</tr>
<tr>
<td>System cash and investments, including assets limited as to use</td>
<td>18,231,382</td>
<td>20,949,053</td>
</tr>
<tr>
<td>Less assets limited as to use:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under bond agreement</td>
<td>119</td>
<td>157</td>
</tr>
<tr>
<td>Self-insurance trust funds</td>
<td>914,776</td>
<td>795,202</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>733,091</td>
<td>697,415</td>
</tr>
<tr>
<td>Total assets limited as to use</td>
<td>1,647,986</td>
<td>1,492,774</td>
</tr>
<tr>
<td>System unrestricted cash and investments, net</td>
<td>$16,583,396</td>
<td>$19,458,279</td>
</tr>
</tbody>
</table>
6. Cash and Investments (continued)

The System’s composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents and short-term investments</td>
<td>$1,148,934</td>
<td>$911,686</td>
</tr>
<tr>
<td>Pooled short-term investment funds</td>
<td>502,177</td>
<td>917,281</td>
</tr>
<tr>
<td>U.S. government, state, municipal and agency obligations</td>
<td>2,949,110</td>
<td>4,358,500</td>
</tr>
<tr>
<td>Corporate and foreign fixed income securities</td>
<td>1,032,959</td>
<td>1,909,257</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>1,952,581</td>
<td>3,129,401</td>
</tr>
<tr>
<td>Equity securities</td>
<td>6,106,192</td>
<td>4,328,562</td>
</tr>
<tr>
<td>Alternative investments and other investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity and real estate funds</td>
<td>4,450,670</td>
<td>4,811,569</td>
</tr>
<tr>
<td>Private credit and energy funds</td>
<td>1,489,455</td>
<td>1,600,318</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>623,242</td>
<td>835,556</td>
</tr>
<tr>
<td>Other investments</td>
<td>236,258</td>
<td>73,409</td>
</tr>
<tr>
<td>Total alternative investments and other investments</td>
<td>6,799,655</td>
<td>7,320,852</td>
</tr>
<tr>
<td>Total cash and cash equivalents, short-term investments, and long-term investments</td>
<td>$20,491,608</td>
<td>$22,875,539</td>
</tr>
</tbody>
</table>
Ascension

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

6. Cash and Investments (continued)

Total investment return includes the System’s return on Investment Funds and on certain investments held and managed outside the Investment Funds. System investment return is net of the investment return earned by the noncontrolling interests of the Investment Funds. Investment return recognized by the System for the years ended June 30, 2023 and 2022, is summarized in the following table.

<table>
<thead>
<tr>
<th>The years ended June 30,</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$481,214</td>
<td>$347,433</td>
</tr>
<tr>
<td>Net gains (losses) on investments reported at fair value</td>
<td>$(8,335)</td>
<td>$(1,673,058)</td>
</tr>
<tr>
<td>Restricted investment return and unrealized gains (losses), net</td>
<td>4,950</td>
<td>(15,767)</td>
</tr>
<tr>
<td>Total investment return, net</td>
<td>477,838</td>
<td>(1,341,392)</td>
</tr>
<tr>
<td>Less Investment Funds’ noncontrolling interest return, net</td>
<td>24,795</td>
<td>(155,552)</td>
</tr>
<tr>
<td>System investment return, net</td>
<td>$453,043</td>
<td>$(1,185,840)</td>
</tr>
</tbody>
</table>

Total and system investment returns are net of external and direct internal investment expenses.
7. Financial Assets and Liquidity Resources

As of June 30, 2023 and 2022, respectively, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, principal payments on debt, and capital expenditures not financed with debt, are as follows:

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,013,225</td>
<td>$747,084</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>60,793</td>
<td>70,284</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,270,862</td>
<td>3,435,376</td>
</tr>
<tr>
<td>Due from brokers</td>
<td>136,646</td>
<td>142,075</td>
</tr>
<tr>
<td>Other current assets</td>
<td>1,306,215</td>
<td>940,170</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>19,417,590</td>
<td>22,058,171</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>25,205,331</strong></td>
<td><strong>27,393,160</strong></td>
</tr>
</tbody>
</table>

Less:

| Assets limited as to use and internally designated funds | (1,744,513)   | (1,529,771)   |
| Noncontrolling interests of Investment Funds            | (2,321,790)   | (2,012,636)   |
| Investments with liquidity more than one year           | (5,133,522)   | (5,511,336)   |
| **Total financial assets available within one year**    | **16,005,506**| **18,339,417**|

Liquidity resources:

| Unused line(s) of credit        | 1,000,000     | 1,000,000     |

**Total financial assets and liquidity resources available within one year**

$17,005,506 $19,339,417

As part of the System’s investment policy, highly liquid investments are held to enhance the System’s ability to satisfy liquidity requirements.
8. Fair Value Measurements

The System measures the fair value of assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurement*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities reported at fair value are classified and disclosed in one of the following four categories:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets/exchanges for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. 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 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager and other sources based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the Consolidated 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 in the circumstances.
8. Fair Value Measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset’s or liability’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

As of June 30, 2023, and 2022, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates.

Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

Pooled Short-Term Investment Funds

The pooled short-term investment fund is a short-term exchange traded money market fund primarily invested in treasury securities.

U. S. Government, State, Municipal, and Agency Obligations

The fair value of investments in U.S. government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, and issuer spreads.
8. Fair Value Measurements (continued)

Corporate and Foreign Fixed Income Securities

The fair value of investments in U.S. and international corporate bonds and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security-specific characteristics (e.g., such as early redemption options).

Asset-backed Securities

The fair value of U.S. agency, mortgage, and other asset-backed securities is primarily determined using techniques that are consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and observable broker/dealer quotes.

Equity Securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques that are consistent with the market and income approaches. The values for underlying investments are based on readily available quoted market prices or represent fair value estimates based on market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

Alternative Investments and Other Investments

Alternative investments consist of private equity and other investments. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System’s estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company. Other investments include primarily exchange traded commodities and derivative assets and derivative liabilities of the Alpha Fund. Fair values of derivatives are primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include the time value of money, counterparty credit risk, interest rates, Treasury yields, volatilities, credit spreads,
Ascension

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

8. Fair Value Measurements (continued)

maturity date, recovery rates, and the current market and contractual prices of the underlying financial instruments.

The fair value of hedge funds, private equity funds, private credit and energy funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Benefit Plan Assets

The fair value of benefit plan assets is based on original investment into a guaranteed fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Interest Rate Swap Assets and Liabilities

The fair value of interest rate swaps is primarily determined using techniques consistent with the income method. Under the income method, fair values are calculated based on present value of expected future cash flows using discount rates appropriate with risks involved.

Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

Investments Sold, Not Yet Purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.
8. Fair Value Measurements (continued)

The following tables summarize fair value measurements, by level, at June 30, 2023 and 2022, for all financial assets and liabilities measured at fair value on a recurring basis in the System’s Consolidated Financial Statements.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$9,827</td>
<td>$</td>
<td>$</td>
<td>$9,827</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>35,563</td>
<td>8,382</td>
<td>$</td>
<td>43,945</td>
</tr>
<tr>
<td>Pooled short-term investment funds</td>
<td>502,177</td>
<td>$</td>
<td>$</td>
<td>502,177</td>
</tr>
<tr>
<td>U.S. government, state, municipal and agency obligations</td>
<td>$</td>
<td>2,949,110</td>
<td>$</td>
<td>2,949,110</td>
</tr>
<tr>
<td>Corporate and foreign fixed income securities</td>
<td>$</td>
<td>1,031,687</td>
<td>1,272</td>
<td>1,032,959</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>$</td>
<td>1,739,069</td>
<td>213,512</td>
<td>1,952,581</td>
</tr>
<tr>
<td>Equity securities</td>
<td>4,676,177</td>
<td>8,315</td>
<td>10,215</td>
<td>4,694,707</td>
</tr>
<tr>
<td>Alternative investments and other investments: private equity</td>
<td>$</td>
<td>$</td>
<td>334,891</td>
<td>334,891</td>
</tr>
<tr>
<td>Other investments, including derivatives, net</td>
<td>96,860</td>
<td>39,514</td>
<td>2,759</td>
<td>139,133</td>
</tr>
<tr>
<td>Assets at net asset value: equity securities</td>
<td>$</td>
<td></td>
<td></td>
<td>1,411,485</td>
</tr>
<tr>
<td>Private equity funds and real estate funds</td>
<td>$</td>
<td></td>
<td></td>
<td>4,115,779</td>
</tr>
<tr>
<td>Private credit and energy funds</td>
<td>$</td>
<td></td>
<td></td>
<td>1,489,455</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>$</td>
<td></td>
<td></td>
<td>623,242</td>
</tr>
<tr>
<td>Other investments</td>
<td>$</td>
<td></td>
<td></td>
<td>6205</td>
</tr>
<tr>
<td>Cash and other investments not at fair value</td>
<td>$</td>
<td></td>
<td></td>
<td>1,186,112</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$</td>
<td></td>
<td></td>
<td>20,491,608</td>
</tr>
<tr>
<td>Benefit plan assets, in other noncurrent assets</td>
<td>$606,445</td>
<td>$</td>
<td>$57,308</td>
<td>$663,753</td>
</tr>
<tr>
<td>Investments sold, not yet purchased, in other noncurrent liabilities</td>
<td>$</td>
<td>202</td>
<td>$</td>
<td>236</td>
</tr>
<tr>
<td>Interest rate swaps, included in other noncurrent liabilities</td>
<td>$</td>
<td>27,301</td>
<td>$</td>
<td>27,301</td>
</tr>
</tbody>
</table>
### 8. Fair Value Measurements (continued)

<table>
<thead>
<tr>
<th>Description</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2022</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$24,997</td>
<td>$14,975</td>
<td></td>
<td>$39,972</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>56,426</td>
<td>9,845</td>
<td></td>
<td>66,271</td>
</tr>
<tr>
<td>Pooled short-term investment funds</td>
<td>917,281</td>
<td></td>
<td></td>
<td>917,281</td>
</tr>
<tr>
<td>U.S. government, state, municipal and agency obligations</td>
<td></td>
<td>4,358,500</td>
<td></td>
<td>4,358,500</td>
</tr>
<tr>
<td>Corporate and foreign fixed income securities</td>
<td></td>
<td>1,908,101</td>
<td>1,156</td>
<td>1,909,257</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td></td>
<td>2,918,459</td>
<td>210,942</td>
<td>3,129,401</td>
</tr>
<tr>
<td>Equity securities</td>
<td>2,486,729</td>
<td>16,551</td>
<td>37,171</td>
<td>2,540,451</td>
</tr>
<tr>
<td>Alternative investments and other investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other investments, including derivatives, net</td>
<td>340,594</td>
<td>(344,325)</td>
<td>3,887</td>
<td>156</td>
</tr>
<tr>
<td><strong>Assets at net asset value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
<td></td>
<td></td>
<td>1,788,111</td>
</tr>
<tr>
<td>Private equity funds and real estate funds</td>
<td></td>
<td></td>
<td></td>
<td>4,236,200</td>
</tr>
<tr>
<td>Private credit and energy funds</td>
<td></td>
<td></td>
<td></td>
<td>1,600,318</td>
</tr>
<tr>
<td>Hedge funds</td>
<td></td>
<td></td>
<td></td>
<td>835,556</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td></td>
<td></td>
<td>5,811</td>
</tr>
<tr>
<td>Cash and other investments not at fair value</td>
<td></td>
<td></td>
<td></td>
<td>873,381</td>
</tr>
<tr>
<td><strong>Cash and investments</strong></td>
<td></td>
<td></td>
<td></td>
<td>$22,875,539</td>
</tr>
<tr>
<td>Benefit plan assets, in other noncurrent assets</td>
<td>$541,191</td>
<td></td>
<td>$58,439</td>
<td>$599,630</td>
</tr>
<tr>
<td>Investments sold, not yet purchased, in other noncurrent liabilities</td>
<td>4</td>
<td>830</td>
<td></td>
<td>834</td>
</tr>
<tr>
<td>Interest rate swaps, included in other noncurrent liabilities</td>
<td></td>
<td>57,911</td>
<td></td>
<td>57,911</td>
</tr>
</tbody>
</table>

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8. Fair Value Measurements (continued)

For the years ended June 30, 2023 and 2022, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Corporate and Foreign Fixed Income Securities</th>
<th>Asset-Backed Securities</th>
<th>Equity Securities</th>
<th>Private Equity</th>
<th>Other Investments</th>
<th>Benefit Plan Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>The year ended</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2023</td>
<td>Beginning balance $1,156</td>
<td>$210,942</td>
<td>$37,171</td>
<td>$574,573</td>
<td>$3,887</td>
<td>$58,439</td>
</tr>
<tr>
<td>Realized and unrealized gains (losses):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Included in nonoperating gains (losses)</td>
<td>116</td>
<td>2,529</td>
<td>(9,485)</td>
<td>(263,825)</td>
<td>(89)</td>
<td>-</td>
</tr>
<tr>
<td>Included in changes in net assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(805)</td>
<td>-</td>
</tr>
<tr>
<td>Purchases</td>
<td></td>
<td>19,399</td>
<td>4,469</td>
<td>24,334</td>
<td>248</td>
<td>6,859</td>
</tr>
<tr>
<td>Issuances</td>
<td></td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td>(18,608)</td>
<td>(22,950)</td>
<td>(499)</td>
<td>(482)</td>
<td>(11,854)</td>
</tr>
<tr>
<td>Transfers into Level 3</td>
<td></td>
<td>-</td>
<td>-</td>
<td>1,010</td>
<td>-</td>
<td>10,030</td>
</tr>
<tr>
<td>Transfers out of Level 3</td>
<td></td>
<td>-</td>
<td>(750)</td>
<td>-</td>
<td>-</td>
<td>(6,166)</td>
</tr>
<tr>
<td>Ending balance</td>
<td>$1,272</td>
<td>$213,512</td>
<td>$10,215</td>
<td>$334,891</td>
<td>$2,759</td>
<td>$57,308</td>
</tr>
</tbody>
</table>

The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2023:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$119</td>
<td>$1,962</td>
<td>$141</td>
<td>-</td>
<td>$60</td>
<td>-</td>
</tr>
</tbody>
</table>
8. Fair Value Measurements (continued)

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.
9. Long-Term Debt

Long-term debt at June 30, 2023 and 2022 is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates.

<table>
<thead>
<tr>
<th>Tax-exempt hospital revenue bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:</th>
<th>June 30,</th>
<th>June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate demand bonds, subject to a seven-day put provision, payable through November 2047; interest (3.95% to 4.21% at June 30, 2023) set at prevailing market rates</td>
<td>$472,635</td>
<td>$481,555</td>
</tr>
<tr>
<td>Fixed rate serial, term, and mode bonds fixed to maturity payable in installments through November 2047; interest at 3.00% to 5.00%</td>
<td>2,842,550</td>
<td>2,892,610</td>
</tr>
<tr>
<td>Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from July 2024 through December 2024; interest at 4.00% to 5.00% through the purchase dates</td>
<td>165,010</td>
<td>457,570</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate demand bonds issued under the Subordinate Master Trust Indenture, subject to a seven-day put provision, payable through November 2023; interest (4.00% at June 30, 2023) set at prevailing market rates</td>
<td>12,895</td>
</tr>
<tr>
<td>Fixed rate serial, term, and mode bonds issued under the Subordinate Master Trust Indenture fixed to maturity payable in installments through November 2027; interest at 4.00% to 5.00%</td>
<td>79,230</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable fixed rate term bonds payable as of November 2013; interest at 4.847%</td>
<td>425,000</td>
</tr>
<tr>
<td>Taxable fixed rate term bonds payable as of November 2046; interest at 3.945%</td>
<td>1,170,000</td>
</tr>
<tr>
<td>Taxable fixed rate term bonds payable through November 2039; interest at 2.532% to 3.106%</td>
<td>1,447,600</td>
</tr>
</tbody>
</table>

| Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture | $6,614,920 | $6,989,685 |
9. Long-Term Debt (continued)

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total hospital revenue bonds – all Master Trust Indentures</td>
<td>$6,614,920</td>
<td>$6,989,685</td>
</tr>
<tr>
<td>Other</td>
<td>81,275</td>
<td>36,394</td>
</tr>
<tr>
<td></td>
<td>$6,696,195</td>
<td>$7,026,079</td>
</tr>
<tr>
<td>Unamortized premium, net</td>
<td>251,327</td>
<td>283,635</td>
</tr>
<tr>
<td>Less debt issuance cost, net</td>
<td>(31,564)</td>
<td>(33,656)</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(121,541)</td>
<td>(91,618)</td>
</tr>
<tr>
<td>Less long-term debt subject to short-term remarketing arrangements</td>
<td>(471,425)</td>
<td>(774,630)</td>
</tr>
<tr>
<td><strong>Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements</strong></td>
<td><strong>$6,322,992</strong></td>
<td><strong>$6,408,810</strong></td>
</tr>
</tbody>
</table>

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2023, are as follows:

<table>
<thead>
<tr>
<th>The years ending June 30:</th>
<th>Ascension Health Alliance MTIs</th>
<th>Other Debt</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$90,670</td>
<td>$30,871</td>
<td>$121,541</td>
</tr>
<tr>
<td>2025</td>
<td>96,665</td>
<td>10,099</td>
<td>106,764</td>
</tr>
<tr>
<td>2026</td>
<td>102,150</td>
<td>2,688</td>
<td>104,838</td>
</tr>
<tr>
<td>2027</td>
<td>107,780</td>
<td>2,805</td>
<td>110,585</td>
</tr>
<tr>
<td>2028</td>
<td>124,980</td>
<td>2,867</td>
<td>127,847</td>
</tr>
<tr>
<td>Thereafter</td>
<td>6,092,875</td>
<td>31,945</td>
<td>6,124,620</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,614,920</strong></td>
<td><strong>$81,275</strong></td>
<td><strong>$6,696,195</strong></td>
</tr>
</tbody>
</table>

During the years ended June 30, 2023 and 2022, interest paid was approximately $276,000 and $268,000, respectively. Capitalized interest was approximately $12,900 and $8,900 for the years ended June 30, 2023 and 2022, respectively.
Ascension

Notes to Consolidated Financial Statements (continued)
(Dollars in Thousands)

9. Long-Term Debt (continued)

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI.

Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations.

Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate’s state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designed affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI.

The System may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, which stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate’s state of incorporation.
As the Master

10. Derivative Instruments

As provided for in the System’s Master Trust Indenture, the System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2023 and June 30, 2022, the notional values of outstanding interest rate swaps were $755,040 and $826,215, respectively, with maturity dates ranging from 2026 through 2036.
10. Derivative Instruments (continued)

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as either assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate, and are not netted. All interest rate swaps were in a liability position at June 30, 2023 and 2022, and amounted to $27,301 and $57,911, respectively.

The System’s interest rate swap agreements include collateral requirements based on specified criteria. No collateral was posted as of June 30, 2023 and 2022.

The System does not designate its interest rate swaps as hedges, and accordingly, all changes in the fair value of interest rate swaps are recognized in nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets.

11. Leases

The System is a party to primarily real estate and medical and information technology equipment leases as a lessee and real estate leases as a lessor. Rental escalation clauses or renewal options are factored into the determination of lease payments when appropriate. To determine the present value of lease payments, the System utilizes its incremental borrowing rate at lease commencement when an implicit rate is not available for operating leases. In addition, the System does not separate lease and non-lease components.

All components of total lease cost are recognized in other operating expenses, excluding interest on finance lease liabilities, which is recognized in interest. The following table provides the total lease cost included in the Consolidated Statement of Operations and Changes in Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>The years ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td>Operating lease cost</td>
<td>$348,472</td>
<td>$346,811</td>
</tr>
<tr>
<td>Finance lease cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on lease liabilities</td>
<td>$2,857</td>
<td>$2,919</td>
</tr>
<tr>
<td>Amortization of right-of-use asset</td>
<td>$2,839</td>
<td>$2,840</td>
</tr>
<tr>
<td>Variable lease cost</td>
<td>$68,778</td>
<td>$65,397</td>
</tr>
<tr>
<td>Total lease cost</td>
<td>$422,946</td>
<td>$417,967</td>
</tr>
</tbody>
</table>

11. Leases (continued)

The weighted average remaining lease terms and the weighted average discount rates at June 30, 2023 and 2022 were as follows:

<table>
<thead>
<tr>
<th>Weighted-average remaining lease term</th>
<th>June 30, 2023</th>
<th>June 30, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Leases</td>
<td>Operating Leases</td>
<td>Operating Leases</td>
</tr>
<tr>
<td>Weighted-average remaining lease term</td>
<td>8.3 years</td>
<td>8.3 years</td>
</tr>
<tr>
<td>Weighted-average discount rate</td>
<td>2.7%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Finance Leases</td>
<td>Finance Leases</td>
<td>Finance Leases</td>
</tr>
<tr>
<td>Weighted-average remaining lease term</td>
<td>26.5 years</td>
<td>27.5 years</td>
</tr>
<tr>
<td>Weighted-average discount rate</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

The following table provides the cash paid for amounts included in the measurement of lease obligations:

<table>
<thead>
<tr>
<th>The years ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating leases</td>
</tr>
<tr>
<td>Finance leases</td>
</tr>
<tr>
<td>Total cash paid</td>
</tr>
</tbody>
</table>

The following table reconciles undiscounted future operating and finance lease obligations for each of the next five years and thereafter, as of June 30, 2023, to lease obligations recorded on the Consolidated Balance Sheets at June 30, 2023:

<table>
<thead>
<tr>
<th>Twelve months ending June 30:</th>
<th>Operating Leases</th>
<th>Finance Leases</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$278,248</td>
<td>$4,147</td>
<td>$282,395</td>
</tr>
<tr>
<td>2025</td>
<td>223,131</td>
<td>3,982</td>
<td>227,113</td>
</tr>
<tr>
<td>2026</td>
<td>188,022</td>
<td>4,054</td>
<td>192,076</td>
</tr>
<tr>
<td>2027</td>
<td>147,912</td>
<td>4,126</td>
<td>152,038</td>
</tr>
<tr>
<td>2028</td>
<td>106,350</td>
<td>4,200</td>
<td>110,550</td>
</tr>
<tr>
<td>Thereafter</td>
<td>402,297</td>
<td>106,911</td>
<td>509,208</td>
</tr>
</tbody>
</table>

Total future undiscounted lease obligations | 1,345,960 | 127,420 | 1,473,380 |
Less: amount of lease payments representing interest | (110,267) | (46,092) | (156,359) |
Present value of future lease obligations | 1,235,693 | 81,328 | 1,317,021 |
Less: current portion of lease obligations | (268,339) | (1,324) | (269,663) |
Long-term lease obligations | $967,354 | $80,004 | $1,047,358 |
11. Leases (continued)

For leases where the System is a lessor, future minimum noncancelable receipts on operating leases for each of the next five years and thereafter, as of June 30, 2023, are as follows:

<table>
<thead>
<tr>
<th>Twelve months ending June 30:</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>$ 69,418</td>
</tr>
<tr>
<td>2025</td>
<td>54,640</td>
</tr>
<tr>
<td>2026</td>
<td>40,364</td>
</tr>
<tr>
<td>2027</td>
<td>32,022</td>
</tr>
<tr>
<td>2028</td>
<td>26,461</td>
</tr>
<tr>
<td>Thereafter</td>
<td>364,808</td>
</tr>
<tr>
<td>Total</td>
<td>$ 587,773</td>
</tr>
</tbody>
</table>

Lease income was $85,000 for both years ended June 30, 2023 and 2022.

12. Retirement Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans. Certain of these plans are cash balance plans. Benefits are based on each participant’s years of service and compensation. Primarily all of the System Plans’ assets are invested in the Master Pension Trust (the Trust).

Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants. As of December 31, 2019, all System Plans were frozen.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities, and consist primarily of short term investments, U.S. government, state, municipal and agency obligations, corporate and foreign fixed income securities, asset-backed securities, equity securities, and alternative investments including private equity funds, real estate funds and hedge funds. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.
12. Retirement Plans (continued)

The following table provides the combined benefit obligations and assets of the System Plans at June 30, 2023 and 2022, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the Consolidated Financial Statements.

| Change in projected benefit obligation: | The years ended June 30, |
| --- | --- | --- |
|  | 2023 | 2022 |
| Projected benefit obligation at beginning of year | $8,404,948 | $10,300,933 |
| Interest cost | 400,288 | 295,464 |
| Assumption change | (373,950) | (1,714,613) |
| Actuarial loss | 4,392 | 143,612 |
| Acquisitions | 2,986 | - |
| Benefits paid | (607,654) | (620,448) |
| Projected benefit obligation at end of year | $7,831,010 | 8,404,948 |

<table>
<thead>
<tr>
<th>Change in plan assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at beginning of year</td>
<td>$7,952,418</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>161,299</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>290</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>2,209</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(607,654)</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year</td>
<td>$7,508,562</td>
</tr>
<tr>
<td>Net amount recognized at end of year and funded status</td>
<td>(322,448)</td>
</tr>
</tbody>
</table>

Accumulated benefit obligation at end of year | 7,831,010 | 8,404,948 |

The System Plans’ funded status as a percentage of both the projected and accumulated benefit obligations were 95.9% and 94.6% at June 30, 2023 and 2022, respectively.
12. Retirement Plans (continued)

The following amounts included in net assets without donor restrictions at June 30, 2023 and 2022 have not yet been recognized in net periodic pension cost for the System Plans:

<table>
<thead>
<tr>
<th></th>
<th>The years ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
<td>2022</td>
</tr>
<tr>
<td>Unrecognized actuarial loss</td>
<td>(2,144,876)</td>
<td>(2,131,754)</td>
</tr>
<tr>
<td>Unrecognized prior service credit</td>
<td>754</td>
<td>744</td>
</tr>
<tr>
<td>Unrecognized net pension cost in net assets</td>
<td>(2,144,122)</td>
<td>(2,131,010)</td>
</tr>
</tbody>
</table>

Changes in plan assets and benefit obligations recognized in net assets without donor restrictions for System Plans during the years ended June 30, 2023 and 2022 include:

<table>
<thead>
<tr>
<th></th>
<th>The years ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2023</td>
</tr>
<tr>
<td>Current year actuarial gain (loss)</td>
<td>(108,582)</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>95,460</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>10</td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>(13,112)</td>
</tr>
</tbody>
</table>
Ascension

Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

12. Retirement Plans (continued)

The following table provides the components of net periodic benefit gain for the System included in Other non-operating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets.

<table>
<thead>
<tr>
<th>Components of net periodic benefit gain:</th>
<th>The years ended June 30,</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected return on plan assets</td>
<td>639,158</td>
<td></td>
<td>685,726</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(400,288)</td>
<td></td>
<td>(295,464)</td>
</tr>
<tr>
<td>Amortization of prior service cost</td>
<td>(10)</td>
<td></td>
<td>(292)</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>(92,027)</td>
<td></td>
<td>(151,334)</td>
</tr>
<tr>
<td>Settlement loss</td>
<td>(3,433)</td>
<td></td>
<td>(4,835)</td>
</tr>
<tr>
<td>Net periodic benefit gain</td>
<td>$ 143,400</td>
<td></td>
<td>$ 233,801</td>
</tr>
</tbody>
</table>

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

<table>
<thead>
<tr>
<th>For the years ended June 30,</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>To determine benefit obligations:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>5.67%</td>
<td>5.05%</td>
</tr>
<tr>
<td>To determine net periodic benefit cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>5.05%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>8.00%</td>
<td>8.00%</td>
</tr>
</tbody>
</table>

For the System’s cash balance plans, the assumed interest crediting rate to determine benefit obligations and net periodic benefit cost is 2.25% at June 30, 2023 and 2022.

The expected long-term rate of return on the System Plans’ assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates.
12. Retirement Plans (continued)

Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The System Plans’ assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, international equity, absolute return hedge funds, directional hedge funds, private equity, hedged equity, high yield, and private credit. Deflation strategies include core fixed income, opportunistic credit, and cash. Inflation strategies include inflation-linked bonds, and liquid real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans’ objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans’ asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, private equity funds, and real estate funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value (NAV) as determined by each fund’s investment manager, which approximates fair value. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 30 to 180 days. Due to redemption restrictions, investments of certain private equity funds, whose fair value was approximately $1,537,000 at June 30, 2023, cannot currently be redeemed. However, the potential for the System Plans to sell their interest in hedge funds, private equity funds and real estate funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2023, investment periods expire between July 2023 and February 2029. The remaining unfunded capital commitments of the Trust total approximately $683,000 for 188 individual contracts as of June 30, 2023.
12. Retirement Plans (continued)

The weighted-average asset allocation for the System Plans in the Trust at June 30, 2023 and 2022 and the target allocation, by asset category, are as follows:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Target Allocation</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>66%</td>
<td>68%</td>
<td>66%</td>
</tr>
<tr>
<td>Inflation</td>
<td>8%</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Deflation</td>
<td>26%</td>
<td>24%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The following tables summarize fair value measurements at June 30, 2023 and 2022, by asset class and by level, for the System Plans’ assets and liabilities. As discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritize the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans’ assets and liabilities as presented in the following tables.

<table>
<thead>
<tr>
<th>June 30, 2023</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>$574,909</td>
<td>$</td>
<td>$</td>
<td>$574,909</td>
</tr>
<tr>
<td>U.S. government, state, municipal and agency obligations</td>
<td>-</td>
<td>$2,492,018</td>
<td>-</td>
<td>$2,492,018</td>
</tr>
<tr>
<td>Corporate and foreign fixed income securities</td>
<td>6,144</td>
<td>557,417</td>
<td>31</td>
<td>563,592</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>-</td>
<td>513,187</td>
<td>-</td>
<td>513,187</td>
</tr>
<tr>
<td>Equity securities</td>
<td>1,200,375</td>
<td>-</td>
<td>3,192</td>
<td>1,203,567</td>
</tr>
<tr>
<td>Other investments, including derivatives, net</td>
<td>264,335</td>
<td>81,834</td>
<td>-</td>
<td>346,169</td>
</tr>
<tr>
<td>Assets at net asset value:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
<td></td>
<td></td>
<td>72,951</td>
</tr>
<tr>
<td>Private equity and real estate funds</td>
<td></td>
<td></td>
<td></td>
<td>1,536,752</td>
</tr>
<tr>
<td>Hedge funds</td>
<td></td>
<td></td>
<td></td>
<td>319,185</td>
</tr>
<tr>
<td>Other assets and liabilities, net</td>
<td></td>
<td></td>
<td></td>
<td>(113,768)</td>
</tr>
<tr>
<td><strong>Fair value of plan assets</strong></td>
<td></td>
<td></td>
<td></td>
<td>$7,508,562</td>
</tr>
</tbody>
</table>
12. Retirement Plans (continued)

<table>
<thead>
<tr>
<th>June 30, 2022</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>$ 623,465</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 623,465</td>
</tr>
<tr>
<td>U.S. government, state, municipal and agency obligations</td>
<td>-</td>
<td>$ 2,270,299</td>
<td>-</td>
<td>$ 2,270,299</td>
</tr>
<tr>
<td>Corporate and foreign fixed income securities</td>
<td>-</td>
<td>$ 704,400</td>
<td>$ 31</td>
<td>$ 704,431</td>
</tr>
<tr>
<td>Asset-backed securities</td>
<td>-</td>
<td>$ 1,241,957</td>
<td>$ 4,086</td>
<td>$ 1,245,043</td>
</tr>
<tr>
<td>Equity securities</td>
<td>$ 722,225</td>
<td>$ 8,199</td>
<td>$ 3,018</td>
<td>$ 733,432</td>
</tr>
<tr>
<td>Other investments, including derivatives, net</td>
<td>$ 336,891</td>
<td>(243,951)</td>
<td>-</td>
<td>$ 92,740</td>
</tr>
<tr>
<td>Assets at net asset value:</td>
<td></td>
<td></td>
<td></td>
<td>$ 99,543</td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
<td></td>
<td></td>
<td>$ 1,718,146</td>
</tr>
<tr>
<td>Private equity and real estate funds</td>
<td></td>
<td></td>
<td></td>
<td>$ 392,468</td>
</tr>
<tr>
<td>Hedge funds</td>
<td></td>
<td></td>
<td></td>
<td>$ 71,801</td>
</tr>
<tr>
<td>Other assets and liabilities, net</td>
<td></td>
<td></td>
<td></td>
<td>$ 7,952,418</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td></td>
<td></td>
<td></td>
<td>$</td>
</tr>
</tbody>
</table>


12. Retirement Plans (continued)

For the years ended June 30, 2023 and 2022, the changes in the fair value of the System Plans’ assets measured using significant unobservable inputs (Level 3) consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>Corporate and Foreign Fixed Income Securities</th>
<th>Asset-Backed Securities</th>
<th>Equity Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2023</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$ 31</td>
<td>$ 4,086</td>
<td>$ 3,058</td>
</tr>
<tr>
<td>Total actual return on assets</td>
<td>-</td>
<td>(208)</td>
<td>281</td>
</tr>
<tr>
<td>Purchases, issuances, and settlements</td>
<td>-</td>
<td>(1,794)</td>
<td>(147)</td>
</tr>
<tr>
<td>Transfers (out of) into Level 3</td>
<td>-</td>
<td>(2,084)</td>
<td></td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$ 31</td>
<td>-</td>
<td>$ 3,192</td>
</tr>
<tr>
<td>Actual return on plan assets relating to plan assets still held at June 30, 2023</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 49</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Corporate and Foreign Fixed Income Securities</th>
<th>Asset-Backed Securities</th>
<th>Equity Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30, 2022</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$ 761</td>
<td>$ 11,901</td>
<td>$ 3,107</td>
</tr>
<tr>
<td>Total actual return on assets</td>
<td>10</td>
<td>(207)</td>
<td>5</td>
</tr>
<tr>
<td>Purchases, issuances, and settlements</td>
<td>(740)</td>
<td>900</td>
<td>(54)</td>
</tr>
<tr>
<td>Transfers (out of) into Level 3</td>
<td>-</td>
<td>(8,508)</td>
<td></td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$ 31</td>
<td>$ 4,086</td>
<td>$ 3,058</td>
</tr>
<tr>
<td>Actual return on plan assets relating to plan assets still held at June 30, 2022</td>
<td>$ -</td>
<td>(79)</td>
<td>(24)</td>
</tr>
</tbody>
</table>
Ascension

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

12. Retirement Plans (continued)

The Trust has entered into a series of derivative agreements with a net notional amount of approximately $2,976,000. The combined targeted duration of these derivatives and the Trust’s fixed income investments approximates the duration of the liabilities of the Trust. Currently, 65% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The fair value of derivatives held by the Trust in an asset position was $127,522 and $53,355 at June 30, 2023 and June 30, 2022, respectively, while the fair value of derivatives held by the Trust in a liability position was $44,197 and $295,968 at June 30, 2023 and June 30, 2022, respectively. These derivatives are included in pension and other postretirement liabilities in the Consolidated Balance Sheets. Information about the expected cash flows for the System Plans follows:

<table>
<thead>
<tr>
<th>Expected employer contributions 2024</th>
<th>$280</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected benefit payments:</td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td>824,280</td>
</tr>
<tr>
<td>2025</td>
<td>649,850</td>
</tr>
<tr>
<td>2026</td>
<td>649,600</td>
</tr>
<tr>
<td>2027</td>
<td>643,800</td>
</tr>
<tr>
<td>2028</td>
<td>638,300</td>
</tr>
<tr>
<td>2029-2033</td>
<td>2,970,000</td>
</tr>
</tbody>
</table>

The contribution amount above includes expected amounts paid to Trust. The benefit payment amounts above reflect the total benefits expected to be paid from Trust.
Ascension

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

12. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. Employer automatic contributions, employee contributions, and employer matching contributions are the primary types of contributions to the plans. Benefits for employer automatic contributions are determined as a percentage of a participant’s salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Employer matching contributions are determined as a percentage of an eligible participant’s contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions over time. Expenses for the defined-contribution plans were $458,390 and $436,930 for the years ended June 30, 2023 and 2022, respectively, and are included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets.

13. Self Insurance Program

Ascension entities are self-insured through grantor trusts and Ascension Health Insurance, LTD. (AHIL), a captive insurance company and direct subsidiary of Ascension Risk Services LLC. The grantor trusts provide funding for claims within the self-insured retentions. Actuarially determined amounts, discounted at 5.5%, are contributed to the trust funds to provide for the estimated cost of claims. The associated loss reserves recorded for estimated self-insured professional, general liability, and workers’ compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

For certain entities acquired by Ascension in 2018, loss reserves for estimated self-insured professional, general liability, and workers’ compensation claims reported prior to July 1, 2018 were actuarially determined and are recorded on an undiscounted basis at June 30, 2023. These reserves are held outside of the grantor trust. The self-insured professional and general liabilities for these claims are retained up to $10,000 per occurrence with no aggregate and an additional $10,000 in aggregate. Additionally, reinsurance up to $150,000 in aggregate exists beyond these limits.
13. Self Insurance Program (continued)

Professional and General Liability Programs

Professional and general liability coverage is primarily provided on a claims-made basis through a wholly owned onshore revocable trust and through AHIL. For the current policy year ended June 30, 2023, the revocable trust has a self-insured retention up to $25,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $225,000. The excess coverage of $225,000 is primarily reinsured by commercial carriers, with the exception of AHIL which retains $11,750.

Employed physicians and certain entities in the states of Indiana and Kansas are provided coverage by ProAssurance Corporation (ProAssurance) on a fronted basis and are reinsured through AHIL. These entities and physicians are provided professional liability coverage with limits in compliance with participation in the state-specific Patient Compensation Fund programs.

Sunflower Assurance, Ltd. (Sunflower), a captive insurance company and wholly owned subsidiary of Ascension Risk Services LLC, offers physician professional liability coverage through insurance or reinsurance arrangements to non-employed physicians practicing at various facilities of the System. Coverage is offered to physicians with limits ranging from $100 per claim to $1,000 per claim with various aggregate limits.

Included in operating expenses in the Consolidated Statements of Operations and Changes in Net Assets is professional and general liability claim and insurance expense of $619,249 and $290,681 for the years ended June 30, 2023 and 2022, respectively. Included in current and long-term self-insurance liabilities on the Consolidated Balance Sheets are professional and general liability loss reserves, of $1,299,393 and $956,279 at June 30, 2023 and 2022, respectively. Included in other current and long-term assets on the Consolidated Balance Sheets are reinsurance receivables of $126,692 and $23,927 at June 30, 2023 and 2022, respectively.

Workers’ Compensation

Workers’ compensation coverage is primarily provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,500 per occurrence with no aggregate. The trust provides a mechanism for funding the workers’ compensation obligations of its members.
13. Self Insurance Program (continued)

Included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets is workers’ compensation claim and insurance expense of $38,963 and $40,048 for the years ended June 30, 2023 and 2022, respectively. Included in current and long-term self-insurance liabilities on the Consolidated Balance Sheets are workers’ compensation loss reserves of $155,442 and $162,386 at June 30, 2023 and 2022, respectively.

14. Related Parties

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately $1,278,000 and $1,256,000 for these services during the years ended June 30, 2023 and 2022. During the year ended June 30, 2022, the System realized a gain of approximately $330,000 on its clinical engineering services investment, which is included in Other Operating Revenue.

15. Contingencies and Commitments

Ascension, like other healthcare organizations, periodically undergoes investigations or audits by federal, state and local agencies involving compliance with a variety of laws and regulations arising in the ordinary course of business. These investigations generally seek to determine compliance with, among other things, laws and regulations relating to Medicare and Medicaid reimbursement, including billing practices for certain services. To support compliance with these laws and regulations, Ascension maintains a compliance program designed to prevent, proactively detect, and correct potential violations of laws and regulations. Also, the System is periodically involved in litigation arising in the ordinary course of business. In the opinion of management, these investigations and litigation matters are expected to be resolved without a material adverse effect to Ascension’s financial position or liquidity.

The System enters into agreements with non-employed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The maximum amount of future payments that the System could be required to make under these guarantees is approximately $4,300.

The System has entered into Master Service Agreements for information technology services provided by third parties, under which future committed payments of approximately $657,300 will be made over the next 2 to 5 years.
15. Contingencies and Commitments (continued)

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 16 years.

The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2023:

<table>
<thead>
<tr>
<th>guarantee</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Vincent de Paul Series 2000 A debt guarantee</td>
<td>$ 28,300</td>
</tr>
<tr>
<td>Other guarantees and commitments</td>
<td>$ 95,210</td>
</tr>
</tbody>
</table>

16. Functional Expenses

Ascension provides healthcare services, including inpatient, outpatient, ambulatory, long-term care and community-based services. Management support services include information technology, finance and accounting, revenue cycle, public relations, human resources, legal, supply chain, risk management, compliance, administration and other functions. Expenses are allocated to healthcare services and management support services based on the functional department for which they are incurred. Departmental expenses may include various allocations of costs based on direct assignment, expenses or other methods.

Expenses by functional classification for the year ended June 30, 2023 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Health care services</th>
<th>Management support services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages, and employee benefits</td>
<td>$ 13,146,373</td>
<td>$ 1,103,711</td>
<td>$14,250,084</td>
</tr>
<tr>
<td>Purchased services and professional fees</td>
<td>3,994,001</td>
<td>1,317,333</td>
<td>5,311,334</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,053,104</td>
<td>463</td>
<td>4,099,567</td>
</tr>
<tr>
<td>Other</td>
<td>5,888,121</td>
<td>437,298</td>
<td>6,325,419</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$ 27,081,599</td>
<td>$ 2,864,805</td>
<td>$29,946,404</td>
</tr>
</tbody>
</table>
16. Functional Expenses (continued)

Expenses by functional classification for the year ended June 30, 2022 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>Health care services</th>
<th>Management support services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, wages, and employee benefits</td>
<td>$13,445,071</td>
<td>$997,076</td>
<td>$14,442,747</td>
</tr>
<tr>
<td>Purchased services and professional fees</td>
<td>$3,401,338</td>
<td>$1,279,963</td>
<td>$4,681,301</td>
</tr>
<tr>
<td>Supplies</td>
<td>$4,135,717</td>
<td>$5,815</td>
<td>$4,141,532</td>
</tr>
<tr>
<td>Other</td>
<td>$5,130,350</td>
<td>$378,388</td>
<td>$5,508,738</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$26,113,076</strong></td>
<td><strong>$2,661,242</strong></td>
<td><strong>$28,774,318</strong></td>
</tr>
</tbody>
</table>
Supplementary Information
Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance d/b/a Ascension

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedules of Net Cost of Providing Care of Persons Living in Poverty and Other Community Benefit Programs, Credit Group Financial Statements – Balance Sheet, Credit Group Financial Statements – Statement of Operations and Changes in Net Assets, and the related notes to the Credit Group Financial Statements 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 consolidated financial statements as a whole.

September 13, 2023

Ernst & Young LLP
Ascension

Schedule of Net Cost of Providing Care of Persons
Living in Poverty and Other Community Benefit Programs
(Dollars in Thousands)

The net cost of providing care to persons living in poverty and other community benefit programs is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional charity care provided</td>
<td>$517,090</td>
<td>$547,099</td>
</tr>
<tr>
<td>Unpaid cost of public programs for persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>living in poverty</td>
<td>$1,141,223</td>
<td>1,244,017</td>
</tr>
<tr>
<td>Other programs for persons living in poverty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and other persons who are vulnerable</td>
<td>$93,244</td>
<td>77,993</td>
</tr>
<tr>
<td>Community benefit programs</td>
<td>$431,902</td>
<td>385,345</td>
</tr>
<tr>
<td>Care of persons living in poverty and other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>community benefit programs</td>
<td>$2,183,459</td>
<td>2,254,454</td>
</tr>
</tbody>
</table>

The years ended June 30,
Ascension

Credit Group Financial Statements
Balance Sheet
(Dollars in Thousands)

<table>
<thead>
<tr>
<th>June 30, 2023</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$460,770</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>51,127</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,355,874</td>
</tr>
<tr>
<td>Inventories</td>
<td>354,556</td>
</tr>
<tr>
<td>Estimated third-party payor settlements</td>
<td>132,865</td>
</tr>
<tr>
<td>Due from affiliates (See Note 2)</td>
<td>997,055</td>
</tr>
<tr>
<td>Other</td>
<td>732,320</td>
</tr>
<tr>
<td>Total current assets</td>
<td>5,084,567</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>16,281,168</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>7,798,623</td>
</tr>
<tr>
<td>Other assets:</td>
<td></td>
</tr>
<tr>
<td>Right-of-use assets - leases</td>
<td>887,499</td>
</tr>
<tr>
<td>Investment in unconsolidated entities</td>
<td>1,196,749</td>
</tr>
<tr>
<td>Capitalized software costs, net</td>
<td>530,308</td>
</tr>
<tr>
<td>Due from affiliates (See Note 2)</td>
<td>2,814,017</td>
</tr>
<tr>
<td>Other</td>
<td>1,254,300</td>
</tr>
<tr>
<td>Total other assets</td>
<td>6,682,873</td>
</tr>
<tr>
<td>Total assets</td>
<td>$35,847,231</td>
</tr>
</tbody>
</table>

Continued on next page.
## ASCENSION CREDIT GROUP FINANCIAL STATEMENTS

### Balance Sheet

*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th>Liabilities and net assets</th>
<th>June 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current portion of long-term debt</td>
<td>$121,125</td>
</tr>
<tr>
<td>Long-term debt subject to short-term remarketing arrangements*</td>
<td>$471,425</td>
</tr>
<tr>
<td>Current portion of lease obligations</td>
<td>$269,089</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$2,331,910</td>
</tr>
<tr>
<td>Estimated third-party payor settlements</td>
<td>$193,441</td>
</tr>
<tr>
<td>Due to affiliates <em>(See Note 2)</em></td>
<td>$229,792</td>
</tr>
<tr>
<td>Other</td>
<td>$303,039</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$3,919,821</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt (senior and subordinated)</td>
<td>$6,320,557</td>
</tr>
<tr>
<td>Lease obligations, less current portion</td>
<td>$649,658</td>
</tr>
<tr>
<td>Pension and other postretirement liabilities</td>
<td>$430,036</td>
</tr>
<tr>
<td>Other</td>
<td>$1,306,114</td>
</tr>
<tr>
<td>Total noncurrent liabilities</td>
<td>$8,706,365</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$12,626,186</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions:</td>
<td></td>
</tr>
<tr>
<td>Controlling interest</td>
<td>$22,057,551</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>$469,833</td>
</tr>
<tr>
<td>Total net assets without donor restrictions</td>
<td>$22,527,384</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets with donor restrictions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net assets</td>
<td>$693,661</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>$23,221,045</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total liabilities and net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$35,847,231</td>
<td></td>
</tr>
</tbody>
</table>

---

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 31, 2024. In the event that bonds are not remarketed upon the exercise of put options for the variable bonds or scheduled mandatory tender bonds, management would utilize other sources to access the necessary liquidity. Potential sources include a drawdown on the System’s line of credit, issuing commercial paper, and liquidating investments.*
Ascension

Credit Group Financial Statements
Statements of Operations and Changes in Net Assets
(Dollars in Thousands)

The year ended June 30, 2023

Operating revenue:
Net patient service revenue $ 17,126,293
Other revenue (See note 2) 3,196,893
Total operating revenue 20,323,186

Operating expenses (See note 2):
Salaries and wages 7,809,264
Employee benefits 2,109,830
Purchased services 2,547,473
Professional fees 1,021,880
Supplies 2,774,265
Insurance 167,901
Interest 236,228
Provider tax 539,856
Depreciation and amortization 966,737
Other 2,400,034
Total operating expenses 20,573,468

Income (loss) from recurring operations (250,282)
Impairment and nonrecurring gains (losses), net (419,673)
Income (loss) from operations (669,955)

Nonoperating gains (losses):
Investment return, net 274,208
Other 94,510
Total nonoperating gains (losses), net 368,718
Excess (deficit) of revenues and gains over expenses and losses (301,237)
Less noncontrolling interests (9,746)

Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest (291,491)

Continued on next page.
### Ascension Credit Group Financial Statements

**Statements of Operations and Changes in Net Assets**  
*(Dollars in Thousands)*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets without donor restrictions, controlling interest</strong></td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenues and gains over expenses and losses</td>
<td>(291,491)</td>
</tr>
<tr>
<td>Transfers (to) from affiliates, net <em>(See Note 2)</em></td>
<td>(1,943,491)</td>
</tr>
<tr>
<td>Net assets released from restrictions for property acquisitions</td>
<td>20,709</td>
</tr>
<tr>
<td>Pension and other postretirement liability adjustments</td>
<td>5,021</td>
</tr>
<tr>
<td>Change in unconsolidated entities’ net assets</td>
<td>(44,162)</td>
</tr>
<tr>
<td>Other</td>
<td>6,340</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets without donor restrictions, controlling interest</strong></td>
<td>(2,247,074)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets without donor restrictions, noncontrolling interest</strong></td>
<td></td>
</tr>
<tr>
<td>Excess (deficit) of revenues and gains over expenses and losses</td>
<td>(9,746)</td>
</tr>
<tr>
<td>Net contributions (distributions) of capital</td>
<td>(51,019)</td>
</tr>
<tr>
<td>Contributions from business combinations</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>3,059</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets without donor restrictions, noncontrolling interest</strong></td>
<td>(57,706)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets with donor restrictions</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions and grants</td>
<td>100,864</td>
</tr>
<tr>
<td>Investment return</td>
<td>4,801</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(77,469)</td>
</tr>
<tr>
<td>Other</td>
<td>(5,225)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net assets with donor restrictions</strong></td>
<td>22,971</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (decrease) in net assets</strong></td>
<td>(2,281,809)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets, beginning of period</strong></td>
<td>25,502,854</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets, end of period</strong></td>
<td>$ 23,221,045</td>
</tr>
</tbody>
</table>
1. Credit Group Financial Statements

Ascension’s Credit Group Financial Statements (CGFS), presented above as of and for the year ended June 30, 2023, were prepared in accordance with Section 3.10(b)(2)(c) of the Master Trust Indenture (MTI), which provides that the CGFS (1) shall include all Material Credit Group Members, which represent obligated group members and designated affiliates whose total net assets were equal to or greater than 90% of the consolidated net assets of the Credit Group; (2) at the option of Ascension, as Credit Group Representative, may include one or more Immaterial Affiliates, which are entities whose total net assets were less than 10% of the consolidated net assets of the Credit Group as shown on the CGFS; (3) at the option of Ascension, as Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members, as defined above; and (4) shall exclude all entities that are neither Credit Group Members nor Immaterial Affiliates. Consistent with these terms, the CGFS as of and for the year ended June 30, 2023 include the results of all Material Credit Group Members and certain Immaterial Affiliates, and exclude the results of certain entities which are not Material Credit Group members as well as entities that are not Credit Group Members, such as Ascension risk entities which oversee Ascension’s self-insurance programs, or Immaterial Affiliates.

Ascension’s CGFS are not representative of the consolidated results of Ascension.

2. Affiliate Transactions

Amounts due to and from affiliates as presented in the Balance Sheet of the CGFS represent intercompany transactions between 1) Material Credit Group Members and Immaterial Affiliates (CGFS Entities) and 2) other entities that are included within the Ascension Consolidated Financial Statements whose results have been excluded from the CGFS (Non CGFS Entities), in accordance with Section 3.10(b)(2)(c) of the MTI as described in Note 1. These transactions are primarily related to centralized cash and debt functions within Ascension. Current Due from and to affiliates on the CGFS Balance Sheet and Transfers (to) from affiliates, net in the CGFS Statement of Operations and Changes in Net Assets primarily relate to payments made by or received from CGFS Entities on behalf of Non CGFS Entities, as well as transfers of certain restricted assets to Non CGFS Entities. Non-current Due from affiliates primarily represents the Non CGFS Entities’ portion of Ascension’s long-term debt, based on internal centralized debt agreements. These transactions are eliminated in consolidation within the Ascension Consolidated Financial Statements, but separately presented within the CGFS.
2. Affiliate Transactions (continued)

Revenue and expense activities, not transacted at arms length, between CGFS Entities and Non CGFS Entities were both approximately $1,960,000 for the year ended June 30, 2023. These transactions include services provided between CGFS Entities and Non CGFS Entities, including, but not limited to, shared service functions, participation in employee and dependent health insurance programs, participation in other risk management programs, participation in a centralized debt management program and other insurance services, and are included in Other Operating Revenue and various expense categories within the Statement of Operations of the CGFS.
Management’s Discussion and Analysis of Financial Condition and Results of Operations for Ascension

As of and for the years ended June 30, 2023 and 2022

The following information should be read in conjunction with Ascension's consolidated financial statements and related notes to the consolidated financial statements.
**Introduction to Management’s Discussion and Analysis**

The purpose of Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is to provide a narrative explanation of the financial position and operations of Ascension (the System).

The MD&A includes the following sections:

- Organization and Mission
- Executive Overview
- Organizational Changes
- Select Financial Information

**Organization and Mission**

Ascension is one of the nation's leading non-profit and Catholic health systems, with a Mission of delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable. As of June 30, 2023, the System included approximately 134,000 associates and 35,000 aligned providers, supporting our sites of care – including 140 hospitals and 40 senior living facilities – in 19 states and the District of Columbia, while providing a variety of healthcare-related services.

The System continues to deliver compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable, despite the continued economic challenges experienced during the year ended June 30, 2023.

**Executive Overview**

Similar to other U.S. healthcare providers, Ascension's operations and volumes are stabilizing from the volatility and operational disruptions attributable to the prolonged novel coronavirus (COVID-19) pandemic amidst broader inflationary and recessionary pressures within the U.S. economy. These disruptions have contributed to higher operating costs coupled with sustained revenue challenges. For the year ended June 30, 2023 (FY23), Ascension recognized significant one-time non-cash impairment losses that further impacted overall operating performance.

**Organizational Changes**

Ascension continues to make strategic and purposeful decisions to improve the health of individuals and communities served, engage with consumers in where, when and how they need care, and support the shift to expanded ambulatory and telehealth presence. During Q3 FY23, Ascension created the new role of President and strengthened its operational leadership at both the national and market levels to strengthen hospital operations and ensure sustainability for the future. Additionally, the organization's changes to its portfolio are as follows:

In June 2023, Ascension Health (Ascension) and The Guthrie Clinic (Guthrie) entered into an agreement whereby Ascension will transition its sole corporate membership interest in Our Lady of Lourdes Memorial Hospital, Inc. (Lourdes) in Binghamton, New York as well as related clinical and other business associated with Lourdes to Guthrie. This transition is expected to be finalized once all necessary approvals are obtained.

In April 2023, Gulf Coast Health System (GCHS), a wholly owned subsidiary of Ascension, entered into an agreement to sell substantially all assets and operations, including related clinical and other business associated with Providence Hospital in Mobile, Alabama to the University of South Alabama Health Care Authority. The transition is expected to be finalized once all necessary approvals are obtained.

Effective September 30, 2022, Ascension completed the sale of certain assets of its outreach laboratory business and transitioned management of hospital-based laboratories in certain markets to Laboratory Corporation of America Holdings. This transition supports expansion of laboratory services and implementation of advanced technology, providing for an enhanced consumer experience.
Effective April 1, 2022, Ascension and AdventHealth disaffiliated from AMITA Health, the joint operating company that had served the healthcare needs of the greater Chicago area from 2015 through March 31, 2022. The Ascension Illinois facilities and providers continue to serve healthcare needs in the greater Chicago area.

Effective August 1, 2021, Ministry Health Care, Inc., a wholly owned subsidiary of Ascension, transitioned its sole membership interest in seven hospitals and related clinical and other business, representing substantially all operations in the Northern and Central Wisconsin markets, to Aspirus, Inc.

In addition to optimizing our acute care assets focused on patients with more complex needs, we have and will continue to invest in accelerating growth through our ancillary services and ambulatory networks. One example is the formation of Ascension Rx, building upon our existing retail pharmacies through growth of specialty pharmacy and a nationwide mail order distribution center. Additional investments are also being made in our ambulatory surgery centers, imaging and outpatient physical therapy sites that enhance Ascension’s footprint of service offerings and provide greater convenience to consumers.

### Select Financial Information
(dollars in millions)

#### Consolidated Operations

The following table reflects selected financial information on a consolidated basis for the years ended June 30, 2023 and 2022.

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Service Revenue</td>
<td>$ 25,648</td>
<td>$ 25,199</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>2,700</td>
<td>2,776</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>29,946</td>
<td>28,774</td>
</tr>
<tr>
<td>Income (Loss) from Operations before SITF investment return</td>
<td>(1,599)</td>
<td>(799)</td>
</tr>
<tr>
<td>Recurring Operating Margin</td>
<td>(5.6%)</td>
<td>(2.9%)</td>
</tr>
<tr>
<td>Impairment and Nonrecurring Gains (Losses), net</td>
<td>(1,495)</td>
<td>26</td>
</tr>
<tr>
<td>Income (Loss) from Operations</td>
<td>$ (3,044)</td>
<td>$ (879)</td>
</tr>
<tr>
<td>Net Income (Loss), excl. Noncontrolling interests</td>
<td>$ (2,660)</td>
<td>$ (1,844)</td>
</tr>
</tbody>
</table>

Ascension reported a loss from recurring operations of $1.6 billion or a -5.6% recurring operating margin for the year ended June 30, 2023 as compared to a $0.8 billion loss from recurring operations for the prior year. Ascension recognized a net loss of $2.7 billion for the year ended June 30, 2023, compared to a net loss of $1.8 billion in the prior year.

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1 Self insurance trust fund (SITF) investment return is included in Income (loss) from Operations in the Consolidated Statement of Operations and Changes in Net Assets
Consolidated Operations (Pro Forma Presentation)

The following table represents a pro forma view of Ascension's comparative operating performance for FY23 and FY22, normalized to provide a more appropriate comparison of ongoing operating performance for the respective periods. The financial information presented below has been normalized with adjustments to exclude COVID-19 Funding recognized in both fiscal years from other operating revenue and a one-time negotiated settlement reported in FY23 from operating expenses.

<table>
<thead>
<tr>
<th>Years ended June 30,</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Patient Service Revenue</td>
<td>$ 25,648</td>
<td>$ 25,199</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>2,671</td>
<td>2,410</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>29,706</td>
<td>28,774</td>
</tr>
<tr>
<td>Income (Loss) from Recurring Operations before SITF investment return</td>
<td>$(1,387)</td>
<td>$(1,165)</td>
</tr>
<tr>
<td>Recurring Operating Margin</td>
<td>4.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Recurring Operating EBIDA Margin</td>
<td>0.5%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Non-GAAP Financial Measures - Ascension has presented its consolidated financial statements and supplementary information for years ended June 30, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America (GAAP). Certain financial measures presented herein as part of the operating results have been presented on a non-GAAP basis (e.g., normalized operating performance metrics). Any non-GAAP financial measures are in addition to, not a substitute for, measures of financial performance prepared in accordance with GAAP. Ascension believes the presentation of non-GAAP financial measures provides useful supplementary information to enhance the overall understanding of financial performance.

While the System continues to see measured improvement in volumes across both inpatient and outpatient settings, the reduction in COVID-19 Funding negatively impacted revenue in the current year. Additionally, challenges to expenses continue to persist resulting from the inflationary environment. Ascension remains extremely focused on stewardship consistent with our Mission through the implementation of various economic improvement plans. Despite these industry-wide headwinds, Ascension remains dedicated to improving the health and well-being of the communities we serve.

Impairment and Nonrecurring Gains / (Losses), Net

Due to the ongoing industry-wide challenges impacting healthcare providers, business conditions have indicated the carrying value of certain assets within Ascension’s Markets may not be fully recoverable. During the year ended June 30, 2023, Ascension recognized impairment losses of $1.5 billion. The FY23 non-cash write-downs are attributable to impairment of long-lived assets within a few of Ascension’s markets.

Volume Trends

For the year ended June 30, 2023, the System experienced an increase in overall volume, measured by equivalent discharges, over the prior year, representing the continuing measured recovery of volumes through the stabilization from the pandemic. Ascension’s volume improvements were most notable in both total surgical visits, primarily outpatient surgeries, and emergency room visits. Inpatient admissions decreased 1.4% partially attributable to reduced COVID-19 inpatient volumes.

The following table reflects certain key patient volume information, on a consolidated basis, for the years ended June 30, 2023 and 2022.

<table>
<thead>
<tr>
<th>Volume Metrics</th>
<th>2023</th>
<th>2022</th>
<th>Inc/(Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equivalent Discharges</td>
<td>1,583,743</td>
<td>1,547,959</td>
<td>2.3%</td>
</tr>
<tr>
<td>Total Admissions</td>
<td>716,273</td>
<td>726,473</td>
<td>(1.4%)</td>
</tr>
<tr>
<td>Surgery Visits (IP)</td>
<td>162,512</td>
<td>160,069</td>
<td>1.5%</td>
</tr>
<tr>
<td>Surgery Visits (OP)</td>
<td>436,946</td>
<td>419,062</td>
<td>4.3%</td>
</tr>
<tr>
<td>Observation Days</td>
<td>275,960</td>
<td>282,595</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Emergency Room Visits</td>
<td>3,074,545</td>
<td>2,992,391</td>
<td>2.7%</td>
</tr>
<tr>
<td>Urgent Care Visits</td>
<td>348,817</td>
<td>527,016</td>
<td>(33.8%)</td>
</tr>
<tr>
<td>Physician Office and Clinic Visits</td>
<td>16,377,602</td>
<td>16,064,312</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

2 Self insurance trust fund (SITF) investment return is included in Income (loss) from Operations in the Consolidated Statement of Operations and Changes in Net Assets
Consistent with industry trends, the System is experiencing a shift from inpatient to outpatient procedures that was accelerated in part during the pandemic. However, for FY23, Ascension experienced moderate increases in several volume metrics over the prior year as shown in the preceding table. For FY23, virtual provider office (VPO) visits were approximately 863,000, representing approximately 5% of physician and clinic visits in the current year, as compared to 7% for the prior year.

Urgent care visits decreased 33.8% influenced largely by a reduction of urgent care locations in select markets along with lower COVID-19 testing than the prior year.

Ascension experienced volume growth when comparing Q4 FY23 to the prior quarter (Q3 FY23) and the same three month period in the prior year (Q4 FY22), most notably in physician and clinic visits, surgeries and emergency room visits. The following table presents key volume statistics, on a consolidated basis, for the three months ended June 30, 2023 and 2022.

### Three months ended June 30,

<table>
<thead>
<tr>
<th>Volume Metrics</th>
<th>2023</th>
<th>2022</th>
<th>Inc/(Dec)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equivalent Discharges</td>
<td>399,221</td>
<td>389,971</td>
<td>2.4%</td>
</tr>
<tr>
<td>Total Admissions</td>
<td>178,680</td>
<td>176,146</td>
<td>1.4%</td>
</tr>
<tr>
<td>Surgery Visits (IP)</td>
<td>41,384</td>
<td>40,408</td>
<td>2.4%</td>
</tr>
<tr>
<td>Surgery Visits (OP)</td>
<td>111,208</td>
<td>109,325</td>
<td>1.7%</td>
</tr>
<tr>
<td>Observation Days</td>
<td>68,883</td>
<td>76,360</td>
<td>(9.8%)</td>
</tr>
<tr>
<td>Emergency Room Visits</td>
<td>765,929</td>
<td>758,705</td>
<td>1.0%</td>
</tr>
<tr>
<td>Urgent Care Visits</td>
<td>73,819</td>
<td>117,399</td>
<td>(37.1%)</td>
</tr>
<tr>
<td>Physician Office and Clinic Visits</td>
<td>4,231,866</td>
<td>4,042,318</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

### Total Operating Revenue

Total operating revenue increased by $372 million or 1.3% for the year ended June 30, 2023 as compared to the prior year.

For FY23, the System’s net patient service revenue (NPSR) increased moderately (1.8% overall increase or 2.1% increase on a same facility basis) from FY22. NPSR per equivalent discharge decreased 0.5% primarily due to a continued shift to outpatient services as outpatient gross revenue increased to 54.6% for FY23 as compared to 52.9% for the prior year.

Aside from the previously mentioned overall volume changes and shift to outpatient services, NPSR was impacted by a slight shift in payor mix from commercial and self-pay payors to governmental payors along with reduced inpatient acuity. The System’s acute case mix index of 1.84 for FY23 has declined approximately 1.4% from 1.86 for the prior year as the COVID-19 inpatient census also decreased along with the shift of certain procedures to outpatient services. Additionally, commercial rates have not kept pace with inflation and Medicare sequestration also reduced rates, providing limited relief to mitigate escalating cost pressures.

As part of Ascension’s economic improvement plans focused on service line growth, we continue to focus on building service line volumes along with our strategies to strengthen ancillary services and our ambulatory footprint.
with our Markets. These plans have contributed to the overall 4.2% increase in NPSR and 1.8% in NPSR per equivalent discharge for the quarter ended June 30, 2023 compared to the same quarter in the prior year.

Total other operating revenue decreased by $76 million or 2.7% during the year ended June 30, 2023, as compared to the prior year. This decrease is due primarily to a $337 million decrease in COVID-19 Funding partially offset by increases resulting from the maturation of our specialty and mail order pharmacy services and insurance plan revenue.

### Total Operating Expenses

<table>
<thead>
<tr>
<th>$ in Billions</th>
<th>Year Ended 6/30/23</th>
<th>Year Ended 6/30/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>$30</td>
<td>$29.95</td>
<td>$28.77</td>
</tr>
<tr>
<td>$25</td>
<td>$7.85</td>
<td>$6.91</td>
</tr>
<tr>
<td>$20</td>
<td>$3.79</td>
<td>$3.28</td>
</tr>
<tr>
<td>$15</td>
<td>$4.06</td>
<td>$4.14</td>
</tr>
<tr>
<td>$10</td>
<td>$14.25</td>
<td>$14.44</td>
</tr>
<tr>
<td>$5</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
</tbody>
</table>

Salaries, Wages, and Benefits: $14.25, $14.44
Supplies: $4.06, $4.14
Purchased Services: $3.79, $3.28
Other Operating Expenses: $7.85, $6.91

Total operating expenses increased $1.2 billion, or 4.1% during the year ended June 30, 2023, as compared to the prior year. Consistent with the overall healthcare provider industry, sustained inflationary pressures have contributed to expense growth in FY23; however, our economic improvement plans focused on cost containment have mitigated the inflationary impacts to a net increase of 4.1%.

The System experienced a 1.7% increase in cost per equivalent discharge during the year ended June 30, 2023 as compared to the prior year, primarily due to inflationary pressures impacting several expense categories.

To continue countering these pressures, Ascension's economic improvement plans are focused on additional operating efficiencies and reducing the rate of expense growth to further align with total operating revenue. Total salaries, wages and benefits decreased $193 million, or 1.3%, for the year ended June 30, 2023, compared to the prior year. The primary factors contributing to the decrease were the outsourcing of lab services which began in Q2 FY23 and a decrease in contract labor costs. Since the height of the staffing and labor challenges experienced in FY22, the System’s implementation of certain economic improvement plans have focused on stabilization of the workforce and have contributed to a reduction of agency staffing rates and utilization. The System’s average length of stay for FY23 has also improved 3.8% from the prior year. Partially offsetting these items, the average hourly wage rate has increased during the year ended June 30, 2023 driven by market and other wage adjustments, especially for clinical roles. Additionally, benefits expense increased, reflective of higher health insurance costs for the System's associates and dependents. Ascension remains committed to: 1) attracting, rewarding and retaining the best talent, 2) providing career growth and development, 3) ensuring a culture of inclusion, flexibility and transparency and 4) supporting the transformation of care delivery models for the future.

Supply expenses decreased $82 million, or 2.0%, during the year ended June 30, 2023, as compared to the prior year due primarily to a decrease in lab supplies with the transition to outsourced lab services beginning in Q2 FY23 along with lower pharmaceutical supplies driven by a lower COVID-19 inpatient census. Partially offsetting these decreases, the System experienced an increase in surgical and implant supplies associated with increased overall surgeries along with inflationary pricing pressures from vendors due to rising labor, raw material and shipping costs. The overall decrease in supplies is also influenced by Ascension's economic improvement plan initiatives and efforts from The Resource Group to mitigate supply chain disruptions and backorders along with inflationary pressures in the current environment.

Additionally for FY23, the System experienced increases in purchased services and other operating expenses. Purchased services increased $516 million, or 15.7%, for the year ended June 30, 2023, as compared to the prior year driven primarily by the transition to outsourced lab services beginning in Q2 FY23 along with the outsourcing of certain IT services that began in the prior year. Other operating expenses (including professional fees, insurance, provider tax, other operating expenses, and depreciation, amortization and interest) increased $931 million, or 13.5%, for FY23 as compared to prior year due primarily to an increase in cost of goods sold associated with the increased pharmacy revenue discussed above, along with increases in physician contracted service fees, insurance expense, provider tax expense, claims expense...
associated with the increased insurance revenue discussed above, software licenses and maintenance and utility costs.

Investment Return

Substantially all the System’s cash and investments are invested in a broadly diversified portfolio that is managed by Ascension Investment Management (AIM), a wholly owned subsidiary of Ascension.

Ascension’s total net investment gains reported within Non-operating gains (losses) for the year ended June 30, 2023 were $423 million; Ascension’s comparable prior year investment loss was $1.2 billion.

Additionally, for FY23, Ascension also recognized $50 million of investment gains associated with the Self-insurance trust fund, reported within Income (loss) from Operations as compared to $106 million of investment losses for FY22.

## Financial Position

Ascension’s balance sheet and liquidity levels remain strong with sufficient liquidity to continue to provide care for patients, despite the economic challenges resulting from the recent economic conditions including investment market volatility. The following table reflects selected financial information on a consolidated basis.

<table>
<thead>
<tr>
<th></th>
<th>6/30/2023</th>
<th>6/30/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$6,470</td>
<td>$6,066</td>
<td></td>
</tr>
<tr>
<td><strong>Long-Term Investments</strong></td>
<td>19,418</td>
<td>22,058</td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td>9,942</td>
<td>11,424</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,628</td>
<td>4,528</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$40,458</td>
<td>$44,076</td>
</tr>
</tbody>
</table>

*Includes assets limited as to use and the noncontrolling interests of Investment Funds.

<table>
<thead>
<tr>
<th></th>
<th>6/30/2023</th>
<th>6/30/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>$5,534</td>
<td>$6,727</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td>10,104</td>
<td>10,223</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>15,638</td>
<td>16,950</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>24,820</td>
<td>27,126</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$40,458</td>
<td>$44,076</td>
</tr>
</tbody>
</table>

Financial Assets and Liquidity Resources

The System’s cash and investment position remains strong and includes highly liquid investments. Net unrestricted cash and investments were $16.6 billion at June 30, 2023, which were over 40% of the System’s total assets. The System’s days cash on hand were 211 days as of June 30, 2023, as further discussed in this section.

Additionally, Ascension maintains one line of credit for general working capital purposes, totalling $1.0 billion. As of June 30, 2023, there were no borrowings under the line of credit. The line is committed through November 18, 2024. The System also has access to a $1.0 billion taxable commercial paper program.
During fiscal year 2020, Ascension applied for and received approximately $2.0 billion of Medicare Advance Payments (MAPs). The MAPs were recorded within long-term investments and current liabilities on the System’s Consolidated Balance Sheets. As of June 30, 2022, the remaining unrecouped MAPs represented approximately 7 days cash as of June 30, 2022 and all remaining MAPs were repaid during Q2 FY23.

In addition, as of June 30, 2022, Ascension had deferred employer payroll tax payments pursuant to the Paycheck Protection Program and Health Care Enhancement Act that represented approximately 2.5 days of cash. These deferred payments were fully repaid during FY23.

### Balance Sheet Ratios

<table>
<thead>
<tr>
<th></th>
<th>6/30/2023</th>
<th>6/30/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Cash on Hand</td>
<td>211</td>
<td>259</td>
</tr>
<tr>
<td>Net Days in Accounts Receivable</td>
<td>46.0</td>
<td>50.3</td>
</tr>
<tr>
<td>Cash-to-Debt</td>
<td>239.8%</td>
<td>267.4%</td>
</tr>
<tr>
<td>Total Debt to Capitalization</td>
<td>24.4%</td>
<td>23.2%</td>
</tr>
</tbody>
</table>

Net days in accounts receivable decreased approximately 4 days from 50.3 days at June 30, 2022, to 46.0 days at June 30, 2023 largely attributable to a decrease in certain aged acute and physician accounts receivable balances with increased balances collected along with greater growth in net patient service revenue than accounts receivable.

### Care of Persons Living in Poverty and Community Benefit

Despite our operational challenges, Ascension provided over $2.2 billion in Care of Persons Living in Poverty and Other Community Benefit Programs for the year ended June 30, 2023, supported by our financial position. Through programs, donations, health education, trauma programs, free care and more, the organization’s uncompensated care and other community benefits fulfill unmet needs in the communities we serve.

The System experienced a decrease in the unpaid cost of public programs (Category II) as a result of additional reimbursement from changes to state programs in a few Markets, partially offset by higher Medicaid gross charges in certain Markets.
# Consolidated Statistical Information

For the Years Ended June 30, 2023

## Discharges by Service Type

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute Care</td>
<td>650,238</td>
<td>661,669</td>
</tr>
<tr>
<td>Psychiatric Care</td>
<td>42,841</td>
<td>42,701</td>
</tr>
<tr>
<td>Rehabilitation Care</td>
<td>10,911</td>
<td>10,972</td>
</tr>
<tr>
<td>Skilled Nursing Facility Care and Residential Living</td>
<td>680</td>
<td>944</td>
</tr>
<tr>
<td>Long Term Acute Care</td>
<td>932</td>
<td>1,175</td>
</tr>
<tr>
<td>Other L.T. Sub-Acute Care</td>
<td>10,671</td>
<td>9,012</td>
</tr>
</tbody>
</table>

**Total Discharges by Service**

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>716,273</td>
<td>726,473</td>
</tr>
</tbody>
</table>

## Patient Days by Service Type

<table>
<thead>
<tr>
<th>Service Type</th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute Care</td>
<td>3,257,172</td>
<td>3,444,196</td>
</tr>
<tr>
<td>Psychiatric Care</td>
<td>323,005</td>
<td>316,129</td>
</tr>
<tr>
<td>Rehabilitation Care</td>
<td>134,759</td>
<td>130,904</td>
</tr>
<tr>
<td>Skilled Nursing Facility Care</td>
<td>906,148</td>
<td>878,368</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>182,638</td>
<td>203,642</td>
</tr>
<tr>
<td>Residential Living</td>
<td>11,025</td>
<td>11,266</td>
</tr>
<tr>
<td>Long Term Acute Care</td>
<td>37,711</td>
<td>43,148</td>
</tr>
<tr>
<td>Other L.T. Sub-Acute Care</td>
<td>536,647</td>
<td>540,522</td>
</tr>
</tbody>
</table>

**Total Patient Days by Service**

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,389,105</td>
<td>5,568,175</td>
</tr>
</tbody>
</table>

## Newborn Births

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>78,845</td>
<td>79,329</td>
</tr>
</tbody>
</table>

## Newborn Patient Days

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>138,997</td>
<td>146,231</td>
</tr>
</tbody>
</table>

## Outpatient Visits (Includes Surgical and ER Visits)

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>27,750,663</td>
<td>27,832,936</td>
</tr>
</tbody>
</table>

## Surgical Visits - Outpatient

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>436,946</td>
<td>419,062</td>
</tr>
</tbody>
</table>

## Surgical Visits - Inpatient

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>162,512</td>
<td>160,069</td>
</tr>
</tbody>
</table>

## Emergency Room (ER) Visits

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,074,545</td>
<td>2,992,391</td>
</tr>
</tbody>
</table>

## Full Time Equivalent Employees

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>129,699</td>
<td>133,546</td>
</tr>
</tbody>
</table>

## Total Available Beds

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,117</td>
<td>26,246</td>
</tr>
</tbody>
</table>

## Total Available Beds Excluding Bassinets

<table>
<thead>
<tr>
<th></th>
<th>2023</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24,907</td>
<td>25,074</td>
</tr>
</tbody>
</table>