ASCENSION

Consolidated Interim Financial Statements and Supplementary Information (Unaudited)

For the Three Months Ended September 30, 2022 and 2021

Ascension

Consolidated Financial Statements
and Supplementary Information

For the Three Months Ended September 30, 2022 and 2021

Contents

Ascension

Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	September 30, 2022	June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	**$ 618,280**	$ 747,084
Short-term investments	**57,779**	70,284
Accounts receivable	**3,393,799**	3,435,376
Inventories	**514,475**	511,064
Due from brokers *(see Notes 5 and 6)*	**135,945**	142,075
Estimated third-party payor settlements	**238,244**	219,544
Other	**948,900**	940,170
Total current assets	**5,907,422**	6,065,597
Long-term investments *(see Notes 5 and 6)*	**20,506,293**	22,058,171
Property and equipment, net	**11,397,856**	11,424,061
Other assets:		
Right-of-use assets - leases	**1,345,228**	1,323,258
Investment in unconsolidated entities	**1,264,555**	1,309,662
Capitalized software costs, net	**500,314**	500,547
Other	**1,403,083**	1,394,484
Total other assets	**4,513,180**	4,527,951
Total assets	**$ 42,324,751**	$ 44,075,780

Continued on next page.

Ascension

Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	September 30, 2022	June 30, 2022
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 91,645**	$ 91,618
Long-term debt subject to short-term remarketing arrangements*	**774,630**	774,630
Current portion of lease obligations	**276,956**	265,528
Accounts payable and accrued liabilities	**2,865,873**	3,323,858
Estimated third-party payor settlements	**719,537**	752,532
Due to brokers *(see Notes 5 and 6)*	**98,833**	75,789
Current portion of self-insurance liabilities	**307,762**	307,762
Current portion of Medicare advanced payments	**130,542**	522,045
Other	**682,017**	613,416
Total current liabilities	**5,947,795**	6,727,178
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**6,400,610**	6,409,810
Lease obligations, less current portion	**1,102,072**	1,093,735
Self-insurance liabilities	**831,171**	824,552
Pension and other postretirement liabilities	**507,069**	562,609
Other	**1,340,426**	1,332,350
Total noncurrent liabilities	**10,181,348**	10,223,056
Total liabilities	**16,129,143**	16,950,234
Net assets:		
Without donor restrictions:		
Controlling interest	**23,234,564**	24,067,446
Noncontrolling interests	**2,216,365**	2,307,734
Total net assets without donor restrictions	**25,450,929**	26,375,180
Net assets with donor restrictions	**744,679**	750,366
Total net assets	**26,195,608**	27,125,546
Total liabilities and net assets	**$ 42,324,751**	$ 44,075,780

*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 September 30, 2023. 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 (unaudited)

(Dollars in Thousands)

	The three months ended September 30, 2022	2021
Operating revenue:		
Net patient service revenue	**$ 6,308,197**	$ 6,384,101
Other revenue	**927,242**	552,904
Total operating revenue	**7,235,439**	6,937,005
Operating expenses:		
Salaries and wages	**2,997,327**	2,828,716
Employee benefits	**614,966**	589,135
Purchased services	**856,802**	795,098
Professional fees	**356,223**	336,941
Supplies	**1,024,257**	1,054,029
Insurance	**88,350**	84,092
Interest	**55,689**	56,965
Provider tax	**188,568**	166,928
Depreciation and amortization	**330,209**	328,563
Other	**806,574**	683,502
Total operating expenses	**7,318,965**	6,923,969
Income (loss) from operations before self-insurance trust fund investment return and nonrecurring gains (losses), net	**(83,526)**	13,036
Self-insurance trust fund investment return	**(35,097)**	2,786
Income (loss) from recurring operations	**(118,623)**	15,822
Nonrecurring gains (losses), net	**54**	9,085
Income (loss) from operations	**(118,569)**	24,907
Nonoperating gains (losses):		
Investment return, net	**(792,403)**	33,365
Other	**31,626**	46,347
Total nonoperating gains (losses), net	**(760,777)**	79,712
Excess (deficit) of revenues and gains over expenses and losses	**(879,346)**	104,619
Less noncontrolling interests	**(67,514)**	24,217
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	**(811,832)**	80,402

Continued on next page.

Ascension

Consolidated Statements of Operations and Changes in Net Assets (unaudited)

(Dollars in Thousands)

	The three months ended September 30, 2022	2021
Net assets without donor restrictions, controlling interest:		
Excess (deficit) of revenues and gains over expenses and losses	**$ (811,832)**	$ 80,402
Transfers (to) from sponsors and other affiliates, net	**1,182**	(624)
Net assets released from restrictions for property acquisitions	**3,447**	13,666
Pension and other postretirement liability adjustments	**22,472**	37,654
Change in unconsolidated entities' net assets	**(45,354)**	9,724
Other	**(2,797)**	(439)
Increase (decrease) in net assets without donor restrictions, controlling interest	**(832,882)**	140,383
Net assets without donor restrictions, noncontrolling interest:		
Excess (deficit) of revenues and gains over expenses and losses	**(67,514)**	24,217
Net contributions (distributions) of capital	**(27,737)**	(264,840)
Other	**3,882**	-
Increase (decrease) in net assets without donor restrictions, noncontrolling interest	**(91,369)**	(240,623)
Net assets with donor restrictions:		
Contributions and grants	**23,740**	20,469
Investment return	**(9,547)**	3,581
Net assets released from restrictions	**(13,540)**	(21,902)
Divestiture	**-**	**(92,623)**
Other	**(6,340)**	1,813
Increase (decrease) in net assets with donor restrictions	**(5,687)**	(88,662)
Increase (decrease) in net assets	**(929,938)**	(188,902)
Net assets, beginning of period	**27,125,546**	29,276,215
Net assets, end of period	**$ 26,195,608**	$ 29,087,313

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

Ascension

Consolidated Statements of Cash Flows (unaudited)

(Dollars in Thousands)

	The three months ended September 30,	
	2022	**2021**
Operating activities		
Increase (decrease) in net assets	**$ (929,938)**	$ (188,902)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	**330,209**	328,563
Amortization of bond premiums, discounts, and debt issuance costs	**(7,910)**	(8,878)
Loss on extinguishment of debt	**-**	-
Pension and other postretirement liability adjustments	**(22,472)**	(37,654)
Unrealized losses (gains) on unrestricted investments, net	**613,294**	770,831
Change in fair value of interest rate swaps	**(22,783)**	(8,210)
Change in equity of unconsolidated entities	**(2,469)**	(79,918)
Gain on sale of assets, net	**(366,570)**	(75,772)
Impairment and nonrecurring expenses	**-**	1,357
Transfers to (from) sponsor and other affiliates, net	**(1,182)**	624
Donor restricted contributions, investment return and other	**(4,100)**	(15,812)
Distributions (contributions) of noncontrolling interest, net	**27,737**	264,840
Other	**176**	1,133
(Increase) decrease in:		
Short-term investments	**12,505**	758
Accounts receivable	**41,577**	(138,613)
Inventories and other current assets	**(53,508)**	8,504
Due from brokers	**6,130**	(19,834)
Long-term investments	**933,641**	(592,556)
Other assets	**(8,767)**	(29,482)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(421,331)**	(219,117)
Estimated third-party payor settlements, net	**(51,695)**	(51,665)
Due to brokers	**23,044**	420,845
Medicare advanced payments	**(391,503)**	(262,668)
Other current liabilities	**63,603**	87,776
Self-insurance liabilities	**6,619**	33,211
Other noncurrent liabilities	**(836)**	(46,366)
Net cash provided by (used in) operating activities	**(226,529)**	142,995

Continued on next page.

Ascension

Consolidated Statements of Cash Flows (unaudited)

(Dollars in Thousands)

	The three months ended September 30, 2022	2021
Investing activities		
Property, equipment, and capitalized software additions, net	**$ (365,593)**	$ (302,677)
Proceeds from sale of property and equipment	**5,284**	7,599
Distributions from unconsolidated entities, net	**46,725**	115,888
Net proceeds from sale/acquisition of other assets	**431,432**	299,442
Net cash provided by (used in) investing activities	**117,848**	120,252
Financing activities		
Issuance of debt	**258**	-
Repayment of debt, including financing lease obligations	**(1,821)**	(1,575)
Decrease (increase) in assets under bond indenture agreements	**46**	(31)
Transfers (to) from sponsors and other affiliates, net	**1,182**	(624)
Donor restricted contributions, investment return, and other	**4,100**	15,812
(Distributions) contributions of noncontrolling interest, net	**(27,737)**	(264,840)
Net cash provided by (used in) financing activities	**(23,972)**	(251,258)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**(132,653)**	11,989
Cash, cash equivalents, and restricted cash at beginning of period	**813,452**	727,913
Cash, cash equivalents, and restricted cash at end of period	**$ 680,799**	$ 739,902
Cash and cash equivalents	**$ 618,280**	$ 684,177
Restricted cash, included in long-term investments	**62,519**	55,725
Cash, cash equivalents, and restricted cash at end of period	**$ 680,799**	$ 739,902

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

Notes to Consolidated Financial Statements (unaudited)

(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
- Smart Health 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 those 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. The cost of providing care for persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care. Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

The amount of traditional charity care provided, determined on the basis of cost, was $141,121 and $106,136 for the three months ended September 30, 2022 and 2021, 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 $1,510,632 and $1,492,774 at September 30, 2022 and June 30, 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 three months ended September 30, 2022 and 2021 was approximately $278,000 and $276,000, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment is as follows:

	September 30, 2022	June 30, 2022
Land and improvements	**$ 1,501,787**	$ 1,458,294
Buildings and equipment	**22,429,029**	22,143,058
	23,930,816	23,601,352
Less accumulated depreciation	**13,343,703**	13,105,544
	10,587,113	10,495,808
Construction in progress	**810,743**	928,253
Total property and equipment, net	**$ 11,397,856**	$ 11,424,061

Several capital projects have remaining construction and related equipment purchase commitments of approximately $1,364,000 as of September 30, 2022.

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.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Capitalized software costs in the following table include software in progress of $123,760 and $129,165 at September 30, 2022 and June 30, 2022, respectively:

	September 30, 2022	June 30, 2022
Capitalized software costs	$ 2,665,525	$ 2,619,142
Less accumulated amortization	2,165,211	2,118,595
Capitalized software costs, net	500,314	500,547
Goodwill	522,965	497,503
Other, net	43,760	45,072
Intangible assets included in other assets	566,725	542,575
Total intangible assets, net	$ 1,067,039	$ 1,043,122

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 for the three months ended September 30, 2022 and 2021 was approximately $52,000 and $53,000, respectively.

2. Significant Accounting Policies (continued)

Asset Impairment

Long-lived assets, intangible assets, and joint ventures 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 future discounted net cash flows or other estimates of fair value.

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 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.

2. Significant Accounting Policies (continued)

Performance Indicator

The performance indicator is the excess 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.

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.

2. Significant Accounting Policies (continued)

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.

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 $53,921 and $20,648 for the three months ended September 30, 2022 and 2021, 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.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Net patient service revenue earned for the three months ended September 30, 2022 and 2021, is as follows:

	The three months ended September 30, 2022	2021
Inpatient care	**$ 2,856,994**	$ 3,083,497
Ambulatory care	**2,597,123**	2,472,198
Physician practices	**748,175**	728,653
Long-term care	**105,905**	99,753
Total net patient service revenue	**$ 6,308,197**	$ 6,384,101

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:

	Net Patient Service Revenue The three months ended September 30, 2022	2021	Accounts Receivable September 30, 2022	June 30, 2022
Medicare - traditional and managed	**35.7 %**	34.8 %	**30.4 %**	30.0 %
Medicaid - traditional and managed	**15.3**	13.7	**11.5**	11.8
Other commercial and managed care	**41.6**	44.4	**44.9**	44.5
Self-Pay and other	**7.4**	7.1	**13.2**	13.7
	100.0 %	100.0 %	**100.0 %**	100.0 %

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.

2. Significant Accounting Policies (continued)

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.

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.

Ascension

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

2. Significant Accounting Policies (continued)

Components of other operating revenue are included in the following table for the three months ended September 30, 2022 and 2021:

	The three months ended September 30,	
	2022	**2021**
Cafeteria and vending	**$ 18,449**	$ 15,066
COVID-19 funding (*see Note 3*)	**1,384**	4,014
Contracted services	**67,118**	50,017
Donations and grants	**26,617**	20,214
Gains on asset sales	**369,404**	78,130
Insurance plans	**41,973**	22,326
Joint venture income	**47,765**	70,145
Lab services	**21,311**	20,964
Lease and rental income	**23,485**	21,443
Retail pharmacy	**169,791**	137,784
Supplemental care programs	**97,844**	77,615
Other	**42,101**	35,186
Total other revenue	**$ 927,242**	$ 552,904

Supplemental care is revenue related to expansion and improvement of care through programs including accountable care organizations, shared savings, and other similar arrangements. Contracted services primarily include revenue from services provided under third party arrangements.

2. Significant Accounting Policies (continued)

Nonrecurring Gains (Losses), Net

Nonrecurring gains (losses) are primarily related to natural disasters and related insurance proceeds and other recoveries.

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 member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), 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 September 30, 2022.

Regulatory Compliance

Ascension periodically undergoes investigations or audits by federal, state and local agencies involving compliance with a variety of laws and regulations. These investigations seek to determine compliance with, among other things, laws and regulations relating to Medicare and Medicaid reimbursement, including billing practice for certain services.

While no assurance can be given concerning the outcome of any current investigation, management believes that adequate reserves have been established, when available information indicates that a loss is probable and the range of loss can be reasonably estimated.

Reclassifications

Certain reclassifications were made to the September 30, 2021 Consolidated Financial Statements to conform to the September 30, 2022 presentation.

2. Significant Accounting Policies (continued)

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 three months ended September 30, 2022 the System evaluated subsequent events through November 18, 2022, representing the date on which 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 current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

Ascension was advanced approximately $2,000,000 through the Centers for Medicare and Medicaid Services' Accelerated and Advanced Payment Program in April 2020, of which $130,542 and $522,045 remain to be recouped, and are recognized as a current liability at September 30 and June 30, 2022, respectively.

4. Organizational Changes

Divestitures

During the three months ended September 30, 2022 and 2021, 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

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 September 30, 2022, contractual agreements expire between October 2022 and June 2028. The remaining unfunded capital commitments total approximately $1,758,000 for 279 individual funds as of September 30, 2022. 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 September 30, 2022 and June 30, 2022, the gross notional value of Alpha Fund derivatives outstanding was approximately $9,714,000 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 $160,813 and $130,625 at September 30, 2022 and June 30, 2022, respectively, while the fair value of Alpha Fund derivatives in a liability position was $194,332 and $548,073 at September 30, 2022 and June 30, 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.

(Dollars in Thousands)

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 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.

	September 30, 2022	June 30, 2022
Cash and cash equivalents	$ **618,280**	$ 747,084
Short-term investments	**57,779**	70,284
Long-term investments	**20,506,293**	22,058,171
Subtotal	**21,182,352**	22,875,539
Investment Funds' other assets (liabilities), net	**54,452**	86,150
Total cash and investments, net	**21,236,804**	22,961,689
Less noncontrolling interest of Investment Funds	**1,884,124**	2,012,636
System cash and investments, including assets limited as to use	**19,352,680**	20,949,053
Less assets limited as to use:		
Under bond indenture agreement	**111**	157
Self-insurance trust funds	**814,349**	795,202
With donor restrictions	**696,172**	697,415
Total assets limited as to use	**1,510,632**	1,492,774
System unrestricted cash and investments, net	$ **17,842,048**	$ 19,456,279

(Dollars in Thousands)

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.

	September 30, 2022	June 30, 2022
Cash and cash equivalents and short-term investments	**$ 742,753**	$ 911,686
Pooled short-term investment funds	**1,222,788**	917,281
U.S. government, state, municipal and agency obligations	**3,581,209**	4,358,500
Corporate and foreign fixed income securities	**1,618,453**	1,909,257
Asset-backed securities	**3,100,889**	3,129,401
Equity securities	**3,677,720**	4,328,562
Alternative investments and other investments:		
Private equity and real estate funds	**4,466,438**	4,811,569
Private credit and energy funds	**1,569,409**	1,600,318
Hedge funds	**798,226**	835,556
Other investments	**404,467**	73,409
Total alternative investments and other investments	**7,238,540**	7,320,852
Total cash and cash equivalents, short-term investments, and long-term investments	**$ 21,182,352**	$ 22,875,539

Investment return recognized by the System for the three months ended September 30, 2022 and 2021, is summarized in the following table. 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.

	The three months ended September 30, 2022	2021
Interest and dividends	**$ 75,276**	$ 61,476
Net gains (losses) on investments reported at fair value	**(902,776)**	(25,325)
Restricted investment return and unrealized gains (losses), net	**(9,547)**	3,581
Total investment return, net	**(837,047)**	39,732
Less Investment Funds' noncontrolling interest return, net	**(90,793)**	535
System investment return, net	**$ (746,254)**	$ 39,197

Total and system investment returns are net of external and direct internal investment expenses.

(Dollars in Thousands)

7. Financial Assets and Liquidity Resources

As of September 30, 2022 and June 30, 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:

Financial assets:	**September 30, 2022**	**June 30, 2022**
Cash and cash equivalents	**$ 618,280**	$ 747,084
Short-term investments	**57,779**	70,284
Accounts receivable	**3,393,799**	3,435,376
Due from brokers	**135,945**	142,075
Other current assets	**948,900**	940,169
Long-term investments	**20,506,293**	22,058,171
Total financial assets	**25,660,996**	27,393,159
Less:		
Assets limited as to use and internally designated funds	**(1,545,069)**	(1,529,771)
Noncontrolling interests of Investment Funds	**(1,884,124)**	(2,012,636)
Investments with liquidity more than one year	**(5,193,160)**	(5,511,336)
Total financial assets available within one year	**17,038,643**	18,339,416
Liquidity resources:		
Unused line(s) of credit	**1,000,000**	1,000,000
Total financial assets and liquidity resources available within one year	**$ 18,038,643**	$ 19,339,416

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 September 30, 2022, and June 30, 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,

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.

(Dollars in Thousands)

8. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at September 30, 2022, for all financial assets and liabilities measured at fair value on a recurring basis in the System's Consolidated Financial Statements:

	Level 1	Level 2	Level 3	Total
September 30, 2022				
Cash equivalents	$ 14,718	$ 13,507	$ -	$ 28,225
Short-term investments	22,173	18,061	-	40,234
Pooled short-term investment funds	1,222,788	-	-	1,222,788
U.S. government, state, municipal and agency obligations	-	3,581,209	-	3,581,209
Corporate and foreign fixed income securities	-	1,617,243	1,210	1,618,453
Asset-backed securities	-	2,894,579	206,310	3,100,889
Equity securities	2,191,400	16,159	37,276	2,244,835
Alternative investments and other investments:				
Private equity	-	-	524,347	524,347
Other investments, including derivatives, net	337,762	(33,792)	3,164	307,134
Assets at net asset value:				
Equity securities				1,432,885
Private equity funds and real estate funds				3,942,091
Private credit and energy funds				1,569,409
Hedge funds				798,226
Other investments				6,122
Cash and other investments not at fair value				765,505
Cash and investments				$ 21,182,352
Benefit plan assets, in other noncurrent assets	$ 558,747	$ -	$ 59,305	$ 618,052
Investments sold, not yet purchased, in other noncurrent liabilities	4	1,549	-	1,553
Interest rate swaps, included in other noncurrent liabilities	-	35,128	-	35,128

(Dollars in Thousands)

8. Fair Value Measurements (continued)

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

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The three months ended September 30, 2022						
Beginning balance	$ 1,156	$ 210,942	$ 37,171	$ 574,873	$ 3,887	$ 58,439
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	54	3,607	59	(52,147)	6	-
Included in changes in net assets	-	-	-	-	(729)	-
Purchases	-	4,625	3	1,621	27	818
Sales	-	(8,077)	-	-	(27)	(807)
Transfers into Level 3	-	-	43	-	-	902
Transfers out of Level 3	-	(4,787)	-	-	-	(47)
Ending balance	$ 1,210	$ 206,310	$ 37,276	$ 524,347	$ 3,164	$ 59,305
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 September 30, 2022	$ 54	$ 3,798	$ 59	$ -	$ (21)	$ -

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.

(Dollars in Thousands)

8. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2022, for all financial assets and liabilities measured at fair value on a recurring basis in the System's Consolidated Financial Statements:

	Level 1	Level 2	Level 3	Total
June 30, 2022				
Cash equivalents	$ 24,997	$ 14,975	$ -	$ 39,972
Short-term investments	56,426	9,845	-	66,271
Pooled short-term investment funds	917,281	-	-	917,281
U.S. government, state, municipal and agency obligations	-	4,358,500	-	4,358,500
Corporate and foreign fixed income securities	-	1,908,101	1,156	1,909,257
Asset-backed securities	-	2,918,459	210,942	3,129,401
Equity securities	2,486,729	16,551	37,171	2,540,451
Alternative investments and other investments:				
Private equity	-	-	574,873	574,873
Other investments, including derivatives, net	340,594	(344,325)	3,887	156
Assets at net asset value:				
Equity securities				1,788,111
Private equity funds and real estate funds				4,236,200
Private credit and energy funds				1,600,318
Hedge funds				835,556
Other investments				5,811
Cash and other investments not at fair value				873,381
Cash and investments				$ 22,875,539
Benefit plan assets, in other noncurrent assets	$ 541,191	$ -	$ 58,439	$ 599,630
Interest rate swaps, in other noncurrent assets	-	-	-	-
Investments sold, not yet purchased, in other noncurrent liabilities	4	830	-	834
Interest rate swaps, included in other noncurrent liabilities	-	57,911	-	57,911

(Dollars in Thousands)

8. Fair Value Measurements (continued)

For the three months ended September 30, 2021, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following:

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The three months ended September 30, 2021						
Beginning balance	$ 8,009	$ 479,273	$ 33,151	$ 733,753	$ 3,711	$ 58,504
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	1,103	168	1,846	8,602	(223)	-
Included in changes in net assets	-	-	-	-	7	-
Purchases	11,413	42,512	20	8,607	54	1,265
Issuances	-	-	-	2,337	-	-
Sales	(3,722)	(70,099)	(138)	(90,050)	(63)	(1,897)
Transfers into Level 3	-	7,151	-	-	-	1,730
Transfers out of Level 3	(1,430)	(15,540)	-	-	-	(656)
Ending balance	$ 15,373	$ 443,465	$ 34,879	$ 663,249	$ 3,486	$ 58,946
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 September 30, 2021	$ 920	$ 148	$ 1,759	$ -	$ (276)	$ -

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. 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 September 30, 2022 and June 30, 2022, the notional values of outstanding interest rate swaps were $824,615 and $826,215, respectively.

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The System does not offset fair value amounts recognized for derivative instruments. The fair value of interest rate swaps in a liability position was $35,258 and $57,911 at September 30, 2022 and June 30, 2022, respectively.

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

10. 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.

(Dollars in Thousands)

10. Leases (continued)

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:

	The three months ended September 30, 2022	2021
Operating lease cost	**$ 85,657**	$ 90,884
Finance lease cost:		
Interest on lease liabilities	**718**	726
Amortization of right-of-use-asset	**710**	710
Variable lease cost	**17,663**	15,788
Total lease cost	**$ 104,748**	$ 108,108

The weighted average remaining lease terms and the weighted average discount rates at September 30, 2022 and 2021 were as follows:

	September 30, 2022 Operating Leases	September 30, 2022 Finance Leases	September 30, 2021 Operating Leases	September 30, 2021 Finance Leases
Weighted-average remaining lease term	8.2 years	27.3 years	8.4 years	28.3 years
Weighted-average discount rate	2.4%	3.3%	2.5%	3.3%

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

	The three months ended September 30, 2022	2021
Operating leases	**$ 81,911**	$ 88,158
Finance leases	**1,019**	1,003
Total cash paid	**$ 82,930**	$ 89,161

(Dollars in Thousands)

10. Leases (continued)

The following table reconciles undiscounted future operating and finance lease obligations for each of the next five years and thereafter, as of September 30, 2022, to lease obligations recorded on the Consolidated Balance Sheets at September 30, 2022.

Twelve months ended September 30:	Operating Leases	Finance Leases	Total
2023	$ 289,286	$ 4,154	$ 293,440
2024	239,060	4,071	243,131
2025	190,464	4,000	194,464
2026	154,855	4,072	158,927
2027	117,844	4,145	121,989
Thereafter	409,560	110,071	519,631
Total future undiscounted lease obligations	1,401,069	130,513	1,531,582
Less: amount of lease payments representing interest	(104,325)	(48,229)	(152,554)
Present value of future lease obligations	1,296,744	82,284	1,379,028
Less: current portion of lease obligations	(275,667)	(1,289)	(276,956)
Long-term lease obligations	$ 1,021,077	$ 80,995	$ 1,102,072

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 September 30, 2022, are as follows:

Twelve months ended September 30:	Operating Leases
2023	$ 67,175
2024	53,127
2025	41,706
2026	31,680
2027	25,961
Thereafter	356,709
Total	$ 576,358

For the three months ended September 30, 2022 and 2021, lease income was approximately $21,000 and $19,000, respectively.

(Dollars in Thousands)

11. 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.

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.

	The three months ended September 30,	
	2022	**2021**
Components of net periodic benefit gain:		
Expected return on plan assets	**$ 159,790**	$ 171,431
Interest cost	**(100,089)**	(73,874)
Amortization of actuarial loss	**(22,998)**	(37,834)
Amortization of prior service credit	**(3)**	(73)
Net periodic benefit gain	**$ 36,700**	$ 59,650

(Dollars in Thousands)

12. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheets.

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 $7,400.

The System has entered into Master Service Agreements for information technology services provided by third parties, under which future committed payments of approximately $582,800 will be made over the upcoming 2 to 5 years.

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 17 years.

The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at September 30, 2022:

Hospital de la Concepción 2017 Series A debt guarantee	$	18,375
St. Vincent de Paul Series 2000 A debt guarantee		28,300
Other guarantees and commitments		96,101

(Dollars in Thousands)

13. Functional Expenses

Ascension provides healthcare services, including inpatient, outpatient, ambulatory, long-term care and community-based services. Management support services include administration, finance and accounting, revenue cycle, information technology, public relations, human resources, legal, supply chain, risk management, compliance 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 three months ended September 30, 2022 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 3,326,309	$ 285,984	$ 3,612,293
Purchased services and professional fees	880,940	332,085	1,213,025
Supplies	1,022,716	1,541	1,024,257
Other	1,319,547	149,843	1,469,390
Total operating expenses	**$ 6,549,512**	**$ 769,453**	**$ 7,318,965**

Expenses by functional classification for the three months ended September 30, 2021 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 3,158,599	$ 259,252	$ 3,417,851
Purchased services and professional fees	812,389	319,650	1,132,039
Supplies	1,052,368	1,661	1,054,029
Other	1,200,605	119,445	1,320,050
Total operating expenses	$ 6,223,961	$ 700,008	$ 6,923,969

Supplementary Information

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:

	The three months ended September 30,	
	2022	**2021**
Traditional charity care provided	**$ 141,121**	$ 106,136
Unpaid cost of public programs for persons living in poverty	**295,072**	350,516
Other programs for persons living in poverty and other persons who are vulnerable	**13,349**	19,284
Community benefit programs	**99,427**	86,230
Care of persons living in poverty and other community benefit programs	**$ 548,969**	$ 562,166

Management's Discussion and Analysis of Financial Condition and Results of Operations for Ascension

As of and for the three months ended September 30, 2022 and 2021

Ascension

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

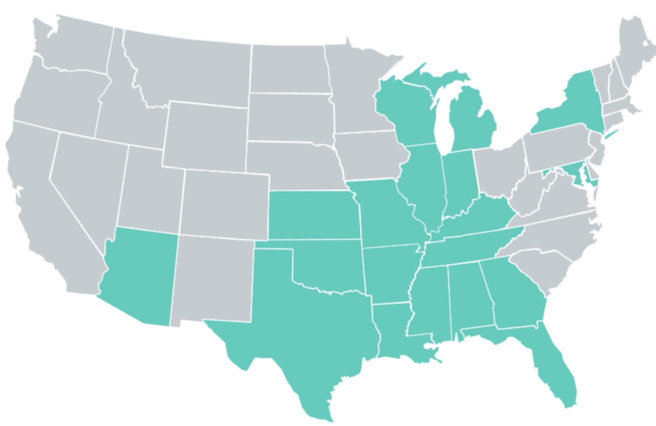
The purpose of Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is to provide a narrative explanation of the financial position and operations of Ascension (the System).

The MD&A includes the following sections:

- Organization and Mission
- Executive Overview
- Organizational Changes
- Novel Coronavirus (COVID-19)
- 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 September 30, 2022, the System included approximately 140,000 associates and 37,000 aligned providers, approximately 2,600 sites of care – including 139 hospitals and 40 senior living facilities – in 19 states and the District of Columbia, while providing a variety of healthcare-related services.



Executive Overview

Similar to other U.S. healthcare providers, Ascension's operations and volumes are still recovering from the volatility and operational disruptions of the prolonged novel coronavirus (COVID-19) pandemic. These disruptions included historic staffing challenges due to ongoing workforce shortages and elevated labor costs along with sporadic closures of surgical and procedural areas. Operating performance improved from the preceding quarter (Q4 FY22), despite continued challenges for the three months ended September 30, 2022 (Q1 FY23).

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. To strengthen hospital operations and gain capabilities for the future, the organization's changes to its portfolio are as follows.

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.

Effective April 1, 2022, Ascension and AdventHealth have 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 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 will support expansion of laboratory services and implementation of advanced technology, providing for an enhanced consumer experience.

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 in 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 center, imaging and outpatient physical therapy sites that enhance Ascension's footprint of service offerings and provide greater convenience to consumers.

Novel Coronavirus (COVID-19)

The global novel coronavirus (COVID-19) pandemic has continued to have an economic, operational and financial impact for the U.S. healthcare industry. Similarly, Ascension's patients, employees, business operations and communities served continue to be affected by the challenges that have arisen from the disruptive pandemic.

During Q1 FY23, COVID-19 inpatient cases were less than 4% of the total census, as compared to the corresponding three months in the prior year (Q1 FY22) when the COVID-19 inpatient census averaged 8%. While the COVID-19 inpatient census was lower in the current period, the continuing operational and economic challenges affected Ascension's volumes and contributed to financial performance as further discussed below. Consumer hesitation along with economic conditions continue to impact Ascension's markets to varying degrees, as the System's volumes remain below levels prior to the pandemic (three months ended September 30, 2019) in most categories except physician office and clinic visits.

From the beginning of the COVID-19 pandemic, federal, state and local governmental relief funds and programs were provided for lost revenues or healthcare-related expenses attributable to COVID-19 to help offset the adverse financial impacts experienced. For Q1 FY23 and Q1 FY22, COVID-19 Funding recognized within Other Operating Revenue of $1 million and $4 million, respectively, was notably less than other recent periods with no significant funds expected for FY23.

Select Financial Information (dollars in millions)

Consolidated Operations

The following table reflects selected financial information on a consolidated basis for the three months ended September 30, 2022 and 2021.

Three months ended September30,

	2022	2021
Net Patient Service Revenue	$ 6,308	$ 6,384
Other Operating Revenue	927	553
Operating Expenses	7,319	6,924
Income (loss) from Operations	(119)	25
Operating Margin	(1.6%)	0.4%
Operating EBIDA Margin	3.7%	5.9%

On a consolidated basis, Ascension's operating margin was -1.6% for the three months ended September 30, 2022, as compared to 0.4% for the comparable period in the prior year. Operating EBIDA margin for Q1 FY23 was 3.7% as compared to 5.9% for the same period in the prior year.

Although the System was not able to fully absorb additional operating expense impacts resulting from the combination of workforce shortages and wage inflation, Ascension remains extremely focused on stewardship consistent with our Mission through the implementation of various economic improvement plans. Consequently, Ascension's Q1 FY23 operating performance improved to -1.6% from operating margins of -3.4% and -10.0% for the two preceding quarters (Q4 FY22 and Q3 FY22, respectively).

Volume Trends

During Q1 FY23, the System experienced a slight increase in overall volume over the prior year (measured on a same facility basis), representing the continuing recovery of pandemic-impacted volumes. Ascension's volume improvement was most notable in both inpatient and outpatient surgeries. While at the same time, admissions decreased 5% (or 4.7% on a same facility basis) partially attributable to a reduced COVID-19 inpatient census in Q1 FY23.

The following table reflects certain patient volume information, on a consolidated basis, for the three months ended September 30, 2022 and 2021.

Three months ended September 30,

Volume Metrics	**2022**	**2021**
Equivalent Discharges	401,551	399,315
Total Admissions	181,611	191,115
Surgery Visits (IP & OP)	150,094	145,774
Observation Days	72,405	69,146
Emergency Room Visits	777,724	790,686
Urgent Care Visits	96,530	147,586
Physician Office and Clinic Visits	4,040,337	4,068,251

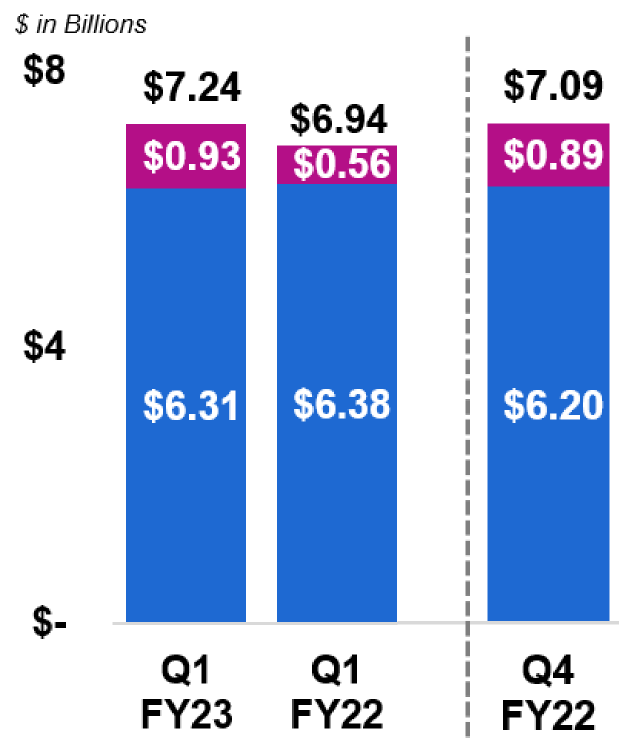
The following table reflects select patient volume trend comparisons for the three months ended September 30, 2022 and 2021. Due to the organizational changes noted, the most meaningful volume comparisons are on the same facility basis.

Volume Trends	**Same Facility Volume Incr/(Decr)**	**Total Volume Incr/(Decr)**
Equivalent Discharges	1.1%	0.6%
Total Admissions	(4.7%)	(5.0%)
Surgery Visits (IP & OP)	3.4%	3.0%
Observation Days	5.0%	4.7%
Emergency Room Visits	(1.0%)	(1.6%)
Urgent Care Visits	(33.6%)	(34.6%)
Physician Office and Clinic Visits	(0.1%)	(0.7%)

Consistent with industry trends, the System is experiencing a shift from inpatient to outpatient procedures and was also impacted by staffing shortages that, at times, led to continued occasional closures of some procedural areas in certain Markets. However, in Q1 FY23, Ascension experienced moderate increases in several volume metrics over the preceding quarter (Q4 FY22) with increases of 3.0%, 3.1%, 2.0% and 2.5% in equivalent discharges, admissions, inpatient surgeries, and ER visits.

Overall, outpatient visits decreased slightly on a same facility basis over the comparable three months of the prior year although same facility outpatient surgeries increased 4.1%. For the three months ended September 30, 2022, virtual provider office (VPO) visits of approximately 230,000 decreased slightly from the prior year, representing approximately 6% of visits in the current year as compared to approximately 7% of total physician visits in the comparable period of the prior year. Urgent care visits decreased 33.6% on a same facility basis influenced by lower and less severe COVID-19 infections along with greater availability of at-home tests than in the prior year. Consistent with industry trends, Ascension also experienced an increase in observation days relative to patients presenting for care within our acute settings as payors continue to require outpatient status for these patients.

Total Operating Revenue



Total operating revenue increased by $298 million or 4.3% for Q1 FY23, as compared to the same period in the prior year.

For Q1 FY23, the System experienced a slight decrease in net patient service revenue (NPSR) of $76 million or 1.2% over the comparable period in the prior year. NPSR per equivalent discharge decreased 1.7% primarily due to a shift to outpatient services as outpatient gross revenue increased to 54.6% for Q1 FY23 as compared to 52% for the corresponding three months in the prior year.

Ascension's Q1 FY23 same facility NPSR decrease from the same period in the prior year was 0.6%.

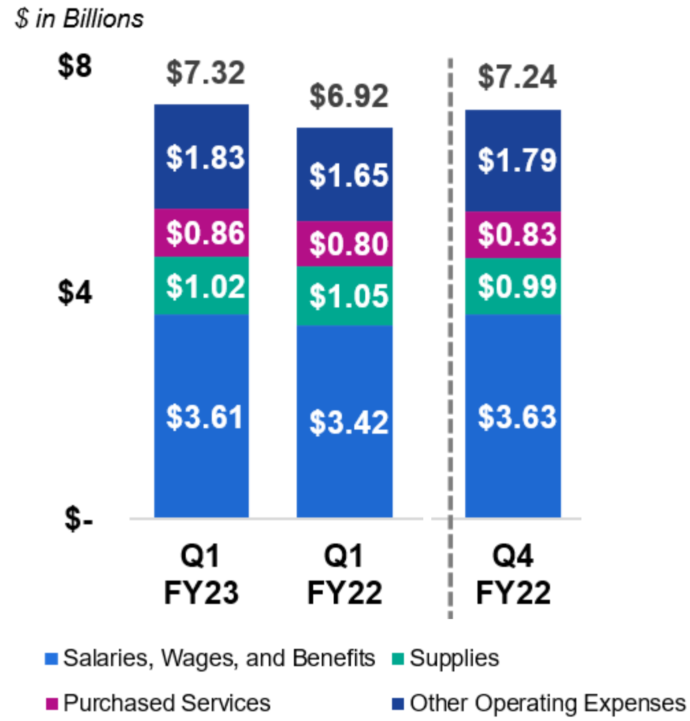
Aside from the previously mentioned overall volume changes and shift to outpatient services, NPSR was impacted by a slight shift in payor mix from commercial and self-pay payors to governmental payors along with reduced inpatient acuity. The System's case mix index of 1.81 for Q1 FY23 has declined approximately 1.0% from 1.83 as the COVID-19 inpatient census also decreased from Q1 FY22.

As part of Ascension's economic improvement plans focused on service line growth, we continue to focus on volume recovery along with our strategies to strengthen ancillary services and our ambulatory footprint. These plans have contributed to almost a 2% increase in NPSR for Q1 FY23 from the preceding quarter (Q4 FY22).

Total other operating revenue increased by $374 million or 67.7% during the three months ended September 30, 2022, as compared to the prior year due primarily to gains on sale, which were partially offset by transaction related costs recognized within operating expenses. Other contributors to the increase in other operating revenue were the maturation of our specialty and mail order pharmacy services and other ancillary and ambulatory strategic growth initiatives along with increased supplemental care program revenue, including shared savings.

Total Operating Expenses

Total operating expenses increased $395 million, 5.7% or 5.9% on a same facility basis, during the three months ended September 30, 2022, as compared to the prior year. Consistent with the overall healthcare provider industry, sustained labor-related challenges contributed to expense growth. In particular, Ascension's labor-related expenses escalated in FY22, peaking in the second half of the fiscal year, associated with providing care for patients during the COVID-19 surges while experiencing widespread workforce shortages. These trends have continued to slowly improve into Q1 FY23 as economic improvement plan initiatives continue to be realized.



The System experienced a 5.1% (4.7% same facility) increase in cost per equivalent discharge during the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily due to increases in labor costs impacted by the workforce challenges previously discussed along with inflationary growth on other expense categories.

Total salaries, wages and benefits increased $194 million, or 5.7%, for the three months ended September 30, 2022, compared to the prior year. The increase is primarily due to persisting staffing challenges from the pandemic that contributed to higher market and other wage adjustments increasing the average hourly wage rate, especially for clinical roles. Since the height of these challenges in FY22, the System's implementation of certain economic improvement plans focused on stabilization of the workforce have contributed to a reduction of agency staffing rates and utilization. Additionally, the System's average length of stay for Q1 FY23 has improved 3.5% from the same period in the prior year.

Compared to Q4 FY22, salaries and wages have decreased $49 million, or 1.6%, demonstrating progress achieved through the economic improvement plans. Ascension's remains committed to the following: 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 $30 million, or 2.8%, during the three months ended September 30, 2022, as compared to the prior year due primarily to lower pharmaceutical supplies with a lower COVID-19 inpatient census partially offset by increases in surgical and implant supplies associated with increased surgeries. Ascension's economic improvement plan initiatives and efforts from The Resource Group have also enabled the System to mitigate some of the comparable industry inflationary pressures in the current environment.

In addition to labor-related expense increases discussed above, the System experienced increases in purchased services and other operating expenses. Purchased services increased $62 million, or 7.8%, for the quarter ended September 30, 2022, as compared to the same quarter in the prior year driven primarily by a change to outsource certain IT services along with slightly higher purchased dietary and environmental services. Other operating expenses (including professional fees, insurance, provider tax, other operating expenses, and depreciation, amortization and interest) increased $169 million, or 10.2%, in Q1 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, provider tax expense, software licenses and maintenance costs and transaction related costs. Ascension's economic improvement plans are focused on additional operating efficiencies and reducing the rate of expense growth for purchased services and other operating expenses has begun to moderate slightly with increases of 3.3% and 2.0%, respectively, for Q1 FY23 as compared to the preceding quarter (Q4 FY22).

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.

During Q1 FY23, Ascension's long-term investment funds experienced significant volatility, resulting in a return of -3.7% during the quarter ended September 30, 2022. Ascension's total net investment losses reported within Non-operating gains (losses) for the quarter ended September 30, 2022 were ($792 million); Ascension's comparable prior year investment income was $33 million.

Additionally, due to the investment market volatility in Q1 FY23, Ascension also recognized ($35 million) of investment losses associated with the Self-insurance trust fund, reported within Income (loss) from from Operations for Q1 FY23 as compared to $3 million of investment income for the quarter ended September 30, 2021.

Financial Position

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

	9/30/2022	6/30/2022
Current Assets	$ 5,907	$ 6,066
Long-Term Investments	20,506	22,058
Property and Equipment	11,398	11,424
Other Assets	4,513	4,528
Total Assets	**$ 42,325**	**$ 44,076**

	9/30/2022	6/30/2022
Current Liabilities	$ 5,948	$ 6,727
Long-Term Liabilities	10,181	10,223
Total Liabilities	16,129	16,950
Net Assets	26,196	27,126
Total Liabilities and Net Assets	**$ 42,325**	**$ 44,076**

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 $17.8 billion at September 30, 2022, which is approximately 42% of the System's total assets. The System's days cash on hand was 235 days as of September 30, 2022, as further discussed in this section.

Additionally, Ascension maintains one line of credit, totalling $1 billion. As of September 30, 2022, 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. The advanced payments are recorded within long-term investments and current and noncurrent liabilities on the System's Consolidated Balance Sheets. Medicare Advance Payments represent approximately 2 and 7 days cash as of September 30, 2022, and June 30, 2022, respectively. In accordance with the terms and conditions of the Medicare Advance Payment program, recoupments of approximately $392 million occurred during the three months ended September 30, 2022 with a total of approximately $1.9 billion recouped to date.

In addition, Ascension has deferred employer payroll tax payments pursuant to the Paycheck Protection Program and Health Care Enhancement Act that represent approximately 2.5 days of cash as of both September 30, 2022 and June 30, 2022.

Balance Sheet Ratios

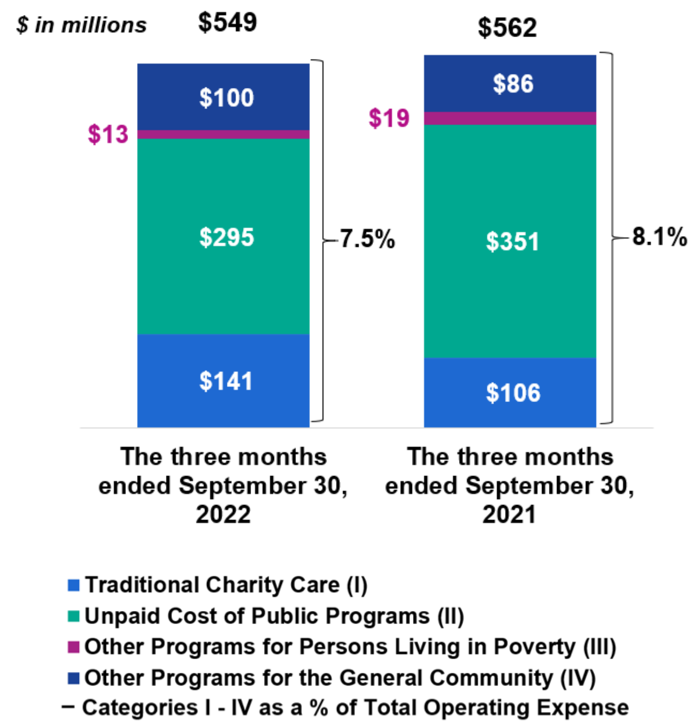
	9/30/2022	6/30/2022
Days Cash on Hand	235	259
Net Days in Accounts Receivable	49.4	50.3
Cash-to-Debt	245.5%	267.4%
Total Debt to Capitalization	23.8%	23.2%

Net days in accounts receivable decreased approximately 1 day from 50.3 days at June 30, 2022, to 49.4 days at September 30, 2022 largely attributable to a decrease in certain aged acute and physician accounts receivable balances with increased balances collected.

Care of Persons Living in Poverty and Community Benefit

Ascension provided $549 million in Care of Persons Living in Poverty and Other Community Benefit Programs for the three months ended September 30, 2022. 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.

Care of Persons Living in Poverty and Community Benefit



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. The System's traditional charity care provided during the three months ended September 30, 2022, increased as compared to the same period in the prior year due to a decrease in uncompensated care funding in certain Markets, a decrease in the COVID-19 Funding from HRSA for uninsured COVID-19 patients, and a higher cost of caring for patients.

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 three months ended September 30, 2022.

Ascension

Consolidated Statistical Information

For the Three Months Ended

	September 30, 2022	September 30, 2021
Discharges by Service Type		
Acute Care	**165,488**	174,334
Psychiatric Care	**10,814**	10,998
Rehabilitation Care	**2,563**	2,859
Skilled Nursing Facility Care and Residential Living	**236**	251
Long Term Acute Care	**193**	334
Other L.T. Sub-Acute Care	**2,317**	2,339
Total Discharges by Service	**181,611**	191,115
Patient Days by Service Type		
Acute Care	**824,920**	900,538
Psychiatric Care	**81,326**	80,997
Rehabilitation Care	**31,892**	33,845
Skilled Nursing Facility Care	**227,591**	225,788
Assisted Living	**47,044**	50,572
Residential Living	**2,780**	2,827
Long Term Acute Care	**9,412**	11,059
Other L.T. Sub-Acute Care	**135,498**	139,336
Total Patient Days by Service	**1,360,463**	1,444,962
Newborn Births	**20,856**	20,993
Newborn Patient Days	**37,586**	39,034
Outpatient Visits (Includes Surgical and ER Visits)	**6,990,584**	7,156,424
Surgical Visits - Outpatient	**108,865**	105,145
Surgical Visits - Inpatient	**41,229**	40,629
Emergency Room (ER) Visits	**777,724**	790,686
Full Time Equivalent Employees	**132,340**	134,251
Total Available Beds	**26,207**	26,349
Total Available Beds Excluding Bassinets	**24,980**	25,177