This document is dated September 24, 2025

UNAUDITED ANNUAL REPORT

For the Years Ended
June 30, 2025 and 2024

The information in this report
has been provided by
CommonSpirit Health

COMMONSPIRIT HEALTH
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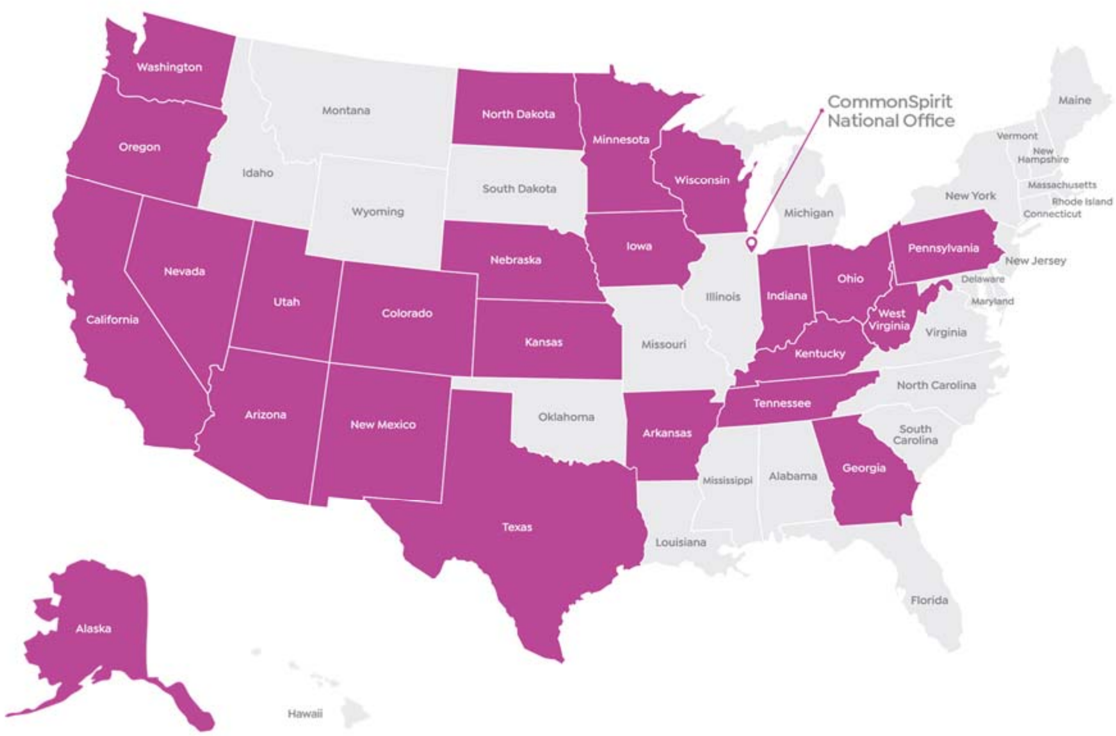
Management Discussion and Analysis of Financial Condition and Results of Operations

Overview

CommonSpirit Health is a Colorado nonprofit public benefit corporation exempt from federal and state income taxes. CommonSpirit Health is a Catholic health care system sponsored by the public juridic person, Catholic Health Care Federation ("CHCF").

CommonSpirit Health owns and operates health care facilities in 24 states and is the sole corporate member (parent corporation) of other primarily nonprofit corporations. CommonSpirit Health and substantially all of its direct affiliates and subsidiaries have been granted exemptions from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code. With its national office in Chicago, and a team of approximately 160,000 employees and over 25,000 physicians and advanced practice clinicians, as of September 24, 2025, CommonSpirit Health is comprised of approximately 2,300 care sites, including 138 hospitals accounted for in continuing operations, consisting of academic health centers, major teaching hospitals and critical access facilities; community health services organizations; accredited nursing colleges; home health agencies; living communities; a medical foundation and other affiliated medical groups; and other facilities and services that span the inpatient and outpatient continuum of care. An additional 20 hospitals are operated through unconsolidated joint ventures. The consolidated financial statements in Exhibit I include CommonSpirit Health and its direct affiliates and subsidiaries (together, "CommonSpirit" or the "System").



Forward-Looking Statements

Certain of the discussions in this document may include “forward-looking statements” which involve known and unknown risks and uncertainties inherent in the operation of health care facilities. Actual actions or results may differ materially from those presented herein, and past or current trends may not continue. Specific factors that might cause such differences include competition from other healthcare facilities in the service areas of CommonSpirit, federal and state regulation of health care providers, impact of policies including the impact of trade policies, such as changes in, or the imposition of, tariffs and/or trade barriers, staffing shortages, organized labor initiatives, and reimbursement policies of the state and federal governments and managed care organizations. In particular, statements that are preceded by, followed by or include the words “believes,” “estimates,” “expects,” “anticipates,” “plans,” “intends,” “scheduled,” or other similar expressions are or may constitute forward-looking statements.

CommonSpirit’s forward-looking statements are based on its current plans and expectations and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, which could significantly affect current plans and expectations and our future financial position and results of operations.

These factors include, but are not limited to:

- Changes in or related to general economic or business conditions nationally and regionally in its markets, including inflation, and the impact of trade policies, including changes in, or the imposition of, tariffs and/or trade barriers.
- The impact of current and future health care public policy developments and the implementation of new, and possible changes to existing, federal, state or local laws and regulations affecting the health care industry, including the effects of the House Resolution Act 1 (the “HR1”), signed in July 2025, which includes significant changes to U.S. healthcare policy, coverage and reimbursement systems. While the most substantial healthcare provisions are not scheduled to take effect until 2027 and thereafter, the HR1 introduces new limitations and eligibility requirements that are expected to materially impact Medicaid funding and enrollment, as well as the health insurance marketplace and provider fee programs. CommonSpirit is unable to predict at this time how states will implement various requirements of the law.

CommonSpirit has presented its operating results for the years ended June 30, 2025 and 2024, in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and on a non-GAAP basis for EBITDA (earnings before interest, tax, depreciation and amortization, and nonoperating income). The non-GAAP financial measures are in addition to, not a substitute for, measures of financial performance prepared in accordance with GAAP.

CommonSpirit believes that its presentation of non-GAAP financial measures provides useful supplementary information to and facilitates additional analysis by investors. CommonSpirit uses certain non-GAAP financial measures to enhance an investor’s overall understanding of the financial performance and prospects for the future of CommonSpirit’s ongoing business activities by facilitating comparisons of results of ongoing business operations among current, past and future periods.

Financial Highlights and Summary

CommonSpirit’s operating loss was $687 million during the year ended June 30, 2025, compared to an operating loss of $581 million in the prior year. Normalized for the California provider fee program, operating losses for the years ended June 30, 2025 and 2024, were $225 million and $875 million, respectively.

CommonSpirit’s EBITDA was $1.4 billion for the year ended June 30, 2025, compared to $1.6 billion during the prior year. The EBITDA margin for the year ended June 30, 2025, was 3.7%, a decrease from 4.2% in the prior year. Normalized for the California provider fee program, EBITDA for the year ended June 30, 2025, was $1.9 billion, or an EBITDA margin of 4.8%, compared to $1.3 billion, or an EBITDA margin of 3.5%, during the prior year.

CommonSpirit’s EBITDA results during the year ended June 30, 2025, continue to be impacted by expenses growing at a faster pace than revenue, despite strong volume, salary cost management and higher productivity. Normalized revenue increases continue to be impacted by challenges with payors on denials and timely payments, and payment increases from both government and non-government payors that are less than inflation. The primary challenges the organization continues to face are broad inflationary pressures and reimbursement challenges caused by unfavorable payor behavior.

The results for the years ended June 30, 2025 and 2024, include $645 million and $41 million of Federal Emergency Management Agency ("FEMA") grant revenue and $240 million and $34 million of Employee Retention Credits ("ERC"), net, respectively, related to the COVID pandemic. Prior year results also include a favorable $234 million 340(b) program settlement from the Centers for Medicare & Medicaid Services ("CMS") related to underpayments in prior years.

CommonSpirit has multiple efforts underway to improve operating performance, including, but not limited to:

- Volume growth with an emphasis on improving network integrity, expansion of ambulatory services, and capacity optimization for perioperative and imaging services.
- Improved revenue realization through a focus on clinical denials prevention, escalation and resolution of disputes with payors, collaboration with the organization's revenue cycle vendor partners and ongoing managed care negotiations to reflect performance.
- Labor cost management via deployment of standard department staffing models across the organization as well as reduced contract labor utilization and spend.
- Other expense reduction efforts through renegotiation of supply chain contracts, rationalization of purchased service contracts, insourcing of group purchasing contracts, and improved management of out of network expenses for at risk contracts.
- Focused improvement efforts, including service rationalization, for those markets where performance is currently below requirements.

Key Indicators Financial Summary

	Years Ended June 30,				
($ in millions)	**2025**	**2025***	**2024**	**2024***	**Change****
	As Recorded	**As Adjusted**	**As Recorded**	**As Adjusted**	**As Adjusted Comparison**
EBITDA	$ 1,444	$ 1,906	$ 1,573	$ 1,279	$ 627
Margin %	3.7%	4.8%	4.2%	3.5%	1.3%
Operating loss	$ (687)	$ (225)	$ (581)	$ (875)	$ 650
Margin %	(1.8%)	(0.6%)	(1.5%)	(2.4%)	1.8%
Excess of revenues over expenses	$ 1,116	$ 1,578	$ 797	$ 503	$ 1,075
Margin %	2.7%	3.8%	2.0%	1.3%	2.5%

** Adjusted to normalize the California provider fee program net income.*

*** Comparing June 30, 2025, as adjusted, to the prior year as adjusted.*

California Provider Fee Program

In December 2023, the state of California submitted a State Plan Amendment ("SPA") to CMS for approval of the 24-month provider fee program beginning January 1, 2023, and ended December 31, 2024. CMS approval of this program was received in December 2023. As such, during the year ended June 30, 2025, CommonSpirit recognized provider fee net income from continuing operations of $305 million, compared to $911 million in the prior year ($617 million related to the year ended June 30, 2024, and $294 million related to the year ended June 30, 2023). With the culmination of the program as of December 31, 2024, the State of California submitted an initial SPA to CMS on

December 11, 2024, for approval of a new 12-month provider fee program beginning January 1, 2025. Approval of this new program is expected to be received under a similar delayed timeframe.

As a result of the CMS approval timing, EBITDA, operating revenues and expenses for the years ended June 30, 2025 and 2024, have been adjusted where indicated in this report to normalize the California provider fee program revenue and expenses as though CMS approval had occurred as of January 1, 2023 and 2025, commensurate with the start of each program.

Following is a summary of the impact of normalizing provider fee net income:

California Provider Fee Program			
	Years Ended June 30,		
($ in millions)	**2025**	**2024**	**Change**
California provider fee as recorded			
Net patient and premium revenues	$ 632	$ 1,776	$ (1,144)
Operating expenses	327	865	(538)
Provider fee net income	$ 305	$ 911	$ (606)
Normalized California provider fee			
Net patient and premium revenues	$ 1,607	$ 1,210	$ 397
Operating expenses	840	593	247
Provider fee net income	$ 767	$ 617	$ 150
Impact of normalizing California provider fee			
Net patient and premium revenues	$ 975	$ (566)	$ 1,541
Operating expenses	513	(272)	785
Provider fee net income (loss)	$ 462	$ (294)	$ 756

Acquisitions, Affiliations and Divestitures

In February 2024, CommonSpirit entered into an agreement to transfer two hospitals, along with associated clinics in San Francisco, to The University of California – San Francisco Health. The associated assets and liabilities were classified as held for sale as of June 30, 2024, within other current assets and other accrued liabilities – current, respectively, in the associated consolidated balance sheets. The transfer was finalized in August 2024 and the operations of the facilities held for sale are not material to the statement of operations and changes in net assets.

Results of Operations

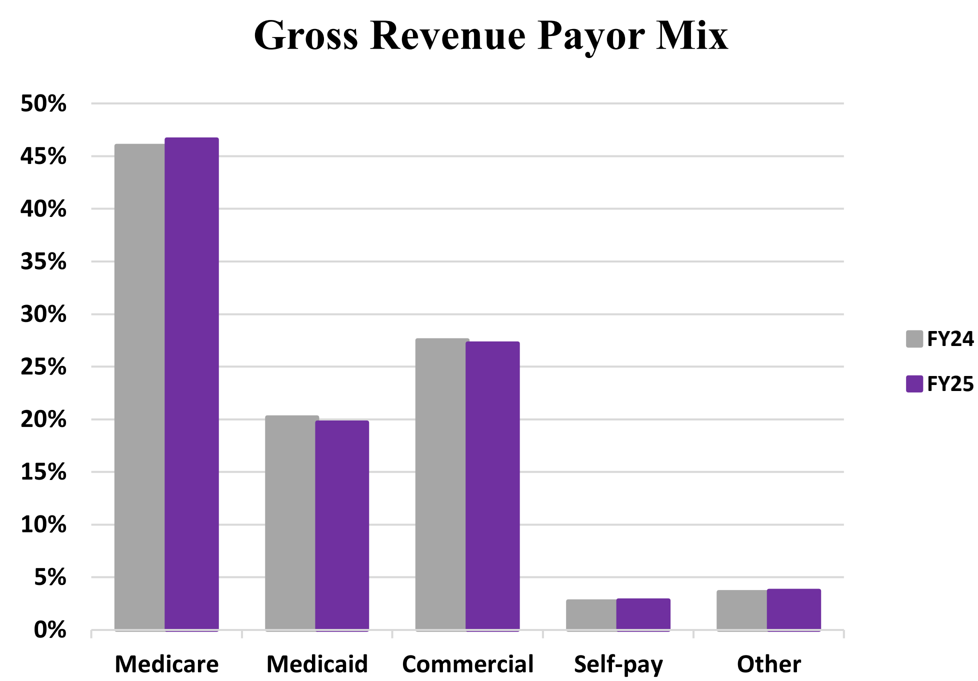
Operating Revenues and Volume Trends

Net patient and premium revenues increased $666 million, or 1.9%, over the prior year for the year ended June 30, 2025. Normalizing for the California provider fee revenues, net patient and premium revenue increased $2.2 billion, or 6.3%. The increase is primarily due to higher volume levels and revenue yield improvements. Normalized net patient and premium revenue per adjusted admission increased 2.8% from the prior year, for the year ended June 30, 2025.

For the year ended June 30, 2025, CommonSpirit's volumes on an adjusted admission basis were favorable to the prior year by 3.4%. The acute average length of stay ("ALOS") of 4.70 days for the year ended June 30, 2025, was lower than the prior year of 4.76.

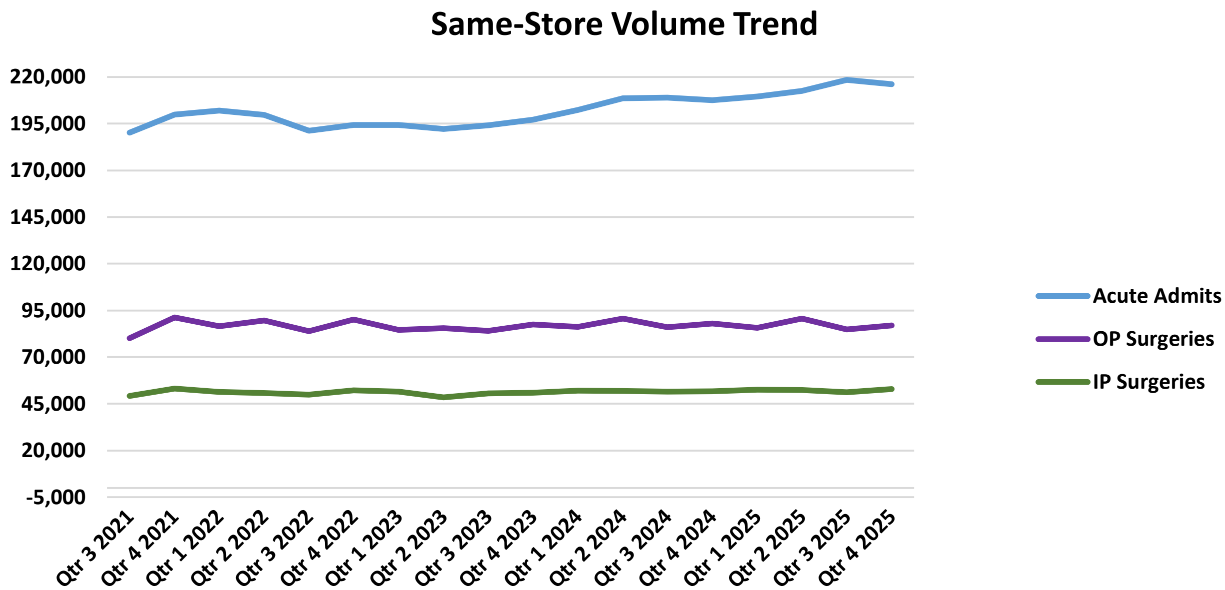
Volumes				
	Years Ended June 30,			
	2025	**2024**	**Change**	**%**
Acute admissions	856,528	827,522	29,006	3.5%
Adjusted admissions	1,780,448	1,721,437	59,011	3.4%
Acute inpatient days	4,026,814	3,940,302	86,512	2.2%
Adjusted patient days	8,713,842	8,563,179	150,663	1.8%
Acute average length of stay	4.70	4.76	(0.06)	(1.3%)
Outpatient visits	29,376,008	28,053,864	1,322,144	4.7%
ED visits	4,069,486	4,036,258	33,228	0.8%
Gross outpatient revenue as a % of total gross patient services revenue	51.7%	51.8%	(0.1%)	(0.1%)

Payor mix based on gross revenues for the year ended June 30, 2025, remained consistent with the prior year. The following chart represents the gross revenue payor mix for consolidated operations for the years ended June 30, 2025 and 2024:



Medicaid reimbursement includes supplemental revenues under various state Medicaid programs, including, but not limited to, Disproportionate Share Hospital payments, Graduate Medical Education payments and state provider fee programs. Amounts are recorded for these programs upon final approval by CMS, of the applicable program by state, by year, within net patient revenue in the consolidated statement of operations and changes in net assets. Net patient revenue from the supplemental Medicaid programs, normalized for the California provider fee, amounts to $3.4 billion, or 10%, and $2.6 billion, or 8%, for the years ended June 30, 2025 and 2024, respectively.

The following table is a summary of key volume metrics on a same-store basis (excluding surgical volumes in joint ventures with a minority interest):



All other operating revenues increased $933 million, or 45.6%, from the prior year, for the year ended June 30, 2025. The increase is primarily due to an increase of $828 million related to FEMA and ERC grant revenue, and a $129 million increase in pharmaceutical revenue.

Operating Revenues					
	Years Ended June 30,				
($ in millions)	2025	2025*	2024	2024*	Change**
	As Recorded	As Adjusted	As Recorded	As Adjusted	As Adjusted Comparison
Net patient and premium revenues	$ 36,135	$ 37,110	$ 35,469	$ 34,903	$ 2,207
All other operating revenues	2,981	2,981	2,048	2,048	933
Total operating revenues	$ 39,116	$ 40,091	$ 37,517	$ 36,951	$ 3,140

** Adjusted to normalize the California provider fee program revenues.*

*** Comparing June 30, 2025, as adjusted, to the prior year as adjusted.*

Operating Revenues by Region

The following table presents operating revenues by region for the years ended June 30, 2025 and 2024. The results by region are presented consistent with the organization's consolidation of eight operating divisions into five regions, as shown below:

Operating Revenues By Region ($ in millions)	Years Ended June 30, 2025	2025**	2024	2024**	Change***
	As Recorded	As Adjusted	As Recorded	As Adjusted	As Adjusted Comparison
California	$ 13,254	$ 14,229	$ 13,240	$ 12,674	$ 1,555
Central	8,404	8,404	7,850	7,850	554
South	7,472	7,472	7,164	7,164	308
Mountain	3,901	3,901	3,757	3,757	144
Northwest	5,367	5,367	4,968	4,968	399
National Business Lines*	331	331	319	319	12
Others	27	27	34	34	(7)
Subtotal	38,756	39,731	37,332	36,766	2,965
Corporate Services	360	360	185	185	175
CommonSpirit Total	$ 39,116	$ 40,091	$ 37,517	$ 36,951	$ 3,140

** Includes Home Care and Senior Living Business Lines.*

*** Adjusted to normalize the California provider fee program revenues.*

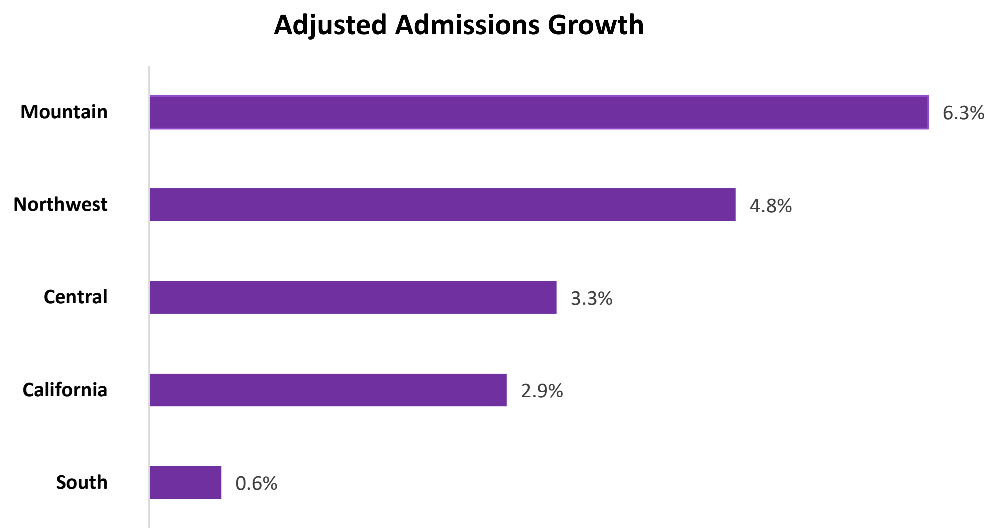
**** Comparing June 30, 2025, as adjusted, to the prior year as adjusted.*

Following are the significant performance drivers related to operating revenues normalized for the California provider fee, for year ended June 30, 2025, compared to the prior year:

- California – normalized operating revenues increased $1.6 billion from the prior year, primarily due to higher normalized provider fee rates, $575 million in FEMA and ERC revenue, a 2.9% increase in adjusted admissions, and higher surgical and emergency department volume, partially offset by continued revenue yield challenges and a decrease related to a 340(b) settlement recorded in the prior year.
- Central – operating revenues increased $554 million from the prior year, primarily due to a 3.3% increase in adjusted admissions, $40 million in FEMA and ERC revenue, stable payor mix, higher disproportionate share ("DSH") and provider fee revenue, and higher outpatient volumes, partially offset by lower revenue from interests in health-related activities and a decrease related to a 340(b) settlement recorded in the prior year.
- South – operating revenues increased $308 million from the prior year, primarily due to improved payor mix, higher provider fee program revenue, FEMA revenue and additional volumes, with adjusted admissions increasing by 0.6% over the prior year, partially offset by lower revenue from interests in health-related activities, continued revenue yield challenges and a decrease related to a 340(b) settlement recorded in the prior year.
- Mountain – operating revenues increased $144 million from the prior year, primarily due to adjusted admissions increasing by 6.3% and higher outpatient surgical and emergency department volumes, offset by an unfavorable shift in payor mix, accounts receivable adjustments and a decrease related to a 340(b) settlement recorded in the prior year.
- Northwest – operating revenues increased $399 million from the prior year, primarily due to a 4.8% increase in adjusted admissions, $26 million in FEMA and ERC revenue, higher outpatient volume and higher

provider fee revenue, partially offset by continued revenue yield challenges and a decrease related to a 340(b) settlement recorded in the prior year.

The table below reflects the adjusted admissions growth reported for the year ended June 30, 2025, compared to the prior year:



Uncompensated Care*			
	Years Ended June 30,		
($ in millions)	2025	2024	Change
Uncompensated Care:			
Charity care, at customary charges	$ 2,659	$ 2,169	$ 490
Charity care, at cost, net	$ 680	$ 559	$ 121
Charity care, at cost, as a percentage of total expenses	1.7%	1.4%	0.3%
Unpaid costs of Medicaid/Medi-Cal, net	$ 1,800	$ 1,413	$ 387
Unpaid cost of Medicare, net	$ 2,085	$ 1,647	$ 438
Net Community Benefit Expense:			
Total community service to the poor	$ 138	$ 143	$ (5)
Total benefits for the broader community	$ 451	$ 457	$ (6)
Total community benefits	$ 3,071	$ 2,574	$ 497
Total community benefits including unpaid cost of Medicare	$ 5,156	$ 4,221	$ 935

*Results include all operations but are not normalized for the California provider fee program.

Operating Expenses

Salaries and benefits increased $932 million, or 4.9%, over the prior year, for the year ended June 30, 2025. The increase is primarily due to an increase in adjusted admissions and continued salary inflation costs, partially offset by improved labor productivity and reduced contract labor spend. Labor cost as a percentage of normalized net patient revenue was 54.1% and 54.8% for the years ended June 30, 2025 and 2024, respectively. Salaries and benefits per adjusted admission increased by 1.4%, from the prior year, for the year ended June 30, 2025.

Supplies increased $514 million, or 8.8%, during the year ended June 30, 2025, compared to the prior year. Supplies per adjusted admission increased 5.2% compared to the prior year. The increase on a volume adjusted basis is primarily due to the continued inflationary impact on pharmaceuticals, surgical and medical supplies, and due to new technologies, particularly in cardiovascular services. CommonSpirit is working to reduce supply costs through renegotiation of supply chain contracts and vendor consolidations.

Purchased services and other increased $1.1 billion, or 10.0%, for the year ended June 30, 2025, compared to the prior year, when normalizing for the California provider fee program costs. Purchased services and other per adjusted admission on a normalized basis increased 6.3%, compared to the prior year, primarily due to higher medical fees, provider fee expense, out-of-network costs, hosting fees, and insurance costs, partially offset by lower lease expenses.

Operating Expenses					
			Years Ended June 30,		
($ in millions)	**2025**	**2025***	**2024**	**2024***	**Change****
	As Recorded	**As Adjusted**	**As Recorded**	**As Adjusted**	**As Adjusted Comparison**
Salaries and benefits	$ 20,064	$ 20,064	$ 19,132	$ 19,132	$ 932
Supplies	6,341	6,341	5,827	5,827	514
Purchased services and other	11,267	11,780	10,985	10,713	1,067
Depreciation and amortization	1,403	1,403	1,458	1,458	(55)
Interest expense, net	728	728	696	696	32
Total operating expenses	$ 39,803	$ 40,316	$ 38,098	$ 37,826	$ 2,490

** Adjusted to normalize the California provider fee program expense.*

*** Comparing June 30, 2025, as adjusted, to the prior year as adjusted.*

Expense Management and Productivity	Years Ended June 30,			
	2025	2025*	2024	2024*
	As Recorded	As Adjusted	As Recorded	As Adjusted
Expense Management:				
Supply expense as a % of net patient and premium revenue	17.5%	17.1%	16.4%	16.7%
Purchased services and other as a % of net patient and premium revenue	31.2%	31.7%	31.0%	30.7%
Capital expense as a % of net patient and premium revenue	5.9%	5.7%	6.1%	6.2%
Non-capital cost per adjusted admission	$21,159	$21,447	$20,880	$20,722
Productivity:				
Salaries, wages and benefits as a % of net patient and premium revenue	55.5%	54.1%	53.9%	54.8%
Number of FTEs	137,354	137,354	134,301	134,301
FTEs per adjusted admission	24.94	24.94	25.31	25.31

**Adjusted to normalize the California provider fee program revenues and expense.*

Nonoperating Results

CommonSpirit recorded investment income, net, of $1.7 billion during the year ended June 30, 2025, compared to $1.5 billion in the prior year, due to market fluctuations.

Income tax expense was $32 million during the year ended June 30, 2025, compared to $35 million in the prior year.

The change in market value and cash payments of interest rate swaps was an unfavorable result of $29 million during the year ended June 30, 2025, compared to a favorable result of $40 million in the prior year.

Net periodic postretirement credits amounted to $128 million during the year ended June 30, 2025, compared to $140 million of costs during the prior year.

Nonoperating Results ($ in millions)	Years Ended June 30, 2025	2024	Change
Investment income, net	$ 1,719	$ 1,508	$ 211
Gain on early extinguishment of debt	13	8	5
Income tax expense	(32)	(35)	3
Change in fair value and cash payments of interest rate swaps	(29)	40	(69)
Other components of net periodic postretirement credits (costs)	128	(140)	268
Other	4	(3)	7
Total nonoperating income, net	$ 1,803	$ 1,378	$ 425

The detail of investment earnings is as follows:

Investment income, net ($ in millions)	Years Ended June 30, 2025	 2024	 Change
Net realized gains on sale of securities	$ 656	$ 420	$ 236
Net unrealized gains on securities	778	841	(63)
Other, net of capitalized investment income	285	247	38
Total investment income, net	$ 1,719	$ 1,508	$ 211

The presentation of realized and unrealized gains and losses is determined based on the cost basis at the original acquisition date of the securities.

Balance Sheet Metrics

The following table provides key balance sheet metrics for CommonSpirit:

Key Balance Sheet Metrics ($ in millions)	June 30, 2025	June 30, 2024	Change
Consolidated Balance Sheet Summary			
Total assets	$ 57,260	$ 54,734	$ 2,526
Total liabilities	$ 33,687	$ 32,482	$ 1,205
Total net assets	$ 23,573	$ 22,252	$ 1,321
Financial Position Ratios			
Unrestricted cash and investments	$ 16,755	$ 15,550	$ 1,205
Days cash on hand normalized	157	156	1
Total debt	$ 19,774	$ 18,803	$ 971
Debt to capitalization	48.1%	48.4%	(0.3%)

Liquidity

Unrestricted cash and investments were $16.8 billion at June 30, 2025, and $15.6 billion at June 30, 2024. CommonSpirit is actively monitoring liquidity given continued inflationary pressures, cash flow disruptions related to denials, and the timing related to employee retention credits, FEMA grant revenues, and provider fee receipts and payments.

Liquidity and Capital Resources ($ in millions)	June 30, 2025	June 30, 2024	Change
Cash	$ 2,010	$ 1,983	$ 27
Short-term investments	255	300	(45)
Long-term investments, excluding assets limited as to use	14,490	13,267	1,223
Total unrestricted cash and investments	$ 16,755	$ 15,550	$ 1,205

Capital Resources

Cash provided by operating activities totaled $1.3 billion for the year ended June 30, 2025, compared to cash provided of $1.4 billion for the prior year. The decrease from prior year is primarily due to outstanding grant receivables and continued operational challenges. Significant activity for the year ended June 30, 2025, includes the following:

- Investments increased $1.1 billion during the year ended June 30, 2025, compared to an increase of $9 million during the prior year.
- Accrued salaries and benefits increased $50 million during the year ended June 30, 2025, compared to an increase of $125 million during the prior year.
- Accounts receivable decreased $140 million during the year ended June 30, 2025, compared to an increase of $507 million during the prior year. The decrease is primarily due to improved cash collection efforts and the sale of two San Francisco hospitals.
- Accounts payable increased $241 million during the year ended June 30, 2025, compared to an increase of $105 million during the prior year.
- Provider fee program assets over liabilities, net, decreased $54 million during year ended June 30, 2025, compared to a decrease of $140 million for the prior year.
- Other current assets increased $332 million during the year ended June 30, 2025, compared to an increase of $299 million for the prior year.
- Other accrued liabilities decreased $249 million during the year ended June 30, 2025, compared to an increase of $393 million during the prior year.

Cash used in investing activities totaled $2.1 billion for the year ended June 30, 2025, compared to $1.3 billion during the prior year, primarily related to the following:

- Capital expenditures were $2.1 billion during the year ended June 30, 2025, compared to $1.3 billion for the prior year. Such capital expenditures primarily relate to growth in ambulatory and inpatient services, equipment and additions and replacements, purchase of previously leased real estate, information technology projects, and various other capital improvements.
- Proceeds from the sale of assets were $124 million during the year ended June 30, 2025, compared to $73 million during the prior year, primarily due to the San Francisco transaction.
- Cash distributions from health-related activities were $108 million during the year ended June 30, 2025, compared to $125 million during the prior year.

Cash provided by financing activities totaled $807 million for the year ended June 30, 2025, compared to $210 million for the prior year, primarily due to the following:

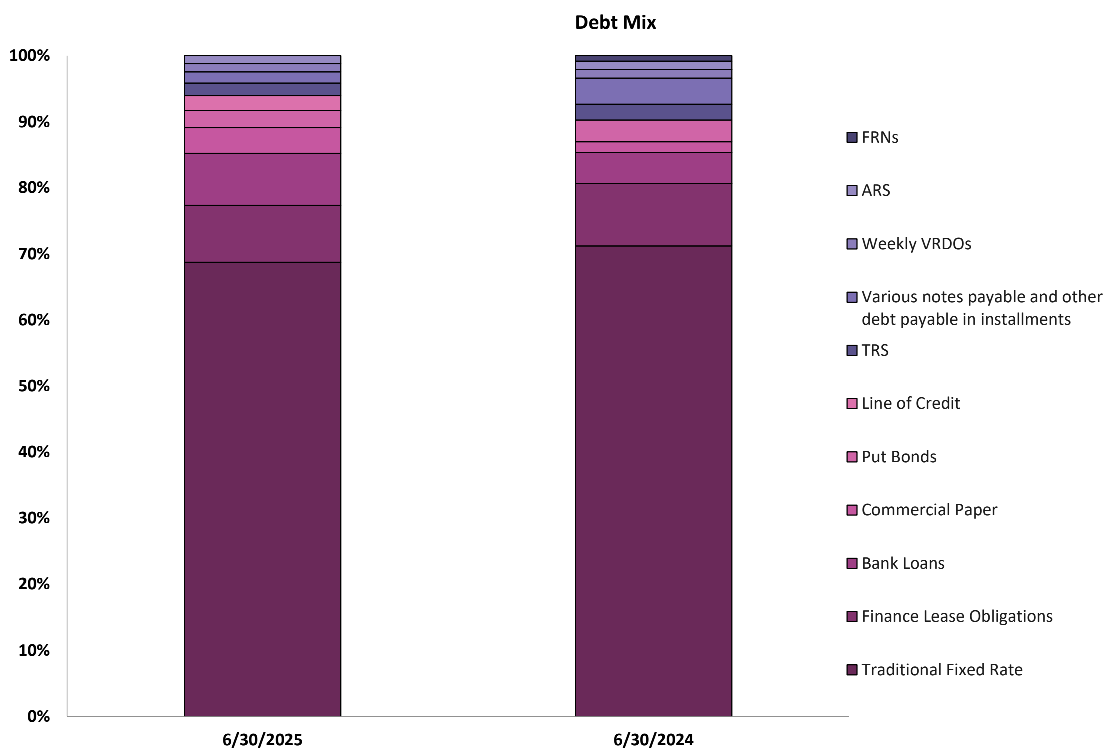
- Net borrowings of debt were $875 million during the year ended June 30, 2025, compared to $334 million during the prior year. The increase in debt is primarily due to line of credit draws for additional working capital needs, offset by the Change Healthcare advance repayment.
- Distributions to noncontrolling interests were $143 million for the year ended June 30, 2025, compared to $192 million during the prior year.

Debt Portfolio

In March 2025, the Virginia Mason Medical Center Master Trust Indenture was discharged and replaced with the CommonSpirit Health Master Indenture (collectively, the "MTI Substitution"). Concurrent with the MTI Substitution, Virginia Mason Medical Center and Virginia Mason Franciscan Health were added as members of the Obligated Group established under the CommonSpirit Health Master Indenture.

The CommonSpirit Obligated Group represents approximately 90% and 88% of consolidated revenues of CommonSpirit as of June 30, 2025 and 2024, respectively. The debt portfolio remains well diversified, with a high proportion of long-term fixed rate debt providing stability.

The chart below depicts CommonSpirit's debt mix as of June 30, 2025, as compared to June 30, 2024:



Strategic Focus and Priorities

Under the leadership of CEO Wright Lassiter III, the organization established a set of five critical focus areas referred to as "5 for 25" to accelerate CommonSpirit 2026, the strategic roadmap created at the time of the 2019 merger. These focus areas are not just about change; they are about transformation, enhancing quality of care, broadening access to care, reducing the cost of care, ensuring financial viability, and propelling CommonSpirit's mission and operations. Implementation of the following initiatives across the ministry is designed to help position CommonSpirit to create a stronger, more successful, sustainable and more unified CommonSpirit and set the foundation for launching into a new strategic plan for CommonSpirit in fiscal year 2026:

- Achieve a unified ministry by defining a unified culture and operations, aligning approaches to increase efficiency and leverage scale;
- Ensure we are paid for the care we provide, through heightened work with payors and revenue cycle partners;
- Transform our portfolio through continued diversification in non-acute verticals, strategic capital deployment and other potential portfolio adjustments;
- Drive organic growth through network integrity and access with the expansion of access points as well as better care coordination to facilitate consumers' utilization of our care networks; and
- Launch a new digital consumer experience to enable increased access to care for those we serve.

As CommonSpirit is closing out CommonSpirit 2026 and developing a new Strategic Plan 2030, the organization continues to make progress and build on a range of initiatives put in place to address the five areas of critical focus. A few examples of progress made through fiscal year 2025 are described below.

Achieve a Unified Ministry: This defines CommonSpirit's strategic imperative to rapidly complete the integration of all aspects of its ministry – clinical, operational and technological – across its entire footprint while aligning its geographic markets. It includes further work to centralize and standardize processes to ensure the delivery of a consistently superior patient experience, while maintaining exceptional clinical standards. It also includes evolving the design and operating model of CommonSpirit, as well as cultivating a consistent identity and culture. Under the banner of *One CommonSpirit*, the following initiatives continued to be built upon during the year:

- **Clinical Quality and Patient Satisfaction:** CommonSpirit seeks to excel in consistent clinical excellence by rapidly scaling best practices from innovators in and outside of CommonSpirit to create a high quality, consumer–centric patient experience and continue to improve and provide excellent quality of care. CommonSpirit's patient experience also continues to improve and has an average Provider Star Rating of 4.8 and a 69.5 Net Promoter Score in fiscal year 2025.
- **Continuing to Refine the Operating Model:** With the completion of the region and market structures and leadership changes, the focus is on leveraging this model with an aim to strengthen relevance across CommonSpirit markets. In concert with this, the focus at the system level is in realizing economies of scale nationally, including coordinated supply chain, clinical equipment and infrastructure programs which were implemented in fiscal year 2025.
- **Integrated Information Technology ("IT") Platforms:** CommonSpirit's IT roadmap identified opportunities to lower costs over the long term, improve clinical and operational challenges, reduce staff and clinician burnout, and standardize clinical platforms. One major pillar of this work includes standardization to a single electronic health record ("EHR") system. The first step toward a new standard across CommonSpirit was completed in the South region in June 2025 and included 60 clinics across Tennessee and Georgia.
- **Creating and Retaining the Workforce of the Future:** CommonSpirit recognizes that its people are its most valuable asset and is focusing on system redesign, new care models, and technologies that align with clinicians' interests, responding to increasing patient demands and making CommonSpirit a clinician's first choice of partner. CommonSpirit is also investing in attracting and retaining leaders who find purpose in their work, and building competencies that reflect CommonSpirit's focus on well-being across a continuum of care and the enhanced importance of an agile, collaborative culture. CommonSpirit has a range of programs, initiatives and areas of focus to support its workforce. CommonSpirit's employee engagement scores

continue to improve year over year and CommonSpirit was recently ranked #26 in Forbes America's Dream Employers list.

Ensure We Are Paid for the Care We Provide: One of the most critical levers is to receive the revenue and cash flow CommonSpirit is entitled to for services provided. CommonSpirit is focused on improving its commercial contracting to meet financial goals and optimize rates and settlements. CommonSpirit is ensuring that its payor agreements and rates are accurate with a strong contract modeling policy, and implementing a new system for better contract visibility to ensure proper payments. The organization is also focused on selecting the right marketplace plans to stay in-network and reduce out-of-network costs. CommonSpirit is aiming to grow commercial revenue by pursuing direct contracts with employers. On the government side, CommonSpirit is focused on improving Medicare and Medicaid rates and terms. CommonSpirit will continue to participate in value-based models to support population health and prepare for future health care changes.

Transform Our Portfolio:

- **Enhancing the Continuum of Care and Focused Ambulatory Development**: CommonSpirit's goal is to seamlessly care for patients across all care settings, either at an individual care setting or by managing a patient's journey across multiple settings. In addition to the horizontal alignment around markets and geographies, CommonSpirit is focusing time and effort on aligning the portfolio vertically across a range of pre- and post-acute services. CommonSpirit is ranked one or two in acute market share in 26 of its 35 healthcare markets and is focused on growing the continuum of its network integrity to deliver greater value. CommonSpirit continues to expand its ambulatory and virtual care points and enhance connections across the continuum of care. During fiscal year 2025, CommonSpirit added 34 new ambulatory care sites across 9 states. Additionally, CommonSpirit has new partnerships with LifePoint for acute behavioral and rehabilitation services with two new sites underway in Houston and Tennessee and two additional planned sites. CommonSpirit is also focused on its Home Health and Senior Living services where work is underway to better align with and support its markets' needs for the full continuum of care to best transition and serve its patients in the most appropriate care settings.
- **Innovative Partnerships Advance the Care Continuum:** CommonSpirit's strategic innovation and investment program continues to bring forward and operationalize leading technologies and services to support overall performance and aid in diversification. CommonSpirit is focused on three distinct areas of priority: 1) new technology and automation with AI; 2) scientific discovery meeting care delivery; and 3) prevention, health improvement and quality of life. CommonSpirit emergency departments ("ED") now have data that can tell patients how long their stays will be based on the millions of patients CommonSpirit has seen, as well as to succinctly convey the steps in the ED journey and connect patients' families with real time updates on care. This technology has improved the number of patients left without being seen and patient experience scores dramatically and helped connect patients to needed follow up care. In addition, CommonSpirit is applying AI to the management of its supply chain process. CommonSpirit has identified ways to increase transparent purchasing and ensure fair payment from vendors for the numbers of procured supplies. This process is expected to save millions of dollars going forward. Finally, two of CommonSpirit's most recent investments included Skild.ai, a leading robotics company where CommonSpirit will serve as a national testing ground, and Equip Health, which focuses on addressing eating disorder recovery, a growing area of need nationally.
- **Portfolio Assessment and Management:** CommonSpirit is enhancing its portfolio analysis and investment strategy to focus on its service profile across the organization and improve market essentiality in existing markets. A primary focus in this evaluation is identifying diversified revenue opportunities that expand CommonSpirit from a heavier weighting in acute care, to quickly scale critical ambulatory services that support CommonSpirit's ability to reach out into each of the communities it serves to care for its patients. CommonSpirit is assessing each market's current position and market potential, defining market-based strategies, and aligning and prioritizing its capital investments for maximum impact. A recent example of market-based investment is the expanded relationship with Kaiser Permanente ("Kaiser") under a new long-term agreement in Colorado. This unique arrangement with Kaiser will include integrating Kaiser physicians and employees into CommonSpirit hospitals to care for Kaiser members. This approach is integrated in CommonSpirit's Long Range Strategic Planning process, which commenced in the second quarter, and will

inform strategic investments for fiscal year 2026. In addition, while not the primary intent, this may result in other transactions where CommonSpirit discerns that communities may be better served by another provider. An example of a recent action includes the transfer of ownership of its San Francisco facilities to The University of California - San Francisco Health, a transaction that closed in August 2024.

Drive Organic Growth Through Network Integrity and Access: In terms of volume growth, better utilizing the costly physical and people resources CommonSpirit already has is the most efficient way to grow. Several initiatives are in place to improve care continuity and improve organic growth, including:

- CommonSpirit's Patient Connection Centers ("PCCs") use efficient resources to improve patient access and physician productivity, and CommonSpirit's network integrity tools help improve care continuity within its network.
- Improved Network Integrity and Growth: CommonSpirit is enhancing efforts to track care continuity and enhance practice patterns to ensure it is serving its patients in-network and implementing solutions unique to each market when necessary. These efforts are enhanced by tools that provide consistent, detailed analysis and trending of data to assess continuity of care and network integrity, PCC and digital front door enhancements, and improved use of its electronic health records to facilitate referrals and follow-up care. To date, all of CommonSpirit's markets are using a range of these tools and results are provided and tracked on a quarterly basis.

Launch a Reimagined Digital Consumer Experience: Implementation of "one digital front door" to CommonSpirit's services will provide a consistent landing page with search and scheduling features across all of its regions. In addition to CommonSpirit's PCCs, which help connect patients to their providers through a single point of access, in April 2024, CommonSpirit launched the first phase of its Consumer Digital Experience at https://www.commonspirit.org which provides an integrated, consistent and seamless consumer experience. The reimagined digital experience features one content engine, one scheduling platform and the first ministry-wide Find a Doctor and Find a Location service, offering an intuitive way to compare and find the right provider and request an appointment with ease. Beginning in January 2025 through June 30, 2025, CommonSpirit has launched its entire South Region onto the platform in a staggered approach, generating over 3,700 appointment requests. As part of the overall digital consumer experience transformation, CommonSpirit launched enhanced online scheduling for its employed physicians and advanced practice providers in California, Arizona and Nevada through a new scheduling platform. Results have been impactful, generating 23,000 booked appointments since the go-live date of June 2024. The next phase in the digital consumer experience will focus on integrating all market-based sites onto the platform during fiscal year 2026 while scaling other unique growth and experience focused opportunities like the partnership with ZocDoc. In partnership with ZocDoc, CommonSpirit launched a pilot in the Texas market. The pilot results revealed that each new patient generated through ZocDoc drove 2.5 visits within CommonSpirit. CommonSpirit is now scaling this platform across its entire footprint and has added Nebraska, Iowa and Kentucky as of June 30, 2025. As of the launch date of August 2024 and through fiscal year 2025, ZocDoc has driven over 4,100 scheduled appointments, of which 61% represented new patients.

The 5 for 25 priorities for fiscal year 2025 are geared toward putting CommonSpirit on an improved trajectory to maintain and grow its financial strength and achievement of its strategic objectives. CommonSpirit continues to build on the achievements made in fiscal year 2024 to drive improved performance through revenue and cost levers by continuing to optimize large areas of opportunity in the areas of labor, revenue cycle, supply chain, contract labor, and corporate and administrative services. Given continued inflationary and revenue pressures, the organization continues to focus on value capture initiatives, and has identified a set of actions to further address and improve operating performance in fiscal year 2025, including supply chain, pharmacy, payor contracting and adherence, purchased services, overhead functions, ancillary services, and a range of other areas.

Updates to these priorities and specific accomplishments will continue to be highlighted in the quarterly and annual reports as appropriate.

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Exhibit I

Audited Consolidated Financial Statements

For the Years Ended June 30, 2025 and 2024

(Attached)

COMMONSPIRIT HEALTH

Consolidated Financial Statements as of
and for the Years Ended June 30, 2025 and 2024
With Report of Independent Auditors

COMMONSPIRIT HEALTH

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Report of Independent Auditors

The Board of Stewardship Trustees
CommonSpirit Health

Opinion

We have audited the consolidated financial statements of CommonSpirit Health (CommonSpirit), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, 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 CommonSpirit at June 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CommonSpirit 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 CommonSpirit'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 CommonSpirit'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 CommonSpirit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis of Financial Condition and Results of Operations but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Ernst + Young LLP

September 24, 2025

COMMONSPIRIT HEALTH

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2025 AND 2024 (in millions)

Assets	**2025**	**2024**
Current assets:		
Cash and cash equivalents	$ 2,010	$ 1,983
Short-term investments	255	300
Patient accounts receivable	5,277	5,407
Provider fee receivable	1,251	1,189
Other current assets	4,249	3,534
Total current assets	13,042	12,413
Long-term investments	18,195	16,879
Property and equipment, net	17,928	17,165
Right-of-use operating lease assets	1,530	1,687
Ownership interests in health-related activities	3,360	3,228
Other long-term assets, net	3,205	3,362
Total assets	$ 57,260	$ 54,734

(Continued)

COMMONSPIRIT HEALTH

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2025 AND 2024 (in millions)

Liabilities and Net Assets	**2025**	**2024**
Current liabilities:		
Current portion of long-term debt	$ 2,373	$ 1,006
Demand bonds subject to short-term liquidity arrangements	247	247
Accounts payable	1,702	1,456
Accrued salaries and benefits	1,735	1,688
Provider fee payable	405	643
Other accrued liabilities - current	4,702	4,352
Total current liabilities	11,164	9,392
Other liabilities - long-term:		
Self-insured reserves and claims - long-term	1,188	1,169
Pension and other postretirement benefit liabilities	1,902	1,991
Derivative instruments, net	82	70
Operating lease liabilities	1,465	1,582
Other accrued liabilities - long-term	732	728
Total other liabilities - long-term	5,369	5,540
Long-term debt, net of current portion	17,154	17,550
Total liabilities	33,687	32,482
Net assets:		
Without donor restrictions - attributable to CommonSpirit Health	21,363	20,043
Without donor restrictions - noncontrolling interests	1,066	1,012
With donor restrictions	1,144	1,197
Total net assets	23,573	22,252
Total liabilities and net assets	$ 57,260	$ 54,734

See notes to consolidated financial statements.

COMMONSPIRIT HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024 (in millions)

	2025	2024
Operating revenues:		
Net patient revenue	$ 34,575	$ 33,960
Premium revenue	1,560	1,509
Revenue from health-related activities, net	221	215
Other operating revenue	2,688	1,757
Contributions	72	76
Total operating revenues	39,116	37,517
Operating expenses:		
Salaries and benefits	20,064	19,132
Supplies	6,341	5,827
Purchased services and other	11,267	10,985
Depreciation and amortization	1,403	1,458
Interest expense, net	728	696
Total operating expenses	39,803	38,098
Operating loss	(687)	(581)
Nonoperating income:		
Investment income, net	1,719	1,508
Gain on early extinguishment of debt	13	8
Income tax expense	(32)	(35)
Change in fair value and cash payments of interest rate swaps	(29)	40
Other components of net periodic postretirement credits (costs)	128	(140)
Other	4	(3)
Total nonoperating income, net	1,803	1,378
Excess of revenues over expenses	$ 1,116	$ 797
Less excess of revenues over expenses attributable to noncontrolling interests	172	116
Excess of revenues over expenses attributable to CommonSpirit Health	$ 944	$ 681

(Continued)

COMMONSPIRIT HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024 (in millions)

	Without Donor Restrictions			
	Attributable to CommonSpirit Health	Noncontrolling Interests	With Donor Restrictions	Total Net Assets
Balance, June 30, 2023	$ 18,960	$ 1,062	$ 1,117	$ 21,139
Excess of revenue over expenses	681	116	-	797
Contributions	-	-	143	143
Net assets released from restrictions for capital	52	-	(52)	-
Net assets released from restrictions for operations and other	-	-	(96)	(96)
Change in funded status of pension and other postretirement benefit plans	618	-	-	618
Other	(268)	(166)	85	(349)
Increase (decrease) in net assets	1,083	(50)	80	1,113
Balance, June 30, 2024	$ 20,043	$ 1,012	$ 1,197	$ 22,252
Excess of revenue over expenses	944	172	-	1,116
Contributions	-	-	114	114
Net assets released from restrictions for capital	77	-	(77)	-
Net assets released from restrictions for operations and other	-	-	(57)	(57)
Change in funded status of pension and other postretirement benefit plans	220	-	-	220
Other	79	(118)	(33)	(72)
Increase (decrease) in net assets	1,320	54	(53)	1,321
Balance, June 30, 2025	$ 21,363	$ 1,066	$ 1,144	$ 23,573

See notes to consolidated financial statements.

COMMONSPIRIT HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024 (in millions)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 1,321	$ 1,113
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Gain on early extinguishment of debt	(13)	(8)
Depreciation and amortization	1,403	1,458
Changes in equity of health-related activities	(297)	(248)
Impairment of assets held for sale	-	180
Net gain on sales of assets and investments in unconsolidated organizations	(56)	(39)
Change in fair value of swaps	10	(38)
Change in funded status of pension and other postretirement benefit plans	(220)	(618)
Changes in certain assets and liabilities:		
Accounts receivable	140	(507)
Other current assets	(332)	(299)
Changes in broker receivables/payables for unsettled investment trades	201	(51)
Provider fee assets and liabilities	(54)	(140)
Accounts payable	241	105
Accrued salaries and benefits	50	125
Other accrued liabilities	(249)	393
Self-insured reserves and claims - long-term	7	(34)
Other, net	181	(1)
Cash provided by operating activities before net change in investments	2,333	1,391
Net increase in investments	(1,062)	(9)
Cash provided by operating activities	1,271	1,382

(Continued)

COMMONSPIRIT HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024 (in millions)

	2025	2024
Cash flows from investing activities:		
Purchases of property and equipment	$ (2,140)	$ (1,270)
Investments in health-related activities	(162)	(186)
Business acquisitions, net of cash acquired	(6)	(21)
Proceeds from asset sales	124	73
Cash distributions from health-related activities	108	125
Other, net	25	(7)
Cash used in investing activities	(2,051)	(1,286)
Cash flows from financing activities:		
Borrowings	2,258	4,350
Repayments	(1,383)	(4,016)
Swaps cash collateral received	5	27
Distributions to noncontrolling interests	(143)	(192)
Contribution by noncontrolling interests	57	33
Other	13	8
Cash provided by financing activities	807	210
Net increase in cash and cash equivalents	27	306
Cash and cash equivalents at beginning of year	1,983	1,677
Cash and cash equivalents at end of year	$ 2,010	$ 1,983
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	$ 718	$ 667
Supplemental schedule of noncash investing and financing activities:		
Property and equipment acquired through finance lease or note payable	$ 85	$ 140
Investments in health-related activities	$ 149	$ 134
Accrued purchases of property and equipment	$ 135	$ 152

See notes to consolidated financial statements.

1. ORGANIZATION

CommonSpirit Health is a Colorado nonprofit public benefit corporation exempt from federal and state income taxes. CommonSpirit Health is a Catholic health care system sponsored by the public juridic person, Catholic Health Care Federation.

CommonSpirit Health owns and operates health care facilities in 24 states and is the sole corporate member (parent corporation) of other primarily nonprofit corporations. CommonSpirit Health and substantially all of its direct affiliates and subsidiaries have been granted exemptions from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code. As of September 24, 2025, CommonSpirit Health is comprised of approximately 2,300 care sites, consisting of 138 hospitals, including academic health centers, major teaching hospitals, and critical access facilities, community health services organizations, accredited nursing colleges, home health agencies, living communities, a medical foundation and other affiliated medical groups, and other facilities and services that span the inpatient and outpatient continuum of care. An additional 20 hospitals are operated through unconsolidated joint ventures. CommonSpirit Health also has offshore and onshore captive insurance companies. The accompanying consolidated financial statements include CommonSpirit Health and its direct affiliates and subsidiaries (together, "CommonSpirit").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying consolidated financial statements of CommonSpirit were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of all wholly owned affiliates and affiliates over which CommonSpirit exercises control or has a controlling financial interest, after elimination of intercompany transactions and balances.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. CommonSpirit considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following: recognition of net patient revenue, which includes contractual discounts and adjustments; price concessions and charity care; other operating revenues; fair value of acquired assets and assumed liabilities in business combinations; recorded values of depreciable and amortizable assets, investments and goodwill; reserves for self-insured workers' compensation and professional and general liabilities; contingent liabilities; and assumptions for measurement of pension and other postretirement benefit liabilities. Management bases its estimates on historical experience and various other assumptions that it believes are reasonable under the particular circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents consist primarily of cash and liquid marketable securities with an original maturity of three months or less.

Inventories – Inventories, primarily consisting of pharmacy drugs and medical and surgical supplies, are stated at the lower of cost or net realizable value, determined using the first-in, first-out method. Inventories are recorded in other current assets in the accompanying consolidated balance sheets. See Note 6.

Broker Receivables and Payables for Unsettled Investment Trades – CommonSpirit accounts for its investments on a trade date basis. Amounts due to/from brokers for investment activity represent transactions that have been initiated prior to the consolidated balance sheet date, but are formally settled subsequent to the consolidated balance sheet date. These balances are recorded within other current assets and other accrued liabilities - current, respectively. See Notes 6 and 12.

Assets and Liabilities Held for Sale – Assets and liabilities held for sale represent assets and liabilities that are expected to be sold within one year. A group of assets and liabilities expected to be sold within one year is classified as held for sale if it meets certain criteria. The assets and liabilities held for sale are measured at the lower of carrying value or fair value less cost to sell. Such valuations include estimates of fair values generally based upon firm offers, discounted cash flows and incremental direct costs to transact a sale (Level 2 and Level

3 inputs). These balances are recorded within other current assets and other accrued liabilities - current, respectively. See Notes 3, 6, and 12.

Investments and Investment Income – Short-term investments consist of investments with an original maturity of more than three months up to one year. Long-term investments consist of investments with original maturities greater than one year.

The CommonSpirit Board of Stewardship Trustees Investment SubCommittee, as a part of the Board Finance Committee, establishes guidelines for investment decisions. Within those guidelines, CommonSpirit invests in equity and debt securities which are measured at fair value and are classified as trading securities. Accordingly, unrealized gains and losses on marketable securities are recorded within excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets, and cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

CommonSpirit also invests in alternative investments through limited partnerships. Alternative investments are comprised of private equity, real estate, hedge fund and other investment vehicles. CommonSpirit receives a proportionate share of the investment gains and losses of the partnerships. The limited partnerships generally contract with managers who have full discretionary authority over the investment decisions, within CommonSpirit's guidelines. These alternative investment vehicles invest in equity securities, fixed income securities, currencies, real estate, private equities, hedge funds, and derivatives.

CommonSpirit accounts for its ownership interests in these alternative investments under the equity method, the value of which is based on the net asset value ("NAV") practical expedient and is determined using investment valuations provided by the external investment managers, fund managers, or general partners.

Alternative investments generally are not marketable, and many alternative investments have underlying investments that may not have quoted market values. The estimated value of such investments is subject to uncertainty and could differ had a ready market existed. Such differences could be material. CommonSpirit's risk is limited to its capital investment in each investment and capital call commitments, as discussed in Note 8.

Investment income or loss is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income earned on tax-exempt borrowings for specific construction projects is offset against interest expense capitalized for such projects during construction.

Also recorded in investments are assets limited as to use set aside by CommonSpirit for future long-term purposes, including amounts held by trustees under bond indenture agreements, funds set aside for self-insurance programs, amounts contributed by donors with stipulated restrictions, and amounts held for mission and ministry purposes.

Liquidity – Cash and cash equivalents, short-term investments, patient and other accounts receivable, broker receivables, and provider fee receivables are the financial assets available to meet expected expenditure needs within the next year. Additionally, although intended to satisfy long-term obligations, management estimates that approximately 79.4% of the CommonSpirit Health Operating Investment Pool, LLC ("CSH OIP"), as stated as of June 30, 2025 and 2024, could be utilized within the next year, if needed. CommonSpirit also has credit facility programs, as described in Note 13, available to meet unanticipated liquidity needs.

Deferred Financing Costs and Original Issue Discounts/Premiums on Bond Indebtedness – CommonSpirit amortizes deferred financing costs and original issue discounts/premiums on bond indebtedness over the estimated average period the related bonds will be outstanding, which approximates the effective interest method. Both deferred financing costs and original issue discounts/premiums are recorded with the related debt.

Property and Equipment – Property and equipment are stated at cost if purchased and at fair market value upon receipt if acquired through a business combination or donated, or upon the date of impairment, if impaired. Depreciation of property and equipment is recorded using the straight-line method. Amortization of finance lease assets is included in depreciation expense, over the shorter of the useful life of the asset or the lease term.

Estimated useful lives by major classification are as follows:

Land improvements	2 to 40 years
Buildings and improvements	5 to 65 years
Equipment	3 to 40 years
Software	3 to 10 years

Asset Impairment – CommonSpirit routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. The impairment tests are based on financial projections prepared by management that incorporate anticipated results from programs and initiatives being implemented and market value assessments of the assets. If these projections are not met, or if negative trends occur that impact the future outlook, the value of the long-lived assets may be impaired.

Goodwill and indefinite-lived intangible assets are tested for impairment annually and when an event or circumstance indicates the value of the reporting unit or intangible asset may be impaired. CommonSpirit uses the income and market approaches to estimate the fair value of its reporting units and uses the income approach to estimate the fair value of its indefinite-lived intangible assets. If the carrying value exceeds the fair value, an impairment charge is recognized. See Note 11.

Fair Value of Financial Instruments – The carrying amounts reported in the accompanying consolidated balance sheets for assets and liabilities, such as cash and cash equivalents, patient accounts receivable, excess insurance receivables, community investment loans, broker receivables and payables for unsettled investment trades, accounts payable, and accrued expenses, approximate fair value due to the nature of these items. The fair value of investments is disclosed in Note 8.

Derivative Instruments – CommonSpirit utilizes derivative arrangements to manage interest costs and the risk associated with changing interest rates. CommonSpirit records derivative instruments in the accompanying consolidated balance sheets as either an asset or a liability measured at its fair value. See Notes 8 and 14.

CommonSpirit does not have derivative instruments that are designated as hedges. Interest cost and changes in fair value of derivative instruments are included in change in fair value and cash payments of interest rate swaps in nonoperating income, net, in the accompanying consolidated statements of operations and changes in net assets.

Ownership Interests in Health-Related Activities – When the ownership interest in a health-related activity is more than 50% and CommonSpirit has a controlling interest with significant influence, the ownership interest is consolidated, and a noncontrolling interest is recorded in net assets without donor restrictions. When the ownership interest is at least 20%, but not more than 50%, or CommonSpirit has the ability to exercise significant influence over operating and financial policies of the investee, it is accounted for under the equity method, and the income or loss is reflected in revenue from health-related activities, net. Ownership interests for which CommonSpirit's ownership is less than 20% or for which CommonSpirit does not have the ability to exercise significant influence, and a fair value is not readily determinable, are measured at lower of cost or market. See Note 10.

Self-Insurance Plans – The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30, 2025 and 2024. Actuarial estimates of uninsured losses as of June 30, 2025 and 2024, have been accrued as liabilities and include an actuarial estimate for claims incurred but not reported ("IBNR"). CommonSpirit has insurance coverage in place for amounts in excess of the self-insured retention for workers' compensation and professional and general liabilities. The current and long-term portions of these liabilities are reflected accordingly in other accrued liabilities - current and self-insured reserves and claims - long-term in the accompanying consolidated balance sheets.

CommonSpirit is also self-insured for certain employee medical benefits. The liability for IBNR claims for these benefits is included in other accrued liabilities - current in the accompanying consolidated balance sheets.

Patient Accounts Receivable and Net Patient Revenue – Patient service revenue is reported at the amounts that reflect the consideration CommonSpirit expects to be paid in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and include consideration for retroactive revenue adjustments due to settlement of audits and reviews. Generally, performance obligations for patients receiving inpatient acute care services and outpatient services are recognized over time as services are provided. Net patient revenue is primarily comprised of hospital and physician services.

Performance obligations are generally satisfied over a period of less than one year. As such, CommonSpirit has elected to apply the optional exemption provided in Financial Accounting Standards Board Accounting Standards Codification, *Revenue from Contracts with Customers*, and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

CommonSpirit determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with CommonSpirit's financial assistance policy, and implicit price concessions provided to uninsured and underinsured patients. CommonSpirit determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy and historical experience. CommonSpirit determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. CommonSpirit relies on the results of detailed reviews of historical write-offs and collections in estimating the collectability of accounts receivable. Updates to the hindsight analysis are performed at least quarterly using primarily a rolling 18-month collection history and write-off data. Subsequent changes to estimates of the transaction price are generally recorded as adjustments to net patient revenue in the period of the change.

Subsequent changes that are determined to be the result of an adverse change in a third-party payor's ability to pay are recorded as bad debt expense in purchased services and other in the accompanying consolidated statements of operations and changes in net assets. Bad debt expense for 2025 and 2024 was not significant.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements included in net patient revenue follows:

Medicare: Payments for inpatient services are generally made on a prospectively determined rate based on clinical diagnosis. Certain facilities receive cost-based reimbursement. Hospital outpatient services are generally paid based on prospectively determined rates. Physician services are paid based upon established fee schedules.

Medicaid: Payments for inpatient services are generally made on a prospectively determined rate based on clinical diagnosis or on a per case or per diem basis. Hospital outpatient services and physician services are paid based upon established fee schedules, a cost basis reimbursement methodology or discounts from established charges.

Commercial: Payments for inpatient and outpatient services provided to patients covered under commercial insurance policies are paid using a variety of payment methodologies, including per diem and case rates.

Self-Pay and Other: Payment agreements with uninsured or underinsured patients, along with other responsible entities, including institutions, other hospitals and other government payors, are based on a variety of payment methodologies.

Net patient revenue includes estimated settlements under payment agreements with third-party payors. Settlements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined. These settlements are estimated and evaluated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity.

Premium Revenue – CommonSpirit has at-risk agreements with various payors to provide medical services to enrollees. Under these agreements, CommonSpirit receives monthly payments based on the number of enrollees, regardless of services actually performed by CommonSpirit. CommonSpirit accrues costs when services are rendered under these contracts, including estimates of IBNR claims and amounts receivable/payable under risk-sharing arrangements. The IBNR accrual includes an estimate of the costs of services for which CommonSpirit is responsible, including out-of-network services, and is recorded in other accrued liabilities - current.

Financial Assistance (Charity Care) – Charity care is free or discounted health services provided to persons who cannot afford to pay and who meet CommonSpirit's criteria for financial assistance. The amount of charity care provided quantified at customary charges was $2.7 billion and $2.1 billion for 2025 and 2024, respectively. CommonSpirit estimates the cost of charity care by calculating a ratio of cost to usual and customary charges and applying that ratio to the usual and customary uncompensated charges associated with providing care to patients who qualify for charity care. No charges related to charity care are included in net patient revenue in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care in 2025 and 2024 was $680 million and $559 million, respectively. See Note 20.

Other Operating Revenue – Other operating revenue includes grant revenues, including funds received from Federal Emergency Management Agency ("FEMA"), Employee Retention Credits ("ERC"), retail pharmacy revenues, management services revenues, rental revenues, cafeteria revenues, certain contributions released from restrictions, gains on sales of assets and joint venture interests, and other nonpatient care revenues.

Contributions and Net Assets With Donor Restrictions – Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions related to capital purchases are reclassified as net assets without donor restrictions and reflected as net assets released from restrictions used for the purchase of property and equipment in the accompanying consolidated statements of operations and changes in net assets, whereas net assets with donor restrictions related to other gifts are reclassified as net assets without restrictions and recorded as other operating revenue. Gifts received with no restrictions are recorded as contributions in operating revenues. Gifts of long-lived operating assets, such as property and equipment, are reported as additions to net assets without donor restrictions, unless otherwise specified by the donor.

Unconditional promises to give cash and other assets to CommonSpirit are recorded at fair value at the date the promise is received using a discount rate based on the U.S. Treasury yield rates and are generally due within five years. Conditional promises to give are recorded when the conditions have been substantially met. Donor indications of intentions to give are not recorded; such gifts are recorded at fair value only upon actual receipt of the gift or pledge. Investment income on net assets with donor restrictions is classified pursuant to the intent or requirement of the donor.

Total net assets with donor restrictions are $1.1 billion and $1.2 billion as of June 30, 2025 and 2024, respectively. Of these net assets with donor restrictions, endowment net assets totaled $317 million and $328 million in 2025 and 2024, respectively. Endowment assets, which are primarily to be used for equipment and expansion, research and education, or charity purposes, include donor-restricted funds that CommonSpirit must hold in perpetuity or for a donor-specified period. Changes in endowment net assets primarily relate to investment returns, contributions and appropriations for expenditures. CommonSpirit preserves the fair value of these gifts as of the date of donation unless otherwise stipulated by the donor. Donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure. CommonSpirit considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effects of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of CommonSpirit, and (7) the investment policies of CommonSpirit.

CommonSpirit has investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets.

Endowment assets are invested in a manner that is intended to produce results that achieve the respective benchmark while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, CommonSpirit relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CommonSpirit targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Community Benefits – As part of its mission, CommonSpirit provides services to the poor and benefits for the broader community. The costs incurred to provide such services are included in excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets. CommonSpirit prepares a summary of unsponsored community benefit expense in accordance with Internal Revenue Service Form 990, Schedule H, and the Catholic Health Association of the United States ("CHA") publication, *A Guide for Planning and Reporting Community Benefit*. See Note 20.

Interest Expense – Interest expense on debt issued for construction projects is capitalized until the projects are placed in service. Interest expense, net, includes interest and fees on debt, net of these capitalized amounts. See Note 16.

Income Taxes – CommonSpirit has established its status as an organization exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the laws of the states in which it operates, and as such, is generally not subject to federal or state income taxes. However, CommonSpirit's exempt organizations are subject to income taxes on net income derived from a trade or business regularly carried on, which does not further CommonSpirit's exempt purposes. No significant income tax provision has been recorded in the accompanying consolidated financial statements for net income derived from an unrelated trade or business.

CommonSpirit's for-profit subsidiaries account for income taxes related to its operations. The for-profit subsidiaries recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of their assets and liabilities, along with net operating loss and tax credit carryovers, for tax positions that meet the more-likely-than-not recognition criteria. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

CommonSpirit's taxable entities did not have any material unrecognized income tax expense as of June 30, 2025 or 2024. CommonSpirit reviews its tax positions quarterly and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

Performance Indicator – Management considers excess of revenues over expenses to be CommonSpirit's performance indicator. Excess of revenues over expenses includes all changes in net assets without donor restrictions except for the effect of contributions with donor restrictions, contribution from business combinations, changes in accounting principles, net assets released from restrictions used for purchase of capital and operations, change in funded status of pension and other postretirement benefit plans, gains and losses from discontinued operations and other changes, including change in ownership interests held by controlled subsidiaries.

Operating and Nonoperating Activities – CommonSpirit's primary purpose is to provide a variety of health care-related activities, education and other benefits to the communities in which it operates. Activities directly related to the furtherance of this purpose are recorded as operating activities. Other activities outside of this mission are reported as nonoperating activities. Such activities include net investment income, gain on early extinguishment of debt, income tax expense, changes in fair value and cash payments of interest rate swaps, other components of net periodic postretirement costs, and the nonoperating component of Joint Operating Agreement ("JOA") income share adjustments.

Special Charges – Included within purchased services and other are certain non-routine, nonrecurring costs that are unusual in nature. These costs, referred to as special charges, primarily relate to impairment of long-lived assets, certain contract termination costs, certain integration activities that are specific to long-term value capture efforts, and severance costs related to system-wide reductions in force. Amounts recorded for the periods ended June 30, 2025 and 2024, are not material to the consolidated financial statements.

Related Parties - CommonSpirit includes institutions that participate in student financial assistance programs authorized by Title IV of the Higher Education Act of 1965 ("Title IV, HEA Program"). In order to participate in Title IV, HEA Program, the institutions must comply with standards outlined in 34 C.F.R. 668 Subpart B. As required under this standard the institutions participating in this program have policies in place regarding the identification and disclosure of any transactions with related parties and do not have any material related-party transactions for the years ended June 30, 2025 or 2024.

Subsequent Events – CommonSpirit has evaluated subsequent events occurring between the end of the most recent fiscal year and September 24, 2025, the date the consolidated financial statements were issued. See Note 13.

3. ACQUISITIONS, AFFILIATIONS AND DIVESTITURES

In February 2024, CommonSpirit entered into an agreement to transfer two hospitals, along with associated clinics in San Francisco, to The University of California - San Francisco Health. The associated assets and liabilities were classified as held for sale as of June 30, 2024, within other current assets and other accrued liabilities – current, respectively, in the associated consolidated balance sheets. The transfer was finalized in August 2024 and the operations of the facilities held for sale are not material to the consolidated statement of operations and changes in net assets.

In August 2023, CommonSpirit and AdventHealth effected an agreement to transition to direct management of their respective care sites that comprised Centura Health (the "Transition"), with CommonSpirit directly operating and managing its hospitals and affiliated clinics in Colorado, western Kansas and Utah, and AdventHealth directly operating and managing its Adventist hospitals and their affiliated clinics in Colorado. The Transition did not have a material effect on the financial condition or operations of CommonSpirit, taken as a whole.

4. OTHER OPERATING REVENUE

CommonSpirit received funding from FEMA related to the COVID-19 pandemic. During the years ended June 30, 2025 and 2024, CommonSpirit recorded $645 million and $41 million, respectively. Amounts were recognized within other operating revenue in the consolidated statement of operations, as obligations of funds were approved by the applicable agencies. The corresponding receivable is recorded within other current assets, in the consolidated balance sheet.

ERC of $240 million and $34 million, net, were recorded in the years ended June 30, 2025 and 2024, respectively. These payroll tax credits relate to qualified wages paid from March 13, 2020 through September 30, 2021.

All grants and tax credits recorded are subject to subsequent audits by the applicable regulatory agencies providing the funds.

5. NET PATIENT AND PREMIUM REVENUE

The percentage of inpatient and outpatient services, calculated on the basis of usual and customary charges, is as follows for the years ended June 30:

	2025	**2024**
Inpatient services	48%	48%
Outpatient services	52%	52%

Patient revenue, net of contractual discounts and adjustments and implicit price concessions, is comprised of the following for the years ended June 30 (in millions):

	2025	**2024**
Government	$ 18,378	$ 18,470
Contracted	13,676	13,042
Self-pay and other	2,521	2,448
Net patient revenue	$ 34,575	$ 33,960

Government payor type includes Medicare fee for service, Medicare capitated, Medicare managed care fee for service, Medicaid fee for service, Medicaid capitated and Medicaid managed care fee for service patient accounts. Contracted payor type includes contracted rate payors and commercial capitated patient accounts.

Total net patient and premium revenues by service line are as follows for the years ended June 30 (in millions):

	2025	2024
Hospitals	$ 31,981	$ 31,465
Physician organizations	3,317	3,196
Long-term care and home care	259	256
Other	578	552
Total net patient and premium revenue	$ 36,135	$ 35,469

Medicaid reimbursement includes supplemental revenues under various state Medicaid programs, including, but not limited to, Disproportionate Share Hospital payments, Graduate Medical Education payments, and state provider fee programs. Amounts are recorded for these programs upon final approval by the Center for Medicare & Medicaid Services, of the applicable program by state, by year, within net patient revenue in the consolidated statement of operations and changes in net assets. Net patient revenue from the supplemental Medicaid programs amounts to $2.5 billion, or 7%, and $3.2 billion, or 9%, for the years ended June 30, 2025 and 2024, respectively.

6. OTHER CURRENT ASSETS

Other current assets consist of the following as of June 30 (in millions):

	2025	2024
Inventories	$ 848	$ 839
Receivables, other than patient accounts receivable	1,423	1,048
Broker receivables for unsettled investment trades	1,451	962
Assets held for sale	-	133
Prepaid expenses	421	468
Other	106	84
Total other current assets	$ 4,249	$ 3,534

7. CASH AND INVESTMENTS

CommonSpirit's cash and investments include consolidated membership interests in the CSH OIP as of June 30, 2025 and 2024. Short-term and long-term investments also include assets limited as to use set aside by CommonSpirit for future long-term purposes as outlined below as of June 30 (in millions):

	2025	2024
Cash and cash equivalents	$ 2,010	$ 1,983
Short-term investments	255	300
Long-term investments	18,195	16,879
Total cash and investments	20,460	19,162
Less:		
Held for self-insured claims	2,057	1,963
Under bond indenture agreements for debt service	61	102
Donor-restricted	591	596
Other	996	951
Total assets limited as to use	3,705	3,612
Unrestricted cash and investments	$ 16,755	$ 15,550

8. FAIR VALUE MEASUREMENTS

CommonSpirit accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation inputs categorizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level of input that is significant to the fair value measurement in its entirety. These levels are:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets in this category include money market funds, U.S. Treasury securities and listed equities.

Level 2: Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds and derivative instruments.

Level 3: Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The following represents assets and liabilities measured at fair value or at the NAV practical expedient on a recurring basis as of June 30 (in millions):

	2025			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and short-term investments	$ 2,249	$ 183	$ -	$ 2,432
U.S. government securities	770	494	-	1,264
U.S. corporate bonds	126	539	-	665
U.S. equity securities	1,524	1	-	1,525
Foreign government securities	-	151	-	151
Foreign corporate bonds	3	185	-	188
Foreign equity securities	1,715	1	-	1,716
Structured debt	-	1,007	-	1,007
Private equity	-	-	249	249
Multi-strategy hedge funds	30	-	-	30
Real estate	39	1	-	40
Community Investment Program	-	-	238	238
Other investments	260	28	-	288
Assets measured at fair value	$ 6,716	$ 2,590	$ 487	9,793
Assets at NAV				10,667
Total assets				$ 20,460
Liabilities				
Derivative instruments	$ -	$ 107	$ -	$ 107
Other	2	-	92	94
Total liabilities	$ 2	$ 107	$ 92	$ 201

	2024			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Cash and short-term investments	$ 2,288	$ 197	$ -	$ 2,485
U.S. government securities	792	888	-	1,680
U.S. corporate bonds	50	629	-	679
U.S. equity securities	1,586	1	-	1,587
Foreign government securities	-	71	-	71
Foreign corporate bonds	3	228	-	231
Foreign equity securities	1,464	3	-	1,467
Structured debt	-	478	-	478
Private equity	-	-	118	118
Multi-strategy hedge funds	30	-	-	30
Real estate	5	7	-	12
Community Investment Program	-	-	198	198
Other investments	217	9	-	226
Assets measured at fair value	$ 6,435	$ 2,511	$ 316	9,262
Assets at NAV				9,900
Total assets				$ 19,162
Liabilities				
Derivative instruments	$ -	$ 97	$ -	$ 97
Other	2	-	91	93
Total liabilities	$ 2	$ 97	$ 91	$ 190

Assets and liabilities measured at fair value on a recurring basis reflected in the table above are reported in short-term investments, long-term investments, current liabilities and other liabilities – long-term in the accompanying consolidated balance sheets.

The Level 2 and 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

For marketable securities, such as U.S. and foreign government securities, U.S. and foreign corporate bonds, U.S. and foreign equity securities, mortgage and asset-backed securities, and structured debt, in the instances where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, discounted cash flow models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques, such as the income or market approach. CommonSpirit classifies all such investments as Level 2.

For private equity investments where no fair value is readily available, the fair value is determined using models that take into account relevant information considered material. Due to the significant unobservable inputs present in these valuations, CommonSpirit classifies all such investments as Level 3.

The fair value of collateral held under securities lending program is classified as Level 2. The collateral held under this program is placed in commingled funds whose underlying investments are valued using techniques similar to those used for the marketable securities noted above. Amounts reported do not include noncash collateral of $630 million and $596 million as of June 30, 2025 and 2024, respectively.

The fair value of assets and liabilities for derivative instruments, such as interest rate swaps classified as Level 2, is determined using an industry standard valuation model, which is based on a market approach. A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model. Each leg is discounted and the difference between the present value of each leg's cash flows equals the fair value of the swap.

Related to investments valued using the NAV per share practical expedient, management also performs, on a regular basis when information is available, various validations and testing of NAV provided and determines that the investment managers' valuation techniques are compliant with fair value measurement accounting standards.

The following table and explanations identify attributes relating to the nature and risk of investments for which fair value is determined using a calculated NAV as of June 30, 2025 (in millions):

		NAV Practical Expedient	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Private equity	(1)	$ 1,904	$ 2,087	-	-
Multi-strategy hedge funds	(2)	2,624	-	Weekly, Monthly, Quarterly, Semi-annually, Annually	3 - 90 days
Real estate	(3)	968	1,483	Quarterly	45 - 90 days
Commingled funds - debt securities	(4)	1,078	78	Daily, Monthly, Quarterly	1 - 90 days
Commingled funds - equity securities	(5)	4,093	-	Daily, Weekly, Bi-Weekly, Monthly, Bi-Monthly, Quarterly	1 - 90 days
Total		$ 10,667	$ 3,648		

(1) This category includes private equity funds that specialize in providing capital to a variety of investment groups, including, but not limited to, venture capital, leveraged buyout, mezzanine debt, distressed debt and other situations. There are no provisions for redemptions during the life of these funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated as of June 30, 2025, to be over the next 13 years.

(2) This category includes investments in hedge funds that pursue diversification of both domestic and foreign fixed income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term, risk-adjusted absolute returns. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted.

The following table reflects the various redemption frequencies, notice periods and any applicable lock-up periods or gates to redemption as of June 30, 2025:

Percentage of the Value of Category (2)		Redemption	Redemption Notice	Redemption Locked Up Until	Redemption Gate % of Account
Total	**Subtotal**	**Frequency**	**Period**	**(if applicable)**	**(if applicable)**
7.3%	7.3%	Annually	60 days	up to 2 years	up to 50.0%
45.5%	0.4%	Quarterly	45 days	up to 1 year	up to 20.0%
	32.9%	Quarterly	55 - 65 days	up to 1 year	up to 12.5% - 50.0%
	12.2%	Quarterly	90 days	up to 1 year	up to 12.5% - 25.0%
40.7%	6.9%	Monthly	5 days	-	up to 20.0%
	23.7%	Monthly	15 - 50 days	up to 1 year	up to 10.0% - 20.0%
	10.1%	Monthly	90 days	-	up to 20.0%
6.5%	6.5%	Weekly	3 days	-	-

(3) This category includes investments in real estate funds that invest primarily in institutional-quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts. Investments representing 19% of the value of investments in this category do not have provisions for redemptions during the life of these funds. Distributions will be received as the underlying investments of the funds are liquidated, estimated as of June 30, 2025, to be over the next 13 years.

(4) This category includes investments in commingled funds that invest primarily in domestic and foreign debt and fixed income securities, the majority of which are traded in over-the-counter markets. Also included in this category are commingled fixed income funds that provide capital in a variety of mezzanine debt, distressed debt and other special debt securities situations. Investments representing approximately 11% of the value of investments in this category do not have provisions for redemptions during the life of these funds. Distributions will be received as the underlying investments of the funds are liquidated, estimated as of June 30, 2025, to be over the next four years.

(5) This category includes investments in commingled funds that invest primarily in domestic or foreign equity securities with multiple investment strategies. A majority of the funds attempt to match or exceed the returns of specific equity indices. Investments representing approximately 67% of the value of investments in this category do not have provisions for redemptions during the life of these funds.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of June 30 (in millions):

	2025	2024
Land and improvements	$ 2,113	$ 2,019
Buildings	16,438	15,705
Equipment	11,757	11,195
Total	30,308	28,919
Add: Construction in progress	3,237	2,558
Less: Accumulated depreciation	(15,617)	(14,312)
Property and equipment, net	$ 17,928	$ 17,165

10. OWNERSHIP INTERESTS IN HEALTH-RELATED ACTIVITIES

Joint Operating Agreements – CommonSpirit participates in JOAs with hospital-based organizations in three separate markets. The agreements generally provide for, among other things, joint management of the combined operations of the local facilities included in the JOAs through Joint Operating Companies ("JOC"). CommonSpirit retains ownership of the assets, liabilities, equity, revenues and expenses of the CommonSpirit facilities that participate in the JOAs. The financial statements of the CommonSpirit facilities managed under all JOAs are included in the accompanying consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

As of June 30, 2025 and 2024, CommonSpirit has an investment interest of 50% in a JOC based in Ohio. CommonSpirit's interest in the JOC is included in ownership interests in health-related activities in the accompanying consolidated balance sheets and totaled $268 million and $236 million as of June 30, 2025 and 2024, respectively. CommonSpirit recognizes its investment in all JOCs under the equity method of accounting. The JOC provides varying levels of services to the related JOA sponsors, and operating expenses of the JOC are allocated to each sponsoring organization. See Note 3.

Other Ownership Interests in Health-Related Activities – In addition to the JOC above, CommonSpirit has significant ownership interests that are accounted for under the equity method and reflected in the accompanying consolidated balance sheets in ownership interests in health-related activities. CommonSpirit's significant ownership interests are as follows:

- CommonSpirit's ownership interest in Conifer Health Solutions ("Conifer") was 23.8% as of June 30, 2025 and 2024. Conifer provides revenue cycle services and health information management solutions for a portion of CommonSpirit's acute care operations.
- CommonSpirit's ownership interest in Premier Health was 22% as of June 30, 2025 and 2024.
- CommonSpirit's ownership interest in Phoenix Children's Hospital was 20% as of June 30, 2025 and 2024.
- CommonSpirit's ownership interest in Mercy Care was 49.75% as of June 30, 2025 and 2024.

The following table summarizes the financial position and results of operations for the significant health-related activities discussed above, unless otherwise specified, which are accounted for under the equity method, as of and for the 12 months ended June 30, or a portion of the periods thereof while held by CommonSpirit (in millions):

	2025			
	Hospitals	**JOC**	**Other**	**Total**
Total assets	$ 5,894	$ 795	$ 4,542	$ 11,231
Total liabilities	2,682	259	670	3,611
Total net assets	3,212	536	3,872	7,620
Total operating revenues, net	4,263	565	6,216	11,044
Excess (deficit) of revenues over expenses	194	(232)	452	414
Investment at June 30 recorded in ownership interests in health-related activities	644	268	1,431	2,343
Income (loss) recorded in revenue from health-related activities, net	28	(116)	117	29

	2024			
	Hospitals	**JOC**	**Other**	**Total**
Total assets	$ 5,605	$ 750	$ 4,341	$ 10,696
Total liabilities	2,722	279	895	3,896
Total net assets	2,883	471	3,446	6,800
Total operating revenues, net	3,995	538	6,097	10,630
Excess (deficit) of revenues over expenses	315	(200)	486	601
Investment at June 30 recorded in ownership interests in health-related activities	590	236	1,329	2,155
Income (loss) recorded in revenue from health-related activities, net	65	(101)	111	75

Other than the investments described above, ownership interests totaling $1.0 billion and $1.1 billion as of June 30, 2025 and 2024, respectively, are not material individually to the consolidated financial statements.

11. OTHER LONG-TERM ASSETS, NET

Other long-term assets, net, consist of the following as of June 30 (in millions):

	2025	**2024**
Notes receivable, primarily secured	$ 77	$ 92
Provider fee receivable, long-term	472	675
Goodwill	1,118	964
Intangible assets - definite-lived, net	94	101
Intangible assets - indefinite-lived	672	672
Donor-restricted assets	510	573
Other	262	285
Total other long-term assets, net	$ 3,205	$ 3,362

Goodwill is measured as of the effective date of a business combination as the excess of the aggregate of the fair value of consideration transferred over the fair value of the tangible and intangible assets acquired and liabilities assumed.

Intangible assets consist primarily of trademarks, trademark agreements, noncompete agreements, certificates of need, and other contracts, and are recorded at fair value using various methods based on the nature of the asset. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

Goodwill and intangible assets whose lives are indefinite are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist. No impairment on goodwill or intangible assets was recorded for the years ended June 30, 2025 or 2024.

The aggregate amortization expense related to intangible assets is $10 million and $11 million for the years ended June 30, 2025 and 2024, respectively, and is recorded in depreciation and amortization in the accompanying consolidated statements of operations and changes in net assets. Estimated amortization expense related to intangible assets is $10 million in 2026, 2027, 2028, 2029, and 2030 and $44 million thereafter.

12. OTHER ACCRUED LIABILITIES – CURRENT

Other accrued liabilities – current consists of the following as of June 30 (in millions):

	2025	2024
Construction retention and contracts payable	$ 83	$ 58
Liabilities held for sale	-	53
Liabilities due to medical groups and physicians	72	68
Capitation claims	101	104
Due to government agencies	114	94
Accrued interest expense	162	164
Operating lease liabilities	249	269
Self-insured reserves and claims	489	459
Broker payables for unsettled investments trades	2,041	1,351
Due to unconsolidated affiliates	-	50
Third-party advances	-	363
Contract labor accrual	59	90
Medical fee accrual	139	152
Capital maintenance	167	141
Medical supplies	61	79
Other	965	857
Total other accrued liabilities - current	$ 4,702	$ 4,352

13. DEBT

The CommonSpirit Health Master Trust Indenture ("CommonSpirit MTI") has an Obligated Group ("CommonSpirit Obligated Group"). The CommonSpirit Obligated Group represents approximately 90% and 88% of consolidated revenues of CommonSpirit as of June 30, 2025 and 2024, respectively.

Debt, net of unamortized debt issuance costs, discounts and premiums consists of the following as of June 30 (in millions):

	2025	2024
Under the CommonSpirit MTI:		
Fixed rate debt:		
Fixed rate revenue bonds payable in installments through 2055; interest at 3.00% to 7.00%	$ 6,026	$ 5,987
Fixed rate taxable bonds payable in installments through 2065; interest at 1.55% to 6.46%	8,473	8,470
Taxable term loan payable through 2025;	-	250
Total fixed rate debt	14,499	14,707
Variable rate debt:		
Direct purchase bonds payable in installments through 2065; interest set at prevailing market rates (4.23% to 4.53% at June 30, 2025)	130	90
Floating rate notes payable with mandatory tender through 2025;	-	153
Variable rate demand bonds payable in installments through 2047; interest set at prevailing market rates (0.50% to 2.23% at June 30, 2025)	247	247
Auction rate certificates payable in installments through 2042; interest set at prevailing market rates (4.99% to 6.00% at June 30, 2025)	239	240
Variable rate term loans payable through 2027; interest set at prevailing market rates (4.87% to 5.24% at June 30, 2025)	1,425	545
Bank line of credit maturing in 2028; interest set at prevailing market rates interest set at prevailing market rates (5.21% at June 30, 2025)	436	-
Commercial paper notes with maturities ranging from 38 to 183 days at June 30, 2025; interest set at prevailing market rates (4.50% to 4.90% at June 30, 2025)	767	307
Total variable rate debt	3,244	1,582
Total debt under CommonSpirit MTI	17,743	16,289
Other:		
Various notes payable and other debt payable in installments	325	740
Finance lease obligations	1,706	1,774
Total debt	19,774	18,803
Less amounts classified as current	(2,373)	(1,006)
Less demand bonds subject to short-term liquidity arrangements	(247)	(247)
Total long-term debt	$ 17,154	$ 17,550

Scheduled principal debt payments, net of discounts and premiums, and considering obligations subject to short-term liquidity arrangements as due according to their long-term amortization schedule, for the next five years and thereafter, are as follows (in millions):

	Long-Term Debt Other Than Demand Bonds	Demand Bonds Subject to Short-Term Liquidity Arrangements	Total Debt
2026	$ 2,253	$ 97	$ 2,350
2027	1,320	-	1,320
2028	1,061	-	1,061
2029	228	-	228
2030	1,283	-	1,283
Thereafter	11,263	150	11,413
Subtotal	17,408	247	17,655
Finance lease obligations	1,706	-	1,706
Premium and Issuance cost, net	413	-	413
Total	$ 19,527	$ 247	$ 19,774

Fixed Rate Revenue Bonds – CommonSpirit has fixed rate revenue bonds outstanding, substantially all of which may be redeemed, in whole or in part, prior to the stated maturities without a premium.

Fixed Rate Taxable Bonds – CommonSpirit has taxable fixed rate bonds that are due in October 2025, 2029, 2030, 2049, and 2050; November 2027, 2040, 2041, 2042, 2052 and 2064; and December 2031, 2034 and 2054 as of June 30, 2025. Early redemption of the debt, in whole or in part, may require a premium depending on market rates.

Fixed Rate Taxable Loan – CommonSpirit had a taxable fixed rate term loan that matured in April 2025.

Taxable Commercial Paper – CommonSpirit has a commercial paper program that permits the issuance of up to $881 million in aggregate principal amount outstanding, with maturities limited to 270-day periods. The commercial paper program is backed by CommonSpirit's self-liquidity program, which is comprised of CommonSpirit's cash management and operating investment programs and a dedicated bank line of credit, to ensure the availability of funds to purchase any commercial paper that the remarketing agent is unable to remarket.

Floating Rate Notes – CommonSpirit has floating rate notes ("FRNs") that bear interest at variable rates determined weekly and monthly. These FRNs were subject to mandatory tender on predetermined dates.

Variable Rate Direct Purchase Bonds – CommonSpirit has two variable rate direct purchase bonds placed with holders that bear interest at variable rates determined monthly based upon a percentage of the Secured Overnight Financing Rate ("SOFR"), plus a spread. These bonds are subject to mandatory tender on predetermined dates.

Variable Rate Demand Bonds – CommonSpirit has four variable rate demand bonds ("VRDBs") that are remarketed weekly and may be put at the option of the holders. Two of the four series of VRDBs, totaling $150 million, are backed by bank letters of credit, while the remaining two series of VRDBs, totaling $97 million, are supported through CommonSpirit's self-liquidity program (as discussed above). The bank letters of credit and the self-liquidity program ensure the availability of funds to purchase any bonds tendered that the remarketing agent is unable to remarket. The letters of credit supporting the VRDBs expire in March 2027.

Variable Rate Taxable Term Loans – CommonSpirit has four variable rate taxable term loans that bear interest at variable rates based on SOFR, plus a spread. The four variable rate taxable term loans are due in December 2025, April 2026, July 2026 and March 2027.

Auction Rate Certificates – CommonSpirit has $239 million of auction rate certificates ("ARCs") that are remarketed weekly. The certificates are insured by Assured Guaranty. Holders of ARCs are required to hold the certificates until the remarketing agent can find a new buyer for any tendered certificates.

Notes Payable to Banks Under Credit Agreements – CommonSpirit maintains a $900 million syndicated line of credit facility for working capital, letters of credit, capital expenditures and other general corporate purposes. The amount outstanding under the syndicated credit facility was $436 million as of June 30, 2025. This credit facility expires in March 2028.

CommonSpirit maintains a $65 million of dedicated line of credit to support the organization's self-liquidity program, to be used to fund tenders of VRDBs and maturing principal of commercial paper due to a failed remarketing. The line of credit expires in June 2026. No amounts have been drawn.

CommonSpirit maintains a $35 million single bank line of credit facility to be used for the issuance of standby letters of credit. The credit facility expires in March 2028. No amounts have been drawn.

2026 Financing Activity – In July 2025, CommonSpirit entered into a $136 million term loan to repay outstanding balances on the syndicated line of credit. The term loan is scheduled to mature in October 2025.

In July 2025, CommonSpirit entered into a $225 million term loan to redeem in full, the Colorado Health Facilities Authority Revenue Bonds, Series 2019B-1 and the Washington Health Care Facilities Authority Revenue Bonds, Series 2019B-2. The term loan is scheduled to mature in July 2026.

2025 Financing Activity – In July 2024, CommonSpirit entered into a $103 million term loan to redeem the Series 2019B-1 Washington Health Care Facilities Authority Revenue Bonds in full. The term loan is scheduled to mature in July 2026.

In July 2024, CommonSpirit issued $160 million of taxable commercial paper notes. Proceeds were used to finance the purchase of certain previously leased real estate.

In August 2024, CommonSpirit drew $200 million on its syndicated line of credit for working capital purposes.

In October 2024, CommonSpirit drew $300 million on its syndicated line of credit for working capital purposes.

In October 2024, $28 million of outstanding bond obligations were legally defeased due to the transferred ownership and control of associated clinics in San Francisco to the University of California San Francisco Health.

In November 2024, CommonSpirit drew $175 million on its syndicated line of credit for working capital purposes.

In December 2024, CommonSpirit issued $300 million of taxable commercial paper notes. Proceeds were used to repay outstanding balances on its syndicated line of credit.

In December 2024, CommonSpirit amended the term loan agreement entered into in July 2024 to increase the total commitment amount to $630 million. CommonSpirit made two borrowings on the amended term loan totaling $300 million. Of which, $200 million was borrowed to repay outstanding balances on its syndicated line of credit and $100 million was used to redeem in full the Washington Health Care Facilities Authority Bonds Series 2013B-2.

In January 2025, CommonSpirit borrowed on the amended term loan, discussed above, $175 million to repay outstanding balances on its syndicated line of credit.

In January 2025, CommonSpirit borrowed $53 million from the amended term loan, discussed above, to redeem in full the Kentucky Economic Development Financing Authority Bonds Series 2011B-3.

In February 2025, CommonSpirit issued $40 million of tax-exempt variable rate bonds in a private placement. Proceeds were used to reimburse for capital expenditures. The bonds mature in February 2065.

In March 2025, CommonSpirit drew $300 million on its syndicated line of credit for working capital purposes.

In March 2025, CommonSpirit provided for the redemption in full of $136 million of the Virginia Mason Medical Center Taxable Bonds, Series 2013 from a draw on its syndicated line of credit.

In April 2025, CommonSpirit refinanced a $250 million fixed rate term loan, scheduled to mature in April 2025, into a variable rate term loan to mature April 2026.

2024 Financing Activity – In July 2023, CommonSpirit drew $265 million on its syndicated line of credit for the redemption in full of the Catholic Health Initiatives Series 2013D Taxable Bonds.

In August 2023, CommonSpirit entered into a $265 million term loan to refinance the $265 million draw on its syndicated line of credit. The term loan is scheduled to mature August 2024.

In December 2023, CommonSpirit renewed a $65 million line of credit used to support its self-liquidity program scheduled to mature in December 2023, to June 2024.

In December 2023, CommonSpirit renewed a $345 million term loan scheduled to mature in April 2024, to December 2025.

In February 2024, CommonSpirit renewed two letters of credit used to support two series of VRDBs of $75 million each scheduled to expire in March 2024 to March 2027. This did not change the terms, provisions or classification of the VRDBs.

In March 2024, CommonSpirit drew $150 million on its syndicated line of credit for working capital purposes.

In March 2024, CommonSpirit issued $2.0 billion of taxable fixed rate bonds at par, with repayments of $775 million, $725 million and $489 million to be made in December 2031, 2034 and 2054, respectively. Proceeds were used to refund $545 million of commercial paper notes, $265 million of taxable term loan, $156 million of outstanding balances on its syndicated line of credit and pay cost of issuance expenses. Proceeds were also used to refund $1.0 billion of taxable fixed rate bonds, which were placed in escrow, and the bonds were defeased.

In March 2024, CommonSpirit issued $1.0 billion of tax-exempt fixed rate bonds, at a premium. Proceeds were used to refund $600 million of short-term loans, refund $19 million of tax-exempt fixed rate bonds and reimburse prior capital expenditures and fund future capital expenditures. The bonds mature in December 2054.

In March 2024, CommonSpirit entered into a $250 million term loan. Proceeds were used to refund outstanding balances on its syndicated line of credit. The term loan is scheduled to mature December 2025.

In March 2024, CommonSpirit entered into a $200 million term loan. Proceeds were used to refund outstanding balances on its syndicated line of credit. The term loan is scheduled to mature March 2027.

In May 2024, CommonSpirit repaid $150 million of outstanding balances on its syndicated line of credit.

In June 2024, CommonSpirit renewed a $65 million line of credit used to support its self-liquidity program scheduled to mature in June 2024, to June 2026.

14. DERIVATIVE INSTRUMENTS

CommonSpirit's derivative instruments include 29 floating-to-fixed rate interest rate swaps and one basis swap as of June 30, 2025. CommonSpirit uses interest rate swaps to manage interest rate risk associated with outstanding variable rate debt. Under the floating-to-fixed rate swaps, CommonSpirit receives a percentage of SOFR, plus a spread and pays a fixed rate. The basis swap allows CommonSpirit Health to receive a percentage of SOFR, plus a spread and pay a percentage of the Securities Industry and Financial Markets Association ("SIFMA") index.

CommonSpirit's derivative instruments also include seven total return swaps as of June 30, 2025. CommonSpirit receives a fixed rate and pays a variable rate percentage of SIFMA, plus a spread. CommonSpirit uses these total return swaps to reduce interest expense associated with the underlying fixed rate debt.

The following table shows the outstanding notional amount of derivative instruments measured at fair value, net of credit value adjustments, as reported in the accompanying consolidated balance sheets as of June 30, 2025 and 2024 (in millions):

	Maturity Date of Derivatives	Interest Rate	Notional Amount Outstanding	Fair Value
			2025	
Interest rate swaps	2026 - 2047	3.2% - 4.0%	$ 1,573	$ (106)
Total return swaps	2028 - 2030	SIFMA plus spread	383	(1)
Total derivative instruments			1,956	(107)
Cash collateral			-	25
Derivative instruments, net			$ 1,956	$ (82)
			2024	
Interest rate swaps	2025 - 2047	3.2% - 4.0%	$ 1,793	$ (97)
Total return swaps	2028 - 2030	SIFMA plus spread	451	-
Total derivative instruments			2,244	(97)
Cash collateral			-	27
Derivative instruments, net			$ 2,244	$ (70)

CommonSpirit's interest rate swaps mature between 2026 and 2047. CommonSpirit has the right to terminate the swaps prior to maturity for any reason. The termination value would be the fair value or the replacement cost of the swaps, depending on circumstances. The derivative agreements have certain early termination triggers caused by an event of default or a termination event. The events of default include failure to make payment when due, failure to give notice of a termination event, cash on hand dropping below a specified number of days and defaults under other agreements (cross-default provision). Termination events can include credit ratings dropping below a defined minimum credit rating threshold by either party.

CommonSpirit has $160 million notional of interest rate swaps that are insured and have a negative fair value of $15 million as of June 30, 2025. In the event the insurer is downgraded below specified minimum credit rating, the counterparties have the right terminate the swaps if CommonSpirit Health does not provide alternative credit support acceptable to them within 30 days of being notified of the downgrade. If both the insurer and CommonSpirit Health are downgraded below a specified minimum credit rating, the counterparties have the right to terminate the swaps.

CommonSpirit has $1.4 billion notional amount of interest rate swaps that are not insured, of which the counterparties have various rights to terminate $251 million notional. These include the outstanding notional amounts of $100 million and $91 million at each five-year anniversary date commencing in March 2028 and September 2028, respectively. Swaps in the outstanding notional amounts of $60 million have a mandatory put in March 2028. The termination value would be the fair value or the replacement cost of the swaps, depending on the circumstances. These interest rate swaps with the optional and mandatory put options have a negative fair value of $17 million as of June 30, 2025. The remaining uninsured swaps in the notional amount of $1.2 billion have a negative fair value of $74 million as of June 30, 2025.

15. LEASES

CommonSpirit enters into operating and finance leases primarily for buildings and equipment and determines if an arrangement is a lease at inception of the contract. For leases with terms greater than 12 months, CommonSpirit records the related right-of-use ("ROU") asset and lease liability at the present value of lease payments over the contract term using a risk-free interest rate, subject to certain adjustments. CommonSpirit does not separate contract lease and non-lease components except for a class of underlying assets related to supply agreements, which include associated equipment. Certain building lease agreements require CommonSpirit to pay maintenance, repairs, property taxes and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Lease costs also include escalating rent payments that are not fixed at commencement but are based on the Consumer Price Index or other measure of cost inflation. Future changes in the indices are included within variable lease costs. Certain leases include one or more options to renew the lease at the end of the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain leases also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at CommonSpirit's discretion and are evaluated at the commencement of the lease, with only those that are reasonably certain of exercise included in determining the appropriate lease term and lease type.

The components of lease cost, net for the year ended June 30 are as follows (in millions):

	2025	2024
Operating lease cost	$ 281	$ 350
Variable lease cost	213	146
Short-term rent expense	20	27
Amortization of right-of-use assets	131	124
Interest on finance lease liabilities	63	61
Sublease income	(14)	(19)
Total lease cost, net	$ 694	$ 689

Following is supplemental consolidated balance sheet information related to leases as of June 30 (in millions):

Lease Type	Balance Sheet Classification	2025	2024
Operating Leases:			
Operating lease ROU assets	Right-of-use operating lease assets	$ 1,530	$ 1,687
Operating lease obligations - current	Other accrued liabilities - current	249	269
Operating lease obligations - long-term	Operating lease liabilities	1,465	1,582
Finance Leases:			
Finance lease ROU assets	Property and equipment, net	$ 1,580	$ 1,680
Current finance lease liabilities	Current portion of long-term debt	120	104
Long-term finance lease liabilities	Long-term debt, net of current portion	1,586	1,670

Supplemental cash flow and other information related to leases for the years ended June 30 are as follows (in millions):

	2025	2024
ROU assets obtained in exchange for new operating lease liabilities	$ 498	$ 357
ROU assets obtained in exchange for new finance lease liabilities	109	198
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	281	357
Operating cash flows from finance leases	62	61
Financing cash flows from finance leases	87	95
Weighted-average remaining lease term:		
Operating leases	9 years	11 years
Finance leases	13 years	14 years
Weighted-average discount rate:		
Operating leases	3.6%	2.6%
Finance leases	4.0%	3.9%

Commitments related to operating and finance leases for each of the next five years and thereafter as of June 30, 2025, are as follows (in millions):

	Operating	Finance	Total
2026	$ 288	$ 183	$ 471
2027	256	180	436
2028	228	176	404
2029	204	167	371
2030	182	157	339
Thereafter	862	1,304	2,166
Total minimum future lease payments	2,020	2,167	4,187
Less: Imputed interest	(306)	(461)	(767)
Total lease liabilities	1,714	1,706	3,420
Less: current lease liabilities	(249)	(120)	(369)
Total long-term lease liabilities	$ 1,465	$ 1,586	$ 3,051

16. INTEREST EXPENSE, NET

The components of interest expense, net, include the following (in millions):

	2025	2024
Interest and fees on debt	$ 780	$ 731
Capitalized interest expense	(52)	(35)
Interest expense, net	$ 728	$ 696

17. RETIREMENT PROGRAMS

CommonSpirit maintains defined benefit pension plans and other postretirement benefit plans that cover most CommonSpirit employees. Benefits for both types of plans are generally based on age, years of service and employee compensation.

Certain plans were frozen in previous years, and benefits earned by employees through that time period remain in the retirement plans where employees continue to receive interest credits and vesting credits, if applicable.

Actuarial valuations are performed for all of the plans. These valuations are dependent on various assumptions. These assumptions include the discount rate and the expected rate of return on plan assets (for pension), which are important elements of expense and liability measurement. Other assumptions involve demographic factors such as retirement age, mortality, turnover, and the rate of compensation increases. CommonSpirit evaluates all assumptions in conjunction with the valuation updates and modifies them as appropriate. In the years ended June 30, 2025 and 2024, the actuarial gains were primarily actual return on plan assets in the current period exceeding expected returns and driven by the change in discount rate assumption.

Pension costs and other postretirement benefit costs are allocated over the service period of the employees in the plans. The principle underlying this accounting is that employees render service ratably over the period, and therefore, the effects in the accompanying consolidated statements of operations and changes in net assets follow the same pattern. Net actuarial gains and losses are amortized to expense on a plan-by-plan basis when they exceed the accounting corridor. The accounting corridor is a defined range within which amortization of net gains and losses is not required and is equal to 10% of the greater of the plan assets or benefit obligations. Gains or losses outside of the corridor are subject to amortization over the average employee future service period.

Contributions to the defined benefit pension plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. CommonSpirit Health management believes the majority of its plans qualify under a church plan exemption, and as such, are not subject to Employee Retirement Income Security Act funding requirements. CommonSpirit's funding policy requires that, at a minimum, contributions equal the unfunded normal cost, and will result in the plans being fully funded using the long-term rate assumptions. Contributions to these funded plans are anticipated to be $101 million in 2026, which exceeds the funding policy minimum contribution.

The accumulated benefit obligation exceeds plan assets for the defined benefit plans and postretirement benefit plans in the aggregate for the years ended June 30, 2025 and 2024.

The following summarizes the benefit obligations and funded status for the defined benefit pension and postretirement benefit plans (in millions):

	2025	2024
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 10,866	$ 11,525
Service cost	278	296
Interest cost	572	578
Plan changes/amendments	4	-
Actuarial loss (gain)	33	(337)
Settlements	(12)	(498)
Benefits paid	(630)	(698)
Benefit obligation at end of year	$ 11,111	$ 10,866
Accumulated benefit obligation	$ 10,539	$ 10,460
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 9,430	$ 9,716
Actual return on plan assets	948	723
Settlements	(10)	(483)
Employer contributions	87	198
Benefits paid	(630)	(698)
Acquisitions and other	(14)	(26)
Fair value of plan assets at end of year, net	$ 9,811	$ 9,430
Funded status	$ (1,300)	$ (1,436)

The change in net actuarial gain of $220 million is included in the accompanying consolidated statement of operations and changes in net assets for the year ended June 30, 2025. The amounts recognized in unrestricted net assets as the actuarial gains were $396 million and $176 million as of June 30, 2025 and 2024, respectively.

The settlement component of net periodic benefit cost is recognized in the accompanying consolidated statements of operations and changes in net assets within nonoperating income.

The following table summarizes the assumptions used to determine benefit obligations as of and for the year ended June 30:

	2025	2024
To determine benefit obligations:		
Discount rate	5.3% - 5.7%	5.3% - 5.6%
Rate of compensation increase	4.0%	4.0%
Weighted-average interest credit rate for cash balance plans and other applicable plans	5.3%	5.4%
To determine net periodic benefit cost:		
Discount rate	5.6% - 5.9%	4.7% - 5.4%
Expected return on plan assets	4.3% - 7.4%	4.3% - 7.4%
Rate of compensation increase	4.0%	3.8% - 4.0%
Weighted-average interest credit rate for cash balance plans and other applicable plans	5.0% - 6.2%	5.0% - 10.7%

The following table summarizes the components of net periodic benefit cost recognized in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30 (in millions):

	2025	2024
Service cost	$ 278	$ 296
Interest cost	572	578
Expected return on plan assets	(677)	(642)
Settlements	1	163
Net prior service loss (credit) amortization	1	(1)
Net actuarial loss (gain) amortization	(25)	42
Net periodic benefit cost	$ 150	$ 436

The service cost amount above is recorded in salaries and benefits in the accompanying consolidated statements of operations and changes in net assets. All other costs of net periodic benefit cost above are reflected in nonoperating income in the consolidated statements of operations and changes in net assets.

The following represents the fair value of plan assets, net, measured on a recurring basis as of June 30 (in millions). See Note 8 for the definition of Levels 1 and 2 in the fair value hierarchy and investments valued using the NAV practical expedient and discussion regarding fair value measurement. Amounts reported do not include noncash collateral of $461 million and $405 million as of June 30, 2025 and 2024, respectively.

	2025		
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total**
Assets			
Cash and short-term investments	$ 205	$ 14	$ 219
U.S. government securities	1,036	36	1,072
U.S. corporate bonds	142	518	660
U.S. equity securities	745	-	745
Foreign government securities	-	56	56
Foreign corporate bonds	-	83	83
Foreign equity securities	1,155	3	1,158
Structured debt	-	52	52
Multi-strategy hedge funds	25	-	25
Real estate	27	-	27
Other	-	1	1
Assets measured at fair value	3,335	763	4,098
Assets at NAV:			
U.S. government securities			4
U.S. corporate bonds			522
U.S. equity securities			671
Foreign corporate bonds			70
Foreign equity securities			2,007
Private equity			1,618
Hedge funds			647
Real estate			465
Total assets			$ 10,102
Other plan assets (liabilities)			
Due from brokers for unsettled investment trades			31
Due to brokers for unsettled investment trades			(322)
Fair value of plan assets, net			$ 9,811

	2024		
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Assets			
Cash and short-term investments	$ 307	$ 3	$ 310
U.S. government securities	941	50	991
U.S. corporate bonds	153	485	638
U.S. equity securities	711	-	711
Foreign government securities	-	53	53
Foreign corporate bonds	-	85	85
Foreign equity securities	861	2	863
Structured debt	-	30	30
Real estate	3	-	3
Other	-	12	12
Assets measured at fair value	2,976	720	3,696
Assets at NAV:			
U.S. government securities			6
U.S. corporate bonds			480
U.S. equity securities			672
Foreign corporate bonds			83
Foreign equity securities			1,950
Private equity			1,523
Hedge funds			814
Real estate			485
Total assets			$ 9,709
Other plan assets (liabilities)			
Due from brokers for unsettled investment trades			22
Due to brokers for unsettled investment trades			(301)
Fair value of plan assets, net			$ 9,430

The following table summarizes the weighted-average asset allocations by asset category for the pension plans as of June 30:

	2025	2024
Cash and cash equivalents	2%	3%
U.S. government securities	11%	10%
U.S. corporate bonds	12%	12%
U.S. equity securities	15%	14%
Foreign corporate bonds	2%	2%
Foreign equity securities	31%	29%
Private equity	16%	16%
Other	11%	14%
Total	100%	100%

The asset allocation policy for the pension plans for 2025 and 2024 is as follows: public equity, 48%; fixed income, 23%; private equity, 16%; hedge funds, 6%; real assets, 5%; and cash and opportunistic, 2%.

CommonSpirit's investment strategy for the assets of the pension plans is designed to achieve returns to meet obligations and grow the assets of the portfolios longer term, consistent with a prudent level of risk. The strategy balances the liquidity needs of the pension plans with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional and non-traditional asset classes. Diversification is also achieved through participation in U.S. and non-U.S. markets, market capitalization, and investment manager style and philosophy. The complementary investment styles and approaches used by both traditional and alternative investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long term. Risk tolerance is established through consideration of plan liabilities, plan funded status and corporate financial condition. Consistent with CommonSpirit's fiduciary responsibilities, the fixed income allocation generally provides for security of principal to meet near-term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary.

CommonSpirit's pension plan portfolio return assumptions for 2025 and 2024 were based on the long-term weighted-average returns of comparative market indices for the asset classes represented in the portfolio and expectations about future returns.

The following benefit payments, which reflect expected future service, are expected to be paid during the years ended June 30 (in millions):

2026	$ 765
2027	850
2028	892
2029	760
2030	775
2031 - 2035	4,091
Total	$ 8,133

CommonSpirit maintains defined contribution retirement plans for most employees. Employer contributions to those plans of $455 million and $428 million for 2025 and 2024, respectively, included in salaries and benefits in the accompanying consolidated statements of operations and changes in net assets, are primarily based on a percentage of a participant's contribution.

18. COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND OTHER

The following summary encompasses matters related to litigation, regulatory and compliance matters, and developments thereto.

General – The health care industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, the rules governing licensure, accreditation, controlled substances, privacy, government program participation, government reimbursement, antitrust, anti-kickback, prohibited referrals by physicians, false claims, and in the case of tax-exempt organizations, the requirements of tax exemption. Management believes CommonSpirit is materially in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CommonSpirit entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. Additionally, certain CommonSpirit entities have identified and self-disclosed potential instances of noncompliance with applicable regulations. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CommonSpirit's consolidated financial statements.

In recent years, government activity has increased with respect to investigations and allegations of wrongdoing. In addition, during the course of business, CommonSpirit becomes involved in civil litigation. Management assesses the probable outcome of unresolved litigation and investigations and records contingent liabilities reflecting estimated liability exposure. Following is a discussion of matters of note.

Cybersecurity Incident **–** On October 2, 2022, CommonSpirit experienced a ransomware attack ("the Cybersecurity Incident") that impacted certain of its systems. Upon discovering the attack, CommonSpirit took immediate steps to protect its IT systems, contain the incident, begin an investigation, and maintain continuity of care. CommonSpirit engaged leading cybersecurity specialists to support its investigation, and notified law enforcement and the United States Department of Health and Human Services. In April 2023, CommonSpirit completed notifications to individuals whose data was potentially impacted by the Cybersecurity Incident.

The Cybersecurity Incident has had an estimated adverse financial impact of approximately $160 million to date, which includes lost revenues from the associated business interruption, the costs incurred to remediate the issues and other related business expenses, and is exclusive of any potential insurance related recoveries. CommonSpirit's cyber insurers were immediately notified and CommonSpirit recorded insurance recoveries within unrestricted revenue of $15 million and $60 million during fiscal years 2025 and 2024, respectively. The insurance recovery process will continue through fiscal year 2026. CommonSpirit is unable to predict the final amount of insurance recoveries at this time.

Seismic Standards **–** The State of California issued seismic safety standards in 1994, with the final seismic upgrade requirements to be in place by 2030, of which the timelines have been amended on several occasions. The regulations called for a specific reclassification of structural building upgrades to be in place by January 2013. Buildings retrofitted or built to the new seismic standards may remain in an acute care service beyond 2030.

Each of the acute care service buildings at CommonSpirit's California facilities either: (1) already meets the standards in effect until 2030, (2) is not subject to these standards, (3) will not be used for acute care services beyond the extended deadline, or (4) is scheduled to undergo remediation before applicable deadline dates. The amount of capital required for meeting the 2030 standards, both structural and/or non-structural, is not yet determined, but is anticipated to be material.

In addition to the foregoing, in late 2014, the State of California's Department of Health Care Access and Information (formerly known as Office of Statewide Health Planning and Development) created a new seismic performance category allowing buildings that were previously required to be upgraded to meet the 2030 standards or decommissioned by 2030 to remain in use indefinitely if they could be retrofitted to meet certain new standards. CommonSpirit is undertaking the necessary evaluation of its buildings, to be completed by the end of fiscal year 2026, and has commenced the design of several hospital upgrades to meet the 2030 seismic standards.

Long-term Contracts – CommonSpirit has entered into certain Master Services Agreements ("MSAs") with related parties for the purchase of revenue cycle management services that terminate in fiscal years 2031 and 2033. The agreements are amended from time to time and are subject to annual adjustments for inflation and achievement of certain performance levels, which reflect market terms. These amounts are recorded in purchased services and other in the accompanying statements of operations and changes in net assets. The MSAs are subject to significant penalties for cancellation without cause.

Purchase Commitments – CommonSpirit has entered into various agreements that require certain minimum purchases of goods and services, including management services agreements for information and clinical technology and sponsorship agreements, at levels consistent with normal business requirements. Excluding the long-term contracts noted above, outstanding unconditional purchase commitments were approximately $1.5 billion as of June 30, 2025.

19. FUNCTIONAL EXPENSES

CommonSpirit provides health care services, including inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Expenses for these program services represent costs that are controllable by operational leadership. Support services include administration, financial services and purchasing, financial planning and budgeting, information technology, risk management, public relations, human resources, cash, debt and investment management, legal, mission services, and other functions that are supported centrally for all of CommonSpirit and are driven by CommonSpirit leadership.

Following is a summary of the program and support services provided for the years ended June 30, 2025 and 2024 (in millions):

	2025			
	Program Services - Health care	Support Services - Management and Administrative	Support Services - Fundraising	Total Expenses
Salaries and benefits	$ 18,674	$ 1,363	$ 27	$ 20,064
Supplies	6,072	269	-	6,341
Purchased services and other	10,082	1,119	66	11,267
Depreciation and amortization	1,372	31	-	1,403
Interest expense	524	204	-	728
Total operating expenses	$ 36,724	$ 2,986	$ 93	$ 39,803

	2024			
	Program Services - Health care	Support Services - Management and Administrative	Support Services - Fundraising	Total Expenses
Salaries and benefits	$ 17,817	$ 1,290	$ 25	$ 19,132
Supplies	5,612	215	-	5,827
Purchased services and other	9,883	1,053	49	10,985
Depreciation and amortization	1,350	108	-	1,458
Interest expense	555	141	-	696
Total operating expenses	$ 35,217	$ 2,807	$ 74	$ 38,098

20. UNSPONSORED COMMUNITY BENEFIT EXPENSE (UNAUDITED)

Unsponsored community benefits are programs or activities that provide treatment and/or promote health and healing as a response to identified community needs. These benefits (a) generate a low or negative margin, (b) respond to the needs of special populations, such as persons living in poverty and other disenfranchised persons, (c) supply services or programs that would likely be discontinued, or would need to be provided by another nonprofit or government provider, if the decision was made on a purely financial basis, (d) respond to public health needs, and/or (e) involve education or research that improves overall community health.

The unpaid costs of Medicaid/Medi-Cal include $327 million and $865 million in direct benefit expense related to the California provider fee program in 2025 and 2024, respectively, and direct offsetting revenue related to the program of $632 million and $1.8 billion for 2025 and 2024, respectively.

Benefits for the Poor include services provided to persons who are low-income or medically indigent and cannot afford to pay for health care services because they have insufficient resources and/or are uninsured or underinsured. Serving these populations helps to achieve health equity.

Benefits for the Broader Community refer to programs in the general communities that CommonSpirit serves, including but beyond those for low-income and vulnerable persons. Most services for the broader community are aimed at improving the health and welfare of the overall community. CommonSpirit provides services to nonprofit organizations that promote the total health of their local communities, including the development of and connection to health and social services, support for affordable housing and healthy food, increasing opportunities for jobs and job training, and expanding access to health care for uninsured and underinsured persons.

Financial Assistance (Charity Care) is free or discounted health services provided to persons who cannot afford to pay and who meet CommonSpirit's criteria for financial assistance.

Net Community Benefit, excluding the unpaid cost of Medicare, is the total cost incurred after deducting direct offsetting revenue from government programs, patients, and other sources of payment or reimbursement for services provided to program patients. Restricted revenue from grants, fees and other sources of payment or reimbursement for services provided to patients, program participants and the community also are included in direct offsetting revenue.

Following is a summary of CommonSpirit's community benefits for 2025 for all operations, in terms of services to the poor and benefits for the broader community, which has been prepared in accordance with Internal Revenue Service Form 990, Schedule H and the CHA publication, *A Guide for Planning and Reporting Community Benefit* (dollars in millions):

	Unaudited			
	Total Benefit Expense	**Direct Offsetting Revenue**	**Net Community Benefit**	**% of Total Expenses**
Benefits for the poor:				
Traditional charity care	$ 680	$ -	$ 680	1.7%
Unpaid costs of Medicaid / Medi-Cal	8,230	(6,430)	1,800	4.5%
Other means-tested programs	14	(12)	2	0.0%
Community services:				
Community health services	86	(35)	51	0.1%
Subsidized health services	83	(59)	24	0.1%
Cash and in-kind contributions	43	-	43	0.1%
Community building activities	4	(1)	3	0.0%
Community benefit operations	17	-	17	0.1%
Total community services for the poor	233	(95)	138	0.4%
Total benefits for the poor	9,157	(6,537)	2,620	6.6%
Benefits for the broader community:				
Community services:				
Community health services	37	(12)	25	0.1%
Health professions education	501	(135)	366	0.9%
Subsidized health services	111	(84)	27	0.1%
Research	71	(64)	7	0.0%
Cash and in-kind contributions	12	-	12	0.0%
Community building activities	7	(1)	6	0.0%
Community benefit operations	8	-	8	0.0%
Total benefits for the broader community	747	(296)	451	1.1%
Total community benefits	$ 9,904	$ (6,833)	$ 3,071	7.7%
Unpaid costs of Medicare	8,703	(6,618)	2,085	5.2%
Total community benefits, including unpaid costs of Medicare	$ 18,607	$ (13,451)	$ 5,156	12.9%

The comparable amount of net community benefit was $3 billion for 2024, or $4 billion including the unpaid cost of Medicare.

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