



Quarterly Disclosure Statements
(Unaudited)
For the Six Months Ended June 30, 2026
For

Advocate Health Nonprofit Credit Group



Advocate Health Governmental Credit Group

The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health
CMHA Combined Group



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Introduction

Purpose of this Report

The purpose of this report is to provide information necessary to comply with continuing disclosure undertakings of the Advocate Health Nonprofit Credit Group and the Advocate Health Governmental Credit Group, as described below, both of which are part of an integrated health care delivery and academic system known as Advocate Health.

Advocate Health

Advocate Aurora Health, Inc., a Delaware nonprofit nonstock corporation and Atrium Health, Inc., a North Carolina nonprofit corporation (“Atrium”), entered into a Joint Operating Agreement pursuant to which they created Advocate Health, Inc., a Delaware nonprofit nonstock corporation, to manage and oversee an integrated health care delivery and academic system known as Advocate Health which focuses on meeting patients’ needs by redefining how, when and where care is delivered. Advocate Aurora Health, Inc. and Atrium are the two corporate members of Advocate Health, Inc. Advocate Health, which includes all entities under the common management of Advocate Health, Inc., has a combined footprint across Illinois, Wisconsin, North Carolina, South Carolina, Georgia and Alabama.

Advocate Aurora Health, Inc.

Advocate Aurora Health, Inc. is the sole corporate member of Advocate Health Care Network, an Illinois not-for-profit corporation, (“Advocate”) and Aurora Health Care, Inc., a Wisconsin nonstock not-for-profit corporation (“Aurora”). Advocate Aurora Health, Inc., Advocate, Aurora and their controlled subsidiaries are collectively referred to herein as “AAH”. AAH serves patients across northern and central Illinois and eastern Wisconsin. The participants in AAH do business as Advocate in Illinois and as Aurora in Wisconsin.

Atrium Health, Inc.

The Charlotte-Mecklenburg Hospital Authority (“Atrium Health CMHA”) and Atrium Health Wake Forest Baptist Health, including Wake Forest School of Medicine, are part of a single enterprise (the “Atrium Enterprise”), managed and overseen by Atrium pursuant to a health system integration agreement and related agreements. The Atrium Enterprise serves patients across North Carolina, South Carolina, Georgia and Alabama. The participants in the Atrium Enterprise do business as Atrium Health and Atrium Health Wake Forest Baptist (in North Carolina and South Carolina) and as Atrium Health Navicent and Atrium Health Floyd (in Georgia and Alabama).

Advocate Health Nonprofit Credit Group

In March 2026, Advocate Aurora Health, Inc. and certain subsidiaries, certain Atrium Health Wake Forest Baptist entities and Advocate Health, Inc. were combined into one credit group, which is referred to as the Advocate Health Nonprofit Credit Group.

Advocate Health Governmental Credit Group

Atrium Health CMHA is a North Carolina hospital authority that issues revenue bonds under a revenue bond order (as amended, the “CMHA Bond Order”). The Advocate Health Governmental Credit Group is the

Combined Group formed under the CMHA Bond Order, which consists of Atrium Health CMHA and certain of its affiliates who are members of the Obligated Group and any other affiliates designated by Atrium Health CMHA (“Designated Affiliates”). While Atrium Health Navicent and Atrium Health Floyd are included in Atrium Health CMHA’s financial statements as blended component units, none of the Atrium Health Navicent or Atrium Health Floyd entities are members of the Atrium Health CMHA Combined Group.



Advocate Health

Introduction

The financial position and results of operations of Advocate Health are presented by combining the financial statements of the Advocate Health Nonprofit Credit Group and Affiliates and Atrium Health CMHA, which are under the common management of Advocate Health. Advocate Health, which includes Atrium Health CMHA, has prepared its financial statements in accordance with accounting principles as promulgated by the Financial Accounting Standards Board ("FASB"). Atrium Health CMHA is a governmental entity as defined by the Governmental Accounting Standards Board ("GASB"); accordingly, accounting principles as promulgated by GASB are the appropriate accounting principles for Atrium Health CMHA to follow. As part of the Advocate Health combined financial statements, the financial statements of Atrium Health CMHA are presented with FASB accounting principles. All significant intercompany transactions have been eliminated in the combination.

The Advocate Health combined financial statements are not required to be delivered pursuant to any continuing disclosure undertaking and are being provided on a voluntary basis.

ADVOCATE HEALTH
COMBINED BALANCE SHEETS - FASB
(in thousands)

	<u>June 30, 2026</u>	<u>December 31, 2025</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,570,358	\$ 2,508,839
Short term investments	52,418	51,816
Assets limited as to use	206,703	214,626
Patient accounts receivable	4,721,033	4,234,473
Other current assets	3,635,748	2,972,313
Total current assets	<u>11,186,260</u>	<u>9,982,067</u>
Other assets		
Assets limited as to use	29,108,309	27,192,534
Property and equipment, net	15,160,155	14,872,937
Operating lease right-of-use assets	1,099,440	1,123,933
Other noncurrent assets	1,344,441	1,387,338
Total other assets	<u>46,712,345</u>	<u>44,576,742</u>
Total assets	<u><u>\$ 57,898,605</u></u>	<u><u>\$ 54,558,809</u></u>
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 1,867,671	\$ 1,796,931
Operating lease liabilities, current portion	198,247	196,760
Accrued salaries and employee benefits	2,719,920	3,038,049
Accounts payable and other accrued liabilities	3,711,260	3,667,987
Third-party payors payables	676,113	823,800
Total current liabilities	<u>9,173,211</u>	<u>9,523,527</u>
Noncurrent liabilities		
Long-term debt, less current portion	6,489,753	5,725,687
Operating lease liabilities, less current portion	1,056,001	1,088,477
Other noncurrent liabilities	3,753,683	3,563,061
Total noncurrent liabilities	<u>11,299,437</u>	<u>10,377,225</u>
Total liabilities	20,472,648	19,900,752
Net assets		
Without donor restrictions		
Controlling interest	35,504,214	32,830,361
Noncontrolling interests in subsidiaries	217,707	218,734
Total net assets without donor restrictions	<u>35,721,921</u>	<u>33,049,095</u>
With donor restrictions	1,704,036	1,608,962
Total net assets	<u>37,425,957</u>	<u>34,658,057</u>
Total liabilities and net assets	<u><u>\$ 57,898,605</u></u>	<u><u>\$ 54,558,809</u></u>

ADVOCATE HEALTH
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - FASB
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Revenue		
Patient service revenue	\$ 17,388,708	\$ 15,783,449
Other revenue	3,076,060	3,062,652
Total revenue	<u>20,464,768</u>	<u>18,846,101</u>
Expenses		
Salaries, wages and benefits	11,094,938	10,298,662
Supplies and drugs	4,640,135	4,149,538
Purchased services and other expenses	3,182,387	2,831,293
Depreciation and amortization	654,462	617,260
Interest	117,507	124,993
Total expenses	<u>19,689,429</u>	<u>18,021,746</u>
Operating income	775,339	824,355
Nonoperating income		
Investment income, net	1,916,647	1,270,136
Other nonoperating income (loss), net	10,240	(72,615)
Total nonoperating income, net	<u>1,926,887</u>	<u>1,197,521</u>
Revenue in excess of expenses	2,702,226	2,021,876
Less income attributable to noncontrolling interests	<u>(29,671)</u>	<u>(21,155)</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 2,672,555	\$ 2,000,721

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2026 presentation. Thus, certain six months ended June 30, 2025 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2025 net assets or revenues in excess of expenses.

ADVOCATE HEALTH
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - FASB
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net assets without donor restrictions, controlling interest		
Revenue in excess of expenses - attributable to controlling interest	\$ 2,672,555	\$ 2,000,721
Pension-related changes other than net periodic pension costs	5,414	10,059
Other, net	(4,116)	3,740
Increase in net assets without donor restrictions, controlling interest	2,673,853	2,014,520
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses	29,671	21,155
Distributions to noncontrolling interests	(30,723)	(29,123)
Other, net	25	—
Decrease in net assets without donor restrictions, noncontrolling interests	(1,027)	(7,968)
Net assets with donor restrictions		
Contributions	224,893	183,074
Investment income, net	70,351	35,617
Net assets released from restrictions	(209,890)	(186,024)
Other, net	9,720	(1,703)
Increase in net assets with donor restrictions	95,074	30,964
Increase in net assets	2,767,900	2,037,516
Net assets at beginning of period	34,658,057	29,844,080
Net assets at end of period	\$ 37,425,957	\$ 31,881,596

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2026 presentation. Thus, certain six months ended June 30, 2025 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2025 net assets or revenues in excess of expenses.

ADVOCATE HEALTH
COMBINED STATEMENTS OF CASH FLOWS - FASB
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities		
Increase in net assets	\$ 2,767,900	\$ 2,037,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	637,741	608,422
Noncash lease expense	116,745	113,015
Pension-related changes other than net periodic pension cost	(5,414)	(10,059)
Distribution to noncontrolling interests	40,616	38,994
Gain on sale of business	(54,039)	—
Other	(48,146)	(50,821)
Changes in operating assets and liabilities		
Trading securities, net	(1,819,370)	(846,018)
Patient accounts receivable	(484,086)	(276,726)
Other assets and liabilities, net	(929,079)	(868,764)
Net cash provided by operating activities	<u>222,868</u>	<u>745,559</u>
Cash flows from investing activities		
Capital expenditures	(948,592)	(1,167,077)
Cash received from sale of business	79,817	—
Investments in unconsolidated entities, net	(33,923)	(1,091)
Purchases of investments designated as non-trading	(143,512)	(7,653)
Sales of investments	54,908	7,749
Other	14,413	875
Net cash used in investing activities	<u>(976,889)</u>	<u>(1,167,197)</u>
Cash flows from financing activities		
Net borrowings under line of credit and commercial paper programs	439,000	400,000
Repayments of long-term debt	(302,536)	(79,001)
Proceeds from issuance of long-term debt	715,308	—
Distribution to noncontrolling interests	(40,616)	(38,994)
Other	4,384	11,054
Net cash provided by financing activities	<u>815,540</u>	<u>293,059</u>
Increase (decrease) in cash and cash equivalents	61,519	(128,579)
Cash and cash equivalents at beginning of period	2,508,839	2,026,581
Cash and cash equivalents at end of period	<u>\$ 2,570,358</u>	<u>\$ 1,898,002</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 97,789	\$ 207,920

Comparative financial statement amounts may differ from those previously reported because of subsequently available information that results in reclassifications that were made to conform to the 2026 presentation. Thus, certain six months ended June 30, 2025 statement of operations and statement of cash flows amounts previously reported were accordingly reclassified. There was no impact on previously reported 2025 net assets or revenues in excess of expenses.

ADVOCATE HEALTH
UTILIZATION STATISTICS AND KEY FINANCIAL RATIOS

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change	% Change
Census				
Discharges ⁽¹⁾	296,564	286,708	9,856	3.4 %
Observation Cases ⁽¹⁾	86,630	83,676	2,954	3.5 %
Total Bedded Patients	383,194	370,384	12,810	3.5 %
Inpatient Length of Stay ⁽¹⁾	5.25	5.35	(0.10)	(1.9)%
Case Mix index	1.77	1.77	—	— %
Other Volume Stats				
Inpatient Surgeries	64,645	63,794	851	1.3 %
Outpatient Surgeries ⁽¹⁾	163,101	157,175	5,926	3.8 %
Total Surgeries	227,746	220,969	6,777	3.1 %
ED Visits ⁽¹⁾	1,178,544	1,180,196	(1,652)	(0.1)%
wRVUs ⁽¹⁾	33,903,538	31,427,472	2,476,066	7.9 %

⁽¹⁾Prior year was updated to reflect the current year measurement methodology

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Operating Performance		
Operating margin ⁽¹⁾	3.8%	4.4%
Operating cash flow margin ⁽²⁾	7.6%	8.3%
Excess margin ⁽³⁾	12.1%	10.1%
	As of June 30, 2026	As of December 31, 2025
Leverage and Liquidity		
Debt to capitalization ⁽⁴⁾	19.0%	18.5%
Cash to debt ⁽⁵⁾	356%	372%
Days cash on hand ⁽⁶⁾	288	283

⁽¹⁾ Operating income/Total revenue

⁽²⁾ (Operating income + Interest + Depreciation and amortization)/Total revenue

⁽³⁾ Revenue in excess of expenses/(Total revenue + Total nonoperating income, net)

⁽⁴⁾ (Long-term debt, current portion + Long-term debt, less current portion)/(Long-term debt, current portion + Long-term debt, less current portion + Total net assets without donor restrictions)

⁽⁵⁾ Unrestricted cash and investments/(Long-term debt, current portion + Long-term debt, less current portion)

⁽⁶⁾ Unrestricted cash and investments/((Total expenses - Depreciation and amortization)/days in period). The days cash on hand ratio is calculated from expenses on a trailing 12 month basis.

ADVOCATE HEALTH
OTHER FINANCIAL INFORMATION

Sources of Patient Service Revenue

In the six months ended June 30, 2026 and 2025, the composition of Advocate Health's patient service revenue by payor was as follows:

Payor Mix	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Commercial	45 %	50 %
Medicare	31 %	31 %
Medicaid	20 %	18 %
Self-pay and other	4 %	1 %
	<u>100 %</u>	<u>100 %</u>

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

Unrestricted cash and investments

As of June 30, 2026 and December 31, 2025, the composition of Advocate Health's unrestricted cash and investments was as follows:

	As of June 30, 2026	As of December 31, 2025
Cash and cash equivalents	\$ 2,570,358	\$ 2,508,839
Short term investments, excluding restricted assets	13,072	12,845
Long-term investments, excluding restricted assets limited as to use	27,182,625	25,444,789
Total unrestricted cash and investments	<u>\$ 29,766,055</u>	<u>\$ 27,966,473</u>

Long-Term Debt

As of June 30, 2026 and December 31, 2025, the composition of Advocate Health's debt was as follows:

	June 30, 2026		December 31, 2025	
Taxable fixed rate bonds	\$ 2,317,690	28%	\$ 2,392,690	33%
Tax-exempt fixed rate bonds	1,134,655	14%	1,143,190	16%
Tax-exempt variable rate bonds	1,927,270	24%	1,939,580	26%
Put bonds	1,269,585	16%	820,920	11%
Commercial paper	909,000	11%	270,000	4%
Finance leases / other banks debt	579,554	7%	795,138	10%
Total Long-term debt, excluding unamortized bond premiums and bond issuance costs	<u>\$ 8,137,754</u>	<u>100%</u>	<u>\$ 7,361,518</u>	<u>100%</u>

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES

Introduction

Advocate Health Nonprofit Credit Group

Advocate Health, Inc., AAH and certain subsidiaries and certain Atrium Health Wake Forest Baptist entities are members of the Obligated Group (the “Nonprofit Obligated Group”) created under a Second Amended and Restated Trust Indenture dated as of August 1, 2018 (the “Nonprofit Master Indenture”) among AAH and certain other Nonprofit Obligated Group Members identified therein and U.S. Bank Trust Company, National Association, Master Trustee. The members of the Nonprofit Obligated Group are jointly and severally liable on any Obligations issued under the Nonprofit Master Indenture. Certain of the Nonprofit Obligated Group’s affiliates are designated as Restricted Affiliates under the Nonprofit Master Indenture (“Nonprofit Restricted Affiliates”). The Nonprofit Obligated Group Members and the Nonprofit Restricted Affiliates are referred to collectively as the Advocate Health Nonprofit Credit Group.

No member of the Advocate Health Governmental Credit Group or any other entity that is included in the financial statements of Atrium Health CMHA (including Atrium Health Navicent and Atrium Health Floyd entities) is a member of the Advocate Health Nonprofit Credit Group as of the date of this report and, therefore, none of them has any obligation to provide for the payment of any Obligation issued under the Nonprofit Master Indenture.

Basis of Presentation

The accompanying combined financial statements for the Advocate Health Nonprofit Credit Group and Affiliates as of and for the six months ended June 30, 2026 and 2025, have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by FASB. December 31, 2025 information is derived from the audited financial statements.

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES
COMBINED BALANCE SHEETS
(in thousands)

	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 1,909,118	\$ 1,474,730
Due from related party - centralized cash management arrangement	269,385	251,721
Assets limited as to use	202,091	202,440
Patient accounts receivable	2,986,163	2,694,227
Other current assets	2,935,595	2,346,721
Total current assets	8,302,352	6,969,839
Noncurrent assets		
Assets limited as to use	28,817,040	26,897,204
Property and equipment, net	8,447,545	8,282,893
Operating lease right-of-use assets	468,201	477,924
Other noncurrent assets	816,980	836,363
Total other assets	38,549,766	36,494,384
Total assets	\$ 46,852,118	\$ 43,464,223
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 830,120	\$ 770,305
Operating lease liabilities, current portion	107,114	108,157
Accrued salaries and employee benefits	2,111,024	1,967,189
Accounts payable and other accrued liabilities	3,043,591	2,957,122
Third-party payors payables	542,625	558,230
Total current liabilities	6,634,474	6,361,003
Noncurrent liabilities		
Long-term debt, less current portion	4,190,187	3,614,735
Operating lease liabilities, less current portion	407,857	423,862
Due to related party - investment pool	9,470,334	8,786,990
Other noncurrent liabilities	2,721,408	2,542,791
Total noncurrent liabilities	16,789,786	15,368,378
Total liabilities	23,424,260	21,729,381
Net assets		
Without donor restrictions		
Controlling interest	22,377,511	20,725,468
Noncontrolling interests in subsidiaries	217,707	218,734
Total net assets without donor restrictions	22,595,218	20,944,202
With donor restrictions	832,640	790,640
Total net assets	23,427,858	21,734,842
Total liabilities and net assets	\$ 46,852,118	\$ 43,464,223

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Revenue		
Patient service revenue	\$ 11,020,294	\$ 9,865,522
Other revenue	2,840,922	2,096,647
Total revenue	<u>13,861,216</u>	<u>11,962,169</u>
Expenses		
Salaries, wages and benefits	7,628,919	6,721,858
Supplies and drugs	2,915,032	2,582,178
Purchased services and other expenses	2,409,696	1,822,867
Depreciation and amortization	395,211	358,655
Interest	85,117	78,763
Total expenses	<u>13,433,975</u>	<u>11,564,321</u>
Operating income	427,241	397,848
Nonoperating income		
Investment income, net	1,944,980	1,319,591
Investment income attributable to related parties, net	(645,714)	(476,091)
Other nonoperating loss, net	(59,859)	(52,734)
Total nonoperating income, net	<u>1,239,407</u>	<u>790,766</u>
Revenue in excess of expenses	1,666,648	1,188,614
Less income attributable to noncontrolling interests	<u>(29,671)</u>	<u>(21,155)</u>
Revenue in excess of expenses - attributable to controlling interest	\$ 1,636,977	\$ 1,167,459

(Continued)

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES
COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net assets without donor restrictions, controlling interest		
Revenue in excess of expenses - attributable to controlling interest	\$ 1,636,977	\$ 1,167,459
Pension-related changes other than net periodic pension costs	9,322	10,059
Other, net	5,744	23,706
Increase in net assets without donor restrictions, controlling interest	1,652,043	1,201,224
Net assets without donor restrictions, noncontrolling interests		
Revenues in excess of expenses	29,671	21,155
Distributions to noncontrolling interests	(30,723)	(29,123)
Other, net	25	—
Decrease in net assets without donor restrictions, noncontrolling interests	(1,027)	(7,968)
Net assets with donor restrictions		
Contributions	198,951	147,035
Investment income, net	33,174	22,279
Net assets released from restrictions	(185,547)	(169,040)
Other, net	(4,578)	(2,458)
Increase (decrease) in net assets with donor restrictions	42,000	(2,184)
Increase in net assets	1,693,016	1,191,072
Net assets at beginning of period	21,734,842	18,752,090
Net assets at end of period	\$ 23,427,858	\$ 19,943,162

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities		
Increase in net assets	\$ 1,693,016	\$ 1,191,072
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization and accretion	381,935	353,262
Noncash lease expense	54,571	59,096
Pension-related changes other than net periodic pension cost	(9,322)	(10,059)
Distribution to noncontrolling interests	40,616	38,994
Other	153	(62,714)
Changes in operating assets and liabilities		
Trading securities, net	(1,830,403)	(848,979)
Patient accounts receivable	(289,461)	(161,344)
Due to related party	683,333	247,260
Other assets and liabilities, net	(224,047)	(407,145)
Net cash provided by operating activities	<u>500,391</u>	<u>399,443</u>
Cash flows from investing activities		
Capital expenditures	(554,611)	(574,197)
Net transfers to related party under centralized cash management arrangement	(17,664)	—
Investments in unconsolidated entities, net	(33,923)	(1,075)
Purchases of investments designated as non-trading	(143,512)	(7,653)
Sales of investments designated as non-trading	54,908	7,749
Other	12,889	(705)
Net cash used in investing activities	<u>(681,913)</u>	<u>(575,881)</u>
Cash flows from financing activities		
Net borrowings under line of credit and commercial paper programs	189,000	150,000
Repayments of long-term debt	(255,627)	(32,345)
Proceeds from issuance of long-term debt	715,308	—
Distribution to noncontrolling interests	(40,616)	(38,994)
Other	7,845	23,889
Net cash provided by financing activities	<u>615,910</u>	<u>102,550</u>
Net increase (decrease) in cash and cash equivalents	434,388	(73,888)
Cash and cash equivalents at beginning of period	1,474,730	1,249,661
Cash and cash equivalents at end of period	<u>\$ 1,909,118</u>	<u>\$ 1,175,773</u>
Supplemental disclosures of noncash information		
Operating lease right-of-use assets in exchange for new operating lease liabilities	\$ 52,327	\$ 107,441

ADVOCATE HEALTH NONPROFIT CREDIT GROUP AND AFFILIATES
UTILIZATION STATISTICS AND SOURCES OF REVENUE

Utilization Statistics

A summary of certain combined utilization statistics for the Advocate Health Nonprofit Credit Group and Affiliates for the six months ended June 30, 2026 and 2025 are set forth in the table below.

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change	% Change
Census				
Discharges	182,631	177,728	4,903	2.8 %
Observation Cases	51,589	49,435	2,154	4.4 %
Total Bedded Patients	234,220	227,163	7,057	3.1 %
Inpatient Length of Stay	4.97	5.06	(0.09)	(1.8)%
Case Mix index	1.81	1.80	0.01	0.6 %
Other Volume Stats				
Inpatient Surgeries	42,122	41,137	985	2.4 %
Outpatient Surgeries	114,584	108,821	5,763	5.3 %
Total Surgeries	156,706	149,958	6,748	4.5 %
ED Visits	651,767	639,435	12,332	1.9 %
wRVUs	22,368,764	20,749,865	1,618,899	7.8 %

Sources of Patient Service Revenue

In the six months ended June 30, 2026 and 2025, the composition of the Advocate Health Nonprofit Credit Group and Affiliates' patient service revenue by payor was as follows:

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Payor Mix		
Commercial	45 %	49 %
Medicare	33 %	31 %
Medicaid	19 %	17 %
Self-pay and other	3 %	3 %
	100 %	100 %

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



ADVOCATE HEALTH GOVERNMENTAL CREDIT GROUP
THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP
Introduction

Advocate Health Governmental Credit Group

The Charlotte-Mecklenburg Hospital Authority (“Atrium Health CMHA”) is a North Carolina hospital authority that issues revenue bonds (“CMHA Bonds”) under a Second Amended and Restated Bond Order adopted in 1997 (as amended, the “CMHA Bond Order”). CMHA and certain of its affiliates have formed an Obligated Group (the “CMHA Obligated Group”) under the CMHA Bond Order. Members of the CMHA Obligated Group are jointly and severally liable for payment of CMHA Bonds and other obligations secured by the CMHA Bond Order (“Parity Obligations”). The CMHA Bond Order also authorizes the creation of a “Combined Group” (the “CMHA Combined Group”), which consists of the members of the CMHA Obligated Group and any affiliates designated by CMHA (“Designated Affiliates”). The CMHA Combined Group is referred to as the “Advocate Health Governmental Credit Group”.

While Atrium Health Navicent and Atrium Health Floyd are included in Atrium Health CMHA’s financial statements as blended component units, none of the Atrium Health Navicent or Atrium Health Floyd entities are members of the Atrium Health CMHA Combined Group.

None of the entities that are part of the Advocate Health Nonprofit Credit Group are members of the CMHA Combined Group as of the date of this report and, therefore, none of them have any obligation to provide for the payment of the CMHA Bonds or Parity Obligations.

Basis of Presentation

The accompanying financial statements and highlights reflect the financial position and results of operations of the CMHA Combined Group as of and for the six months ended June 30, 2026 and 2025. These financial statements have been prepared in accordance with U.S. generally accepted accounting principles, as promulgated by GASB. December 31, 2025 information is derived from the audited financial statements.

THE CHARLOTTE-MECKLENBURG HOSPITAL AUTHORITY COMBINED GROUP

Financial Highlights

(in thousands)

Six Months Ended June 30, 2026 Compared with Six Months Ended June 30, 2025:

For the six months ended June 30, 2026, the excess of revenues and support over expenses and losses before contributions was \$954,961, a \$175,337 increase from 2025, driven by investment income. Operating income was \$325,935 for the six months ended June 30, 2026, which was \$72,521 below the prior year.

Total revenue increased 6.3% to \$5,997,936 largely due to an increase in patient volumes and additional funding from a new Medicaid supplemental program. Total operating expenses increased 8.2% to \$5,672,001, primarily due to increased supplies and drugs costs related to higher patient volumes, higher Medicaid supplemental program assessments, and other expense inflation.

As of June 30, 2026, days cash on hand was 268 days. Debt-to-capitalization ratio decreased from 21.4% at March 31, 2026, to 20.3% at June 30, 2026, primarily driven by excess of revenues and support over expenses and losses before contributions during the current year.

THE CMHA COMBINED GROUP
COMBINED BALANCE SHEETS
(in thousands)

	June 30, 2026	December 31, 2025
Assets		
Current assets		
Cash and cash equivalents	\$ 511,266	\$ 818,171
Short term investments	39,346	38,972
Assets limited as to use	4,611	12,186
Patient accounts receivable	1,390,166	1,256,047
Other current assets	462,355	411,986
Total current assets	2,407,744	2,537,362
Other assets		
Assets limited as to use	8,321,085	7,723,922
Property and equipment, net	5,616,059	5,516,195
Right-of-use assets	695,784	638,712
Other noncurrent assets	695,722	762,988
Total other assets	15,328,650	14,641,817
Total assets	17,736,394	17,179,179
Deferred outflows of resources	179,378	213,081
Total assets and deferred outflows of resources	\$ 17,915,772	\$ 17,392,260
Liabilities		
Current liabilities		
Long-term debt, current portion	\$ 1,019,572	\$ 1,008,931
Lease liabilities, current portion	84,742	80,673
Accrued salaries and employee benefits	501,129	919,807
Accounts payable and other accrued liabilities	506,416	548,306
Due to related party - centralized cash management program	119,549	210,951
Third-party payors payables	136,102	245,807
Total current liabilities	2,367,510	3,014,475
Noncurrent liabilities		
Long-term debt, less current portion	1,858,146	1,668,136
Lease liabilities, less current portion	688,716	678,355
Other noncurrent liabilities	784,555	886,003
Total noncurrent liabilities	3,331,417	3,232,494
Total liabilities	5,698,927	6,246,969
Deferred inflows of resources	342,348	234,691
Net position		
Net investment in capital assets	2,425,720	2,566,608
Restricted, by donor	592,384	584,027
Unrestricted	8,856,393	7,759,965
Total net position	11,874,497	10,910,600
Total liabilities and deferred inflows and net position	\$ 17,915,772	\$ 17,392,260

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Revenue		
Patient service revenue	\$ 5,118,023	\$ 4,830,018
Other revenue	879,913	812,133
Total revenue	<u>5,997,936</u>	<u>5,642,151</u>
Expenses		
Salaries, wages, and benefits	2,768,602	2,891,270
Supplies and drugs	1,477,445	1,327,067
Purchased services and other expenses	1,167,844	764,881
Depreciation and amortization	258,110	260,477
Total operating expenses	<u>5,672,001</u>	<u>5,243,695</u>
Operating income	325,935	398,456
Nonoperating income		
Interest expense	(67,061)	(62,967)
Investment income, net	607,680	392,743
Other nonoperating income, net	88,407	51,392
Total nonoperating income, net	<u>629,026</u>	<u>381,168</u>
Excess of revenues and support over expenses and losses before contributions	\$ 954,961	\$ 779,624
Changes in net position		
Capital and other contributions	8,936	8,526
Changes in net position	963,897	788,150
Net position, beginning of year	10,910,600	9,290,642
Net position, end of period	<u>\$ 11,874,497</u>	<u>\$ 10,078,792</u>

THE CMHA COMBINED GROUP
COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities		
Receipts from third-party payers and patients	\$ 4,881,175	\$ 4,649,742
Payments to suppliers	(2,651,498)	(2,310,725)
Payments to employees	(3,185,441)	(2,938,547)
Other receipts, net	780,931	633,231
Net cash (used in) provided by operating activities	(174,833)	33,701
Cash flows from noncapital financing activities		
Proceeds from the issuance of commercial paper	450,000	250,000
Retirements of commercial paper	(200,000)	—
Other activities	(7,590)	42,599
Net cash provided by noncapital financing activities	242,410	292,599
Cash flows from capital and related financing activities		
Capital expenditures	(297,553)	(460,768)
Interest payments on short- and long-term debt	(46,687)	(45,850)
Repayments of long-term debt, net	(45,815)	(43,688)
Proceeds from issuance of long-term debt	355	—
Contributions restricted for building and equipment purchases	6,214	8,905
Other contributions	3,156	1,646
Net cash used in capital and related financing activities	(380,330)	(539,755)
Cash flows from investing activities		
Net transfer to related party under centralized cash management arrangement	(91,402)	—
Investment earnings	9,234	9,003
Withdrawals from assets limited as to use	79,928	213,047
Contributions to assets limited as to use	(70,965)	(12,714)
Sale (acquisition) of health related business	79,817	(5,108)
Purchase of equity method investments	(749)	(16)
Net cash provided by investing activities	5,863	204,212
Net decrease in cash, cash equivalents and restricted cash	(306,890)	(9,243)
Cash and cash equivalents		
Beginning of year	818,964	394,849
End of period	\$ 512,074	\$ 385,606
Reconciliation of cash and cash equivalents to the balance sheet		
Cash and cash equivalents	511,266	384,829
Restricted cash in investments and assets whose use is limited	808	777
Total cash, cash equivalents and restricted cash	\$ 512,074	\$ 385,606

Reconciliation of operating income to net cash used in operating activities

Operating income	\$	325,935	\$	398,456
Adjustments to reconcile operating income to net cash used in operating activities				
Depreciation and amortization		258,110		260,477
Increase in patient accounts receivable, net		(134,119)		(132,474)
Increase in other current assets		(52,914)		(127,223)
Increase in other noncurrent assets		(63,226)		(282,503)
Decrease (increase) in deferred outflows of resources		33,377		(35,010)
Decrease in accounts payable and other accrued liabilities		(457,654)		(323,157)
(Decrease) increase in other noncurrent liabilities		(86,804)		275,467
Decrease in estimated third party payer settlements		(109,705)		(47,802)
Increase in deferred inflows of resources		112,167		47,470
Net cash (used in) provided by operating activities	\$	<u>(174,833)</u>	\$	<u>33,701</u>

**THE CMHA COMBINED GROUP
UTILIZATION STATISTICS**

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change	% Change
Medical Group				
Practice locations	557	541	16	3.0 %
Total Physicians	2,108	1,991	117	5.9 %
Patient visits (including faculty)	3,621,224	3,463,896	157,328	4.5 %
Total Acute Care Facilities				
Adjusted patient days (excluding newborn) ⁽¹⁾	945,441	925,787	19,654	2.1 %
Adjusted discharges (excluding newborn) ⁽¹⁾	167,770	159,754	8,016	5.0 %
Surgical Procedures ⁽¹⁾	55,018	53,800	1,218	2.3 %

⁽¹⁾Prior year was updated to reflect the current year measurement methodology