ASCENSION

Consolidated Interim Financial Statements and Supplementary Information (Unaudited)

For the Three and Nine Months Ended March 31, 2024 and 2023

Ascension

Consolidated Financial Statements
and Supplementary Information

For the Three and Nine Months Ended March 31, 2024 and 2023

Contents

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Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	March 31, 2024	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ **904,543**	$ 1,013,225
Short-term investments	**40,752**	60,793
Accounts receivable	**3,912,652**	3,270,862
Inventories	**434,129**	487,104
Due from brokers *(see Notes 6 and 7)*	**85,835**	136,646
Estimated third-party payor settlements	**230,424**	195,549
Assets held for sale *(see Note 4)*	**1,617,781**	305,051
Other	**1,186,518**	1,001,164
Total current assets	**8,412,634**	6,470,394
Long-term investments *(see Notes 6 and 7)*	**19,363,899**	19,417,590
Property and equipment, net	**8,831,572**	9,942,027
Other assets:		
Right-of-use assets - leases	**1,146,410**	1,277,833
Investment in unconsolidated entities	**1,241,305**	1,325,565
Capitalized software costs, net	**649,748**	576,829
Other	**1,570,486**	1,447,951
Total other assets	**4,607,949**	4,628,178
Total assets	$ **41,216,054**	$ 40,458,189

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Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	March 31, 2024	June 30, 2023
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ **103,655**	$ 121,541
Long-term debt subject to short-term remarketing arrangements*	**539,195**	471,425
Current portion of lease obligations	**272,847**	269,663
Accounts payable and accrued liabilities	**3,074,760**	3,031,199
Estimated third-party payor settlements	**560,557**	552,459
Due to brokers *(see Notes 6 and 7)*	**112,464**	108,443
Current portion of self-insurance liabilities	**537,763**	537,763
Advanced payments *(see Note 5)*	**346,186**	-
Liabilities held for sale *(see Note 4)*	**296,100**	40,773
Other	**617,071**	400,958
Total current liabilities	**6,460,598**	5,534,224
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	**6,068,926**	6,322,992
Lease obligations, less current portion	**915,064**	1,047,358
Self-insurance liabilities	**808,963**	934,516
Pension and other postretirement liabilities	**305,710**	436,952
Other	**1,377,345**	1,362,107
Total noncurrent liabilities	**9,476,008**	10,103,925
Total liabilities	**15,936,606**	15,638,149
Net assets:		
Without donor restrictions:		
Controlling interest	**21,863,486**	21,391,080
Noncontrolling interests	**2,639,699**	2,656,133
Total net assets without donor restrictions	**24,503,185**	24,047,213
Net assets with donor restrictions	**776,263**	772,827
Total net assets	**25,279,448**	24,820,040
Total liabilities and net assets	$ **41,216,054**	$ 40,458,189

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to March 31, 2025. In the event that bonds are not remarketed upon the exercise of put options for the variable bonds or scheduled mandatory tender bonds, management would utilize other sources to access the necessary liquidity. Potential sources include a drawdown on the System's line of credit, issuing commercial paper, and liquidating investments.

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

Ascension

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

(Dollars in Thousands)

	The three months ended March 31,		The nine months ended March 31,	
	2024	**2023**	**2024**	**2023**
Operating revenue:				
Net patient service revenue	**$ 6,721,311**	$ 6,334,109	**$ 20,256,464**	$ 19,193,152
Other revenue	**650,232**	608,411	**2,132,172**	2,062,036
Total operating revenue	**7,371,543**	6,942,520	**22,388,636**	21,255,188
Operating expenses:				
Salaries and wages	**2,940,821**	2,906,238	**8,837,949**	8,862,059
Employee benefits	**489,556**	597,227	**1,651,351**	1,852,449
Purchased services	**977,324**	983,217	**2,886,071**	2,815,396
Professional fees	**434,834**	392,540	**1,252,234**	1,117,782
Supplies	**1,043,882**	1,011,232	**3,147,477**	3,044,216
Insurance	**99,160**	315,128	**293,725**	491,961
Interest	**55,872**	58,311	**170,703**	171,737
Provider tax	**269,003**	205,833	**783,260**	604,562
Depreciation and amortization	**270,005**	326,547	**855,581**	980,155
Other	**857,851**	825,379	**2,588,442**	2,399,568
Total operating expenses	**7,438,308**	7,621,652	**22,466,793**	22,339,885
Income (loss) from operations before self-insurance trust fund investment return, impairment and nonrecurring gains (losses), net	**(66,765)**	(679,132)	**(78,157)**	(1,084,697)
Self-insurance trust fund investment return	**41,411**	32,004	**93,193**	28,169
Income (loss) from recurring operations	**(25,354)**	(647,128)	**15,036**	(1,056,528)
Impairment and nonrecurring gains (losses), net	**(57,236)**	(715,050)	**(252,853)**	(715,621)
Income (loss) from operations	**(82,590)**	(1,362,178)	**(237,817)**	(1,772,149)
Nonoperating gains (losses):				
Investment return, net	**753,076**	700,170	**796,518**	(98,396)
Other	**7,567**	8,099	**14,632**	56,819
Total nonoperating gains (losses), net	**760,643**	708,269	**811,150**	(41,577)
Excess (deficit) of revenues and gains over expenses and losses	**678,053**	(653,909)	**573,333**	(1,813,726)
Less noncontrolling interests	**97,296**	59,104	**230,642**	59,524
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	**580,757**	(713,013)	**342,691**	(1,873,250)

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

(Dollars in Thousands)

	The three months ended March 31, 2024	The three months ended March 31, 2023	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Net assets without donor restrictions, controlling interest:				
Excess (deficit) of revenues and gains over expenses and losses	**$ 580,757**	$ (713,013)	**$ 342,691**	$ (1,873,250)
Transfers (to) from sponsors and other affiliates, net	**11**	(23,606)	**(156)**	(38,661)
Net assets released from restrictions for property acquisitions	**10,477**	11,964	**27,856**	25,651
Change in pension liability	**23,046**	22,923	**69,154**	68,759
Change in unconsolidated entities' net assets	**19,330**	(5,416)	**29,637**	(49,544)
Other	**(10,559)**	32,829	**3,224**	46,537
Increase (decrease) in net assets without donor restrictions, controlling interest	**623,062**	(674,319)	**472,406**	(1,820,508)
Net assets without donor restrictions, noncontrolling interest:				
Excess (deficit) of revenues and gains over expenses and losses	**97,296**	59,104	**230,642**	59,524
Net contributions (distributions) of capital	**(93,035)**	339,147	**(238,185)**	257,093
Other	**(323)**	4,212	**(8,891)**	8,135
Increase (decrease) in net assets without donor restrictions, noncontrolling interest	**3,938**	402,463	**(16,434)**	324,752
Net assets with donor restrictions:				
Contributions and grants	**22,585**	28,509	**69,167**	91,435
Investment return	**15,874**	1,583	**28,757**	(1,556)
Net assets released from restrictions	**(26,021)**	(26,724)	**(67,517)**	(64,640)
Other	**(29,260)**	(6,088)	**(26,971)**	(13,848)
Increase (decrease) in net assets with donor restrictions	**(16,822)**	(2,720)	**3,436**	11,391
Increase (decrease) in net assets	**610,178**	(274,576)	**459,408**	(1,484,365)
Net assets, beginning of period	**24,669,270**	25,915,757	**24,820,040**	27,125,546
Net assets, end of period	**$ 25,279,448**	$25,641,181	**$ 25,279,448**	$25,641,181

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

Ascension

Consolidated Statements of Cash Flows (unaudited)
(Dollars in Thousands)

	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Operating activities		
Increase (decrease) in net assets	**$ 459,408**	$ (1,484,365)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	**855,581**	980,155
Amortization of bond premiums, discounts, and debt issuance costs	**(20,312)**	(22,982)
Loss on extinguishment of debt	**232**	-
Change in pension liability	**(69,154)**	(67,974)
Unrealized losses (gains) on unrestricted investments, net	**(410,380)**	43,615
Change in fair value of interest rate swaps	**(6,037)**	(20,395)
Change in equity of unconsolidated entities	**(159,858)**	(125,407)
Gain on sale of assets, net	**(188,797)**	(359,988)
Impairment and nonrecurring expenses	**251,490**	714,744
Transfers to (from) sponsor and other affiliates, net	**156**	38,661
Donor restricted contributions, investment return and other	**(58,264)**	(50,890)
Distributions (contributions) of noncontrolling interest, net	**238,185**	(257,093)
Other	**4,165**	2,114
(Increase) decrease in:		
Short-term investments	**20,041**	12,319
Accounts receivable	**(1,132,644)**	20,105
Inventories and other current assets	**(227,921)**	(267,099)
Due from brokers	**50,811**	29,120
Long-term investments	**462,781**	1,792,448
Other assets	**(123,381)**	(12,733)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**219,184**	(201,476)
Estimated third-party payor settlements, net	**(22,570)**	(59,043)
Due to brokers	**4,021**	76,645
Advanced payments	**346,186**	(522,045)
Other current liabilities	**236,423**	(28,332)
Self-insurance liabilities	**(125,553)**	281,214
Other noncurrent liabilities	**280,673**	(60,625)
Net cash provided by (used in) operating activities	**884,466**	450,693

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Ascension

Consolidated Statements of Cash Flows (unaudited)
(Dollars in Thousands)

	The nine months ended March 31, 2024	2023
Investing activities		
Property, equipment, and capitalized software additions, net	$ (962,567)	$ (1,176,206)
Proceeds from sale of property and equipment	11,364	9,717
Distributions from unconsolidated entities, net	65,516	81,232
Net proceeds from sale/acquisition of other assets	212,380	434,117
Net cash provided by (used in) investing activities	(673,307)	(651,140)
Financing activities		
Issuance of debt	11,669	212,568
Repayment of debt, including financing lease obligations	(152,723)	(299,763)
Decrease (increase) in assets under bond agreements	(6)	41
Transfers (to) from sponsors and other affiliates, net	(156)	(38,661)
Donor restricted contributions, investment return, and other	58,264	50,890
(Distributions) contributions of noncontrolling interest, net	(238,185)	257,093
Net cash provided by (used in) financing activities	(321,137)	182,168
Net increase (decrease) in cash, cash equivalents, and restricted cash	(109,978)	(18,279)
Cash, cash equivalents, and restricted cash at beginning of period	1,060,864	813,452
Cash, cash equivalents, and restricted cash at end of period	$ 950,886	$ 795,173
Cash and cash equivalents	$ 904,543	$ 757,659
Restricted cash, included in long-term investments	46,343	37,514
Cash, cash equivalents, and restricted cash at end of period	$ 950,886	$ 795,173

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

1. Organization and Mission

Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 18 states and the District of Columbia. Ascension also serves as the direct or indirect member or shareholder of various subsidiaries including, but not limited to:

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

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

Sponsorship

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

1. Organization and Mission (continued)

Mission

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

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

- Cost of other programs for persons living in poverty and other persons who are vulnerable.

- Unreimbursed costs of community benefit programs and services for the broader community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

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

The amount of traditional charity care provided, determined on the basis of cost, was $347,296 and $388,469 for the nine months ended March 31, 2024 and 2023, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

2. Significant Accounting Policies

Principles of Consolidation

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

Use of Estimates

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

Fair Value of Financial Instruments

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

Cash and Cash Equivalents

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

Short-Term Investments

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

Inventories

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

2. Significant Accounting Policies (continued)

Long-Term Investments and Investment Return

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

Long-term investments include assets limited as to use of $1,876,516 and $1,647,986 at March 31, 2024 and June 30, 2023, respectively. Assets limited as to use are primarily investments with donor restrictions, including restricted cash and cash equivalents, and assets placed in trust or held by captive insurance companies for the payment of self-insured claims.

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

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives used in computing depreciation is as follows: buildings and leasehold improvements, primarily 2 to 40 years; and equipment, primarily 2 to 15 years. Depreciation expense for the three months ended March 31, 2024 and 2023 was approximately $226,000 and $281,000, respectively. Depreciation expense for the nine months ended March 31, 2024 and 2023 was approximately $727,000 and $837,000, respectively.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

A summary of property and equipment is as follows:

	March 31, 2024	June 30, 2023
Land and improvements	**$ 1,326,611**	$ 1,491,219
Buildings and equipment	**18,161,243**	20,950,390
	19,487,854	22,441,609
Less accumulated depreciation	**11,321,970**	13,057,675
	8,165,884	9,383,934
Construction in progress	**665,688**	558,093
Total property and equipment, net	**$ 8,831,572**	$ 9,942,027

Several capital projects have remaining construction and related equipment purchase commitments of approximately $764,000 as of March 31, 2024.

Intangible Assets

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

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

	March 31, 2024	June 30, 2023
Capitalized software costs	$ 2,624,319	$ 2,595,944
Software in progress	285,720	191,912
Less accumulated amortization	2,260,291	2,211,027
Capitalized software costs, net	649,748	576,829
Goodwill	603,116	525,220
Other, net	41,696	42,883
Intangible assets included in other assets	644,812	568,103
Total intangible assets, net	$ 1,294,560	$ 1,144,932

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist. Intangible assets with definite lives, primarily capitalized computer software costs, are amortized on a straight line basis over their expected useful lives. Amortization expense for these intangible assets was approximately $44,000 and $45,000 for the three months ended March 31, 2024 and 2023 respectively. Amortization expense for these intangible assets for the nine months ended March 31, 2024 and 2023 was approximately $129,000 and $144,000, respectively.

Noncontrolling Interests

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

2. Significant Accounting Policies (continued)

Net Assets

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

Performance Indicator

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

Operating and Nonoperating Activities

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

2. Significant Accounting Policies (continued)

Net Patient Service Revenue and Accounts Receivable

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

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

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by $85,524 and $132,635 for the nine months ended March 31, 2024 and 2023, respectively.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

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

Net patient service revenue earned for the three months ended March 31, 2024 and 2023, is as follows:

	The three months ended March 31,	
	2024	2023
Inpatient care	$ 3,224,314	$ 2,883,478
Ambulatory care	2,679,090	2,617,618
Physician practices	699,348	726,658
Long-term care	118,559	106,355
Total net patient service revenue	$ 6,721,311	$ 6,334,109

Net patient service revenue earned for the nine months ended March 31, 2024 and 2023, is as follows:

	The nine months ended March 31,	
	2024	2023
Inpatient care	$ 9,457,318	$ 8,727,723
Ambulatory care	8,262,303	7,903,729
Physician practices	2,190,173	2,241,449
Long-term care	346,670	320,251
Total net patient service revenue	$ 20,256,464	$ 19,193,152

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

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

	Net Patient Service Revenue The nine months ended March 31,		Accounts Receivable	
			March 31,	June 30,
	2024	2023	2024	2023
Medicare - traditional and managed	**36.3 %**	36.0 %	**32.3 %**	29.4 %
Medicaid - traditional and managed	**15.5**	15.4	**10.5**	11.2
Other commercial and managed care	**41.7**	41.9	**45.8**	44.6
Self-Pay and other	**6.5**	6.7	**11.4**	14.8
	100.0 %	100.0 %	**100.0 %**	100.0 %

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

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

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

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

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Other Operating Revenue

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

Components of other operating revenue are included in the following tables for the three and nine months ended March 31, 2024 and 2023, respectively:

	The three months ended March 31, 2024	2023
Cafeteria and vending	$ **20,804**	$ 19,582
COVID-19 funding (*see Note 3*)	**54,025**	9,578
Contracted services	**94,830**	74,473
Donations and grants	**28,576**	23,159
Gains on asset sales	**1,427**	1,505
Insurance plans	**82,175**	78,625
Joint venture income	**48,546**	68,368
Lab services	**1,587**	14,874
Lease and rental income	**22,977**	23,513
Retail pharmacy	**224,919**	211,902
Value based programs	**14,229**	30,660
Other	**56,137**	52,172
Total other revenue	$ **650,232**	$ 608,411

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

	The nine months ended March 31, 2024	2023
Cafeteria and vending	$ **60,557**	$ 57,243
COVID-19 funding (*see Note 3*)	**74,107**	23,218
Contracted services	**232,049**	221,049
Donations and grants	**82,276**	75,194
Gains on asset sales	**191,657**	373,989
Insurance plans	**240,976**	177,118
Joint venture income	**161,597**	174,802
Lab services	**4,910**	51,784
Lease and rental income	**69,577**	71,707
Retail pharmacy	**657,242**	558,199
Value based programs	**124,538**	116,836
Other	**232,686**	160,897
Total other revenue	$ **2,132,172**	$ 2,062,036

Impairment and Nonrecurring Gains (Losses), Net

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

Nonrecurring gains (losses) include losses associated with the recognition of assets and liabilities held for sale as well as natural disaster losses and related insurance proceeds and costs associated with entities held for sale.

Amortization

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

2. Significant Accounting Policies (continued)

Income Taxes

The System's tax-exempt organizations are described under Internal Revenue Code Section 501(c)(3), and their related income is exempt from federal income tax under Section 501(a). The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of March 31, 2024.

Contingencies

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

Reclassifications

Certain reclassifications were made to prior periods' Consolidated Financial Statements to conform to the March 31, 2024 presentation.

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date, but before the Consolidated Financial Statements are issued, for potential recognition or disclosure in the Consolidated Financial Statements as of the Consolidated Balance Sheet date. For the nine months ended March 31, 2024, the System evaluated subsequent events through May 17, 2024, representing the date the Consolidated Financial Statements were issued.

On May 8, 2024, Ascension experienced a cybersecurity incident; see Note 5 for further information.

3. COVID-19

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

4. Organizational Changes

Assets Held for Sale

In March 2024, Ascension Health and MyMichigan Health (MyMichigan) signed a membership substitution agreement whereby Ascension will transition its membership interest in its northern Michigan hospitals and related ancillary entities to MyMichigan (Northern Michigan transaction). At March 31, 2024, assets, excluding investments, and liabilities held for sale are approximately $42,000 and $14,000 respectively, and are included in assets and liabilities held for sale in the Consolidated Balance Sheet. An associated loss is included in impairment and nonrecurring gains (losses), net in the Consolidated Statement of Operations for the nine months ended March 31, 2024. Investments of approximately $43,000, included in long term investments on the Consolidated Balance Sheet at March 31, 2024, are also anticipated to be contributed upon the close of this transaction, which is expected to be finalized after all necessary approvals are obtained.

In October 2023, Ascension Healthcare, Ascension Michigan, a wholly owned subsidiary of Ascension Healthcare, and Henry Ford Health System (HFHS) signed an integration and affiliation agreement whereby Ascension Healthcare will contribute the membership interest in its southeast and mid Michigan hospitals and related ancillary entities (SEMI) to HFHS, and in exchange Ascension Healthcare will hold an interest in HFHS (SEMI transaction). Assets, excluding investments, and liabilities anticipated to be contributed upon the close of this transaction are included in assets and liabilities held for sale in the Consolidated Balance Sheet at March 31, 2024, and an associated loss is included in impairment and nonrecurring gains (losses), net in the Consolidated Statement of Operations for the nine months ended March 31, 2024. SEMI assets held for sale include current assets of approximately $571,000, comprised primarily of accounts receivable and inventory, and long term assets of approximately $884,000, comprised primarily of net property and equipment, right of use lease assets and investments in unconsolidated entities. Investments of approximately $156,000, included in long term investments on the Consolidated Balance Sheet at March 31, 2024, are also anticipated to be contributed upon the close of this transaction.

4. Organizational Changes (continued)

SEMI liabilities held for sale include current liabilities of approximately $213,000, comprised primarily of accounts payable and accrued liabilities, and long term liabilities of approximately $67,000, comprised primarily of lease obligations. This transaction is expected to be finalized after all necessary approvals are obtained.

At March 31, 2024, assets and liabilities held for sale are primarily comprised of the amounts associated with the SEMI and Northern Michigan transactions above. At June 30, 2023, assets and liabilities held for sale are primarily comprised of amounts associated with the Mobile, Alabama and New York transactions discussed in the Assets Sold section below.

Assets Sold

On February 1, 2024, Ascension Health finalized the transfer of its membership interest in Our Lady of Lourdes Memorial Hospital, Inc. in New York, along with related clinical and other business, to The Guthrie Clinic (New York transaction).

On November 1, 2023, Ministry Health Care, Inc., a wholly owned subsidiary of Ascension Healthcare, finalized the sale of its membership interest in Network Health Inc., a holding company that operates insurance companies and other non insurance operations in the state of Wisconsin, to Froedtert Health, Inc.

On October 1, 2023, Gulf Coast Health System (GCHS), a wholly owned subsidiary of Ascension Healthcare, completed the sale of substantially all assets, operations and related clinical and other business of Providence Hospital in Mobile, Alabama, to the University of South Alabama Health Care Authority (Mobile, Alabama transaction).

Effective September 30, 2022, Ascension completed the sale of certain assets of its outreach laboratory business and transitioned management of hospital-based laboratories in certain markets to Laboratory Corporation of America Holdings.

5. Cybersecurity Incidents

Ascension was impacted by the February 2024 cybersecurity incident involving a third party clearinghouse, primarily with respect to claims submission and payment processing, and insurance verification processes. In response to this incident, the Centers for Medicare and Medicaid Services (CMS) and other non-governmental payors provided for advance payments. For the three and nine months ended March 31, 2024, Ascension received approximately $350,000 in advance payments.

5. Cybersecurity Incidents (continued)

As of March 31, 2024, approximately $346,000 of advance payments remain as current liabilities, primarily all of which are anticipated to be recouped by June 30, 2024, based on the terms and conditions of the respective programs.

Subsequent to March 31, 2024, on May 8, 2024, Ascension experienced a cybersecurity incident, which interrupted access to certain information technology (IT) systems. Upon discovery, Ascension took immediate action to isolate and protect its systems, notify the appropriate law enforcement authorities and commence remediation activities, while concurrently initiating clinical downtime procedures and protocols to ensure continued patient safety and continuity of care. Cybersecurity experts have also been retained to assist with remediation efforts, which remain ongoing.

Ascension is committed to patient safety as its top priority, while continuing to work to contain and remediate the impacts of this attack. Steps are being taken to mitigate the financial impact of this event, including working with Ascension's cyber risk insurers.

6. Investment Funds

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

Alpha Fund

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

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

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

6. Investment Funds (continued)

Commitments not funded during the investment period will expire and remain unfunded. As of March 31, 2024, contractual agreements expire between April 2024 and May 2029. The remaining unfunded capital commitments total approximately $1,451,000 for 287 individual funds as of March 31, 2024. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

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

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

At March 31, 2024 and June 30, 2023, the gross notional value of Alpha Fund derivatives outstanding was approximately $3,890,000 and $5,669,000, respectively. See the Fair Value Measurements note for discussion of the Alpha Fund derivatives' fair value determination.

The fair value of Alpha Fund derivatives in an asset position was $32,086 and $95,080 at March 31, 2024 and June 30, 2023, respectively, while the fair value of Alpha Fund derivatives in a liability position was $24,310 and $54,798 at March 31, 2024 and June 30, 2023, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets.

6. Investment Funds (continued)

Effective July 1, 2023, the Alpha Fund resumed its participation in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected brokerage firms in return for cash and/or securities from the brokers as collateral for the investments loaned, usually on a short-term basis. Collateral provided by brokers is maintained at levels approximating 102% of the fair value of the securities on loan, and is adjusted daily for market fluctuations. Cash collateral of approximately $19,600 at March 31, 2024 is recorded as an asset, in other current assets, and corresponding liability, in other current liabilities, in the Consolidated Balance Sheet. The fair value of non-cash collateral held by the Alpha Fund associated with lending agreements is $325,000 at March 31, 2024. In the event of nonperformance by the counterparties to the securities lending agreements, the Alpha Fund could be exposed to some loss.

Due from brokers and due to brokers included in the Consolidated Balance Sheets represent the Alpha Fund's positions and amounts due from or to various brokers, primarily for security transactions not yet settled.

Venture Funds

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

(Dollars in Thousands)

7. Cash and Investments

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

	March 31, 2024	June 30, 2023
Cash and cash equivalents	**$ 904,543**	$ 1,013,225
Short-term investments	**40,752**	60,793
Long-term investments	**19,363,899**	19,417,590
Subtotal	**20,309,194**	20,491,608
Investment Funds' other assets (liabilities), net	**(4,681)**	61,564
Total cash and investments, net	**20,304,513**	20,553,172
Less noncontrolling interest of Investment Funds	**2,283,386**	2,321,790
System cash and investments, including assets limited as to use	**18,021,127**	18,231,382
Less assets limited as to use:		
Under bond agreement	**125**	119
Self-insurance trust funds	**1,139,476**	914,776
With donor restrictions	**736,915**	733,091
Total assets limited as to use	**1,876,516**	1,647,986
System unrestricted cash and investments, net	**$ 16,144,611**	$ 16,583,396

(Dollars in Thousands)

7. Cash and Investments (continued)

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

	March 31, 2024	June 30, 2023
Cash and cash equivalents and short-term investments	$ **1,018,557**	$ 1,148,934
Pooled short-term investment funds	**608,860**	502,177
U.S. government, state, municipal and agency obligations	**2,556,135**	2,949,110
Corporate and foreign fixed income securities	**872,982**	1,032,959
Asset-backed securities	**1,384,377**	1,952,581
Equity securities	**7,220,548**	6,106,192
Alternative investments and other investments:		
Private equity and real estate funds	**4,604,429**	4,450,670
Private credit and energy funds	**1,387,222**	1,489,455
Hedge funds	**541,672**	623,242
Other investments	**114,412**	236,288
Total alternative investments and other investments	**6,647,735**	6,799,655
Total cash and cash equivalents, short-term investments, and long-term investments	$ **20,309,194**	$ 20,491,608

Total investment return includes the System's return on Investment Funds and on certain investments held and managed outside the Investment Funds. System investment return is net of the investment return earned by the noncontrolling interests of the Investment Funds. Investment return recognized by the System for the three months ended March 31, 2024 and 2023, is summarized in the following table.

	The three months ended March 31, 2024	2023
Interest and dividends	$ **130,614**	$ 126,299
Net gains (losses) on investments reported at fair value	**663,873**	605,875
Restricted investment return and unrealized gains (losses), net	**15,874**	1,583
Total investment return, net	**810,361**	733,757
Less Investment Funds' noncontrolling interest return, net	**73,339**	33,442
System investment return, net	$ **737,022**	$ 700,315

(Dollars in Thousands)

7. Cash and Investments (continued)

Investment return recognized by the System for the nine months ended March 31, 2024 and 2023, is summarized in the following table.

	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Interest and dividends	**$ 345,609**	$ 308,150
Net gains (losses) on investments reported at fair value	**544,102**	(378,377)
Restricted investment return and unrealized gains (losses), net	**28,757**	(1,556)
Total investment return, net	**918,468**	(71,783)
Less Investment Funds' noncontrolling interest return, net	**154,632**	(12,001)
System investment return, net	**$ 763,836**	$ (59,782)

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

(Dollars in Thousands)

8. Financial Assets and Liquidity Resources

As of March 31, 2024 and June 30, 2023, respectively, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, principal payments on debt, and capital expenditures not financed with debt, are as follows:

Financial assets:	March 31, 2024	June 30, 2023
Cash and cash equivalents	$ 904,543	$ 1,013,225
Short-term investments	40,752	60,793
Accounts receivable	3,912,652	3,270,862
Due from brokers	85,835	136,646
Net assets held for sale	147,099	264,278
Other current assets	1,186,518	1,001,164
Long-term investments	19,363,899	19,417,590
Total financial assets	25,641,298	25,164,558
Less:		
Assets limited as to use and internally designated funds	(1,971,693)	(1,744,513)
Noncontrolling interests of Investment Funds	(2,283,386)	(2,321,790)
Investments with liquidity more than one year	(5,489,437)	(5,133,522)
Total financial assets available within one year	15,896,782	15,964,733
Liquidity resources:		
Unused line(s) of credit	1,000,000	1,000,000
Total financial assets and liquidity resources available within one year	$ 16,896,782	$ 16,964,733

As part of the System's investment policy, highly liquid investments are held to enhance the System's ability to satisfy liquidity requirements.

9. Fair Value Measurements

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

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

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

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

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the Consolidated Financial Statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability based on the best information available in the circumstances.

9. Fair Value Measurements (continued)

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

As of March 31, 2024 and June 30, 2023, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash and Cash Equivalents and Short-Term Investments

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

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

Pooled Short-Term Investment Funds

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

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

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

9. Fair Value Measurements (continued)

Corporate and Foreign Fixed Income Securities

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

Asset-backed Securities

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

Equity Securities

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

Alternative Investments and Other Investments

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

9. Fair Value Measurements (continued)

money, counterparty credit risk, interest rates, Treasury yields, volatilities, credit spreads, maturity date, recovery rates, and the current market and contractual prices of the underlying financial instruments.

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

Benefit Plan Assets

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

Interest Rate Swap Assets and Liabilities

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

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

Investments Sold, Not Yet Purchased

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

(Dollars in Thousands)

9. Fair Value Measurements (continued)

The following tables summarize fair value measurements, by level, at March 31, 2024 and June 30 2023, for all financial assets and liabilities measured at fair value on a recurring basis in the System's Consolidated Financial Statements.

	Level 1	Level 2	Level 3	Total
March 31, 2024				
Cash equivalents	$ 11,358	$ 225	$ -	$ 11,583
Short-term investments	32,983	5,112	-	38,095
Pooled short-term investment funds	608,860	-	-	608,860
U.S. government, state, municipal and agency obligations	-	2,556,135	-	2,556,135
Corporate and foreign fixed income securities	-	871,195	1,787	872,982
Asset-backed securities	-	1,182,952	201,425	1,384,377
Equity securities	6,129,102	57,729	11,359	6,198,190
Alternative investments and other investments:				
Private equity	-	-	358,282	358,282
Other investments, including derivatives, net	30,268	3,527	2,244	36,039
Assets at net asset value:				
Equity securities				1,022,358
Private equity funds and real estate funds				4,246,147
Private credit and energy funds				1,387,222
Hedge funds				541,672
Other investments				6,341
Cash and other investments not at fair value				1,040,911
Cash and investments				$ 20,309,194
Benefit plan assets, in other noncurrent assets	$ 732,406	$ -	$ 48,108	$ 780,514
Interest rate swaps, in other noncurrent assets	-	983	-	983
Investments sold, not yet purchased, in other noncurrent liabilities	4	-	-	4
Interest rate swaps, included in other noncurrent liabilities	-	22,247	-	22,247

(Dollars in Thousands)

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2023				
Cash equivalents	$ 9,827	$ -	$ -	$ 9,827
Short-term investments	35,563	8,382	-	43,945
Pooled short-term investment funds	502,177	-	-	502,177
U.S. government, state, municipal and agency obligations	-	2,949,110	-	2,949,110
Corporate and foreign fixed income securities	-	1,031,687	1,272	1,032,959
Asset-backed securities	-	1,739,069	213,512	1,952,581
Equity securities	4,676,177	8,315	10,215	4,694,707
Alternative investments and other investments:				
Private equity	-	-	334,891	334,891
Other investments, including derivatives, net	96,860	39,514	2,759	139,133
Assets at net asset value:				
Equity securities				1,411,485
Private equity funds and real estate funds				4,115,779
Private credit and energy funds				1,489,455
Hedge funds				623,242
Other investments				6,205
Cash and other investments not at fair value				1,186,112
Cash and investments				$ 20,491,608
Benefit plan assets, in other noncurrent assets	$ 606,445	$ -	$ 57,308	$ 663,753
Investments sold, not yet purchased, in other noncurrent liabilities	34	202	-	236
Interest rate swaps, included in other noncurrent liabilities	-	27,301	-	27,301

(Dollars in Thousands)

9. Fair Value Measurements (continued)

For the three months ended March 31, 2024 and 2023, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following:

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The three months ended March 31, 2024						
Beginning balance	$ 1,327	$ 218,319	$ 9,791	$ 338,738	$ 2,238	$ 53,408
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	460	8,685	375	7,136	3	-
Included in changes in net assets	-	-	-	-	3	-
Purchases	-	6,848	6,201	12,493	15	853
Issuances	-	-	-	-	-	-
Sales	-	(32,427)	(6,329)	(85)	(15)	(4,394)
Transfers into Level 3	-	-	1,321	-	-	32
Transfers out of Level 3	-	-	-	-	-	(1,791)
Ending balance	$ 1,787	$ 201,425	$ 11,359	$ 358,282	$ 2,244	$ 48,108
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at March 31, 2024.	$ 460	$ 7,751	$ 416	$ -	$ 1	$ -

(Dollars in Thousands)

9. Fair Value Measurements (continued)

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The three months ended March 31, 2023						
Beginning balance	$ 3,145	$ 198,991	$ 10,036	$ 490,279	$ 3,173	$ 59,150
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	43	5,191	50	(131,508)	(11)	-
Included in changes in net assets	-	-	-	-	(69)	-
Purchases	-	1,541	-	2,132	28	977
Issuances	-	-	-	-	-	-
Sales	-	-	-	-	(268)	(3,425)
Transfers into Level 3	-	-	-	-	-	1,862
Transfers out of Level 3	(1,908)	-	-	-	-	(2,332)
Ending balance	$ 1,280	$ 205,723	$ 10,086	$ 360,903	$ 2,853	$ 56,232
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at March 31, 2023	$ 46	$ 5,191	$ 51	$ -	$ 1	$ -

(Dollars in Thousands)

9. Fair Value Measurements (continued)

For the nine months ended March 31, 2024 and 2023, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following:

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The nine months ended March 31, 2024						
Beginning balance	$ 1,272	$ 213,512	$ 10,215	$ 334,891	$ 2,759	$ 57,308
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	515	20,825	130	(10,033)	(327)	-
Included in changes in net assets	-	-	-	-	(7)	-
Purchases	-	18,511	6,807	34,551	1,362	2,329
Sales	-	(51,423)	(6,848)	(1,127)	(1,543)	(8,088)
Transfers into Level 3	-	-	1,055	-	-	1,610
Transfers out of Level 3	-	-	-	-	-	(5,051)
Ending balance	$ 1,787	$ 201,425	$ 11,359	$ 358,282	$ 2,244	$ 48,108
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at March 31, 2024.	$ 514	$ 16,930	$ 133	$ -	$ (1,300)	$ -

(Dollars in Thousands)

9. Fair Value Measurements (continued)

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Benefit Plan Assets
The nine months ended March 31, 2023						
Beginning balance	$ 1,156	$ 210,942	$ 37,171	$ 574,873	$ 3,887	$ 58,439
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	124	1,479	(9,578)	(221,645)	15	-
Included in changes in net assets	-	-	-	-	(810)	-
Purchases	-	6,166	1,470	7,753	82	2,757
Issuances	-	-	-	8	-	-
Sales	-	(8,077)	(18,978)	(86)	(321)	(6,399)
Transfers into Level 3	-	-	1	-	-	4,421
Transfers out of Level 3	-	(4,787)	-	-	-	(2,986)
Ending balance	$ 1,280	$ 205,723	$ 10,086	$ 360,903	$ 2,853	$ 56,232
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at March 31, 2023	$ 127	$ 1,670	$ 147	$ -	$ (29)	$ -

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

10. Long-Term Debt

Long-term debt at March 31, 2024 and June 30, 2023 is comprised of the following:

	March 31, 2024	June 30, 2023
Total hospital revenue bonds - all Master Trust Indentures	**$ 6,449,665**	$ 6,614,920
Other	**62,429**	81,275
	6,512,094	6,696,195
Unamortized premium, net	**229,548**	251,327
Less debt issuance cost, net	**(29,866)**	(31,564)
Less current portion	**(103,655)**	(121,541)
Less long-term debt subject to short-term remarketing arrangements	**(539,195)**	(471,425)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	**$ 6,068,926**	$ 6,322,992

10. Long-Term Debt (continued)

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

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

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

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

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

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

10. Long-Term Debt (continued)

As of March 31, 2024, the Senior Credit Group has a line of credit totaling $1,000,000, which may be used for general corporate purposes. The line is committed through November 18, 2024, and as of March 31, 2024 and June 30, 2023 there were no outstanding borrowings under the line of credit.

As of March 31, 2024, the Senior Credit Group had a $115,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $115,000 extends to November 8, 2024. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $115,000 revolving line of credit, letters of credit totaling $90,199 have been issued as of March 31, 2024. No borrowings were outstanding under the letters of credit as of March 31, 2024 and June 30, 2023.

11. Derivative Instruments

As provided for in the System's Master Trust Indenture, the System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At March 31, 2024 and June 30, 2023, the notional values of outstanding interest rate swaps were $680,950 and $755,040, respectively, with maturity dates ranging from November 2026 through November 2036.

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as either assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, and are not netted. The fair value of interest rate swaps in an asset position was $983 at March 31, 2024. There were no interest rate swaps in an asset position at June 30, 2023. The fair value of interest rate swaps in a liability position were $22,247 and $27,301 at March 31, 2024 and June 30, 2023, respectively. The System's interest rate swap agreements include collateral requirements based on specified criteria. No collateral was posted as of March 31, 2024 and June 30, 2023.

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

(Dollars in Thousands)

12. Leases

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

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

	The three months ended March 31, 2024	The three months ended March 31, 2023	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Operating lease cost	**$ 84,438**	$ 87,079	**$ 260,004**	$ 260,471
Finance lease cost:				
Interest on lease liabilities	**703**	713	**2,117**	2,147
Amortization of right-of-use-asset	**710**	710	**2,129**	2,129
Variable lease cost	**18,011**	15,507	**52,330**	47,011
Total lease cost	**$ 103,862**	$ 104,009	**$ 316,580**	$ 311,758

The weighted average remaining lease terms and the weighted average discount rates at March 31, 2024 and 2023 were as follows:

	March 31, 2024 Operating Leases	March 31, 2024 Finance Leases	March 31, 2023 Operating Leases	March 31, 2023 Finance Leases
Weighted-average remaining lease term	8.2 years	25.8 years	8.3 years	26.8 years
Weighted-average discount rate	3.0%	3.3%	2.6%	3.3%

(Dollars in Thousands)

12. Leases (continued)

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

	The three months ended March 31, 2024	2023	The nine months ended March 31, 2024	2023
Operating leases	$ **81,536**	$ 84,270	$ **242,327**	$ 250,103
Finance leases	**1,203**	1,038	**3,356**	3,077
Total cash paid	$ **82,739**	$ 85,308	$ **245,683**	$ 253,180

The following table reconciles undiscounted future operating and finance lease obligations for each of the next five years and thereafter, as of March 31, 2024 to lease obligations recorded on the Consolidated Balance Sheets at March 31, 2024. These amounts exclude lease obligations of approximately $70,400 included in liabilities held for sale at March 31, 2024.

Twelve months ending March 31:	**Operating Leases**	**Finance Leases**	**Total**
2025	$ 227,566	$ 3,979	$ 231,545
2026	191,339	4,036	195,375
2027	158,497	4,108	162,605
2028	125,070	4,182	129,252
2029	84,581	4,245	88,826
Thereafter	369,134	103,725	472,859
Total future undiscounted lease obligations	1,156,187	124,275	1,280,462
Less: amount of lease payments representing interest	(48,565)	(43,986)	(92,551)
Present value of future lease obligations	1,107,622	80,289	1,187,911
Less: current portion of lease obligations	(271,668)	(1,179)	(272,847)
Long-term lease obligations	$ 835,954	$ 79,110	$ 915,064

For leases where the System is a lessor, future minimum noncancelable receipts on operating leases for each of the next five years and thereafter, as of March 31, 2024, are as follows. These amounts exclude receipts of approximately $73,100 associated with entities held for sale at March 31, 2024.

(Dollars in Thousands)

12. Leases (continued)

Twelve months ending March 31:		Operating Leases
2024	$	58,641
2025		44,794
2026		34,951
2027		28,653
2028		25,487
Thereafter		320,825
Total	$	513,351

For the three months ended March 31, 2024 and 2023, lease income was approximately $20,000 and $21,000, respectively. For the nine months ended March 31, 2024 and 2023, lease income was approximately $61,000 and $65,000, respectively.

13. Retirement Plans

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

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

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

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

(Dollars in Thousands)

13. Retirement Plans (continued)

	The three months ended March 31, 2024	The three months ended March 31, 2023	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Components of net periodic benefit gain:				
Expected return on plan assets	**$ 153,269**	$ 159,790	**$ 459,808**	$ 479,369
Interest cost	**(105,231)**	(100,072)	**(315,643)**	(300,233)
Amortization of actuarial loss	**(19,745)**	(23,009)	**(69,447)**	(69,017)
Amortization of prior service credit	**9**	(3)	**28**	(8)
Net periodic benefit gain	**$ 28,302**	$ 36,706	**$ 74,746**	$ 110,111

14. Self Insurance Program

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

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

Sunflower Assurance, Ltd. (Sunflower), a captive insurance company and wholly owned subsidiary of Ascension Risk Services LLC, offers physician professional liability coverage through insurance or reinsurance arrangements to non-employed physicians practicing at various facilities of the System.

(Dollars in Thousands)

15. Related Parties

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately $325,000 and $316,000 for these services during the three months ended March 31, 2024 and 2023, respectively, and approximately $983,000 and $962,000 for these services during the nine months ended March 31, 2024 and 2023, respectively.

16. Contingencies and Commitments

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

The System has entered into Master Service Agreements for information technology services provided by third parties, under which future committed payments of approximately $702,300 will be made over the next 2 to 5 years.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, including guarantees of performance of an affiliate under third party financing arrangements, financing of unaffiliated entities, non-employed physician minimum revenue guarantees, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 15 years.

The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at March 31, 2024:

St. Vincent de Paul Series 2000 A debt guarantee	$	28,300
Other guarantees and commitments		103,006

(Dollars in Thousands)

17. Functional Expenses

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

Expenses by functional classification for the three months ended March 31, 2024 consist of the following:

	Healthcare services	Management support services	Total
Salaries, wages, and employee benefits	$ 3,176,962	$ 253,415	$ 3,430,377
Purchased services and professional fees	1,055,276	356,882	$ 1,412,158
Supplies	1,043,587	295	$ 1,043,882
Other	1,394,074	157,817	$ 1,551,891
Total operating expenses	**$ 6,669,899**	**$ 768,409**	**$ 7,438,308**

Expenses by functional classification for the three months ended March 31, 2023 consist of the following:

	Healthcare services	Management support services	Total
Salaries, wages, and employee benefits	$ 3,225,969	$ 277,496	$ 3,503,465
Purchased services and professional fees	1,035,940	339,817	1,375,757
Supplies	1,010,730	502	1,011,232
Other	1,590,673	140,525	1,731,198
Total operating expenses	$ 6,863,312	$ 758,340	$ 7,621,652

(Dollars in Thousands)

17. Functional Expenses (continued)

Expenses by functional classification for the nine months ended March 31, 2024 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 9,722,810	$ 766,490	$ 10,489,300
Purchased services and professional fees	3,088,839	1,049,466	4,138,305
Supplies	3,146,513	964	3,147,477
Other	4,254,979	436,732	4,691,711
Total operating expenses	**$ 20,213,141**	**$ 2,253,652**	**$ 22,466,793**

Expenses by functional classification for the nine months ended March 31, 2023 consist of the following:

	Health care services	Management support services	Total
Salaries, wages, and employee benefits	$ 9,931,099	$ 783,410	$ 10,714,509
Purchased services and professional fees	2,912,221	1,020,957	3,933,178
Supplies	3,043,093	1,123	3,044,216
Other	4,185,721	462,261	4,647,982
Total operating expenses	$ 20,072,134	$ 2,267,751	$ 22,339,885

Supplementary Information

Ascension

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

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

	The nine months ended March 31, 2024	The nine months ended March 31, 2023
Traditional charity care provided	**$ 347,296**	$ 388,469
Unpaid cost of public programs for persons living in poverty	**787,570**	877,129
Other programs for persons living in poverty and other persons who are vulnerable	**71,526**	53,262
Community benefit programs	**300,622**	306,529
Care of persons living in poverty and other community benefit programs	**$ 1,507,014**	$ 1,625,389

Ascension

Credit Group Financial Statements
Balance Sheet (unaudited)
(Dollars in Thousands)

		March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$	360,471
Short-term investments		34,204
Accounts receivable		3,180,188
Inventories		354,377
Estimated third-party payor settlements		134,281
Due from affiliates *(See Note 2)*		683,334
Other		967,933
Total current assets		5,714,788
Long-term investments		15,976,177
Property and equipment, net		7,656,091
Other assets:		
Right-of-use assets - leases		852,639
Investment in unconsolidated entities		1,159,039
Capitalized software costs, net		596,929
Due from affiliates *(See Note 2)*		2,630,844
Other		1,387,913
Total other assets		6,627,364
Total assets	$	35,974,420

Continued on next page.

Ascension

Credit Group Financial Statements
Balance Sheet (unaudited)
(Dollars in Thousands)

		March 31, 2024
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$	104,107
Long-term debt subject to short-term remarketing arrangements*		539,195
Current portion of lease obligations		272,670
Accounts payable and accrued liabilities		2,451,729
Estimated third-party payor settlements		263,058
Due to affiliates *(See Note 2)*		52,302
Advanced payments		235,967
Other		459,183
Total current liabilities		4,378,211
Noncurrent liabilities:		
Long-term debt (senior and subordinated)		6,066,474
Lease obligations, less current portion		612,343
Pension and other postretirement liabilities		298,853
Other		1,338,476
Total noncurrent liabilities		8,316,146
Total liabilities		12,694,357
Net assets:		
Without donor restrictions:		
Controlling interest		22,022,071
Noncontrolling interests		534,277
Total net assets without donor restrictions		22,556,348
Net assets with donor restrictions		723,715
Total net assets		23,280,063
Total liabilities and net assets	$	35,974,420

*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to March 31, 2025. In the event that bonds are not remarketed upon the exercise of put options for the variable bonds or scheduled mandatory tender bonds, management would utilize other sources to access the necessary liquidity. Potential sources include a drawdown on the System's line of credit, issuing commercial paper, and liquidating investments.

Ascension

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

		The nine months ended March 31, 2024
Operating revenue:		
Net patient service revenue	$	13,862,284
Other revenue *(See note 2)*		2,518,801
Total operating revenue		16,381,085
Operating expenses *(See note 2)*:		
Salaries and wages		6,004,867
Employee benefits		1,428,120
Purchased services		1,982,188
Professional fees		847,346
Supplies		2,210,113
Insurance		137,199
Interest		173,921
Provider tax		512,344
Depreciation and amortization		703,139
Other		1,891,472
Total operating expenses		15,890,709
Income (loss) from recurring operations		490,376
Impairment and nonrecurring gains (losses), net		(5,834)
Income (loss) from operations		484,542
Nonoperating gains (losses):		
Investment return, net		654,100
Other		20,466
Total nonoperating gains (losses), net		674,566
Excess (deficit) of revenues and gains over expenses and losses		1,159,108
Less noncontrolling interests		105,213
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest		1,053,895

Ascension

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

		The nine months ended March 31, 2024
Net assets without donor restrictions, controlling interest:		
Excess (deficit) of revenues and gains over expenses and losses	$	1,053,895
Transfers (to) from affiliates, net *(See Note 2)*		(1,173,629)
Net assets released from restrictions for property acquisitions		18,155
Change in pension liability		69,154
Change in unconsolidated entities' net assets		29,194
Other		(32,249)
Increase (decrease) in net assets without donor restrictions, controlling interest		(35,480)
Net assets without donor restrictions, noncontrolling interest:		
Excess (deficit) of revenues and gains over expenses and losses		105,213
Net contributions (distributions) of capital		(32,101)
Contributions from business combinations		-
Other		(8,668)
Increase (decrease) in net assets without donor restrictions, noncontrolling interest		64,444
Net assets with donor restrictions:		
Contributions and grants		61,026
Investment return		27,942
Net assets released from restrictions		(60,140)
Other		1,226
Increase (decrease) in net assets with donor restrictions		30,054
Increase (decrease) in net assets		59,018
Net assets, beginning of period		23,221,045
Net assets, end of period	$	23,280,063

Ascension

Notes to Credit Group Financial Statements (unaudited)

(Dollars in Thousands)

1. Credit Group Financial Statements

Ascension's Credit Group Financial Statements (CGFS), presented above as of and for the nine months ended March 31, 2024, were prepared in accordance with Section 3.10(b)(2)(c) of the Master Trust Indenture (MTI), which provides that the CGFS (1) shall include all Material Credit Group Members, which represent obligated group members and designated affiliates whose total net assets were equal to or greater than 90% of the consolidated net assets of the Credit Group; (2) at the option of Ascension, as Group Representative, may include one or more Immaterial Affiliates, which are entities whose total net assets were less than 10% of the consolidated net assets of the Credit Group as shown on the CGFS; (3) at the option of Ascension, as Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members, as defined above; and (4) shall exclude all entities that are neither Credit Group Members nor Immaterial Affiliates. Consistent with these terms, the CGFS as of and for the nine months ended March 31, 2024 include the results of all Material Credit Group Members and certain Immaterial Affiliates, and exclude the results of certain entities which are not Material Credit Group members as well as entities that are not Credit Group Members, such as Ascension risk entities which oversee Ascension's self-insurance programs, or Immaterial Affiliates.

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

2. Affiliate Transactions

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

2. Affiliate Transactions (continued)

These transactions are eliminated in consolidation within the Ascension Consolidated Financial Statements, but separately presented within the CGFS.

Revenue and expense activities, not transacted at arms length, between CGFS Entities and Non CGFS Entities were both approximately $1,400,000 for the nine months ended March 31, 2024. These transactions include services provided between CGFS Entities and Non CGFS Entities, including, but not limited to, shared service functions, participation in employee and dependent health insurance programs, participation in other risk management programs, participation in a centralized debt management program and other insurance services, and are included in Other Operating Revenue and various expense categories within the Statement of Operations of the CGFS.