ASCENSION

Consolidated Interim Financial Statements and Supplementary Information (unaudited)

For the Three Months Ended September 30, 2026 and 2025

Ascension

Consolidated Financial Statements
and Supplementary Information

For the Three Months Ended September 30, 2026 and 2025

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Ascension

Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	September 30, 2026	June 30, 2026
Assets		
Current assets:		
Cash and cash equivalents	**$ 590,335**	$ 560,827
Short-term investments	**35,375**	39,367
Accounts receivable	**3,093,867**	3,012,528
Inventories	**497,563**	491,042
Due from counterparties *(see Notes 5 and 6)*	**347,460**	120,848
Estimated third-party payor settlements	**460,839**	622,415
Other	**1,336,268**	1,286,701
Total current assets	**6,361,707**	6,133,728
Long-term investments *(see Notes 5 and 6)*	**20,011,718**	20,232,647
Property and equipment, net	**9,293,865**	9,153,061
Other assets:		
Right-of-use assets - leases	**1,216,740**	1,171,196
Investment in unconsolidated entities	**3,262,813**	3,241,759
Goodwill	**5,227,069**	5,166,203
Intangible assets, net	**989,571**	932,328
Other	**1,852,501**	1,800,149
Total other assets	**12,548,694**	12,311,635
Total assets	**$ 48,215,984**	$ 47,831,071

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Ascension

Consolidated Balance Sheets (unaudited)

(Dollars in Thousands)

	September 30, 2026	June 30, 2026
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 106,629**	$ 102,462
Long-term debt subject to short-term remarketing arrangements	**700,000**	700,000
Short-term debt obligations	**673,777**	772,298
Current portion of lease obligations	**223,188**	224,929
Accounts payable and accrued liabilities	**2,899,784**	2,770,354
Estimated third-party payor settlements	**360,838**	350,143
Due to counterparties *(see Notes 5 and 6)*	**1,076,592**	898,677
Current portion of self-insurance liabilities	**369,479**	369,479
Other	**471,100**	406,975
Total current liabilities	**6,881,387**	6,595,317
Noncurrent liabilities:		
Long-term debt	**9,056,864**	9,064,884
Lease obligations	**1,036,125**	1,013,532
Self-insurance liabilities	**821,649**	804,366
Pension liabilities	**369,587**	369,634
Other	**1,425,382**	1,395,231
Total noncurrent liabilities	**12,709,607**	12,647,647
Total liabilities	**19,590,994**	19,242,964
Net assets:		
Without donor restrictions:		
Controlling interest	**23,562,924**	23,553,423
Noncontrolling interests	**4,426,410**	4,395,302
Total net assets without donor restrictions	**27,989,334**	27,948,725
Net assets with donor restrictions	**635,656**	639,382
Total net assets	**28,624,990**	28,588,107
Total liabilities and net assets	**$ 48,215,984**	$ 47,831,071

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

Ascension

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

(Dollars in Thousands)

	The three months ended September 30, 2026	2025
Operating revenue:		
Net patient service revenue	**$ 5,890,777**	$ 5,388,443
Other revenue	**556,708**	747,987
Total operating revenue	**6,447,485**	6,136,430
Operating expenses:		
Salaries, wages, and employee benefits	**3,009,072**	2,826,715
Purchased services	**737,640**	739,150
Professional fees	**422,411**	400,856
Supplies	**926,250**	825,940
Insurance	**90,479**	65,935
Interest	**97,513**	46,252
Provider tax	**235,553**	339,827
Depreciation and amortization	**217,708**	246,662
Other	**794,411**	765,871
Total operating expenses	**6,531,037**	6,257,208
Income (loss) from operations before self-insurance trust fund investment return, and nonrecurring gains (losses), net	**(83,552)**	(120,778)
Self-insurance trust fund investment return	**(2,855)**	34,584
Income (loss) from recurring operations	**(86,407)**	(86,194)
Nonrecurring gains (losses), net	**1,985**	(1,681)
Income (loss) from operations	**(84,422)**	(87,875)
Nonoperating gains (losses):		
Investment return, net	**168,510**	569,491
Other	**(9,639)**	1,523
Total nonoperating gains (losses), net	**158,871**	571,014
Excess (deficit) of revenues and gains over expenses and losses	**74,449**	483,139
Less noncontrolling interests	**108,295**	145,448
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	**(33,846)**	337,691

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

(Dollars in Thousands)

	The three months ended September 30,	
	2026	**2025**
Net assets without donor restrictions, controlling interest:		
Excess (deficit) of revenues and gains over expenses and losses	**$ (33,846)**	$ 337,691
Net assets released from restrictions for property acquisitions	**21,213**	9,555
Change in pension liability	**26,288**	26,986
Change in unconsolidated entities' net assets	**(4,020)**	11,065
Other	**(134)**	23,150
Increase (decrease) in net assets without donor restrictions, controlling interest	**9,501**	408,447
Net assets without donor restrictions, noncontrolling interest:		
Excess (deficit) of revenues and gains over expenses and losses	**108,295**	145,448
Net contributions (distributions) of capital	**(113,396)**	(28,496)
Change in membership interest	**(326)**	48,759
Other	**36,535**	1,237
Increase (decrease) in net assets without donor restrictions, noncontrolling interest	**31,108**	166,948
Net assets with donor restrictions:		
Contributions and grants	**24,803**	19,727
Investment return	**4,427**	13,376
Net assets released from restrictions	**(33,182)**	(28,570)
Divestitures	**-**	(16,292)
Other	**226**	(9,284)
Increase (decrease) in net assets with donor restrictions	**(3,726)**	(21,043)
Increase (decrease) in net assets	**36,883**	554,352
Net assets, beginning of period	**28,588,107**	24,932,976
Net assets, end of period	**$ 28,624,990**	$ 25,487,328

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

Consolidated Statements of Cash Flows (unaudited)

(Dollars in Thousands)

	The three months ended September 30,	
	2026	**2025**
Operating activities		
Increase (decrease) in net assets	**$ 36,883**	$ 554,352
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	**217,708**	246,662
Amortization of bond premiums, discounts, and debt issuance costs	**(8,519)**	(4,738)
Loss (gain) on extinguishment of debt	**-**	(1,205)
Change in pension liability	**(26,288)**	(26,986)
Unrealized losses (gains) on investments without donor restrictions, net	**255,905**	(335,768)
Change in fair value of interest rate swaps	**-**	(539)
Change in equity of unconsolidated entities	**(51,979)**	(103,298)
Gain on sale of assets, net	**(1,646)**	(32,626)
Nonrecurring (gain) loss	**465**	3,979
Donor restricted contributions, investment return and other	**(17,261)**	(14,088)
Distributions (contributions) of noncontrolling interest, net	**113,396**	28,496
Change in membership interest	**326**	(48,759)
Change in divested restricted net assets	**-**	16,292
Other	**(23,478)**	55,814
(Increase) decrease in:		
Short-term investments	**3,992**	721
Accounts receivable	**(81,804)**	163,816
Inventories and other current assets	**(68,752)**	(76,736)
Due from counterparties	**(226,612)**	37,020
Long-term investments	**(172,823)**	345,649
Intangible assets, net	**(57,486)**	(3,236)
Other assets	**(52,738)**	(55,434)
Increase (decrease) in:		
Accounts payable and accrued liabilities	**144,097**	(27,354)
Estimated third-party payor settlements, net	**172,271**	(81,264)
Due to counterparties	**177,915**	(32,921)
Other current liabilities	**64,124**	(56,162)
Self-insurance liabilities	**17,283**	(28,674)
Other noncurrent liabilities	**48,794**	(5,624)
Net cash provided by (used in) operating activities	**463,773**	517,389

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Consolidated Statements of Cash Flows (unaudited)

(Dollars in Thousands)

	The three months ended September 30,	
	2026	**2025**
Investing activities		
Property, equipment, and capitalized software additions, net	**$ (430,990)**	$ (341,977)
Proceeds from sale of property and equipment	**1,613**	14,946
Distributions from (contributions to) unconsolidated entities, net	**28,970**	210
Proceeds from divestiture of businesses	**13,246**	146,500
Cash used in acquisition of businesses, net of cash acquired	**4,100**	(9,444)
Net cash provided by (used in) investing activities	**(383,061)**	(189,765)
Financing activities		
Issuance of short-term debt obligations	**2,379,145**	99,573
Repayment of short-term debt obligations	**(2,477,665)**	(418,724)
Issuance of long-term debt	**8,389**	16,485
Repayment of long-term debt, including financing lease obligations	**(2,784)**	(45,979)
Decrease (increase) in assets under bond agreements	**123,848**	(4)
Donor restricted contributions, investment return, and other	**17,261**	14,088
(Distributions) contributions of noncontrolling interest, net	**(113,396)**	(28,496)
Net cash provided by (used in) financing activities	**(65,202)**	(363,057)
Net increase (decrease) in cash, cash equivalents, and restricted cash	**15,510**	(35,433)
Cash, cash equivalents, and restricted cash at beginning of period	**608,798**	577,377
Cash, cash equivalents, and restricted cash at end of period	**$ 624,308**	$ 541,944
Cash and cash equivalents	**$ 590,335**	$ 501,170
Restricted cash, included in long-term investments	**33,973**	40,774
Cash, cash equivalents, and restricted cash at end of period	**$ 624,308**	$ 541,944

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 35 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 Horizontal Holdings f/k/a Ascension Global Mission
- Ascension Capital
    - Ascension Investment Management (AIM)
    - Ascension Ventures (AV)
    - AV Holding Company
- Ascension Care Management
- Ascension Foundation
- 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 Note 5. 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.

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 vulnerable populations, each Ministry Market accepts patients regardless of their ability to pay. The System uses the following categories to report the costs of community benefit provided:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources, including those 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 vulnerable populations.

- Unreimbursed costs of programs for persons living in poverty and vulnerable populations, and programs for the broader community, including community health improvement services, health professions education, subsidized health services, research, financial contributions, community building activities, and community benefit operations.

- Unpaid costs of Medicare represents the unpaid cost of services provided to Medicare recipients.

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 cost of traditional charity care provided was $154,208 and $112,523 for the three months ended September 30, 2026 and 2025, respectively. See Note 19 for further information related to Ascension's cost of other community benefit.

2. Significant Accounting Policies

The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP"). In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. Certain reclassifications were made to prior periods' Consolidated Financial Statements to conform to the September 30, 2026 presentation.

Principles of Consolidation **-** The Consolidated Financial Statements include the assets, liabilities, revenues, and expenses of all wholly owned entities and entities for which the System or one of its member entities holds a controlling financial interest. All significant intercompany accounts, transactions, and balances have been eliminated in consolidation. Investments in entities for which the System does not have a controlling financial interest are primarily accounted for using the equity method of accounting.

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 Note 7.

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.

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 is discussed in Notes 6 and 7.

Long-term investments include assets limited as to use of $2,171,925 and $2,294,295 as of September 30, 2026 and June 30, 2026, respectively. Assets limited as to use are primarily assets under bond agreement, assets placed in trust or held by captive insurance companies for the payment of self-insured claims and investments with donor restrictions, including restricted cash and cash equivalents.

Purchases and sales of investments are accounted for on a trade-date basis. The cost of substantially all securities sold is based on the FIFO method. Investment returns consist of dividends, interest, and realized and unrealized gains and losses. 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, ranging from 2 to 40 years; and equipment, ranging from 2 to 20 years. Property and equipment 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. There were no material impairment charges recorded for the three months ended September 30, 2026 and 2025.

Investment in Unconsolidated Entities **-** The System's Investment in unconsolidated entities is reviewed for impairment annually or whenever events or business conditions indicate the carrying amount of the investment may not be fully recoverable. An impairment loss is recognized in Income (loss) from operations when a decline in the fair value of an investment below its carrying amount is determined to be other-than-temporary.

Goodwill **-** The System records goodwill from business combinations as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized and is evaluated for impairment annually, or when circumstances indicate a possible impairment may exist, at a reporting unit level. This evaluation is based on a qualitative assessment that considers performance outlook and industry considerations. If the qualitative assessment indicates the fair value of a reporting unit is, more likely than not, less than its carrying value, a quantitative assessment is performed. For the three months ended September 30, 2026 and 2025, no goodwill impairments were recognized.

Intangible Assets, net **-** Intangible assets, net primarily consist of capitalized computer software costs, including internally developed software, and an indefinite-lived tradename. Costs incurred in the development and installation of internal use software are capitalized subsequent to project approval, for projects whose completion is probable. These costs are amortized on a straight-line basis over the expected useful lives ranging from 3 to 7 years. Intangible assets whose lives are definite are amortized over the expected useful lives ranging from 5 to 30 years.

Nonrecurring Gains (Losses), net - Nonrecurring gains (losses) primarily include losses associated with the recognition of assets and liabilities held for sale and assets sold, and also include natural disaster losses and related insurance proceeds.

Noncontrolling Interests **-** Noncontrolling interests in the Consolidated Financial Statements represent the portion of Net assets and Excess (deficit) of revenues and gains over expenses and losses attributable to entities outside the System, for those controlled and consolidated entities in which the System's ownership interest is less than 100%. Noncontrolling interests for certain of AmSurg's ambulatory surgery center investments are redeemable, as discussed in Note 3.

Net Assets **-** Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions.

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. Net assets released from restrictions for property acquisitions, Change in pension liability, and Change in unconsolidated entities' net assets are not included in the performance indicator.

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

Net Patient Service Revenue and Accounts Receivable - Net patient service revenue relates to contracts with patients, and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the System's performance obligations are to provide 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 from Medicare, Medicaid and other third-party payers related to prior periods increased net patient service revenue by $86,760 and $73,152 for the three months ended September 30, 2026 and 2025, respectively.

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

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

The System's 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 during the year, using collection history and write-off data. The results of these updates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of results of operations.

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

Income Taxes **-** The System's member entities are primarily all tax-exempt organizations 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 September 30, 2026.

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.

3. Organizational Changes

Business Combinations

AmSurg **-** Effective June 4, 2026, Ascension, through a wholly-owned subsidiary, acquired Ambulatory Topco, LLC, including its wholly owned subsidiaries and interest in controlled and noncontrolled affiliates (collectively, AmSurg), a for profit ambulatory surgery development, management, and operations services company, for approximately $3,800,000. This transaction was accounted for as an acquisition in accordance with the FASB Accounting Standards Codification (ASC) Subtopic 958-805, *Not-for-Profit Entities - Business Combinations*.

The System is in the process of determining final valuation amounts for certain assets and liabilities as well as confirming the accounting policies and procedures with those of the System, and as such, certain adjustments may be made during the measurement period that ends on June 4, 2027. These adjustments are not anticipated to be material to Ascension's Consolidated Balance Sheet. Fair values were determined in accordance with FASB ASC 820, *Fair Value Measurements*. The following summarizes the preliminary purchase price allocation:

	AmSurg
Cash and cash equivalents	$ 119,067
Net working capital	39,279
Property and equipment	156,352
Right-of-use-asset - leases	240,292
Investment in unconsolidated entities	592,083
Goodwill	4,274,446
Trade name	100,000
Long-term debt	(51,169)
Lease obligations	(264,490)
Other long-term assets (liabilities), net	(64,848)
Net assets - noncontrolling interests	(1,307,000)
Consideration paid	$ 3,834,012

Net assets - noncontrolling interests in the table above includes non-redeemable noncontrolling interests of $927,000 and redeemable noncontrolling interests of $380,000. Redeemable noncontrolling interests relate to certain AmSurg affiliates, whereby AmSurg has an obligation to purchase affiliate interests in the event of certain changes in law as defined in the respective affiliate agreements. The purchase price required upon redemption is in accordance with the respective affiliate agreements.

The following unaudited pro forma financial information presents the combined results of operations of Ascension and AmSurg for the three months ended September 30, 2025, as though the business combination transaction had occurred on July 1, 2024. This pro forma financial information may not be indicative of the results of operations that would have occurred if this entity was consolidated into the System during the period presented, nor is it necessarily indicative of future operating results.

	The three months ended September 30, 2025
Total operating revenue	$ 6,488,208
Excess of revenues and gains over expenses and losses, controlling interest	295,358
Increase in unrestricted net assets, controlling interest	366,114
Increase in unrestricted net assets, noncontrolling interest	170,482
Increase (decrease) in donor restricted net assets	(21,043)

The pro forma excess (deficit) of revenues and gains over expenses and losses and other changes in net assets above excludes certain adjustments attributable to the business combination transaction.

As of September 30, 2026, AmSurg is a taxable entity subject to federal and state corporate income taxes and is accounted for under the asset and liability method prescribed by ASC 740, *Income Taxes*. The acquisition was structured as a taxable stock purchase, and as such, AmSurg carried over its existing tax basis in its assets and liabilities. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, measured using enacted tax rates expected to apply in the years the related temporary differences are expected to be recovered or settled.

As of September 30, 2026, gross deferred tax assets and gross deferred tax liabilities related to AmSurg were approximately $316,000 and $212,000, respectively, before consideration of a valuation allowance of $109,000, resulting in a net deferred tax liability position of approximately $5,000, included within Other long term assets in the Consolidated Balance Sheet. As of June 30, 2026, gross deferred tax assets and gross deferred tax liabilities were approximately $316,000 and $203,000, respectively, before consideration of a valuation allowance of $109,000, resulting in a net deferred tax liability position of approximately $4,000. These assets and liabilities relate primarily to federal and state net operating loss carryforwards, Section 163(j) business interest expense limitation carryforwards, the outside basis difference in AmSurg's investments in partnership interests, and basis differences in property, equipment, and intangible assets.

AmSurg has federal net operating loss carryforwards that do not expire under the Tax Cuts and Jobs Act of 2017, state net operating loss carryforwards that begin to expire in 2038, and Section 163(j) interest expense carryforwards that do not expire. A valuation allowance has been established against a portion of these deferred tax assets, primarily related to the Section 163(j) carryforwards and certain state net operating losses, to the extent it is more likely than not that such assets will not be realized.

Variable Interest Entities (VIEs)

AmSurg's equity ownership interests in its controlled and consolidated entities are through variable interests in these entities, where AmSurg is considered the primary beneficiary, accounted for under ASC 810, Consolidations. Primary beneficiary designation is based on the entities' governing agreements, which allow AmSurg to govern the day-to-day activities and thereby control the most significant economic activities.

As of September 30, 2026, total assets (excluding goodwill and intangible assets, net) and total liabilities of AmSurg's consolidated VIEs were $609,861 and $385,195, respectively. As of June 30, 2026, total assets (excluding goodwill and intangible assets, net) and total liabilities of AmSurg's consolidated VIEs were $588,735 and $365,778, respectively.

AmSurg also has equity interests in unconsolidated affiliates which meet the definition of a variable interest entity, but for which AmSurg is not the primary beneficiary. These entities are accounted for under the equity method of accounting and included in Investments in unconsolidated entities on the Consolidated Balance Sheet, and earnings or loss are recognized in Other revenue on the Statement of Operations and Changes in Net Assets. As of September 30, 2026 and June 30, 2026, AmSurg has a variable interest in unconsolidated affiliates of approximately $591,000 and $592,000, respectively.

Divestitures

Ascension Senior Living - During the year ended June 30, 2026, Ascension Senior Living completed the sale of certain assets and primarily all operations of three senior living facilities to various purchasers.

Ascension Michigan - On July 1, 2025, Ascension Healthcare and Ascension Michigan Home Office completed the membership substitution of four hospitals and certain related assets and operations in southwestern Michigan to Beacon Health System.

4. Operating Revenue

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue earned for the three months ended September 30, 2026 and 2025, is as follows:

	The three months ended September 30,	
	2026	**2025**
Inpatient care	**$ 2,591,901**	$ 2,592,780
Ambulatory care	**2,690,326**	2,200,970
Physician practices	**525,536**	504,957
Long-term care	**83,014**	89,736
Total net patient service revenue	**$ 5,890,777**	$ 5,388,443

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

	Net Patient Service Revenue The three months ended September 30,		Accounts Receivable	
	2026	2025	September 30, 2026	June 30, 2026
Medicare - traditional and managed	**32.9 %**	32.0 %	**26.5 %**	26.8 %
Medicaid - traditional and managed	**13.6**	15.8	**8.5**	8.9
Other commercial and managed care	**46.6**	43.7	**43.0**	42.8
Self-Pay and other	**6.9**	8.5	**22.0**	21.5
	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.

Other Revenue

Other revenues primarily relate to amounts recognized for providing goods and services not directly associated with patient care, over the period of time the performance obligations are satisfied. Amounts recognized reflect consideration due from customers, third party payors, and others. Components of Other revenue are included in the following table for the three months ended September 30, 2026 and 2025:

	The three months ended September 30,	
	2026	2025
Cafeteria and vending	**$ 13,933**	$ 15,687
Contracted services	**137,261**	172,703
Donations and grants	**17,496**	26,261
Gains on asset sales	**4,187**	33,686
Insurance plans	**44,116**	64,887
Income from investment in unconsolidated entities	**56,125**	93,111
Lease and rental income	**17,777**	16,730
Retail pharmacy	**224,581**	239,352
Value based programs	**12,173**	60,713
Other	**29,059**	24,857
Total other revenue	**$ 556,708**	$ 747,987

5. Investment Funds

A significant portion of Ascension's investments are held within the Investment Funds. Certain system entities hold additional investments 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 investment periods, which are typically five years, and can extend to the end of the fund term. As of September 30, 2026, unfunded capital commitments were approximately $1,097,000, of which approximately $205,000 were attributable to Alpha Fund investors other than Ascension. Funding under these commitments, if required, is 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, as well as repurchase agreements, within approved 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 also direct these advisors to execute derivative transactions. These transactions are used to hedge against changes in 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. As of September 30, 2026 and June 30, 2026, the gross notional value of Alpha Fund derivatives outstanding was approximately $6,138,000 and $6,115,000, respectively. See Note 7 for discussion of the Alpha Fund derivatives' fair value determination.

As of September 30, 2026 and June 30, 2026, the fair value of Alpha Fund derivatives in an asset position was $387,549 and $109,039, respectively, while the fair value of Alpha Fund derivatives in a liability position was $88,900 and $100,355 as of September 30, 2026 and June 30, 2026, respectively. These derivatives are included in Long-term investments in the Consolidated Balance Sheets.

The Alpha Fund enters into repurchase agreements, whereby certain securities of the Alpha Fund's investments are sold to a counterparty in return for cash, on a short-term basis. Repurchase agreements are recorded at their contractual amounts plus accrued interest and are included within Due to counterparties on the Consolidated Balance Sheets. The fair value of investments pledged under repurchase agreements as of September 30, 2026 and June 30, 2026 was approximately $695,000 and $772,000, respectively. Cash received by the Alpha Fund is not restricted for use. The Alpha Fund makes delivery of securities sold under agreements to repurchase and monitors the value of the collateral on a daily basis. When necessary, the Alpha Fund will deliver additional collateral.

The Alpha Fund participates 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. As of September 30, 2026 and June 30, 2026, the fair value of collateral under the System's securities lending program, consisting primarily of non-cash collateral, was approximately $724,000 and $629,000, respectively.

Cash collateral is recorded in Other current assets, with corresponding liabilities in Other current liabilities, in the Consolidated Balance Sheets at those dates. In the event of nonperformance by the counterparties to the securities lending agreements, the Alpha Fund could be exposed to loss.

Due from counterparties and Due to counterparties 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, as well as amounts due to or from other counterparties for repurchase agreements.

Venture Funds

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

6. Cash, Investments and Liquidity Resources

Composition of Cash and Investments

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

	September 30, 2026	June 30, 2026
Cash and cash equivalents and short-term investments	**$ 844,268**	$ 813,567
Pooled short-term investment fund	**1,014,047**	912,201
U.S. government, state, municipal and agency obligations	**2,275,386**	2,072,973
Corporate and foreign fixed income securities	**934,885**	1,055,387
Asset-backed securities	**1,342,496**	1,461,720
Equity securities	**7,115,229**	7,615,623
Alternative investments and other investments:		
Private equity and real estate funds	**5,237,701**	5,158,423
Private credit and energy funds	**910,663**	930,597
Hedge funds	**547,732**	564,281
Other investments	**415,021**	248,069
Total alternative investments and other investments	**7,111,117**	6,901,370
Total cash and cash equivalents, short-term investments, and long-term investments	**$ 20,637,428**	$ 20,832,841

Investment Return

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 September 30, 2026 and 2025, is summarized as follows:

	The three months ended September 30,	
	2026	**2025**
Interest and dividends	**$ 65,542**	$ 67,865
Net gains (losses) on investments reported at fair value	**100,113**	536,210
Restricted investment return and unrealized gains (losses), net	**4,427**	13,376
Total investment return, net	**170,082**	617,451
Less Investment Funds' noncontrolling interest return, net	**19,100**	98,346
System investment return, net	**$ 150,982**	$ 519,105

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

Liquidity Resources

Resources available within one year for general expenditure primarily consist of unrestricted cash and investments, net and borrowing capacity. System unrestricted cash and investments, net, as calculated below, excludes assets limited as to use and noncontrolling interests of Investment Funds and includes other net assets of Investment Funds, which are primarily amounts due from and to counterparties.

The System invests cash and cash equivalents obtained primarily through operating and investing activities in excess of daily requirements. The System's investment strategy ensures sufficient liquidity within the portfolio to satisfy general expenditures, principal payments on debt, capital expenditures not financed with debt and other obligations. Although intended to satisfy long-term obligations, management estimates that approximately 60% of unrestricted cash and investments, as of both September 30, 2026 and June 30, 2026, could be utilized within the next year, if needed.

	September 30, 2026	June 30, 2026
Cash and cash equivalents	$ **590,335**	$ 560,827
Short-term investments	**35,375**	39,367
Long-term investments	**20,011,718**	20,232,647
Subtotal	**20,637,428**	20,832,841
Investment Funds' other assets (liabilities), net	**(699,123)**	(747,489)
Total cash and investments, net	**19,938,305**	20,085,352
Less noncontrolling interest of Investment Funds	**2,706,499**	2,717,165
System cash and investments, including assets limited as to use	**17,231,806**	17,368,187
Less assets limited as to use:		
Under bond agreement[1]	**469,668**	593,516
Self-insurance trust funds	**1,096,244**	1,089,539
With donor restrictions	**606,013**	611,240
Total assets limited as to use	**2,171,925**	2,294,295
System unrestricted cash and investments, net	$ **15,059,881**	$ 15,073,892

[1]Primarily relates to bond proceeds held in escrow. See Note 12.

Additional financial assets include accounts receivable and other current assets. The System also has access to public and private debt markets and maintains a revolving credit agreement and commercial paper program, as described in Note 12.

7. 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.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability.

The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. As of September 30, 2026 and June 30, 2026, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

Cash Equivalents and Short-Term Investments - 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 Fund - 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.

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 primarily include derivative assets and derivative liabilities of the Alpha Fund, including level 1 exchange traded derivatives. Fair values of other derivatives are primarily determined using techniques consistent with the market approach.

Significant observable inputs to valuation models include the time value of money, counterparty credit risk, interest rates, Treasury yields, volatilities, credit spreads, 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.

Deferred Compensation Plan Assets - The fair value of Level 3 deferred compensation plan assets is based on original investments into a guaranteed fund, plus guaranteed, annuity contract-based interest. 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 benchmark index of the underlying investment portfolio.

Investments Sold, Not Yet Purchased - The fair value of investments sold, not yet purchased is based on the nature of the underlying securities, which may include equity or fixed income securities, and whose valuation techniques are consistent with these security types as discussed above.

Notes to Consolidated Financial Statements (unaudited) (continued)

(Dollars in Thousands)

The following tables summarize fair value measurements, by level, as of September 30, 2026 and June 30, 2026, for all financial assets and liabilities measured at fair value on a recurring basis in the System's Consolidated Financial Statements.

	Level 1	Level 2	Level 3	Total
September 30, 2026				
Cash equivalents	$ 26,321	$ 141,217	$ -	$ 167,538
Short-term investments	29,976	5,564	-	35,540
Pooled short-term investment fund	1,014,047	-	-	1,014,047
U.S. government, state, municipal and agency obligations	-	2,275,386	-	2,275,386
Corporate and foreign fixed income securities	-	933,453	1,432	934,885
Asset-backed securities	-	1,115,481	227,015	1,342,496
Equity securities	7,094,839	2,231	6,182	7,103,252
Alternative investments and other investments:				
Private equity	-	-	685,433	685,433
Other investments, including derivatives, net	43,443	15,588	262,154	321,185
Assets at net asset value:				
Equity securities				11,977
Private equity funds and real estate funds				4,542,893
Private credit and energy funds				910,663
Hedge funds				547,732
Cash and other investments not at fair value				744,401
Cash and investments				$ 20,637,428
Deferred compensation plan assets, in other noncurrent assets	$ 804,667	$ -	$ 31,351	$ 836,018
Investments sold, not yet purchased, in other noncurrent liabilities	988	-	-	988

Notes to Consolidated Financial Statements (unaudited) (continued)

(Dollars in Thousands)

	Level 1	Level 2	Level 3	Total
June 30, 2026				
Cash equivalents	$ 21,340	$ 134,513	$ -	$ 155,853
Short-term investments	28,507	5,523	-	34,030
Pooled short-term investment fund	912,201	-	-	912,201
U.S. government, state, municipal and agency obligations	-	2,072,973	-	2,072,973
Corporate and foreign fixed income securities	-	1,054,006	1,381	1,055,387
Asset-backed securities	-	1,223,487	238,233	1,461,720
Equity securities	7,598,901	2,143	6,160	7,607,204
Alternative investments and other investments:				
Private equity	-	-	666,318	666,318
Other investments, including derivatives, net	154,489	4,782	2,305	161,576
Assets at net asset value:				
Equity securities				8,419
Private equity funds and real estate funds				4,492,105
Private credit and energy funds				930,597
Hedge funds				564,281
Cash and other investments not at fair value				710,177
Cash and investments				$ 20,832,841
Deferred compensation plan assets, in other noncurrent assets	$ 794,957	$ -	$ 30,487	$ 825,444
Investments sold, not yet purchased, in other noncurrent liabilities	802	-	-	802

For the three months ended September 30, 2026 and 2025 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	Deferred Compensation Plan Assets
The three months ended September 30, 2026						
Beginning balance	$ 1,381	$ 238,233	$ 6,160	$ 666,318	$ 2,305	$ 30,487
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	51	1,172	22	521	(9)	-
Included in changes in net assets	-	-	-	-	8	-
Purchases	-	19,747	-	13,984	260,000	547
Sales	-	(19,169)	-	(10,325)	(150)	(710)
Transfers into Level 3	-	-	-	17,962	-	1,235
Transfers out of Level 3	-	(12,968)	-	(3,027)	-	(208)
Ending balance	$ 1,432	$ 227,015	$ 6,182	$ 685,433	$ 262,154	$ 31,351
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at September 30, 2026.	$ 52	$ 854	$ 23	$ (37)	$ -	$ -

	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity	Other Investments	Deferred Compensation Plan Assets
The three months ended September 30, 2025						
Beginning balance	$ 1,737	$ 216,600	$ 5,932	$ 603,986	$ 2,246	$ 33,249
Realized and unrealized gains (losses):						
Included in nonoperating gains (losses)	14	366	42	(5,528)	15	-
Included in changes in net assets	-	-	-	-	4	-
Purchases	-	27,677	1	6,797	15	548
Issuances	-	-	-	568	-	-
Sales	-	(25,151)	(10)	(60)	(15)	(871)
Transfers into Level 3	-	-	35	-	-	106
Transfers out of Level 3	-	-	-	-	-	(537)
Ending balance	$ 1,751	$ 219,492	$ 6,000	$ 605,763	$ 2,265	$ 32,495
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at September 30, 2025.	$ 14	$ 267	$ 40	$ (3)	$ -	$ -

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.

8. Property and Equipment, net

A summary of property and equipment in the Consolidated Balance Sheets, is as follows:

	September 30, 2026	June 30, 2026
Land and improvements	**$ 1,102,353**	$ 1,096,353
Buildings and equipment	**17,968,385**	17,450,762
	19,070,738	18,547,115
Less accumulated depreciation	**10,327,177**	10,180,052
	8,743,561	8,367,063
Construction in progress	**550,304**	785,998
Total property and equipment, net	**$ 9,293,865**	$ 9,153,061

Depreciation expense for the months ended September 30, 2026 and 2025 was approximately $167,000 and $198,000, respectively. Several capital projects have remaining construction and related equipment purchase commitments of approximately $769,000 as of September 30, 2026.

9. Investment in Unconsolidated Entities

The System's investment in unconsolidated entities consists of over 150 unconsolidated entities accounted for using the equity method of accounting. These investments are recognized in Investment in unconsolidated entities on the Consolidated Balance Sheets, with equity method income or loss recognized in Other revenue in the Consolidated Statement of Operations and Changes in Net Assets.

Ascension's investment in unconsolidated entities by type, are included in the following table:

	September 30, 2026	June 30, 2026
Hospitals	**$ 1,742,515**	$ 1,739,580
Ambulatory surgery centers	**710,892**	711,062
Health plans	**443,207**	436,054
Health related services	**268,752**	263,612
Management services and other	**97,448**	91,451
Total investment in unconsolidated entities	**$ 3,262,813**	$ 3,241,759

Included within Hospitals in the above table is Ascension's 20% interest in Henry Ford Health System (HFHS) which was valued at approximately $1,347,000 as of September 30, 2026 and June 30, 2026, respectively. Ascension elected to measure this investment using the fair value option based on the nature of the investment. The fair value of this Level 3 investment (see Level 3 definition in Note 7) is estimated based on a combination of the income and market approaches. The income approach considers the projected operating performance of the company and discounts future economic benefits back to present value using a risk adjusted rate of return, while the market approach considers prior company and other comparable transactions, and public guideline company information. Changes in the fair value of this investment are included in Other revenue in the Consolidated Statement of Operations and Changes in Net Assets.

10. Goodwill

Changes in the carrying amount of goodwill for September 30, 2026 and June 30, 2026 are as follows:

	September 30, 2026	June 30, 2026
Goodwill at the beginning of the period	**$ 5,166,203**	$ 920,193
Goodwill acquired during the year	**60,866**	4,398,583
Goodwill divested during the year	**-**	(152,573)
Goodwill at the end of the period	**$ 5,227,069**	$ 5,166,203

11. Intangible assets, net

A summary of intangible assets, net, as presented in the Consolidated Balance Sheets, is as follows:

	September 30, 2026	June 30, 2026
Capitalized software costs	**$ 2,642,949**	$ 2,546,467
Software in progress	**369,247**	358,450
Less accumulated amortization	**2,170,858**	2,121,357
Capitalized software costs, net	**841,338**	783,560
Other intangibles:		
Indefinite-lived intangible assets	**114,264**	114,264
Definite-lived intangible assets, net	**33,969**	34,504
Total intangible assets, net	**$ 989,571**	$ 932,328

Included in Indefinite-lived intangible assets is a trade name, as discussed in Note 3. Amortization expense for definite-lived intangible assets for the three months ended September 30, 2026 and 2025 was approximately $51,000 and $49,000, respectively.

12. Debt

Debt as of September 30, 2026 and June 30, 2026 is comprised of the following:

	September 30, 2026	June 30, 2026
Short-term debt:		
Short-term debt obligations	**$ 673,777**	$ 772,298
Long-term debt:		
Tax-exempt hospital revenue bonds	**$ 4,321,850**	$ 4,321,850
Taxable bonds	**5,137,600**	5,137,600
Total hospital revenue bonds[1]	**9,459,450**	9,459,450
Other	**144,925**	140,258
	9,604,375	9,599,708
Unamortized premium, net	**302,522**	312,258
Less debt issuance cost, net	**(43,404)**	(44,620)
Less current portion	**(106,629)**	(102,462)
Less long-term debt subject to short-term remarketing arrangements	**(700,000)**	(700,000)
Long-term debt	**$ 9,056,864**	$ 9,064,884

[1]Secured under Ascension's MTI

Master Trust Indenture

As provided by the Amended and Restated MTI and, certain members of the System comprise the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member may be 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 the Amended and Restated MTI to make all payments required with respect to obligations under the Amended and Restated MTI.

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

Pursuant to the Amended and Restated MTI, 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.

Trustee-Held Funds

As of September 30, 2026 and June 30, 2026, $469,563 and $593,416, respectively, of the Series 2025 tax-exempt bond proceeds are held by the bond trustee and considered assets limited as to use until reimbursement of eligible capital project spending occurs, which is reported within Long-term investments on the Consolidated Balance Sheet.

Variable Rate Bonds and Debt Maturities

The unsecured variable rate demand bonds of the Senior Credit Group, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent bondholders may, under the terms of the debt, put their bonds within twelve months after September 30, 2026, the principal amount of such bonds has been classified as a current liability in the Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. In the event that bonds are not remarketed upon the exercise of put options for the variable 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.

Sources of Liquidity

Ascension maintains a taxable commercial paper program with authorization to issue up to $2,000,000. During the three months ended September 30, 2026, Ascension both issued and repaid commercial paper resulting in net repayments of $98,521. As of September 30, 2026 and June 30, 2026, an outstanding balance of $673,777 and $772,298, respectively, is included in Short-term debt obligations on the Consolidated Balance Sheet.

As of September 30, 2026, the Senior Credit Group has a line of credit totaling $1,000,000, committed through November 18, 2027. If drawn upon, funds from the line of credit can be used for general corporate purposes. No amounts were outstanding under the line of credit as of September 30, 2026 or June 30, 2026.

As of September 30, 2026 and June, 30 2026, the Senior Credit Group has a $100,000 revolving line of credit related to its letters of credit program for which a bank commitment of $100,000 extends to November 8, 2027. The revolving line of credit may be accessed solely in the form of letters of credit issued by the bank for, or at the request of, Ascension. Of this $100,000 revolving line of credit, letters of credit of $65,762 were issued as of September 30, 2026. There were no borrowings outstanding under this program as of September 30, 2026 or June 30, 2026.

13. Leases

The System is a party to real estate, medical equipment, and information technology (IT) 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.

The following table provides the total lease cost included in Other operating expenses in the Consolidated Statement of Operations and Changes in Net Assets, excluding interest on lease liabilities, which is included in Interest expense in the Consolidated Statement of Operations and Changes in Net Assets:

	The three months ended September 30,	
	2026	**2025**
Operating lease cost	**$ 62,966**	$ 57,253
Finance lease cost:		
Interest on lease liabilities	**1,025**	698
Amortization of right-of-use-asset	**1,438**	710
Variable lease cost	**13,833**	13,178
Total lease cost	**$ 79,262**	$ 71,839

The weighted average remaining lease terms and the weighted average discount rates as of September 30, 2026 and 2025 were as follows:

	September 30, 2026		**September 30, 2025**	
	Operating Leases	**Finance Leases**	**Operating Leases**	**Finance Leases**
Weighted-average remaining lease term	8.1 years	20.1 years	7.8 years	24.3 years
Weighted-average discount rate	5.4%	4.0%	3.7%	3.3%

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

	The three months ended September 30,	
	2026	**2025**
Operating leases	**$ 71,372**	$ 58,850
Finance leases	**5,128**	1,004
Total cash paid	**$ 76,500**	$ 59,854

The following table reconciles undiscounted future operating and finance lease obligations for each of the next five years and thereafter, as of September 30, 2026, to Lease obligations recorded on the Consolidated Balance Sheet as of September 30, 2026.

Twelve Months Ending September 30,	Operating Leases	Finance Leases	Total
2027	$ 255,473	$ 9,763	$ 265,236
2028	219,257	8,205	227,462
2029	176,084	7,463	183,547
2030	153,569	6,267	159,836
2031	120,532	5,850	126,382
Thereafter	416,652	95,776	512,428
Total future undiscounted lease obligations	1,341,567	133,324	1,474,891
Less: amount of lease payments representing interest	(175,879)	(39,699)	(215,578)
Present value of future lease obligations	1,165,688	93,625	1,259,313
Less: current portion of lease obligations	(215,572)	(7,616)	(223,188)
Long-term lease obligations	$ 950,116	$ 86,009	$ 1,036,125

For leases where the System is a lessor, future minimum noncancelable receipts on operating leases for each of the next five years and thereafter, as of September 30, 2026, are as follows:

Twelve Months Ending September 30:	Operating Leases
2027	$ 52,975
2028	45,571
2029	37,912
2030	31,929
2031	26,619
Thereafter	277,735
Total	$ 472,741

For the three months ended September 30, 2026 and 2025, lease income was approximately $15,000 and $14,000, respectively.

14. Insurance Programs

Self Insurance Program

The System's entities are primarily 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. 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.

Professional and General Liability Programs

Employed physicians and certain entities in the states of Indiana and Kansas are provided coverage by ProAssurance Corporation 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.

AmSurg Insurance

AmSurg obtains professional liability insurance on a claims-made basis from third-party insurers for its surgery centers and certain of its owned practices. Additionally, AmSurg maintains insurance for workers' compensation liability and property damage. Certain policies are subject to deductibles.

15. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in noncontributory, defined-benefit pension plans (the System Plans), which include traditional and 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 of investment types as included in the fair value investment leveling tables further below. In the event certain entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, other participating entities are obligated to do so.

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

	The three months ended September 30,	
	2026	**2025**
Components of net periodic benefit gain:		
Expected return on plan assets	**$ 138,563**	$ 143,759
Interest cost	**(96,697)**	(98,672)
Amortization of actuarial loss	**(26,297)**	(26,995)
Amortization of prior service credit	**9**	9
Net periodic benefit gain	**$ 15,578**	$ 18,101

16. Commitments and Contingencies

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.

The System is also periodically involved in litigation arising in the ordinary course of business. While no assurance can be given concerning the outcome of any current investigation or litigation and the related impact to consolidated financial statements, management believes that adequate reserves have been established, where estimates of liability have been or can be reached, and that the outcome of any current investigation and litigation is expected to be resolved without a material adverse effect on the financial position or liquidity of the system.

The System anticipates making payments under various committed contracts as follows: approximately $2,754,000 for IT and other purchased services over the next 1 - 6 years and approximately $2,100,000 for supplies over the next 2 years. Additionally, the System has a committed contract through 2031 for revenue cycle services, for which expenses of approximately $171,000 were incurred for the three months ended September 30, 2026.

The System also has outstanding guarantees of third party financing arrangements for certain affiliates as of September 30, 2026 of approximately $43,000 for up to 13 years. Payments under these commitments may not be required, depending on the performance of the affiliates.

17. Functional Expenses

Ascension provides healthcare services, including inpatient, outpatient, ambulatory, long-term care and community-based services. Management support services include finance and accounting, IT, 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 September 30, 2026 consist of the following:

	Healthcare services	Management support services	Total
Salaries, wages, and employee benefits	$ 2,680,769	$ 328,303	$ 3,009,072
Purchased services and professional fees	849,585	310,466	1,160,051
Supplies	926,072	178	926,250
Other	1,339,214	96,450	1,435,664
Total operating expenses	**$ 5,795,640**	**$ 735,397**	**$ 6,531,037**

Expenses by functional classification for the three months ended September 30, 2025 consist of the following:

	Healthcare services	Management support services	Total
Salaries, wages, and employee benefits	$ 2,465,323	$ 361,392	$ 2,826,715
Purchased services and professional fees	807,155	332,851	1,140,006
Supplies	825,705	235	825,940
Other	1,359,696	104,851	1,464,547
Total operating expenses	$ 5,457,879	$ 799,329	$ 6,257,208

18. Related Parties

The System has an agreement with a related party for clinical engineering services, under a committed contract through 2032. Expenses for clinical engineering services for the three months ended September 30, 2026 and 2025 were approximately $77,000 and $78,000, respectively.

The System has certain agreements with HFHS (see Note 9) to provide revenue cycle, IT, facilities management and finance services. Revenue recognized for these services was approximately $45,000 and $68,000 for the three months ended September 30, 2026 and 2025, respectively.

19. Community Benefit

The System's community benefit is prepared in accordance with Internal Revenue Service Form 990, Schedule H and the Catholic Health Association of the United States' (CHA) publication, *A Guide for Planning and Reporting Community Benefit*.

Community benefit costs included below relate to System entities, including, but not limited to, licensed hospital facilities. For entities sold during the three months ended September 30, 2025, Care of persons living in poverty and other community benefit programs included in the following table reflect the costs of community benefit through the entities' sale dates (Note 3). Community benefit for the three months ended September 30, 2026 and 2025, respectively, consists of the following:

	The three months ended Septmeber 30,	
	2026	**2025**
Traditional charity care provided	**$ 154,208**	$ 112,523
Unpaid cost of public programs for persons living in poverty	**73,511**	114,206
Programs for persons living in poverty, vulnerable populations and the broader community:		
Community health improvement services	**15,744**	16,955
Health professions education	**44,969**	47,931
Subsidized health services	**18,690**	15,699
Research	**511**	588
Financial contributions	**4,217**	2,886
Community building activities	**283**	349
Community benefit operations	**229**	263
Cost of programs for persons living in poverty, vulnerable populations and the broader community	**84,643**	84,671
Care of persons living in poverty and other community benefit programs	**312,362**	311,400
Unpaid costs of Medicare	**452,882**	443,128
Community benefit	**$ 765,244**	$ 754,528

Traditional charity care provided - Includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources, including those who are uninsured or underinsured.

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

Community health improvement services - Carried out to improve community health and include community health education, outreach and prevention services. These services do not generate patient bills, although they may involve a nominal fee.

Health professions education - Includes educational programs for physicians, interns and residents, medical students, nurses and nursing students, pastoral care trainees, and other health professionals when that education is necessary to retain state licensure or certification by a board in the individual's health profession specialty.

Subsidized health services - Clinical services provided by the System to meet an identified community need, despite a financial loss after removing the effects of bad debt, financial assistance, Medicaid and other means-tested government programs.

Research - Includes unreimbursed clinical and community health research and studies on health care delivery, which is generalizable and shared with the public.

Financial contributions - Include cash contributions or grants and the cost of in-kind contributions that support financial assistance, health professions education and other community benefit activities. In-kind contributions include the cost of associate time and other nonmonetary resources donated for community benefit.

Community building activities - Seek to address the root causes of health problems, such as discrimination, poverty, homelessness and environmental hazards. They include programs such as housing, economic development and environmental improvement.

Community benefit operations - Include the cost of assigned staff, consultants and activities of the community benefit team, such as community assessments and program evaluations and community benefit planning.

Unpaid costs of Medicare - The unpaid cost of services provided to Medicare recipients.

21. Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date, but before the Consolidated Financial Statements are issued, for potential recognition or disclosure in the Consolidated Financial Statements as of the Consolidated Balance Sheet date. For the three months ended September 30, 2026, the System evaluated subsequent events through November 13, 2026, representing the issuance date of the Consolidated Financial Statements.

On October 30, 2026, Ascension Care Management Insurance Holdings, a wholly owned subsidiary of Ascension, completed the transfer of its membership interest in Mercy Care to CVS Pharmacy, Inc. which resulted in a gain of approximately $200,000. Prior to the transaction, Ascension received a one-time cash dividend of $253,000.

Supplementary Information

Ascension

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

	September 30, 2026
Assets	
Current assets:	
Cash and cash equivalents	$ 356,575
Short-term investments	30,271
Accounts receivable	2,790,334
Inventories	450,967
Estimated third-party payor settlements	439,368
Due from affiliates *(See Note 2)*	207,255
Other	1,065,299
Total current assets	5,340,069
Long-term investments	15,466,667
Property and equipment, net	8,507,088
Other assets:	
Right-of-use assets - leases	784,515
Investment in unconsolidated entities	2,647,284
Goodwill	951,509
Intangible assets, net	848,347
Due from affiliates *(See Note 2)*	2,724,386
Other	1,801,120
Total other assets	9,757,161
Total assets	$ 39,070,985

Continued on next page.

Ascension

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

	September 30, 2026
Liabilities and net assets	
Current liabilities:	
Current portion of long-term debt	$ 96,327
Long-term debt subject to short-term remarketing arrangements	700,000
Short-term debt obligations	673,777
Current portion of lease obligations	187,295
Accounts payable and accrued liabilities	2,551,254
Estimated third-party payor settlements	251,207
Due to affiliates *(See Note 2)*	49,877
Other	407,051
Total current liabilities	4,916,788
Noncurrent liabilities:	
Long-term debt	9,013,751
Lease obligations, less current portion	618,065
Pension liabilities	369,587
Other	1,278,526
Total noncurrent liabilities	11,279,929
Total liabilities	16,196,717
Net assets:	
Without donor restrictions:	
Controlling interest	21,735,860
Noncontrolling interests	532,543
Total net assets without donor restrictions	22,268,403
Net assets with donor restrictions	605,865
Total net assets	22,874,268
Total liabilities and net assets	$ 39,070,985

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

Ascension

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

	The three months ended September 30, 2026
Operating revenue:	
Net patient service revenue	$ 5,086,670
Other revenue *(See Note 2)*	573,120
Total operating revenue	5,659,790
Operating expenses *(See Note 2)*:	
Salaries, wages, and employee benefits	2,602,133
Purchased services	667,337
Professional fees	361,439
Supplies	811,301
Insurance	53,249
Interest	96,516
Provider tax	206,328
Depreciation and amortization	190,139
Other	713,942
Total operating expenses	5,702,384
Income (loss) from recurring operations	(42,594)
Nonrecurring gains (losses), net	4,323
Income (loss) from operations	(38,271)
Nonoperating gains (losses):	
Investment return, net	127,337
Other	(3,640)
Total nonoperating gains (losses), net	123,697
Excess (deficit) of revenues and gains over expenses and losses	85,426
Less noncontrolling interests	6,611
Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest	78,815

Continued on next page.

Ascension

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

	The three months ended September 30, 2026
Net assets without donor restrictions, controlling interest:	
Excess (deficit) of revenues and gains over expenses and losses	$ 78,815
Transfers (to) from affiliates, net *(See Note 2)*	(124,508)
Net assets released from restrictions for property acquisitions	21,174
Change in pension liability	26,288
Change in unconsolidated entities' net assets	(4,020)
Other	(11,156)
Increase (decrease) in net assets without donor restrictions, controlling interest	(13,407)
Net assets without donor restrictions, noncontrolling interest:	
Excess (deficit) of revenues and gains over expenses and losses	6,611
Net contributions (distributions) of capital	(25,684)
Change in membership interest	(326)
Other	(268)
Increase (decrease) in net assets without donor restrictions, noncontrolling interest	(19,667)
Net assets with donor restrictions:	
Contributions and grants	21,769
Investment return	4,279
Net assets released from restrictions	(32,270)
Other	226
Increase (decrease) in net assets with donor restrictions	(5,996)
Increase (decrease) in net assets	(39,070)
Net assets, beginning of the period	22,913,338
Net assets, end of the period	$ 22,874,268

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

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 three months ended September 30, 2026, were prepared in accordance with Section 3.10(b)(2)(c) of the Amended and Restated 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 80% 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 20% 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 three months ended September 30, 2026 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. Ascension's CGFS are not representative of the consolidated financial position or 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. These transactions are primarily related to centralized cash and debt functions within Ascension. Current Due from and to affiliates on the CGFS Balance Sheet and Transfers (to) from affiliates, net in the CGFS Statement of Operations and Changes in Net Assets primarily relate to payments made by or received from CGFS Entities on behalf of Non CGFS Entities, as well as transfers of certain restricted assets to Non CGFS Entities. Non-current Due from affiliates primarily represents the Non CGFS Entities' portion of Ascension's long-term debt, based on internal centralized debt agreements.

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

Revenue and expense activities, not transacted at arms length, between CGFS Entities and Non CGFS Entities were both approximately $215,000 for the three months ended September 30, 2026. 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 Ascension's centralized debt management program and other insurance services, and are included in Other revenue and various expense categories within the Statement of Operations of the CGFS.