Posted
Wednesday,
October 29, 2025
AMENDED

PALOMAR HEALTH
Reimagining Healthcare

FINANCE COMMITTEE

Meeting Agenda

Wednesday, October 29, 2025
1:30 p.m.

Please see page 2 for meeting location options

	The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"	Time	Form A Page	Target
Call To Order				
I.	**Establishment of Quorum**	1		1:30
II.	**Public Comments**[1]	30		2:00
III.	**Action Item(s)** *(ADD A)*			
	a. Finance Committee Minutes, October 3, 2025 *(Pp 6-8)*	5		2:05
	b. September Guidehouse Update – *Informational Only* *(Pp 9-12)*	15		2:20
	c. YTD FY2026 and September 2025 Financials *(Pp 13-33)*	25		2:45
Final Adjournment				

Board Finance Committee Members

Voting Members	***Non-Voting Members***
Linda Greer, RN, Chair	*Andrew Tokar, Chief Financial Officer*
Michael Pacheco, Director	*Omar Khawaja, MD, Chief Medical Officer*
Jeff Griffith, EMT-P, Director	*Mel Russell, RN, Chief Nurse Executive/Chief Operating Officer*
Diane Hansen, President & CEO	*Melissa Wallace, Vice President, Finance*
Kanchan Koirala, MD, Chief of Staff *Palomar Medical Center Escondido*	
Mark Goldsworthy, MD, Chief of Staff *Palomar Medical Center Poway*	
Alternate Voting Members	
Laurie Edwards-Tate, MS – 1st Board Alternate	
Andrew Nguyen, MD, Chief of Staff-Elect, Escondido	
Paul Ritchie, MD, Chief of Staff-Elect, Poway	

Note: If you need special assistance to participate in the meeting,
please call 760.740.6375, 48 hours prior to the meeting so that we may provide reasonable accommodations.

[1] 3 minutes allowed per speaker. For further details, see Request for Public Comment Process and Policy on page 3 of the agenda.

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Board Finance Committee

Meeting Location Options

Linda Greer Board Room

2125 Citracado Parkway, Suite 300, Escondido, CA 92029

- **Elected Board Members of the Palomar Health Board of Directors will attend at this location, unless otherwise noticed below**
- **Non-Board member attendees, and members of the public may also attend at this location**

https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1

Meeting ID: 236 691 524 70
Pass Code: nK2qk2GB
or
Dial in using your phone at 929.352.2216; Access Code: 558 603 055#[1]

- **Non-Board member attendees, and members of the public may also attend the meeting virtually utilizing the above link**

- **2198 Palomar Airport Road, Carlsbad, CA. 92008**

- **An elected member of the Board of Directors will be attending the meeting virtually from these locations**

[1] *New to Microsoft Teams? Get the app now and be ready when your first meeting starts:* Download Teams

PALOMAR HEALTH
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Policy : Public Comments and Attendance at Public Board Meetings

I. PURPOSE:

A. It is the intention of the Palomar Health Board of Directors to hear public comment about any topic that is under its jurisdiction. This policy is intended to provide guidelines in the interest of conducting orderly, open public meetings while ensuring that the public is afforded ample opportunity to attend and to address the board at any meetings of the whole board or board committees.

II. DEFINITIONS:

A. None defined.

III. TEXT / STANDARDS OF PRACTICE:

A. There will be one time period allotted for public comment at the start of the public meeting. Should the chair determine that further public comment is required during a public meeting, the chair can call for such additonal public comment immediately prior to the adjournment of the public meeting. Members of the public who wish to address the Board are asked to complete a Request for Public Comment form and submit to the Board Assistant prior to or during the meeting. The information requested shall be limited to name, address, phone number and subject, however, the requesting public member shall submit the requested information voluntarily. It will not be a condition of speaking.

B. Should Board action be requested, it is encouraged that the public requestor include the request on the *Request for Public Comment* as well. Any member of the public who is speaking is encouraged to submit written copies of the presentation.

C. The subject matter of any speaker must be germane to Palomar Health's jurisdiction.

D. Based solely on the number of speaking requests, the Board will set the time allowed for each speaker prior to the public sections of the meeting, but usually will not exceed 3 minutes per speaker, with a cumulative total of thirty minutes.

E. Questions or comments will be entertained during the "Public Comments" section on the agenda. All public comments will be limited to the designated times, including at all board meetings, committee meetings and board workshops.

F. All voting and non-voting members of a Board committee will be seated at the table. Name placards will be created as placeholders for those seats for Board members, committee members, staff, and scribes. Any other attendees, staff or public, are welcome to sit at seats that do not have name placards, as well as on any other chairs in the room. For Palomar Health Board meetings, members of the public will sit in a seating area designated for the public.

G. In the event of a disturbance that is sufficient to impede the proceedings, all persons may be excluded with the exception of newspaper personnel who were not involved in the disturbance in question.

H. The public shall be afforded those rights listed below (Government Code Section 54953 and 54954).

1. To receive appropriate notice of meetings;
2. To attend with no pre-conditions to attendance;
3. To testify within reasonable limits prior to ordering consideration of the subject in question;
4. To know the result of any ballots cast;
5. To broadcast or record proceedings (conditional on lack of disruption to meeting);
6. To review recordings of meetings within thirty days of recording; minutes to be Board approved before release,
7. To publicly criticize Palomar Health or the Board; and
8. To review without delay agendas of all public meetings and any other writings distributed at the meeting.

I. This policy will be reviewed and updated as required or at least every three years.

Board Finance Committee Meeting

Meeting will begin at 1:30 p.m.

Request for Public Comments

If you would like to make a public comment, submit your request by doing the following:

- **In Person: Submit a Public Comment Form, or verbally submit a request, to the Board Clerk**
- **Virtual: Enter your name and "Public Comment" in the chat function**

Those who submit a request will be called on during the Public Comments section and given 3 minutes to speak.

Public Comments Process

Pursuant to the Brown Act, the Board of Directors can only take action on items listed on the posted agenda. To ensure comments from the public can be made, there is a 30 minute public comments period at the beginning of the meeting. Each speaker who has requested to make a comment is granted three (3) minutes to speak. The public comment period is an opportunity to address the Board of Directors on agenda items or items of general interest within the subject matter jurisdiction of Palomar Health.

ADDENDUM A

PALOMAR HEALTH
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Board Finance Committee Meeting Minutes – Friday, October 3, 2025	
Agenda Item	Conclusion/Action
Discussion	
Notice Of Meeting	
Notice of Meeting was posted at the Palomar Health Administrative Office at 2125 Citracado Parkway, Escondido, CA. 92029; also posted with agenda packet on the Palomar Health website on September 30, 2025. An amended agenda packet was posted on the Palomar Health website on Thursday, October 2, 2025.	
Call To Order	
The meeting, which was held in the Linda Greer Board Room at 2125 Citracado Parkway, Suite 300, Escondido, CA. 92029, and virtually, was called to order at 10:32 a.m. by Chair Linda Greer.	
I. Establishment of Quorum	
• Quorum determined by roll call vote comprised of: Director Linda Greer, Director Michael Pacheco, Diane Hansen, Mark Goldsworthy, MD (virtual), and Andrew Nguyen, MD (virtual) • Excused Absences: Director Jeff Griffith	
II. Public Comments	
• No public comments	

III. *Action Items*	
a. *Finance Committee Minutes, September 5, 2025*	***MOTION*** *by Hansen, 2nd by Pacheco to approve the Finance Committee Minutes from September 5, 2025, as written.* *Roll call voting was utilized.* *Director Greer - aye* *Director Griffith – absent* *Director Pacheco – aye* *Hansen – aye* *Goldsworthy, MD – aye* *Nguyen, MD - aye* *Five in favor. None opposed. One absent. None abstained.* *Motion approved.*
Discussion: • *No discussion*	
b. August Guidehouse Update	***NO MOTION, INFORMATIONAL ONLY***
Discussion: • *Jared Dougherty, Guidehouse, shared a presentation with the committee. Jared Dougherty noted the presentation is an updated version as an error was found in the posted presentation. The updated presentation will be attached to the October 3, 2025, approved minutes when posted.*	

c. YTD FY2026 and August 2025 Financials	***MOTION*** *by Pacheco, 2nd by Hansen to approve YTD FY2026 and August 2025 Financials and move to the Board of Directors for ratification.* *Roll call voting was utilized.* *Director Greer - aye* *Director Griffith – absent* *Director Pacheco – aye* *Hansen – aye* *Goldsworthy, MD – aye* *Nguyen, MD - aye* *Five in favor. None opposed. One absent. None abstained.* *Motion approved.*
Discussion: • *Andrew Tokar, Chief Financial Officer, presented the YTD FY2026 and August 2025 Financials to the Committee. Committee discussion ensued.*	
Final Adjournment	
Meeting adjourned by Chair Greer at 11:14 a.m.	
Signatures: *Committee Chair* ______________________ *Linda Greer, RN*	
Committee Assistant ______________________ *Carla Albright*	

PALOMAR HEALTH®
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Margin Improvement / Turnaround Project Financial Update

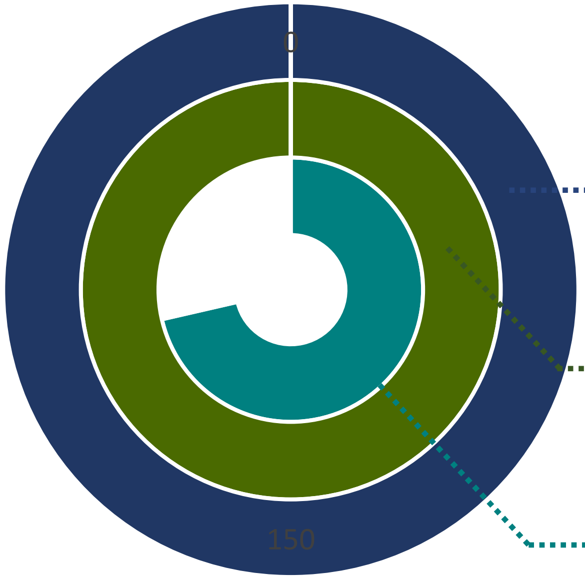
Reporting Month: Sep-25

October 29, 2025

Palomar Health has implemented $151.6M of initiatives, achieving annual improvement target; $107.1M realized over past 12 months

Key upcoming high value initiatives include:

- ❑ **$17.0M** — **Denials Reduction** | Initial and fatal denials reduction, supported by UM improvement
- ❑ **$4.5M** — **PHMG** | Increased PB and HB revenue through improved patient access & capacity management; PCP playbook being developed
- ❑ **$4.3M** — **Premium Pay & Bonus Programs** | Implementing strategies to reduce agency and premium pay; review of bonus, recruitment and incentive programs to align with best practices
- ❑ **$5.2M** — **Care Transitions** | Reinvigorate efforts to hardwire processes, improve throughput and optimize post-acute care (SNF) integration / strategy
- ❑ **$2.0M** — **OR Capacity** | Optimize perioperative scheduling and DOS workflows to minimize cancellations and maximize operating room capacity



$236.8M
Pipeline (ann.)

$150.0M
Target (ann.)

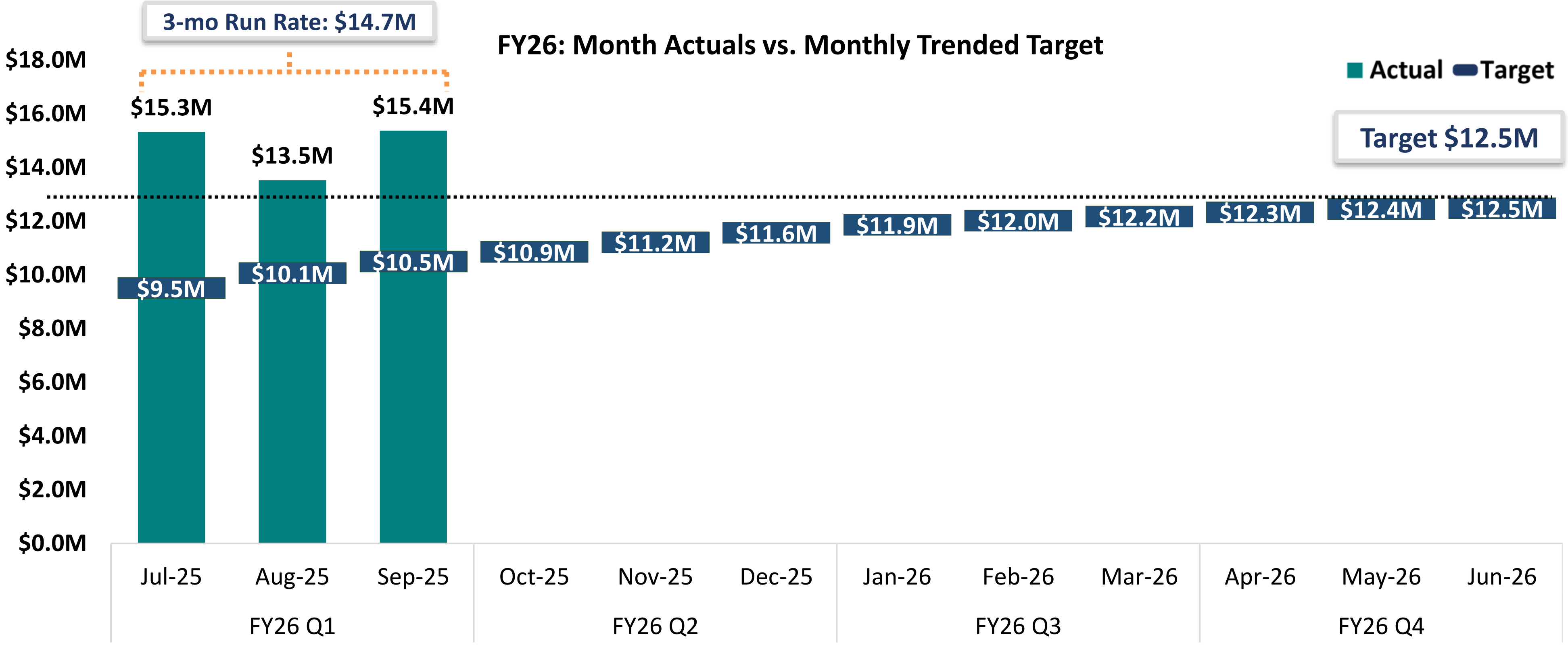
$151.6M
Implemented TD (ann.)[1]

$107.1M
Rolling 12-mo Actuals

Pipeline value has decreased **$0.5K** from **$237.3M** reported at 10/3 Finance Committee; decrease driven by refreshed topography opportunity using current enrolled patients. Implemented value has remained the same as previously reported.

[1]Implemented to date (TD) reflects pipeline initiatives actively implemented, with a confidence factor applied to projected impact.

Initiative performance in September 2025 resulted in $15.4M in realization, exceeding monthly target of $10.5M



Sep 2025
Reporting Month

$12.5M
Target Run Rate (mon.)

$10.5M
Trended Month Target[1]

$15.4M
Current Month Actuals

The first quarter run rate exceeded the monthly goal of $12.5M, achieving $14.7M. September results were particularly strong, surpassing both the forecast of $10.5M and the target run rate. This performance reflects sustained improvements in revenue cycle management, disciplined control of labor costs, and continued progress in reducing inpatient length of stay. September's results also benefited from the absence of non-recurring corporate expenses that impacted August.

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*[1]Workstream targets were established and communicated to board 1/27/25; actuals will be tracked against month targets moving forward. Monthly realization targets are trended to reflect initiative implementation timelines, building to a **$12.5M** improvement to monthly run rate, annualized to **$150M***

Hardwired expense management, improved revenue growth, and acceleration of new initiatives have helped sustain improvements

Workstream	Aug		Sep *(Current Month)*		Oct	Status
	Target	Actual	Target	Actual	Target	
Revenue Cycle	$3.0M	$7.6M	$3.1M	$7.6M	$3.1M	
PHMG	$1.3M	$0.2M	$1.4M	$0.4M	$1.4M	
Workforce & Periop	$1.5M	$3.2M	$1.6M	$3.1M	$1.7M	
Corporate Services	$1.2M	($0.9M)	$1.3M	$0.0M	$1.4M	
Hospital Strategy	$1.2M	$0.3M	$1.3M	$0.9M	$1.3M	
Care Transitions & PSA	$1.0M	$2.3M	$1.0M	$2.6M	$1.0M	
Supply Chain & PS	$0.7M	$0.8M	$0.8M	$0.8M	$0.8M	
Facilities & Real Estate	$0.1M	$0.0M	$0.2M	$0.0M	$0.2M	
Total:	**$10.1M**	**$13.5M**	**$10.5M**	**$15.4M**	**$10.9M**	

Key Updates

- **Revenue Cycle:** Avoidable write-offs as a % of NPR have stayed below 3% for four months; HB cash collections hit record levels; implementing UM KPI dashboard to reduce denials
- **PHMG:** Advancing targeted productivity strategies to improve cost efficiency; developing PCP playbook and leveraging KPI dashboards (PCP, Specialty)
- **Workforce:** Maintaining strong labor productivity management; pursuing strategies to reduce agency and premium pay along with other expenses
- **Corporate Services:** Non-recurring expenses driving HR and Legal spend; overall corporate expense expected to decline in coming months (Mar/Apr 2026)
- **Hospital Strategy:** Anticipating Rad Onc growth below projections but HDR implementation expected to boost volumes; Cath Lab growth continues to trail budget expectations
- **Care Transitions & PSA:** LOS improving versus baseline; however, opportunities remain to accelerate discharge times to earlier, reduce backlog, and refine post-acute strategy
- **Facilities & Real Estate:** Fielding inquiries into posted properties; sublease agreements underway

Sep 2025
Reporting Month

$10.5M
Trended Month Target

$15.4M
Current Month Actuals

Status		
On Track	*Caution*	*At Risk*

Fiscal Year 2026 Financial Performance

*Supplemental Section includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

September 2025 Unaudited

Page	Report
3	Executive Summary
4	Management Discussion and Analysis
5-7	Executive Dashboard
8	Income Statement for Fiscal Period, Excludes PHMG
9	Income Statement for Fiscal Year-to-Date, Excludes PHMG
10	Income Statement for the Current Year versus Prior Year, Excludes PHMG
11	Income Statement for the Current Year Trend, Excludes PHMG
12	Statement of Net Position excluding G.O. Bonds, Excludes PHMG
13	Statement of Net Position including G.O. Bonds, Excludes PHMG
14	Statement of Cash Flows, Excludes PHMG
16	Condensed Combining Statement of Net Position for the Fiscal Year-to-Date Ended August 31, 2025
17	Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position for the Fiscal Year-to-Date Ended August 31, 2025
18	Condensed Combining Statement of Net Position for Fiscal Year-to-Date Ending August 31, 2025
19	Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position for the Fiscal Year-to-Date Ended August 31, 2025
20	Condensed Combining Statement of Cash Flows for Fiscal Year-to-Date Ending August 31, 2025
21	Bond Covenants

Highlights for September 2025

Revenue
- Gross Revenue was $28.6M above budget, or 5.9%
- Net Patient Revenue was above budget by $4.0M, or 5.9%

Volumes
- August continued to be a strong month for acute inpatient volumes
  - Acute discharges were 14.8% higher than budget, while acute patient days are below budget by 2.3%, indicating positive progress on LOS management
- For both surgery and emergency room, the trend has been reset for the current year
  - For the month, surgeries cases met the budget target, with more OP cases and fewer inpatient cases (7.1% higher than budget and 4.2% lower, respectively)
  - IP ED visits continue to be very high, at 14.4% above the PYTD
  - Emergency overall had a busy month, with total visits 7.4% above budget and 7.7% above prior year
- Infusion Therapy and Radiation Oncology are both higher than PY but are missing budget by 5.5% and 9.1% YTD, respectively
- Length of Stay dropped another month in a row to 3.88 days in a nod to the Care Transitions work and YTD is 3.96 days

Expenses
- Total expenses were 2.3% over budget, or $1.6M
- The largest budget overages were in salaries and wage and professional fees/purchased services, driven by higher volumes

Other Highlights
- EBIDA* for September remains strong at 12.6%
- Days Cash on Hand Consolidated for September increased to 11.3 days, representing an increase of 1.1 days
- Cash receipts (Accounts Receivable) for Palomar Health at $75.9M for August, in the highest month seen this year
- Accounts Payable Current Liability increased as cash was preserved during a period of IGT outflow
- Days in Accounts Receivable (A/R) decreased by 4.5 days to 62.1, representing a decrease of 11.2 days over 4 months (not that methodology has been adjusted to remove supplemental programs)
- Debt Service Coverage improved to 1.03, which is below covenant but not concerning
- Due Diligence and work related to UCSD is a priority
- Audit work with Baker Tilly (formerly Moss Adams) continues and is on track for a mid November completion

*Excludes PHMG; YTD is Year-to-Date; PY is Prior year; PYTD is Prior Year-to-Date;

Payor Mix, Net Days in Accounts Receivable (A/R) and Cash Collections

The percentages of Gross Patient Service Revenue from the Medicare, Managed Care Medicare, Managed Care, Medi-Cal and Managed Care Medi-Cal financial classes for the month were consistent with budget. Cash postings were $75.9 million. Days in Net A/R are 62.1, a decrease of 4.4 days from the prior month. Uncompensated Care increased by $9.4 million to $13.3 million for the month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	April 2025	May 2025	June 2025	July 2025	August 2025	September 2025	Target
Total Net A/R ($) [1]	150,972,595	$ 151,642,060	$ 143,433,565	$ 138,245,508	$ 135,609,856	$ 135,609,856	
Net Days in A/R (Days) [2]	77.6	77.8	75.0	67.7	66.6	62.1	55.0
% AR > 90 Days	40.7%	41.8%	40.5%	38.8%	39.4%	38.5%	22.5%
% of Avoidable Denial Write-Offs	4.4%	2.2%	1.4%	1.3%	1.6%	2.1%	2.1%
Net Revenue Yield	103.4%	103.8%	106.6%	104.3%	106.1%	111.8%	98.0%

[1] Total Net A/R: This is the total amount of accounts receivable which management expects to collect from patients, insurance companies, Medicare, Medi-Cal, in future months, for services to patients through the end of the current accounting period. This number is computed by subtracting estimated contractual adjustments, bad debt and charity write-offs from gross accounts receivable.

[2] Net Days in A/R (Days): The full name for this performance indicator is “Net Days of Revenue in Net Accounts Receivable.” This statistic is a measure of the effectiveness of the organization’s collections of revenue. For example, if the organization has average daily net revenues of $2 million and $140 million in Net A/R, then the organization has 70 days of net revenue/potential cash ($140M divided by $2M) tied up in its Accounts Receivable.

	Month					Year to Date				
	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance
Key Volumes										
Discharges - Total	**2,328**	**2,048**	**13.7%**	**2,116**	**10.0%**	**7,114**	**6,326**	**12.5%**	**6,351**	**12.0%**
Acute - General	2,300	2,004	14.8%	2,086	10.3%	7,001	6,195	13.0%	6,244	12.1%
Total Acute Discharges	2,300	2,004	14.8%	2,086	10.3%	7,001	6,195	13.0%	6,244	12.1%
The Villas at Poway	28	45	(37.5%)	30	(6.7%)	113	131	(14.0%)	107	5.6%
Patient Days - Total	**11,286**	**11,661**	**(3.2%)**	**11,648**	**(3.1%)**	**35,432**	**35,224**	**0.6%**	**34,849**	**1.7%**
Acute - General	8,935	8,630	3.5%	9,141	(2.3%)	27,692	26,155	5.9%	26,859	3.1%
Total Acute Patient Days	8,935	8,630	3.5%	9,141	(2.3%)	27,692	26,155	5.9%	26,859	3.1%
The Villas at Poway	2,351	3,031	(22.4%)	2,507	(6.2%)	7,740	9,069	(14.7%)	7,990	(3.1%)
Acute Adjusted Discharges	3,755	3,363	11.7%	3,315	13.3%	11,377	10,100	12.6%	9,956	14.3%
Total Adjusted Discharges*	3,785	3,251	16.4%	3,348	13.1%	11,507	10,046	14.6%	10,080	14.2%
Acute Adjusted Patient Days	14,589	13,808	5.7%	14,527	0.4%	44,999	41,847	7.5%	42,818	5.1%
Total Adjusted Patient Days*	16,940	16,839	0.6%	17,034	(0.6%)	52,739	50,916	3.6%	50,808	3.8%
Acute Average Daily Census	298	288	3.5%	305	(2.3%)	301	284	5.9%	292	3.1%
Total Average Daily Census*	376	389	(3.2%)	388	(3.1%)	385	383	0.6%	379	1.7%
Surgeries - Total	**910**	**904**	**0.7%**	**920**	**(1.1%)**	**2,748**	**2,755**	**(0.3%)**	**2,804**	**(2.0%)**
Inpatient	491	513	(4.2%)	510	(3.7%)	1,512	1,563	(3.3%)	1,554	(2.7%)
Outpatient	419	391	7.1%	410	2.2%	1,236	1,192	3.7%	1,250	(1.1%)
Deliveries	288	305	(5.6%)	298	(3.4%)	827	932	(11.3%)	910	(9.1%)
ER Visits (Includes Trauma) - Total	**10,726**	**9,986**	**7.4%**	**9,958**	**7.7%**	**30,705**	**31,492**	**(2.5%)**	**31,412**	**(2.3%)**
Inpatient	1,954	1,689	15.7%	1,596	22.4%	5,615	5,195	8.1%	4,908	14.4%
Outpatient	8,772	8,297	5.7%	8,362	4.9%	25,090	26,297	(4.6%)	26,504	(5.3%)

	Month					Year to Date				
	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance
Cardiac Cath RVUs	1,235	1,013	21.9%	1,037	19.1%	3,535	3,262	8.4%	3,336	6.0%
Escondido Interv. Radiology RVUs	868	924	(6.0%)	924	(6.1%)	2,498	2,904	(14.0%)	2,907	(14.1%)
Poway Interv. Radiology RVUs	275	256	7.5%	240	14.8%	886	777	14.0%	720	23.0%
Radiation Oncology RVUs	2,988	3,370	(11.3%)	3,116	(4.1%)	9,765	10,334	(5.5%)	9,358	4.4%
Infusion Therapy Hours	967	1,077	(10.2%)	889	8.8%	3,005	3,304	(9.1%)	2,841	5.8%
Imaging										
Escondido CAT Procedures	10,357	9,239	12.1%	8,900	16.4%	30,237	27,390	10.4%	26,380	14.6%
Poway CAT Procedures	2,833	2,609	8.6%	2,539	11.6%	8,636	7,735	11.7%	7,529	14.7%
Escondido MRI Procedures	500	456	9.7%	431	16.0%	1,556	1,416	9.9%	1,340	16.1%
Poway MRI Procedures	159	147	8.3%	148	7.4%	434	409	6.0%	415	4.6%
Escondido Diagnositic Rad. Procedures	7,212	6,882	4.8%	6,941	3.9%	21,007	21,059	(0.3%)	21,239	(1.1%)
Poway Diagnositic Rad. Procedures	2,204	2,167	1.7%	2,171	1.5%	6,589	6,472	1.8%	6,485	1.6%

*Includes The Villas at Poway

	Month					Year to Date				
	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance	Actual Sep-25	Budget Sep-25	Budget Variance	Prior Year Sep-24	Prior Year Variance
Key Statistics										
Acute Average LOS - Days	3.88	4.31	9.8%	4.38	(11.4%)	3.96	4.22	6.3%	4.30	(8.1%)
Average Observation Hours	27	27	(0.0%)	27	0.0%	26	29	11.3%	29	11.3%
Acute Case Mix - Excludes Deliveries	1.63	1.71	4.7%	1.71	4.7%	1.64	1.75	6.3%	1.75	6.3%
Acute Case Mix -Medicare Only	1.57	1.66	5.4%	1.66	5.4%	1.62	1.72	5.8%	1.72	5.8%
Labor Productivity by Hrs						99.9%	100%	0.1%	103.3%	3.3%
Days Cash on Hand						11.7				
Financial Performance										
Operating Income	757,857	(1,500,000)	2,257,857	(8,110,735)	8,868,592	4,253,091	(5,000,002)	9,253,093	(19,301,451)	28,554,544
Net Income	(1,521,233)	(3,925,848)	2,404,615	(10,044,292)	8,523,059	(1,911,897)	(12,319,306)	10,407,409	(25,006,476)	35,413,885
Oper. Expenses/Adj. Patient Days	4,004	3,940	1.6%	4,061	(1.4%)	3,822	3,958	(3.4%)	4,061	(5.9%)
EBIDA Margin-Excludes PHMG	9,283,007	6,592,490	40.8%	849,547	992.7%	30,371,039	19,235,711	57.9%	7,635,699	297.8%
EBIDA-Excludes PHMG	12.6%	9.5%	3.1%	1.3%	11.3%	13.8%	9.1%	4.7%	3.8%	0.9%

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Sep 25	Sep 25	Sep 25	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	16,940	16,839	101					
Adjusted Discharges	3,785	3,251	534					
Operating Revenue								
Gross revenue	512,535,349	483,885,749	28,649,600	2,912,727	25,736,873	30,255.92	28,736.63	1,519.30
Deductions from revenue	(440,133,502)	(415,503,497)	(24,630,005)	(2,501,103)	(22,128,902)	(25,981.91)	(24,675.60)	(1,306.31)
Net patient revenue	72,401,847	68,382,252	4,019,595	411,624	3,607,971	4,274.02	4,061.03	212.99
Other operating revenue	1,049,479	1,159,790	(110,311)	6,981	(117,292)	61.95	68.88	(6.92)
Total net revenue	73,451,326	69,542,042	3,909,284	418,605	3,490,679	4,335.97	4,129.91	206.06
Operating Expenses								
Salaries, wages & contract labor	30,920,004	29,930,585	(989,419)	(180,166)	(809,253)	1,825.27	1,777.49	(47.77)
Benefits	7,513,675	7,913,339	399,664	(47,634)	447,298	443.55	469.95	26.40
Supplies	10,734,391	10,561,599	(172,792)	(63,575)	(109,217)	633.67	627.22	(6.45)
Prof fees & purch svcs	15,262,239	14,402,097	(860,142)	(86,693)	(773,449)	900.96	855.30	(45.66)
Depreciation & amortization	4,866,590	4,703,548	(163,042)	(28,313)	(134,729)	287.28	279.33	(7.95)
Other	3,396,570	3,530,874	134,304	(21,254)	155,558	200.51	209.69	9.18
Total expenses	72,693,469	71,042,042	(1,651,427)	(427,634)	(1,223,793)	4,291.23	4,218.99	(72.24)
Income from operations	757,857	(1,500,000)	2,257,857	(9,029)	2,266,886	44.74	(89.08)	278.30
Non-operating revenue (expense)								
Property tax revenues [1]	2,141,666	2,141,667	(1)					
Investment Income	1,174,237	1,176,843	(2,606)					
Interest Expense	(4,458,852)	(4,335,990)	(122,862)					
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	-					
Other non-operating revenue(expense)	342,659	70,432	272,227					
Net income(loss) [2]	(1,521,233)	(3,925,848)	2,404,615					
EBIDA Margin	12.6%	9.5%	3.2%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Sep 25	Sep 25	Sep 25	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	52,739	50,916	1,823					
Adjusted Discharges	11,507	10,046	1,461					
Operating Revenue								
Gross revenue	1,527,060,814	1,469,428,615	57,632,199	52,611,082	5,021,117	28,955.06	28,859.85	95.21
Deductions from revenue	(1,309,638,894)	(1,262,283,238)	(47,355,655)	(45,194,497)	(2,161,159)	(24,832.46)	(24,791.48)	(40.98)
Net patient revenue	217,421,920	207,145,377	10,276,544	7,416,585	2,859,958	4,122.60	4,068.37	54.23
Other operating revenue	2,859,944	3,479,370	(619,426)	124,575	(744,001)	54.23	68.34	(14.11)
Total net revenue	220,281,864	210,624,747	9,657,118	7,541,160	2,115,957	4,176.83	4,136.71	40.12
Operating Expenses								
Salaries, wages & contract labor	93,889,254	91,417,286	(2,471,969)	(3,273,083)	801,115	1,780.26	1,795.45	15.19
Benefits	21,186,774	24,009,098	2,822,324	(859,616)	3,681,940	401.73	471.54	69.81
Supplies	32,529,947	32,247,221	(282,726)	(1,154,572)	871,846	616.81	633.34	16.53
Prof fees & purch svcs	43,571,511	43,253,497	(318,014)	(1,548,638)	1,230,624	826.17	849.51	23.33
Depreciation & amortization	14,486,656	14,110,645	(376,011)	(505,214)	129,203	274.69	277.14	2.45
Other	10,364,631	10,587,002	222,371	(379,055)	601,426	196.53	207.93	11.40
Total expenses	216,028,773	215,624,749	(404,025)	(7,720,179)	7,316,155	4,096.19	4,234.91	138.72
Income from operations	4,253,091	(5,000,002)	9,253,093	(179,019)	9,432,112	80.64	(98.20)	(98.60)
Non-operating revenue (expense)								
operty tax revenues [1]	6,424,998	6,425,000	(2)					
Investment Income	3,562,505	3,530,531	31,974					
Interest Expense	(13,359,881)	(13,007,970)	(351,911)					
Non-operating depreciation & amortization	(4,436,400)	(4,436,400)	-					
Other non-operating revenue(expense)	1,643,790	169,535	1,474,255					
et income(loss) [2]	(1,911,897)	(12,319,306)	10,407,409					
EBIDA Margin	13.8%	9.1%	4.7%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

	Actual	Prior Year	Variance	Variance		Dollars/Adjusted Patient Day		
	Sep 25	Sep 24	Sep 25	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	52,739	50,808	1,931					
Adjusted Discharges	11,507	10,080	1,427					
Operating Revenue								
Gross revenue	1,527,060,814	1,434,082,972	92,977,842	54,503,508	38,474,334	28,955.06	28,225.53	729.52
Deductions from revenue	(1,309,638,894)	(1,235,003,068)	(74,635,825)	(46,937,312)	(27,698,514)	(24,832.46)	(24,307.26)	(525.20)
Net patient revenue	217,421,920	199,079,904	18,342,017	7,566,196	10,775,820	4,122.60	3,918.28	204.32
Other operating revenue	2,859,944	2,871,267	(11,321)	109,125	(120,448)	54.23	56.51	(2.28)
Total net revenue	220,281,864	201,951,171	18,330,696	7,675,321	10,655,372	4,176.83	3,974.79	202.04
Operating Expenses								
Salaries, wages & contract labor	93,889,254	95,902,941	2,013,686	(3,644,870)	5,658,557	1,780.26	1,887.56	107.29
Benefits	21,186,774	25,763,110	4,576,336	(979,148)	5,555,484	401.73	507.07	105.34
Supplies	32,529,947	30,868,605	(1,661,342)	(1,173,187)	(488,155)	616.81	607.55	(9.26)
Prof fees & purch svcs	43,571,511	45,828,549	2,257,038	(1,741,752)	3,998,790	826.17	901.99	75.82
Depreciation & amortization	14,486,656	14,924,515	437,859	(567,219)	1,005,078	274.69	293.74	19.06
Other	10,364,631	7,964,902	(2,399,728)	(302,713)	(2,097,016)	196.53	156.76	(39.76)
Total expenses	216,028,773	221,252,622	5,223,849	(8,408,889)	13,632,738	4,096.19	4,354.68	258.49
Income from operations	4,253,091	(19,301,451)	23,554,542	(733,568)	24,288,110	80.64	(379.89)	(56.45)
Non-operating revenue (expense)								
Property tax revenues [1]	6,424,998	6,375,000	49,998					
Investment Income	3,562,505	3,819,775	(257,270)					
Interest Expense	(13,359,881)	(13,283,031)	(76,850)					
Non-operating depreciation & amortization	(4,436,400)	(4,434,629)	(1,771)					
Other non-operating revenue(expense)	1,643,790	1,817,860	(174,070)					
Net income(loss) [2]	(1,911,897)	(25,006,476)	23,094,579					
EBIDA Margin	13.8%	3.8%	10.0%					

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

	Jul 25	Aug 25	Sep 25	Fiscal Year 2026
Adjusted Patient Days	17,851	17,948	16,940	52,739
Adjusted Discharges	3,734	3,988	3,785	11,507
Operating Revenue				
Gross revenue	514,243,464	500,282,001	512,535,349	1,527,060,814
Deductions from revenue	(441,255,169)	(428,250,221)	(440,133,502)	(1,309,638,892)
Net patient revenue	72,988,295	72,031,780	72,401,847	217,421,922
Other operating revenue	864,100	946,365	1,049,479	2,859,944
Total net revenue	73,852,396	72,978,145	73,451,326	220,281,865
Operating Expenses				
Salaries, wages & contract labor	31,865,141	31,104,110	30,920,004	93,889,255
Benefits	7,366,292	6,306,806	7,513,675	21,186,774
Supplies	11,103,543	10,692,013	10,734,391	32,529,947
Prof fees & purch svcs	13,799,753	14,509,520	15,262,239	43,571,511
Depreciation & amortization	4,843,923	4,776,143	4,866,590	14,486,656
Other	2,794,212	4,173,848	3,396,570	10,364,631
Total expenses	71,772,864	71,562,440	72,693,470	216,028,773
Income from operations	2,079,532	1,415,705	757,856	4,253,092
Non-operating revenue (expense)				
Property tax revenues [1]	2,141,666	2,141,666	2,141,666	6,424,998
Investment Income	1,263,898	1,124,368	1,174,237	3,562,504
Interest Expense	(4,435,614)	(4,465,415)	(4,458,852)	(13,359,881)
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	(1,478,800)	(4,436,400)
Other non-operating revenue(expense)	759,733	541,399	342,659	1,643,790
Net income(loss) [2]	330,414	(721,077)	(1,521,235)	(1,911,898)
EBIDA Margin	15.0%	13.7%	12.6%	13.8%

1= Property Tax Revenue excludes G.O. Bonds Levy

2= Excludes G.O. Bonds income / expense

Assets	Current Fiscal Year Jul-25	Aug-25	Sep-25	Prior Fiscal Year Jun-25
Current Assets				
Cash and cash equivalents	7,715,174	5,915,164	8,555,786	15,000,751
Investments	26,645,793	11,942,190	16,999,733	28,463,741
Board Designated	-	-	-	-
Total cash,cash equivalents & investments	34,360,967	17,857,354	25,555,520	43,464,492
Patient Accounts Receivable	501,661,125	495,184,265	515,473,592	504,133,063
Allowance on accounts	(363,415,617)	(359,574,409)	(386,434,472)	(360,699,498)
Net accounts receivable	138,245,508	135,609,856	129,039,121	143,433,565
Inventories	12,192,020	12,193,745	12,191,916	12,194,024
Prepaid expenses	8,414,841	9,163,504	7,967,855	8,309,163
Est. third party settlements	102,799,692	118,658,419	121,734,538	95,529,680
Other	74,667,886	76,480,905	78,978,057	71,655,917
Total current assets	370,680,916	369,963,782	375,467,006	374,586,840
Non-Current Assets				
Restricted assets	87,649,251	86,679,118	86,969,493	87,348,717
Restricted other	357,763	357,836	357,905	357,688
Total restricted assets	88,007,014	87,036,954	87,327,398	87,706,405
Property, plant & equipment	1,593,095,057	1,593,370,018	1,594,521,102	1,593,114,786
Accumulated depreciation	(689,971,427)	(693,613,872)	(697,255,551)	(686,328,663)
Construction in process	39,225,291	39,757,446	40,374,705	39,167,673
Net property, plant & equipment	942,348,921	939,513,592	937,640,256	945,953,795
Right of Use Assets				
Building leases	275,493,237	274,153,716	272,814,196	276,832,758
Sub-leases	224,796	214,643	207,285	234,948
Equipment leases	17,510,542	16,936,144	17,034,113	18,084,940
SBITA	15,250,219	14,561,793	14,051,161	16,006,107
Net right of use assets	308,478,794	305,866,296	304,106,755	311,158,754
Investment related companies	5,861,473	6,341,720	5,958,932	5,718,913
Prepaid debt insurance costs	6,960,323	6,934,349	6,908,375	6,986,297
Other non-current assets	65,898,846	65,607,632	65,320,388	66,188,501
Total non-current assets	1,417,555,370	1,411,300,543	1,407,262,104	1,423,712,664
Total assets	**1,788,236,286**	**1,781,264,326**	**1,782,729,110**	**1,798,299,504**
Deferred outflow of resources-loss on refunding of debt	41,684,826	41,466,911	41,248,997	41,902,741
Total assets and deferred outflow of resources	**1,829,921,112**	**1,822,731,237**	**1,823,978,107**	**1,840,202,245**

Liabilities	Current Fiscal Year Jul-25	Aug-25	Sep-25	Prior Fiscal Year Jun-25
Current Liabilities				
Accounts payable	88,471,281	86,828,127	99,672,474	94,240,154
Accrued payroll	39,035,660	38,101,618	35,839,681	49,881,621
Accrued PTO	24,100,886	24,439,919	24,366,560	23,828,506
Accrued interest payable	10,889,126	14,056,227	16,591,544	7,842,158
Current portion of bonds	8,925,000	8,925,000	8,925,000	8,925,000
Current portion of lease liab	21,307,427	21,233,917	21,278,235	21,510,594
Est. third party settlements	8,593,099	8,593,099	8,593,089	8,593,099
Other current liabilities	156,580,782	154,318,697	151,063,420	147,853,726
Total current liabilities	357,903,261	356,496,604	366,330,003	362,674,858
Long Term Liabilities				
Other LT liabilities	27,422,742	27,400,837	24,878,932	27,444,646
Bonds & contracts payable	712,977,093	712,754,386	712,531,680	713,199,799
Lease liabilities	325,881,387	324,357,809	323,356,786	327,879,779
Total long term liabilities	1,066,281,221	1,064,513,032	1,060,767,398	1,068,524,225
Total liabilities	**1,424,184,482**	**1,421,009,636**	**1,427,097,401**	**1,431,199,083**
Deferred inflow of resources-unearned revenue	6,538,620	6,738,102	7,058,812	6,547,471
Total liabilities and deferred inflow of resources	**1,430,723,102**	**1,427,747,738**	**1,434,156,213**	**1,437,746,554**
Net Position				
Unrestricted	398,840,247	394,625,662	389,463,989	402,098,003
Restricted for other purpose	357,763	357,836	357,905	357,688
Total net position	399,198,010	394,983,498	389,821,894	402,455,691
Total liabilities, deferred inflow of resources and net position	**1,829,921,112**	**1,822,731,237**	**1,823,978,107**	**1,840,202,245**

Assets	Current Fiscal Year Jul-25	Aug-25	Sep-25	Prior Fiscal Year Jun-25
Current Assets				
Cash and cash equivalents	7,715,174	5,915,164	8,555,786	15,000,751
Investments	26,645,793	11,942,190	16,999,733	28,463,741
Board Designated	-	-	-	-
Total cash,cash equivalents & investments	34,360,967	17,857,354	25,555,520	43,464,492
Patient Accounts Receivable	501,661,125	495,184,265	515,473,592	504,133,063
Allowance on accounts	(363,415,617)	(359,574,409)	(386,434,472)	(360,699,498)
Net accounts receivable	138,245,508	135,609,856	129,039,121	143,433,565
Inventories	12,192,020	12,193,745	12,191,916	12,194,024
Prepaid expenses	8,414,841	9,163,504	7,967,855	8,309,163
Est. third party settlements	102,799,692	118,658,419	121,734,538	95,529,680
Other	78,800,647	84,244,513	90,348,947	71,973,475
Total current assets	374,813,677	377,727,391	386,837,896	374,904,398
Non-Current Assets				
Restricted assets	164,462,664	128,969,562	129,924,368	163,601,420
Restricted other	357,763	357,836	357,905	357,688
Total restricted assets	164,820,427	129,327,398	130,282,273	163,959,108
Property, plant & equipment	1,593,095,057	1,593,370,018	1,594,521,102	1,593,114,786
Accumulated depreciation	(689,971,427)	(693,613,872)	(697,255,551)	(686,328,663)
Construction in process	39,225,291	39,757,446	40,374,705	39,167,673
Net property, plant & equipment	942,348,921	939,513,592	937,640,256	945,953,795
Right of Use Assets				
Building leases	275,493,237	274,153,716	272,814,196	276,832,758
Sub-leases	224,796	214,643	207,285	234,948
Equipment leases	17,510,542	16,936,144	17,034,113	18,084,940
SBITA	15,250,219	14,561,793	14,051,161	16,006,107
Net right of use assets	308,478,794	305,866,296	304,106,755	311,158,754
Investment related companies	5,861,473	6,341,720	5,958,932	5,718,913
Prepaid debt insurance and other costs	8,098,093	8,060,467	8,022,840	8,136,372
Other non-current assets	65,898,846	65,607,632	65,320,388	66,188,501
Total non-current assets	1,495,506,553	1,454,717,105	1,451,331,444	1,501,115,443
Total assets	**1,870,320,231**	**1,832,444,495**	**1,838,169,340**	**1,876,019,841**
Deferred outflow of resources-loss on refunding of debt	44,042,405	43,806,630	43,570,855	44,278,181
Total assets and deferred outflow of resources	**1,914,362,636**	**1,876,251,126**	**1,881,740,196**	**1,920,298,022**

Liabilities	Current Fiscal Year Jul-25	Aug-25	Sep-25	Prior Fiscal Year Jun-25
Current Liabilities				
Accounts payable	88,471,281	86,828,127	99,672,474	94,240,154
Accrued payroll	39,035,660	38,101,618	35,839,681	49,881,621
Accrued PTO	24,100,886	24,439,919	24,366,560	23,828,506
Accrued interest payable	36,010,651	17,327,756	23,134,602	29,897,032
Current portion of bonds	19,081,756	19,731,216	19,731,216	19,081,756
Current portion of lease liab	21,307,427	21,233,917	21,278,235	21,510,594
Est. third party settlements	8,593,099	8,593,099	8,593,089	8,593,099
Other current liabilities	91,031,369	89,374,885	86,736,837	81,698,710
Total current liabilities	327,632,129	305,630,537	319,352,694	328,731,473
Long Term Liabilities				
Other LT liabilities	27,422,742	27,400,837	24,878,932	27,444,646
Bonds & contracts payable	1,339,761,558	1,328,386,445	1,327,817,548	1,340,117,039
Lease liabilities	325,881,387	324,357,809	323,356,786	327,879,779
Total long term liabilities	1,693,065,686	1,680,145,091	1,676,053,266	1,695,441,465
Total liabilities	2,020,697,815	1,985,775,629	1,995,405,960	2,024,172,938
Deferred inflow of resources- unearned revenue	72,088,033	71,681,913	71,385,395	72,702,486
Total liabilities and deferred inflow of resources	**2,092,785,848**	**2,057,457,542**	**2,066,791,355**	**2,096,875,424**
Net Position				
Unrestricted	(178,780,975)	(181,564,253)	(185,409,064)	(176,935,090)
Restricted for other purpose	357,763	357,836	357,905	357,688
Total net position	(178,423,212)	(181,206,416)	(185,051,159)	(176,577,402)
Total liabilities, deferred inflow of resources and net position	**1,914,362,636**	**1,876,251,126**	**1,881,740,196**	**1,920,298,022**

	Sep-25	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	757,857	4,253,094
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	4,866,590	14,486,656
Provision for bad debts	6,731,902	21,383,131
Changes in operating assets and liabilities:		
Patient accounts receivable	(161,166)	(6,988,686)
Property Tax and other receivables	(585,221)	(1,508,891)
Inventories	1,829	2,108
Prepaid expenses and other current assets	1,780,280	1,192,334
Accounts payable	12,844,347	5,432,320
Accrued compensation	(2,335,297)	(13,503,887)
Estimated settlement amounts due third-party payors	(3,076,129)	(26,204,868)
Other liabilities	(2,209,312)	5,909,933
Net cash provided from (used by) operating activities	18,615,679	4,453,243
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	(6,012,418)	45,140,843
Income (Loss) on investments	1,312,617	4,196,289
Investment in affiliates	(3,929,160)	(11,873,260)
Net cash provided from (used by) investing activities	(8,628,961)	37,463,872
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	526,052	1,346,668
Receipt of District Taxes	340,537	944,155
Net cash provided from non-capital financing activities	866,589	2,290,823
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on asset sale	143	546
Proceeds from the issuance of long-term debt		0
Cost of Issuance payments		0
Acquisition of property plant and equipment	(1,768,343)	(2,613,348)
Redevelopment Trust Fund Distributions	0	0
G.O. Bond Interest paid	0	(25,121,525)
Revenue Bond Interest paid	0	0
ROU Interest paid	(1,288,656)	(3,864,578)
Proceeds (Payments) of Long Term Debt	(2,500,000)	(12,656,756)
Payments of Long Term Lease Liabilities	(2,655,829)	(6,397,243)
Net cash provided from (used by) capital and related financing activities	(8,212,685)	(50,652,904)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,640,622	(6,444,965)
CASH AND CASH EQUIVALENTS - Beginning of period	5,915,164	15,000,751
CASH AND CASH EQUIVALENTS - End of period	8,555,786	8,555,786

PALOMAR HEALTH®
Reimagining Healthcare®

Supplemental Information

*Financial performance includes Palomar Health Medical Group (PHMG) and Consolidating Schedules

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Eliminations	Total
ASSETS							
Current assets	429,848,774	41,266,998	3,828,577	168,877	2,026,122	(64,000,123)	413,139,224
Capital assets - net	937,640,256	6,751,716	-	868,948	-	-	945,260,920
Right of use assets - net	304,106,754	26,718,819		-	-	(18,171,350)	312,654,223
Non-current assets	166,573,557	2,225,826	-	-	-	-	168,799,382
Total assets	1,838,169,341	76,963,359	3,828,577	1,037,825	2,026,122	(82,171,473)	1,839,853,750
Deferred outflow of resources	43,570,855	-	-			-	43,570,855
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	**1,881,740,196**	**76,963,359**	**3,828,577**	**1,037,825**	**2,026,122**	**(82,171,473)**	**1,883,424,605**
LIABILITIES AND NET POSITION							
Current liabilities	280,795,543	101,089,999	3,582,843	1,465,528	347,235	(67,372,719.67)	319,908,423
Long-term liabilities	1,369,968,255	(0)	-	-	-	-	1,369,968,255
Right of use lease liabilities	323,356,786	22,379,915	-	-	-	(15,883,145)	329,853,556
Total liabilities	1,974,120,584	123,469,914	3,582,843	1,465,528	347,235	(83,255,865)	2,019,730,234
Deferred inflow of resources - deferred revenue	92,670,771	-	-	-	-	-	92,670,771
Total liabilities and deferred inflow of resources	2,066,791,355	123,469,914	3,582,843	1,465,528	347,235	(83,255,865)	2,112,401,005
Invested in capital assets - net of related debt	(320,122,840)	5,190,463	-	1,660,879	-	1,084,392	(312,187,106)
Restricted	21,490,181	-	-	-	-	-	21,490,181
Unrestricted	113,581,500	(51,697,017)	245,734	(2,088,582)	1,678,888	-	61,720,525
Total net position	(185,051,159)	(46,506,555)	245,734	(427,703)	1,678,888	1,084,392	(228,976,399)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	**1,881,740,196**	**76,963,359**	**3,828,577**	**1,037,825**	**2,026,122**	**(82,171,473)**	**1,883,424,605**

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position
For the Fiscal Year-to-Date Ended September 30, 2025

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Elimination	YTD Consolidated
OPERATING REVENUE:							
Net patient service revenue	194,715,497	17,090,295	-	-	-	-	211,805,792
Shared risk revenue	22,706,425	4,564,682	-	-	-	-	27,271,107
Other revenue	2,859,942	981,572	-	2,123,635	7,416,331	(126,850)	13,254,630
PH Program revenue	-	7,311,861	-	-	-	(7,311,861)	-
Total operating revenue	220,281,864	29,948,410	-	2,123,635	7,416,331	(7,438,711)	252,331,529
OPERATING EXPENSES	201,542,117	46,972,313	3,689,801	2,522,613	6,332,445	(7,438,711)	253,620,578
DEPRECIATION AND AMORTIZATION	14,486,656	1,013,399	-	-	-	-	15,500,055
Total operating expenses	216,028,773	47,985,712	3,689,801	2,522,613	6,332,445	(7,438,711)	269,120,633
INCOME (LOSS) FROM OPERATIONS	**4,253,091**	**(18,037,302)**	**(3,689,801)**	**(398,978)**	**1,083,886**	**-**	**(16,789,104)**
NON-OPERATING INCOME (EXPENSE):							
Investment income	4,196,288	3,449,287	-	-	-	-	7,645,575
Interest expense	(22,233,626)	(22,063)	-	-	-	-	(22,255,689)
Property tax revenue	18,824,998	-	-	-	-	-	18,824,998
Other - net	(2,781,979)	(19,122)	-	-	-	1,385,921	(1,415,180)
Total non-operating expense - net	(1,994,319)	3,408,102	-	-	-	1,385,921	2,799,704
CHANGE IN NET POSITION	**2,258,772**	**(14,629,200)**	**(3,689,801)**	**(398,978)**	**1,083,886**	**1,385,921**	**(13,989,400)**
Interfund - PHMG	(10,592,161)	10,595,340	-	-	-	-	3,179
							-
Net Position - Beginning of year	(176,717,770)	(42,472,695)	3,935,535	(324,790)	1,334,334	(301,529)	(214,546,915)
Prior Period Adj-Assets				296,065	(739,332)		
Effect of adopting GASB 87		-	-			-	-
NET POSITION - Beginning of year	(176,717,770)	(42,472,695)	3,935,535	(28,725)	595,002	(301,529)	(214,990,182)
NET POSITION - Year to date	**(185,051,158)**	**(46,506,558)**	**245,733**	**(427,703)**	**1,678,888**	**1,084,392**	**(228,976,399)**
EBIDA							28,202,745
EBIDA Margin							11.2%

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

Assets

Current Assets		
Cash and cash equivalents	$	14,530,341
Investments		16,999,737
Patient accounts receivable - net of allowances for uncollectible accounts of $121,050		143,092,799
Other receivables		50,519,880
Supplies and inventories		12,868,122
Prepaid expenses and other		10,382,934
Estimated third-party payor settlements receivable		121,734,538
Assets whose use is limited - current portion		55,999
Restricted cash and investments, current		42,954,875
Total current assets		413,139,225
Restricted Noncurrent Cash and Investments		
Held by trustee under indenture agreements		86,241,870
Held by trustee under general obligation bonds indenture		42,954,875
Held in escrow for street improvements		727,623
Restricted by donor and other		357,905
Total restricted cash and investments		130,282,273
Less amounts required to meet current obligations		43,010,874
Total restricted noncurrent cash and investments		87,271,399
Capital Assets - net		945,260,920
Right of Use Assets - Net		312,654,223
Other Assets		
Prepaid debt insurance costs		8,022,840
Investment in and amounts due from affiliated entities		6,559,325
Other		66,945,815
Total other assets		81,527,983
Total assets		1,839,853,750
Deferred outflow of resources - loss on refunding of debt		43,570,855
Total Assets and Deferred Outflow of Resources	$	1,883,424,605

Liabilities

Current Liabilities		
Accounts payable		103,087,020
Accrued compensation and related liabilities		54,197,787
Current portion of general obligation bonds		10,806,216
Current portion of long-term debt		9,028,144
Current portion of lease liabilities		23,805,796
Estimated third-party payor settlements		(10)
Other accrued liabilities		95,816,280
Accrued interest payable		21,772,155
Accrued interest payable-ROU's		1,395,035
Total current liabilities		319,908,422
Long-term debt - general obligation bonds - net of current portion		615,285,868
Long-term debt - net of current portion		754,682,387
Long-term debt - Lease liability - net of current portion		329,853,556
Total liabilities		2,019,730,233
Deferred inflow of resources - unearned revenue		92,670,771
Total liabilities and deferred inflow of resources		2,112,401,004
Net Position		
Net investment in capital assets		(312,187,106)
Restricted, expendable for:		
Repayment of debt		20,404,653
Capital acquisitions		727,623
Other purposes		357,905
Unrestricted		61,720,526
Total net position		(228,976,399)
Total Liabilities, Deferred Inflow of Resources, and Net Position	$	1,883,424,605

Operating Revenue	
Patient service revenue, net of provision for uncollectible accounts of $20,335	$ 211,805,792
Premium revenue	
Shared risk revenue	27,271,107
Other revenue	13,254,632
Total operating revenue	252,331,531
Operating Expenses	
Salaries, wages, and benefits	152,455,450
Professional fees	18,836,671
Supplies	34,695,490
Purchased services	27,515,578
Depreciation and amortization	15,500,055
Rent expense	5,191,682
Utilities	2,562,875
Other	12,362,316
Total operating expenses	269,120,116
Income (Loss) From Operations	(16,788,585)
Non-Operating Income (Expenses)	
Investment income	7,645,575
Interest expense	(22,255,689)
Property tax revenue - unrestricted	6,424,998
Property tax revenue - restricted	12,400,000
Amortization expense	(4,436,400)
Other - net	3,024,402
Total non-operating expenses - net	2,802,886
Change in net position	(13,985,699)
Net Position - Beginning of year	(214,546,915)
Net Position - Adjustment to begin Bal	(443,784.00)
Net Position - Beginning of year (as restated)	(214,990,699)
Net Position - September 30, 2025	$ (228,976,398)

CASH FROM OPERATING ACTIVITIES	
Receipts from:	
Patients, insurers, and other third-party payers	245,453,628
Other sources	(21,170,663)
Payments to:	
Employees	(166,495,936)
Suppliers	(76,134,836)
Net cash provided by operating activities	(18,347,807)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipt of district taxes	6,424,998
Net cash provided by noncapital financing activities	6,424,998
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(9,285,720)
Interest payments on long-term debt	(26,097,060)
Interest payments on lease liabilities	(3,602,156)
Principal repayment on long-term debt	(12,760,683)
Principal repayment on lease obligations	(5,714,974)
Proceeds on sale of capital assets	745
Receipt of property taxes restricted for debt service on general obligation bonds	12,400,000
Other	(3,918,569)
Net cash used in capital and related financing activities	(48,978,417)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(6,346,668)
Proceeds from sale of investments	53,304,659
Interest received on investments and notes receivable	5,828,425
Net cash provided by (used in) investing activities	52,786,416
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,114,809)
CASH AND CASH EQUIVALENTS - beginning of year	22,645,150
CASH AND CASH EQUIVALENTS - end of year	$ 14,530,341

Days Cash on Hand Ratio Covenant	September 30, 2025 Consolidated
Cash and Cash Equivalents	31,024,099
Total	31,024,099
Divide Total by Average Adjusted Expenses per Day	
Total Expenses	269,120,114
Less: Depreciation	15,500,055
Adjusted Expenses	253,620,060
Number of days in period	92
Average Adjusted Expenses per Day	2,756,740
Days Cash on Hand	**11.3**
REQUIREMENT	**65**

Debt Service Coverage Ratio Covenant	September 30, 2025 Consolidated
Excess of revenues over expenses	(18,844,455)
REVERSE:	
Depreciation and Amortization	15,500,055
Depreciation and Amortization-NonOp	4,436,400
Interest Expense	13,381,944
Income Available for Debt Service	14,473,944
Divided by:	
Maximum Annual Debt Service (excludes GO Bonds)	14,072,589
Debt Service Coverage Ratio	**1.03**
REQUIREMENT	**1.15**
	NOT ACHIEVED

NOTE: Pre-audit results shown