

FINANCE COMMITTEE

Meeting Agenda
Friday, October 3, 2025
10:30 a.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		10:30
II.	Public Comments ¹	30		11:00
III.	Action Item(s) (ADD A)			
	a. Finance Committee Minutes, September 5, 2025 (Pp 6-9)	5		11:05
	b. August Guidehouse Update – Informational Only (Pp 10-13)	15		11:20
	c. YTD FY2026 and August 2025 Financials (Pp 14-34)	25		11:45
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 – 1 st 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.

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](#)

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 additional 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 10:30 a.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

Board Finance Committee Meeting Minutes – Friday, September 5, 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 Wednesday, August 27, 2025. An amended agenda packet was posted on the Palomar Health website on Friday, September 5, 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 10:37 a.m. by Director Michael Pacheco.

I. Establishment of Quorum

- Quorum comprised of: Director Linda Greer (virtual), Director Michael Pacheco, Director Jeff Griffith (virtual), Diane Hansen, Mark Goldsworthy, MD (virtual), and Kanchan Koirala, MD
- Excused Absences:

Motion by Hansen, second by Koirala to allow Chair Linda Greer to attend virtually based on emergency circumstances. Roll call vote utilized. Koirala – aye, Hansen – aye, Griffith – aye, Goldsworthy – aye, Pacheco – aye. Motion approved.

Director Pacheco noted Chair Greer was accepted to the meeting virtually. Meeting then proceeded.

II. Public Comments

<ul style="list-style-type: none"> No public comments 	
III. Action Items	
a. Finance Committee Minutes, July 30, 2025	<p>MOTION by Hansen, 2nd by Koirala to approve the Finance Committee Minutes from July 30, 2025, as written.</p> <p>Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – aye Hansen – aye Goldsworthy, MD – aye Koirala, MD - aye</p> <p>Six in favor. None opposed. None absent. None abstained. Motion approved.</p>
Discussion: <ul style="list-style-type: none"> No discussion 	
b. July Guidehouse Update	NO MOTION, INFORMATIONAL ONLY
Discussion: <ul style="list-style-type: none"> Jared Dougherty, Guidehouse, shared a presentation with the committee. 	

<p>c. YTD FY2025 and Year End Financials</p>	<p>NO MOTION</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Andrew Tokar, Chief Financial Officer, presented the YTD FY2025 and Year End Financials to the Committee. Committee discussion ensued. YTD FY2025 and Year End Financials are pre-audit; item will be brought to committee once audit is complete. 	
<p>d. YTD FY2026 and July 2025 Financials</p>	<p>MOTION by Hansen, 2nd by Greer to approve YTD FY2026 and July 2025 Financials and move to the Board of Directors for ratification.</p> <p>Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – aye Hansen – aye Goldsworthy, MD – aye Koirala, MD - aye</p> <p>Six in favor. None opposed. None absent. None abstained. Motion approved.</p>

Discussion:

- Andrew Tokar, Chief Financial Officer, presented the YTD FY2026 and July 2025 Financials to the Committee. Committee discussion ensued.

Final Adjournment

Meeting adjourned by Director Pacheco at 11:16 a.m.

Signatures:

Committee Chair

Linda Greer, RN

Committee Assistant

Carla Albright

Margin Improvement / Turnaround Project Financial Update

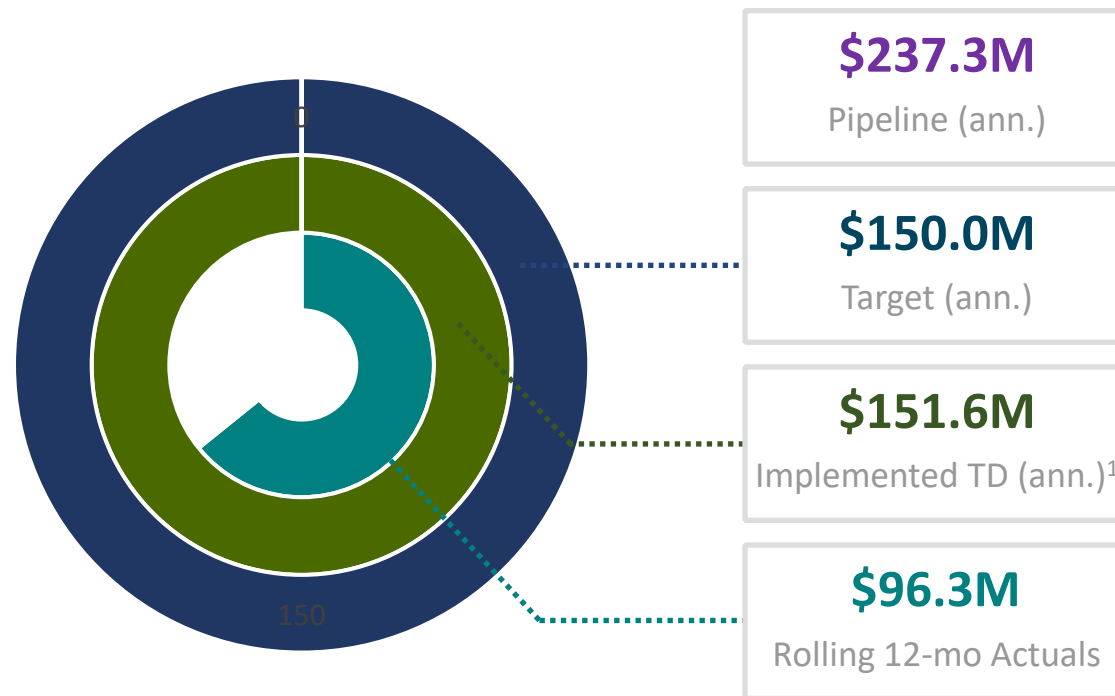
Reporting Month: Aug-25

October 3, 2025

Palomar Health has implemented \$151.6M of initiatives, achieving annual improvement target; \$96.3M realized over past 12 months

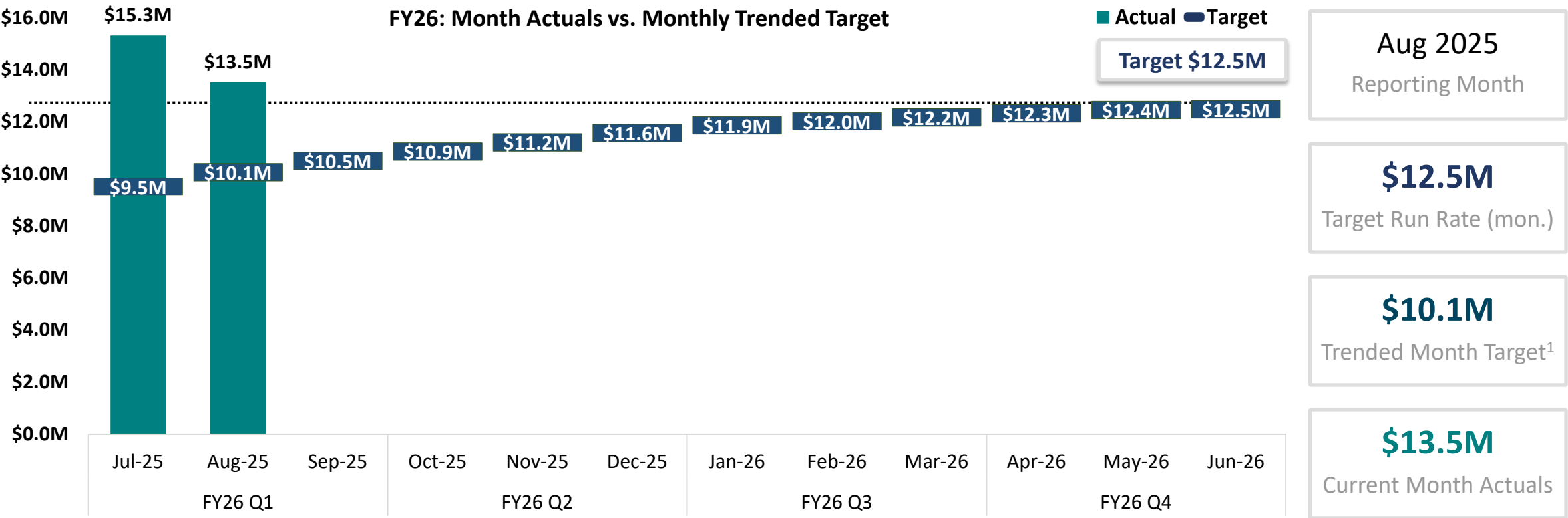
Key upcoming high value initiatives include:

- ❑ **\$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
- ❑ **\$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
- ❑ **\$2.0M** **OR Capacity** | Optimize perioperative scheduling and DOS workflows to minimize cancellations and maximize operating room capacity



Pipeline value has decreased **\$9.5M** from **\$246.8M** reported at 9/5 Finance Committee; decrease driven by refreshed PHMG Provider Productivity opportunity using current provider list, reevaluated Corporate Services expense reduction targets based on realistic targets, and adjusted strategic growth targets based on recent volume trends. Implemented value has increased **\$6.7M** from previously reported **\$145.0M**; increase primarily driven by sustained reduction of Avoidable Write-Offs.

Initiative performance in August 2025 resulted in \$13.5M in realization, exceeding monthly target of \$10.1M



August performance surpassed both the month’s forecast of \$10.1M and overall monthly run-rate goal of \$12.5M. Realization was driven by ongoing revenue cycle efforts, effective management of labor expenses, and IP length of stay (LOS) reduction. Performance in August declined from previous month due to non-recurring expenses in corporate departments. July actuals reported on 9/5 were retrospectively updated from \$13.6M to \$15.3M; previous workforce actuals did not include adjustment for monthly RN bonus accruals or PHMG provider wRVU improvement.

¹Workstream 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, targeted revenue growth, and acceleration of new initiatives have helped sustain improvements

Workstream	Jul		Aug (Current Month)		Sep	Status
	Target	Actual	Target	Actual	Target	
Revenue Cycle	\$2.9M	\$8.0M	\$3.0M	\$7.6M	\$3.1M	
PHMG	\$1.2M	\$0.5M ¹	\$1.3M	\$0.2M	\$1.4M	
Workforce & Periop	\$1.3M	\$1.9M ¹	\$1.5M	\$3.2M	\$1.6M	
Corporate Services	\$1.2M	\$0.7M	\$1.2M	(\$0.9M)	\$1.3M	
Hospital Strategy	\$1.6M	\$1.1M	\$1.2M	\$0.3M	\$1.3M	
Care Transitions & PSA	\$1.0M	\$1.8M	\$1.0M	\$2.3M	\$1.0M	
Supply Chain & PS	\$0.7M	\$0.7M	\$0.7M	\$0.8M	\$0.8M	
Facilities & Real Estate	\$0.1M	\$0.0M	\$0.1M	\$0.0M	\$0.2M	
Total:	\$9.5M	\$15.3M	\$10.1M	\$13.5M	\$10.5M	

¹Jul-25 actuals adjusted to include PHMG provider productivity improvement and account for monthly RN Bonus accruals under Workforce.

Key Updates

- **Revenue Cycle:** Avoidable Write-Offs as a % of NPR has remained under 3% the past 3 months; recent HB cash collections have achieved record levels
- **PHMG:** Developing targeted productivity strategies to drive cost efficiencies, improved access and volume growth
- **Workforce:** Sustained rigor of labor productivity management and agency utilization will keep departments on track to achieve budget targets
- **Corporate Services:** Non-recurring expenses contribute to increases in Marketing, HR, and Legal department spend; decrease expected in future months
- **Hospital Strategy:** Radiation Oncology growth through HDR implementation and volume backlog; Cath Lab growth lagging budget projections
- **Supply Chain:** All active initiatives fully implemented
- **Facilities & Real Estate:** Fielding inquiries into posted properties; sublease agreements underway

Aug 2025

Reporting Month

\$10.1M

Trended Month Target

\$13.5M

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

August 2025 Unaudited

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

Highlights for August 2025Revenue

- Gross Revenue was \$13.2M above budget, or 2.7%
- Net Patient Revenue was above budget by \$2.7M, or 3.9%

Volumes

- August continued to be a strong month for inpatient volumes
 - Acute Inpatient days are 9.8% higher than budget and acute discharges were 21.6%
- For both surgery and emergency room, the trend has been reset for the current year
 - OP Surgery is down 2.7% from PYTD
 - IP ED visits are up 10.5% from PYTD
 - Emergency Visits in total were 6.4% below budget but we believe this a seasonal and expect this to rebound in the coming months
- Infusion Therapy and Radiation Oncology are both higher than PY but are missing budget by 8.5% and 2.7% YTD, respectively
- Length of Service dropped to 3.89 days in a nod to the Care Transitions work and YTD is 3.99 days

Expenses

- Total expenses were 0.5% favorable to budget
- Salaries & Wages were at budget
- Benefits were 21.0% favorable to budget as we trued up a reserve account related to the previous self-funded plan

Other Highlights

- EBIDA* for August was 13.7%
- Days Cash on Hand Consolidated for August was 10.2 days and represents an decrease of 5.2 days as we needed to make our IGT payments, funds will be returned in October
- Cash receipts (Accounts Receivable) for Palomar Health at \$64.7M for August, another great cash posting month
- Accounts Payable Current Liability reduced by \$1.6M from the previous month
- Days in Accounts Receivable (A/R) decreased 1.6 days to 58.8, the first time below 60.0 days in well over two years
- Debt Service Coverage regressed to 1.00, 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 early 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 \$64.7 million. Days in Net A/R are 58.8, a decrease of 1.6 days from the prior month. Uncompensated Care increased by \$1.7 million to \$9.4 million for the month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	March 2025	April 2025	May 2025	June 2025	July 2025	August 2025	Target
Total Net A/R (\$) ¹	161,106,820	150,972,595	\$ 151,642,060	\$ 143,433,565	\$ 138,245,508	\$ 135,609,856	
Net Days in A/R (Days) ²	69.9	68.3	68.8	66.0	60.4	58.8	55.0
% AR > 90 Days	39.5%	40.7%	41.8%	40.5%	38.8%	39.4%	22.5%
% of Avoidable Denial Write-Offs	6.1%	4.4%	2.2%	1.4%	1.3%	1.6%	2.1%
Net Revenue Yield	96.9%	103.4%	103.8%	106.6%	104.3%	106.1%	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	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Aug-25	Aug-25	Variance	Aug-24	Variance	Aug-25	Aug-25	Variance	Aug-24	Variance
Key Volumes										
Discharges - Total	2,462	2,027	21.5%	2,144	14.8%	4,786	4,278	11.9%	4,235	13.0%
Acute - General	2,409	1,982	21.6%	2,100	14.7%	4,701	4,191	12.2%	4,158	13.1%
The Villas at Poway	53	45	18.3%	44	20.5%	85	87	(1.9%)	77	10.4%
Patient Days - Total	12,063	11,613	3.9%	11,999	0.5%	24,146	23,563	2.5%	23,201	4.1%
Acute - General	9,369	8,530	9.8%	9,137	2.5%	18,757	17,525	7.0%	17,718	5.9%
The Villas at Poway	2,694	3,084	(12.6%)	2,862	(5.9%)	5,389	6,039	(10.8%)	5,483	(1.7%)
Acute Adjusted Discharges	3,922	3,353	17.0%	3,305	18.7%	7,622	6,737	13.1%	6,641	14.8%
Total Adjusted Discharges*	3,988	3,216	24.0%	3,358	18.8%	7,722	6,794	13.7%	6,732	14.7%
Acute Adjusted Patient Days	15,254	13,647	11.8%	14,379	6.1%	30,410	28,039	8.5%	28,291	7.5%
Total Adjusted Patient Days*	17,948	16,731	7.3%	17,241	4.1%	35,799	34,077	5.1%	33,774	6.0%
Acute Average Daily Census	302	275	9.8%	295	2.5%	303	283	7.0%	286	5.9%
Total Average Daily Census*	389	375	3.9%	387	0.5%	389	380	2.5%	374	4.1%
Surgeries - Total	888	942	(5.7%)	959	(7.4%)	1,838	1,851	(0.7%)	1,884	(2.4%)
Inpatient	490	532	(7.9%)	529	(7.4%)	1,021	1,050	(2.8%)	1,044	(2.2%)
Outpatient	398	409	(2.8%)	430	(7.4%)	817	801	2.0%	840	(2.7%)
Deliveries	289	312	(7.5%)	305	(5.3%)	539	627	(14.0%)	612	(11.9%)
ER Visits (Includes Trauma) - Total	9,572	10,229	(6.4%)	10,201	(6.2%)	19,979	21,506	(7.1%)	21,454	(6.9%)
Inpatient	1,757	1,724	1.9%	1,629	7.9%	3,661	3,506	4.4%	3,312	10.5%
Outpatient	7,815	8,505	(8.1%)	8,572	(8.8%)	16,318	18,000	(9.4%)	18,142	(10.1%)

	Month					Year to Date				
	Actual Aug-25	Budget Aug-25	Budget Variance	Prior Year Aug-24	Prior Year Variance	Actual Aug-25	Budget Aug-25	Budget Variance	Prior Year Aug-24	Prior Year Variance
Cardiac Cath RVUs	1,075	1,135	(5.3%)	1,165	(7.7%)	2,300	2,249	2.3%	2,299	0.0%
Escondido Interv. Radiology RVUs	791	944	(16.2%)	945	(16.3%)	1,630	1,980	(17.7%)	1,983	(17.8%)
Poway Interv. Radiology RVUs	292	285	2.6%	265	10.4%	611	521	17.2%	481	27.1%
Radiation Oncology RVUs	3,157	3,482	(9.3%)	2,955	6.8%	6,777	6,964	(2.7%)	6,242	8.6%
Infusion Therapy Hours	1,000	1,113	(10.2%)	914	9.4%	2,038	2,227	(8.5%)	1,952	4.4%
Imaging										
Escondido CAT Procedures	10,031	9,076	10.5%	8,739	14.8%	19,880	18,151	9.5%	17,480	13.7%
Poway CAT Procedures	2,902	2,495	16.3%	2,423	19.8%	5,803	5,125	13.2%	4,990	16.3%
Escondido MRI Procedures	523	500	4.5%	472	10.8%	1,056	961	9.9%	909	16.2%
Poway MRI Procedures	119	131	(9.3%)	136	(12.5%)	275	263	4.7%	267	3.0%
Escondido Diagnostic Rad. Procedures	6,672	7,193	(7.3%)	7,253	(8.0%)	13,795	14,178	(2.7%)	14,298	(3.5%)
Poway Diagnostic Rad. Procedures	2,212	2,214	(0.1%)	2,217	(0.2%)	4,385	4,305	1.9%	4,314	1.7%

*Includes The Villas at Poway

	Month					Year to Date				
	Actual Aug-25	Budget Aug-25	Budget Variance	Prior Year Aug-24	Prior Year Variance	Actual Aug-25	Budget Aug-25	Budget Variance	Prior Year Aug-24	Prior Year Variance
Key Statistics										
Acute Average LOS - Days	3.89	4.30	9.6%	4.35	10.6%	3.99	4.18	4.6%	4.26	6.4%
Acute - General	3.89	4.30	9.6%	4.35	10.6%	3.99	4.18	4.6%	4.26	6.4%
Acute Behavioral Health	0.00	0.00	0.0%	0.00	0.0%	0.00	0.00	0.0%	0.00	0.0%
Average Observation Hours	26	28	7.8%	28	(7.8%)	25	30	16.0%	30	16.0%
Acute Case Mix - Excludes Deliveries	1.65	1.81	8.8%	1.81	(8.8%)	1.65	1.77	6.8%	1.77	6.8%
Acute Case Mix -Medicare Only	1.69	1.76	4.0%	1.76	(4.0%)	1.64	1.75	6.3%	1.75	6.3%
Labor Productivity by Hrs						99.6%	100.0%	0.4%	103.3%	3.6%
Days Cash on Hand						8.1			22.1	
Financial Performance										
Operating Income	1,415,705	(1,500,000)	2,915,705	(9,189,403)	10,605,108	3,495,236	(3,500,000)	6,995,236	(11,190,715)	14,685,951
Net Income	(721,077)	(3,917,299)	3,196,222	(11,038,188)	10,317,111	(390,663)	(8,393,455)	8,002,792	(14,962,184)	14,571,521
Oper. Expenses/Adj. Patient Days	3,721	4,022	7.5%	4,085	8.9%	3,735	3,967	5.8%	4,087	8.6%
EBIDA Margin-Excludes PHMG	9,999,280	6,601,040	34.0%	(169,152)	101.7%	21,088,031	12,643,222	66.8%	6,786,152	67.8%
EBIDA-Excludes PHMG	13.7%	9.4%	4.3%	(0.3%)	14.0%	14.4%	9.0%	5.4%	5.0%	9.4%

Note: Financial Performance excludes GO Bonds

	<u>Actual</u> <u>Aug 25</u>	<u>Budget</u> <u>Aug 25</u>	<u>Variance</u> <u>Aug 25</u>	<u>Variance</u>		<u>Dollars/Adjusted Patient Day</u>		
				<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	17,948	16,731	1,217					
Adjusted Discharges	3,988	3,216	772					
Operating Revenue								
Gross revenue	500,282,001	487,050,965	13,231,036	35,438,097	(22,207,061)	27,873.97	29,111.27	(1,237.30)
Deductions from revenue	(428,250,221)	(417,716,983)	(10,533,238)	(30,393,318)	19,860,080	(23,860.61)	(24,967.14)	1,106.53
Net patient revenue	72,031,780	69,333,982	2,697,798	5,044,779	(2,346,981)	4,013.36	4,144.13	(130.77)
Other operating revenue	946,365	1,159,790	(213,425)	84,387	(297,812)	52.73	69.32	(16.59)
Total net revenue	72,978,145	70,493,772	2,484,373	5,129,166	(2,644,793)	4,066.09	4,213.45	(147.36)
Operating Expenses								
Salaries, wages & contract labor	31,104,110	30,435,617	(668,493)	(2,214,512)	1,546,019	1,733.01	1,819.15	86.14
Benefits	6,306,806	7,988,345	1,681,539	(581,236)	2,262,775	351.39	477.47	126.07
Supplies	10,692,013	10,925,924	233,911	(794,976)	1,028,887	595.72	653.05	57.33
Prof fees & purch svcs	14,509,520	14,409,463	(100,057)	(1,048,440)	948,383	808.42	861.26	52.84
Depreciation & amortization	4,776,143	4,703,549	(72,594)	(342,233)	269,639	266.11	281.13	15.02
Other	4,173,848	3,530,874	(642,974)	(256,908)	(386,066)	232.55	211.04	(21.51)
Total expenses	71,562,440	71,993,772	431,332	(5,238,307)	5,669,639	3,987.21	4,303.10	315.89
Income from operations	1,415,705	(1,500,000)	2,915,705	(109,141)	3,024,846	78.88	(89.66)	(463.25)
Non-operating revenue (expense)								
Property tax revenues ¹	2,141,666	2,141,667	(1)					
Investment Income	1,124,368	1,176,843	(52,475)					
Interest Expense	(4,465,415)	(4,335,990)	(129,425)					
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	-					
Other non-operating revenue(expense)	541,399	78,981	462,418					
Net income(loss) ²	(721,077)	(3,917,299)	3,196,222					

EBIDA Margin 13.7% 9.4% 4.3%

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

2= Excludes G.O. Bonds income / expense

	<u>Actual</u> <u>Aug 25</u>	<u>Budget</u> <u>Aug 25</u>	<u>Variance</u> <u>Aug 25</u>	<u>Variance</u>		<u>Dollars/Adjusted Patient Day</u>		
				<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	35,799	34,077	1,722					
Adjusted Discharges	7,722	6,794	928					
Operating Revenue								
Gross revenue	1,014,525,465	985,542,867	28,982,598	49,790,692	(20,808,094)	28,339.49	28,920.74	(581.25)
Deductions from revenue	(869,505,391)	(846,779,741)	(22,725,649)	(42,780,229)	20,054,579	(24,288.54)	(24,848.74)	560.20
Net patient revenue	145,020,074	138,763,126	6,256,949	7,010,463	(753,515)	4,050.95	4,072.00	(21.05)
Other operating revenue	1,810,465	2,319,580	(509,115)	117,188	(626,303)	50.57	68.07	(17.49)
Total net revenue	146,830,539	141,082,706	5,747,834	7,127,651	(1,379,818)	4,101.53	4,140.07	(38.54)
Operating Expenses								
Salaries, wages & contract labor	62,969,250	61,486,701	(1,482,550)	(3,106,375)	1,623,826	1,758.97	1,804.33	45.36
Benefits	13,673,099	16,095,759	2,422,660	(813,175)	3,235,835	381.94	472.33	90.39
Supplies	21,795,556	21,685,622	(109,934)	(1,095,581)	985,647	608.83	636.36	27.53
Prof fees & purch svcs	28,309,272	28,851,401	542,129	(1,457,604)	1,999,733	790.78	846.64	55.86
Depreciation & amortization	9,620,066	9,407,097	(212,969)	(475,257)	262,288	268.72	276.05	7.33
Other	6,968,060	7,056,126	88,066	(356,483)	444,549	194.64	207.06	12.42
Total expenses	143,335,303	144,582,706	1,247,402	(7,304,475)	8,551,878	4,003.89	4,242.78	238.89
Income from operations	3,495,236	(3,500,000)	6,995,236	(176,824)	7,172,060	97.64	(102.71)	(277.43)
Non-operating revenue (expense)								
Property tax revenues ¹	4,283,332	4,283,333	(1)					
Investment Income	2,388,267	2,353,688	34,579					
Interest Expense	(8,901,029)	(8,671,980)	(229,049)					
Non-operating depreciation & amortization	(2,957,600)	(2,957,600)	-					
Other non-operating revenue(expense)	1,301,131	99,104	1,202,027					
Net income(loss) ²	(390,663)	(8,393,455)	8,002,792					

EBIDA Margin 14.4% 9.0% 5.4%

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

2= Excludes G.O. Bonds income / expense

PALOMAR HEALTH
Reimagining Healthcare®

	Actual Aug 25	Prior Year Aug 24	Variance Aug 25	Variance		Dollars/Adjusted Patient Day		
				Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	35,799	33,774	2,025					
Adjusted Discharges	7,722	6,732	990					
Operating Revenue								
Gross revenue	1,014,525,465	966,704,342	47,821,123	57,961,044	(10,139,921)	28,339.49	28,622.74	(283.25)
Deductions from revenue	(869,505,391)	(831,643,987)	(37,861,403)	(49,863,181)	12,001,777	(24,288.54)	(24,623.79)	335.25
Net patient revenue	145,020,074	135,060,355	9,959,720	8,097,863	1,861,856	4,050.95	3,998.94	52.01
Other operating revenue	1,810,465	1,703,928	106,539	102,163	4,374	50.57	50.45	0.12
Total net revenue	146,830,539	136,764,283	10,066,259	8,200,026	1,866,230	4,101.53	4,049.40	52.13
Operating Expenses								
Salaries, wages & contract labor	62,969,250	64,863,606	1,894,355	(3,889,051)	5,783,407	1,758.97	1,920.52	161.55
Benefits	13,673,099	17,513,181	3,840,082	(1,050,044)	4,890,126	381.94	518.54	136.60
Supplies	21,795,556	20,372,811	(1,422,745)	(1,221,500)	(201,245)	608.83	603.21	(5.62)
Prof fees & purch svcs	28,309,272	30,017,006	1,707,734	(1,799,741)	3,507,475	790.78	888.76	97.98
Depreciation & amortization	9,620,066	9,936,145	316,079	(595,745)	911,824	268.72	294.20	25.47
Other	6,968,060	5,252,249	(1,715,810)	(314,911)	(1,400,900)	194.64	155.51	(39.13)
Total expenses	143,335,303	147,954,998	4,619,695	(8,870,992)	13,490,687	4,003.89	4,380.74	376.85
Income from operations	3,495,236	(11,190,715)	14,685,951	(670,966)	15,356,917	97.64	(331.34)	(324.71)
Non-operating revenue (expense)								
Property tax revenues ¹	4,283,332	4,250,000	33,332					
Investment Income	2,388,267	2,612,558	(224,291)					
Interest Expense	(8,901,029)	(8,856,312)	(44,717)					
Non-operating depreciation & amortization	(2,957,600)	(2,955,879)	(1,721)					
Other non-operating revenue(expense)	1,301,131	1,178,164	122,967					
Net income(loss) ²	(390,663)	(14,962,184)	14,571,521					

EBIDA Margin

14.4%

5.0%

9.4%

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

2= Excludes G.O. Bonds income / expense

	Jul 25	Aug 25	Fiscal Year 2026
Adjusted Patient Days	17,851	17,948	35,799
Adjusted Discharges	3,734	3,988	7,722
Operating Revenue			
Gross revenue	514,243,464	500,282,001	1,014,525,465
Deductions from revenue	(441,255,169)	(428,250,221)	(869,505,391)
Net patient revenue	72,988,295	72,031,780	145,020,074
Other operating revenue	864,100	946,365	1,810,465
Total net revenue	73,852,396	72,978,145	146,830,539
Operating Expenses			
Salaries, wages & contract labor	31,865,141	31,104,110	62,969,250
Benefits	7,366,292	6,306,806	13,673,099
Supplies	11,103,543	10,692,013	21,795,556
Prof fees & purch svcs	13,799,753	14,509,520	28,309,272
Depreciation & amortization	4,843,923	4,776,143	9,620,066
Other	2,794,212	4,173,848	6,968,060
Total expenses	71,772,864	71,562,440	143,335,303
Income from operations	2,079,532	1,415,705	3,495,236
Non-operating revenue (expense)			
Property tax revenues ¹	2,141,666	2,141,666	4,283,332
Investment Income	1,263,898	1,124,368	2,388,267
Interest Expense	(4,435,614)	(4,465,415)	(8,901,029)
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	(2,957,600)
Other non-operating revenue(expense)	759,733	541,399	1,301,131
Net income(loss) ²	330,414	(721,077)	(390,663)
EBIDA Margin	15.0%	13.7%	14.4%

1= Property Tax Revenue excludes G.O. Bonds Levy **24**

2= Excludes G.O. Bonds income / expense

Statement of Net Position excluding G.O. Bonds

Excludes PHMG

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

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

Statement of Net Position including G.O. Bonds

Excludes PHMG

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

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

	Aug-25	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	1,415,705	3,495,237
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	4,776,143	9,620,066
Provision for bad debts	7,806,257	14,651,229
Changes in operating assets and liabilities:		
Patient accounts receivable	(5,170,605)	(6,827,520)
Property Tax and other receivables	73,353	(923,670)
Inventories	(1,725)	279
Prepaid expenses and other current assets	(878,629)	(587,946)
Accounts payable	(1,643,154)	(7,412,027)
Accrued compensation	(595,009)	(11,168,590)
Estimated settlement amounts due third-party payors	(15,858,727)	(23,128,739)
Other liabilities	(1,330,782)	8,119,245
Net cash provided from (used by) operating activities	(11,407,173)	(14,162,436)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	50,196,632	51,153,261
Income (Loss) on investments	1,377,194	2,883,672
Investment in affiliates	(3,925,191)	(7,944,100)
Net cash provided from (used by) investing activities	47,648,635	46,092,833
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	502,486	820,616
Receipt of District Taxes	366,096	603,618
Net cash provided from non-capital financing activities	868,582	1,424,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on asset sale	0	403
Proceeds from the issuance of long-term debt		0
Cost of Issuance payments		0
Acquisition of property plant and equipment	(807,116)	(845,005)
Redevelopment Trust Fund Distributions	0	0
G.O. Bond Interest paid	(25,121,525)	(25,121,525)
Revenue Bond Interest paid	0	0
ROU Interest paid	(1,284,802)	(2,575,921)
Proceeds (Payments) of Long Term Debt	(10,156,756)	(10,156,756)
Payments of Long Term Lease Liabilities	(1,539,855)	(3,741,414)
Net cash provided from (used by) capital and related financing activities	(38,910,055)	(42,440,219)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,800,010)	(9,085,587)
CASH AND CASH EQUIVALENTS - Beginning of period	7,715,174	15,000,751
CASH AND CASH EQUIVALENTS - End of period	5,915,164	5,915,164

Supplemental Information

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

Condensed Combining Statement of Net Position
For the Fiscal Year-to-Date Ended August 31, 2025

	Palomar Health	PHMG	PAC	NCRE	Eliminations	Total
ASSETS						
Current assets	420,073,646	40,298,734	3,928,028	232,659	(59,475,868)	405,057,199
Capital assets - net	939,513,592	6,921,088	-	868,948	-	947,303,628
Right of use assets - net	305,866,296	27,333,119	-	-	(18,527,488)	314,671,926
Non-current assets	166,990,962	2,229,180	-	-	-	169,220,142
Total assets	1,832,444,496	76,782,121	3,928,028	1,101,607	(78,003,356)	1,836,252,896
Deferred outflow of resources	43,806,630	-	-	-	-	43,806,630
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,876,251,126	76,782,121	3,928,028	1,101,607	(78,003,356)	1,880,059,526
LIABILITIES AND NET POSITION						
Current liabilities	266,966,376	103,329,710	73,716	1,557,954	(63,075,380.85)	308,852,375
Long-term liabilities	1,373,055,264	(0)	-	-	-	1,373,055,264
Right of use lease liabilities	324,357,809	22,614,664	-	-	(16,005,983)	330,966,490
Total liabilities	1,964,379,449	125,944,374	73,716	1,557,954	(79,081,364)	2,012,874,129
Deferred inflow of resources - deferred revenue	93,078,092	-	-	-	-	93,078,092
Total liabilities and deferred inflow of resources	2,057,457,541	125,944,374	73,716	1,557,954	(79,081,364)	2,105,952,221
Invested in capital assets - net of related debt	(318,030,580)	5,482,398	-	1,660,879	1,078,008	(309,809,296)
Restricted	26,630,569	-	-	-	-	26,630,569
Unrestricted	110,193,596	(54,644,651)	3,854,312	(2,117,226)	-	57,286,032
Total net position	(181,206,415)	(49,162,253)	3,854,312	(456,347)	1,078,008	(225,892,695)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,876,251,126	76,782,121	3,928,028	1,101,607	(78,003,356)	1,880,059,526

Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position

For the Fiscal Year-to-Date Ended August 31, 2025

	Palomar Health	PHMG	PAC	NCRE	Elimination	YTD Consolidated
OPERATING REVENUE:						
Net patient service revenue	128,637,539	9,325,530	-	-	-	137,963,069
Shared risk revenue	16,382,535	2,917,416	-	-	-	19,299,951
Other revenue	1,810,465	940,429	-	1,824,225	(73,934)	4,501,185
PH Program revenue	-	4,893,775	-	-	(4,893,775)	-
Total operating revenue	146,830,539	18,077,150	-	1,824,225	(4,967,709)	161,764,205
OPERATING EXPENSES	133,715,236	31,000,673	81,222	2,251,847	(4,967,709)	162,081,270
DEPRECIATION AND AMORTIZATION	9,620,066	673,724	-	-	-	10,293,790
Total operating expenses	143,335,302	31,674,397	81,222	2,251,847	(4,967,709)	172,375,059
INCOME (LOSS) FROM OPERATIONS	3,495,237	(13,597,247)	(81,222)	(427,622)	-	(10,610,854)
NON-OPERATING INCOME (EXPENSE):						
Investment income	2,883,671	(65,704)	-	-	-	2,817,967
Interest expense	(14,819,923)	(15,381)	-	-	-	(14,835,304)
Property tax revenue	12,549,999	-	-	-	-	12,549,999
Other - net	(1,645,838)	(11,229)	-	-	1,379,537	(277,530)
Total non-operating expense - net	(1,032,091)	(92,314)	-	-	1,379,537	255,132
CHANGE IN NET POSITION	2,463,146	(13,689,561)	(81,222)	(427,622)	1,379,537	(10,355,722)
Interfund - PHMG	(7,092,161)	7,000,000	-	-	-	(92,161)
NET POSITION - Beginning of year	(176,577,402)	(42,472,695)	3,935,535	(28,725)	(301,529)	(215,444,815)
NET POSITION - Year to date	(181,206,415)	(49,162,253)	3,854,312	(456,347)	1,078,008	(225,892,695)

EBIDA	17,730,971
EBIDA Margin	11.0%

Condensed Combining Statement of Net Position
For the Fiscal Year-to-Date Ended August 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 14,709,578
Investments	11,942,190
Patient accounts receivable - net of allowances for uncollectible accounts of \$140,432	149,468,630
Other receivables	43,349,512
Supplies and inventories	12,869,951
Prepaid expenses and other	11,712,663
Estimated third-party payor settlements receivable	118,658,419
Assets whose use is limited - current portion	55,812
Restricted cash and investments, current	42,290,444

Total current assets 405,057,199

Restricted Noncurrent Cash and Investments

Held by trustee under indenture agreements	85,951,499
Held by trustee under general obligation bonds indenture	42,290,444
Held in escrow for street improvements	727,619
Restricted by donor and other	357,836

Total restricted cash and investments 129,327,398

Less amounts required to meet current obligations 42,346,256

Total restricted noncurrent cash and investments 86,981,142

Capital Assets - net 947,303,628

Right of Use Assets - Net 314,671,926

Other Assets

Prepaid debt insurance costs	8,060,467
Investment in and amounts due from affiliated entities	6,927,122
Other	67,251,412

Total other assets 82,239,001

Total assets 1,836,252,896

Deferred outflow of resources - loss on refunding of debt 43,806,630

Total Assets and Deferred Outflow of Resources \$ 1,880,059,526

Liabilities

Current Liabilities

Accounts payable	\$ 93,024,442
Accrued compensation and related liabilities	56,264,225
Current portion of general obligation bonds	10,806,216
Current portion of long-term debt	9,063,175
Current portion of lease liabilities	23,791,548
Estimated third-party payor settlements	-
Other accrued liabilities	98,546,794
Accrued interest payable	15,966,195
Accrued interest payable-ROU's	1,389,780

Total current liabilities 308,852,375

Long-term debt - general obligation bonds - net of current portion 615,632,059

Long-term debt - net of current portion 757,423,205

Long-term debt - Lease liability - net of current portion 330,966,490

Total liabilities 2,012,874,129

Deferred inflow of resources - unearned revenue 93,078,092

Total liabilities and deferred inflow of resources 2,105,952,221

Net Position

Net investment in capital assets	(309,809,296)
Restricted, expendable for:	
Repayment of debt	25,545,114
Capital acquisitions	727,619
Other purposes	357,836
Unrestricted	57,286,032

Total net position (225,892,695)

Total Liabilities, Deferred Inflow of Resources, and Net Position \$ 1,880,059,526

Condensed Combining Statement of Revenue, Expenses, and Changes in Net Position

For the Fiscal Year-to-Date Ended August 31, 2025

Operating Revenue	
Patient service revenue, net of provision for uncollectible accounts of \$13,935	\$ 137,963,073
Premium revenue	
Shared risk revenue	19,299,951
Other revenue	4,501,181
	<hr/>
Total operating revenue	161,764,205
	<hr/>
Operating Expenses	
Salaries, wages, and benefits	101,673,445
Professional fees	7,646,223
Supplies	23,237,914
Purchased services	18,271,345
Depreciation and amortization	10,293,790
Rent expense	3,350,118
Utilities	1,777,264
Other	6,124,445
	<hr/>
Total operating expenses	172,374,544
	<hr/>
Income (Loss) From Operations	(10,610,339)
	<hr/>
Non-Operating Income (Expenses)	
Investment income	2,817,967
Interest expense	(14,835,304)
Property tax revenue - unrestricted	4,283,332
Property tax revenue - restricted	8,266,667
Amortization expense	(2,957,600)
Other - net	2,587,914
	<hr/>
Total non-operating expenses - net	162,976
	<hr/>
Change in net position	(10,447,363)
	<hr/>
Net Position - Beginning of year	(215,444,815)
	<hr/>
Net Position - August 31, 2025	\$ (225,892,695)
	<hr/>

CASH FROM OPERATING ACTIVITIES

Receipts from:

Patients, insurers, and other third-party payers	150,264,296
Other sources	(9,647,550)

Payments to:

Employees	(113,820,103)
Suppliers	(48,706,838)

Net cash provided by operating activities (21,910,195)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipt of district taxes 4,283,332

Net cash provided by noncapital financing activities 4,283,332

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES

Acquisition and construction of capital assets	(7,512,265)
Interest payments on long-term debt	(25,350,794)
Interest payments on lease liabilities	(2,430,708)
Principal repayment on long-term debt	(10,225,652)
Principal repayment on lease obligations	(3,798,647)
Proceeds on sale of capital assets	601
Receipt of property taxes restricted for debt service on general obligation bonds	8,266,667
Other	(2,869,866)

Net cash used in capital and related financing activities (43,920,665)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(820,616)
Proceeds from sale of investments	53,304,659
Interest received on investments and notes receivable	1,487,185
Net cash provided by (used in) investing activities	<u>53,971,228</u>

NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS

(7,576,301)

CASH AND CASH EQUIVALENTS - beginning of year

22,285,886

CASH AND CASH EQUIVALENTS - end of year **33**

\$ 14,709,586

Days Cash on Hand Ratio Covenant	August 31, 2025 Consolidated
Cash and Cash Equivalents	26,651,768
Divide Total by Average Adjusted Expenses per Day	
Total Expenses	172,374,544
Less: Depreciation	10,293,790
Adjusted Expenses	162,080,754
Number of days in period	62
Average Adjusted Expenses per Day	2,614,206
Days Cash on Hand	10.2
REQUIREMENT	65
Debt Service Coverage Ratio Covenant	August 31, 2025 Consolidated
Excess of revenues over expenses	(12,781,386)
REVERSE:	
Depreciation and Amortization	10,293,790
Depreciation and Amortization-NonOp	2,957,600
Interest Expense	8,916,409
Income Available for Debt Service	9,386,412
Divided by:	
Maximum Annual Debt Service (excludes GO Bonds)	9,381,726
Debt Service Coverage Ratio	1.00
REQUIREMENT	1.15
	NOT ACHIEVED

NOTE: Pre-audit results shown