

FINANCE COMMITTEE

Meeting Agenda

Wednesday, May 6, 2026

10:00 a.m.

Please see page 2 for meeting location options

		<i>The Board may take action on any of the items listed below, including items specifically labeled "Informational Only"</i>		
		Time	Form A Page	Target
Call To Order				
I.	Establishment of Quorum	1		10:00
II.	Public Comments¹	30		10:30
III.	Action Item(s) <i>(ADD A)</i>			
	A. Finance Committee Minutes, April 2, 2026 <i>(Pp 6-8)</i>	5		10:35
	B. March 2026 Turnaround (Alvarez and Marsal) Update – <i>Informational Only (Pp 9-14)</i>	15		10:50
	C. Amended YTD FY2025 and February 2026 Financials <i>(Pp 15-34)</i>	10		11:00
	D. YTD FY2025 and March 2026 Financials <i>(Pp 35-54)</i>	15		11:15
	E. Workday Update – <i>Informational Only</i>	20		11:35
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
Andrew Nguyen, 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	
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: 293 692 479 957 15

Pass Code: mr7ap9Uw

or

Dial in using your phone at 929.352.2216; Access Code: 346 582 226#¹

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

Source:

Applies to Facilities:
All Palomar Health Facilities**Applies to Departments:**
Board of Directors

Policy : Public Comments and Attendance at Public Board Meetings

I. SUMMARY/INTENT:

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. POLICY: COMPLIANCE - KEY ELEMENTS:

- 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 10:00 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 – Thursday, April 2, 2026

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 an agenda packet on the Palomar Health website on Friday, March 27, 2026. An amended agenda and information packet was posted on the Palomar Health website on Monday, March 30, 2026.

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 3:32 p.m. by Board Committee Chair Linda Greer.

I. Establishment of Quorum

- Quorum determined by roll call vote comprised of: Director Linda Greer; Director Jeffrey Griffith; Diane Hansen; Mark Goldsworthy, MD
- Absent: Director Michael Pacheco; Andrew Nguyen, M.D.

II. Public Comments

- No public comments

III. Action Items	
<p>A. Finance Committee Minutes, March 3, 2026</p>	<p>MOTION by Diane Hansen, 2nd by Director Jeff Griffith to approve the Finance Committee Minutes from March 3, 2026 as written.</p> <p>Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – absent Diane Hansen –aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – absent</p> <p>Four in favor. None opposed. Two absent. No abstention(s).</p> <p>Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> No discussion 	
<p>B. February 2025 Guidehouse Update</p>	<p>NO MOTION, INFORMATIONAL ONLY</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Jared Dougherty, Guidehouse, shared a presentation with the committee. 	
<p>C. YTD FY2025 and February 2026 Financials</p>	<p>MOTION by Director Jeff Griffith, 2nd by Diane Hansen to approve YTD FY2025 and February 2026 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 – absent Diane Hansen –aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – absent</p> <p>Four in favor. None opposed. Two absent. No abstention(s).</p> <p>Motion approved.</p>

Discussion:

- Andrew Tokar, Chief Financial Officer, presented the YTD FY2025 and February 2026 Financials to the Committee. It was noted that the PMHG data is not included. Committee discussion ensued.
- Guidehouse was thanked for their work as this was their last report to this committee.
- A brief update on Workday was shared.

Final Adjournment

Meeting adjourned by Board Committee Chair Linda Greer at 4:13 p.m.

Signatures:

Committee Chair

Linda Greer, RN

Committee Assistant

Janet Kren

Margin Improvement / Turnaround Project Financial Update

Reporting Month: Mar-26

May 6, 2026

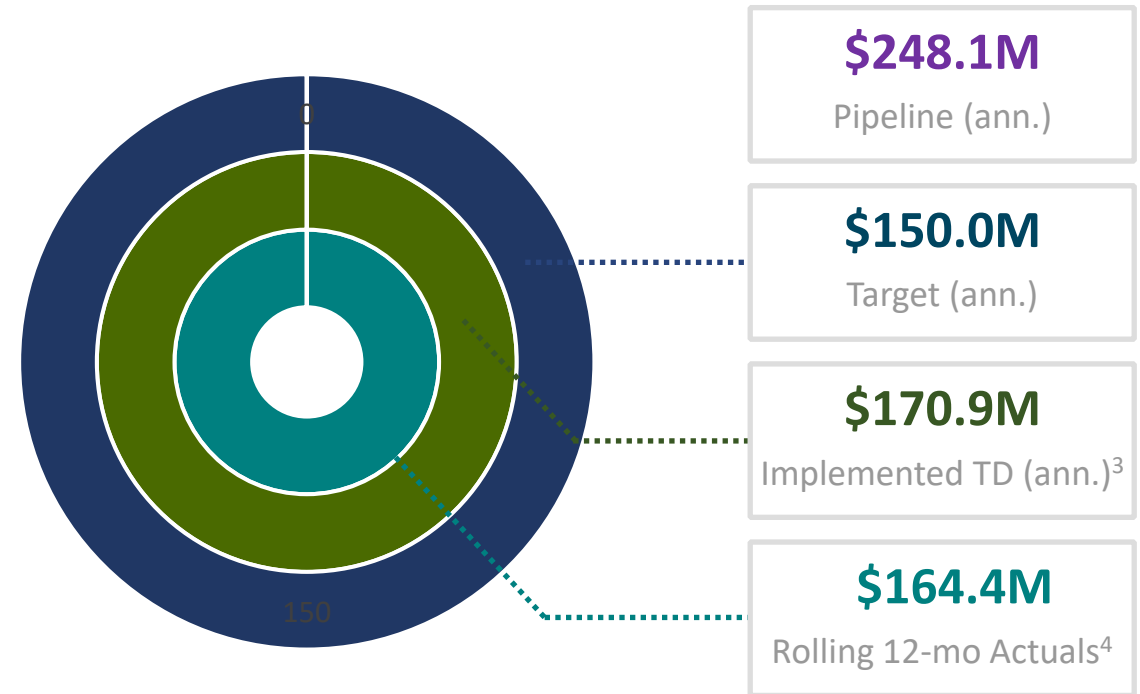
Reporting Basis and Disclaimers

- Alvarez & Marsal was engaged as the Turnaround Advisory Firm for Palomar Health effective April 1, 2026 as required by the Forbearance Agreement dated January 16, 2025, replacing the previous consulting firm.
- This report includes the financial results of eight key workstreams of the Palomar Health turnaround efforts for the month of March 2026 and the previous 12 months.
- The methodology, calculations, KPI definitions, and reporting framework utilized herein are consistent with those previously established for reporting purposes.
- Alvarez & Marsal has not modified or independently validated the underlying approach or results reported herein.
- Results reflect the efforts of the prior firm's work through engagement end; Alvarez & Marsal has agreed to report these results to the Finance Committee as requested by Palomar Health and to support continuity in communications following the transition of Turnaround Officer responsibilities.

Palomar Health implemented \$170.9M (~19% of NOR¹), surpassing its improvement target with \$164.4M realized in past 12-months

High Value Initiatives (*in progress*):²

- ❑ **\$15.5M** **Denials Reduction** | Initial and fatal denials reduction, supported by UM improvement through operational management tools and payer interaction tactics
- ❑ **\$1.1M** **Care Transitions** | Reinvigorate efforts to hardwire processes, improve throughput and optimize post-acute care (SNF) integration / referral strategy
- ❑ **\$0.6M** **Human Resources & Bonus Programs** | Department spend and restructuring; aligning bonus, recruitment and incentive programs with best practices
- ❑ **\$0.1M** **Real Estate** | Sublease of satellite building



A target of \$150M in margin improvement was initially identified based on assessment of operating gap and FY24 results. Rigorous turnaround efforts over the past 18 – 20 months have resulted in realization of this target; improvement initiatives have achieved a run rate of \$164.4M. Pipeline and Implemented values remain the same compared to the prior reporting month. Rolling 12-month annual run-rate has increased each month as implemented initiatives ramp up and achieve full impact.

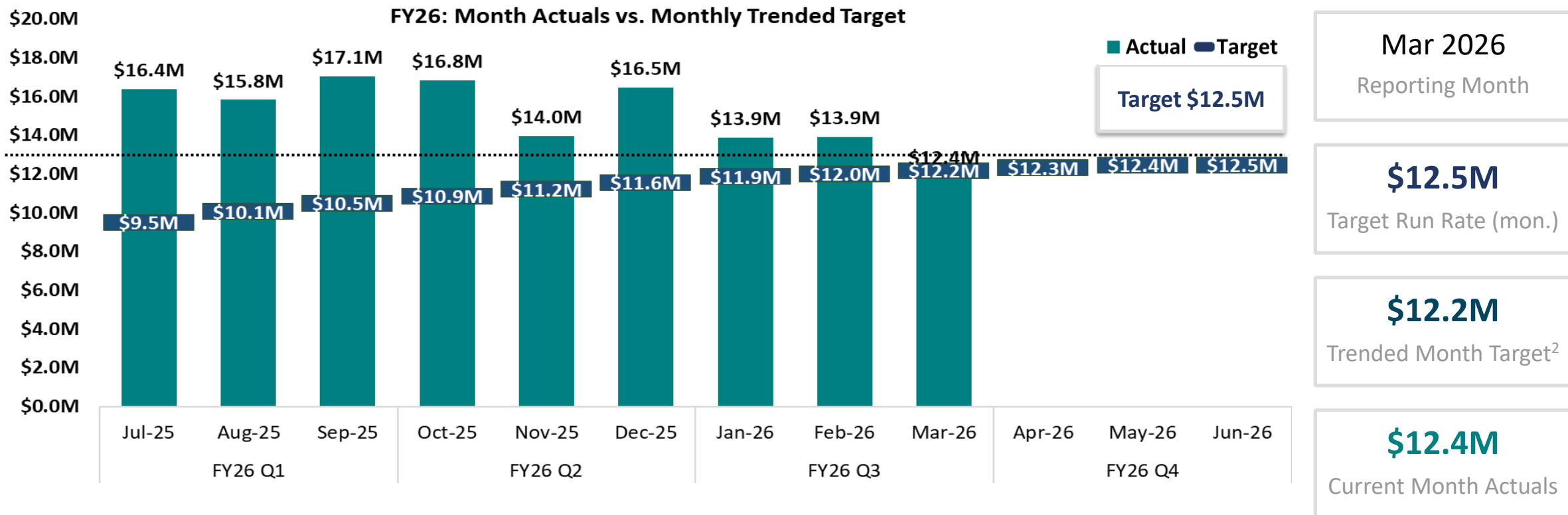
¹ % of NOR calculated using Implemented Dollars / Consolidated NOR, source: FY25 pre-audited year end financials

² Value of high value initiatives reflect remaining projected benefit for FY25 (Apr – Jun 2026)

³ Implemented to date (TD) reflects pipeline initiatives actively implemented, with a confidence factor applied to projected impact

⁴ Excluding PHMG Results

Initiative performance in March 2026 resulted in realizations of \$12.4M¹, surpassing the \$12.2M March target



March results declined compared to the prior month. While many initiatives sustained prior realization levels and run rates, several notable exceptions drove the overall decrease. Key contributors to the lower performance included Denials Reduction initiatives that experienced an increase in avoidable write-offs and legal fees which continue to trend above expectations. Additionally, HR expense reduction initiatives have not yet achieved anticipated savings. Lower performance from these initiatives continue to be offset by demonstrated labor efficiencies, reduced corporate expenses, and retroactive inclusion of impact from payer rate increases.

¹Excluding PHMG results

²Workstream 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

Initiative performance in March 2026¹ resulted in \$12.4M in realization, exceeding monthly target of \$12.2M

Workstream	Jan		Feb		Mar (Current Month)		Status
	Target	Actual	Target	Actual	Target	Actual	
Revenue Cycle	\$3.2M	\$7.9M	\$3.2M	\$6.7M	\$3.3M	\$6.3M	On Track
PHMG	\$1.7M	\$0.3M	\$1.8M	\$0.1M	\$1.9M	NA	At Risk
Workforce & Periop	\$2.1M	\$1.5M	\$2.1M	\$3.7M	\$2.1M	\$2.4M	On Track
Corporate Services	\$1.6M	\$0.03M	\$1.6M	\$0.9M	\$1.6M	\$0.3M	Caution
Hospital Strategy	\$1.3M	\$1.4M	\$1.3M	(\$0.1M)	\$1.3M	\$0.6M	At Risk
Care Transitions & PSA	\$1.0M	\$1.8M	\$1.0M	\$1.8M	\$1.0M	\$1.8M	On Track
Supply Chain & PS	\$0.8M	\$0.9M	\$0.8M	\$0.9M	\$0.8M	\$0.9M	On Track
Facilities & Real Estate	\$0.3M	\$0.04M	\$0.3M	\$0.04M	\$0.3M	\$0.04M	On Track
Total:	\$11.9M	\$13.9M	\$12.0M	\$13.9M	\$12.2M	\$12.4M	

Key Updates

- **Revenue Cycle:** Avoidable Write-Offs increased for the third straight month to 5.4% in March from the 2.1% rate maintained Sep 25 – Dec 25. This contributed to the Denials Reduction initiative missing the March target by \$1.7M. Other Revenue Cycle initiatives kept the workstream above target for the month.
- **Workforce:** Workforce initiatives continue to yield positive results compared to baseline
- **Corporate Services:** Legal Fees came in \$650K over target and continue to trend higher; Marketing spend continues to be lower than baseline
- **Care Transitions & PSA:** Escondido IP Observed to Expected LOS (O/E) was lower than baseline and ALOS was at its lowest level since October 2025
- **PHMG:** Awaiting data from PHMG

March 2026
Reporting Month

\$12.2M
Trended Month Target

\$12.4M
Current Month Actuals

Status		
On Track	Caution	At Risk

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Fiscal Year 2026 Financial Performance

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

February 2026 Unaudited

Highlights for February 2026

Revenue

- Gross Revenue was \$40.1M above budget, or 8.6%
- Net Patient Revenue was above budget by \$5.2M or 7.4%
- Volumes have been strong and continued to drive revenue, as well as, increased DHDP revenues from the new State program

Volumes

- February continued to be a strong month for acute inpatient volumes
 - Acute discharges were 13.3% higher than budget
- For both surgery and emergency room, the trend has been reset for the current year
 - For the month, surgeries cases were down 6.5% to budget, and YTD is 2.0% below budget, but is on par with current trends
 - IP ED visits continue to be strong, at 9.1% above PYTD and 26.0% above the monthly budget
 - OP ED was behind prior year, but was 0.3% ahead of the current month budget
- Radiation Oncology missed budget by (9.5%) and had some spill-over due to charging issues, due to an interface issue, that are being corrected
- Similarly, Infusion Therapy exceeded the prior YTD by 10.6%, though in the month was behind budget by (0.4%)
- Length of Stay reduced back to previous trends and was 8.0% below budget, and continues to be 4.0% below budget YTD

Expenses

- Total expenses were 0.1% under budget
- The largest positive budget variances were benefits and other expenses
- Salaries, wages and contract labor was effectively flat to budget and overall productivity was at 100.8%

Other Highlights

- Ongoing efforts ensure JPA reporting will be available for the May-26 close
- Budget prep work is ongoing for both the District and the JPA
- Workday efforts continue in earnest as we prepare for a July 1st go-live
- EBIDA* margin remains strong and improved to 14.5% based on FYTD results, improving from prior month
- Days Cash on Hand for February dropped to 18.6 days (PH Only) and was due to outflows for A/P, debt service and IGT's, expect this to recover before year end
- Accounts Payable Current Liability decreased by \$8.4M as we worked to get a number of vendors more caught up
- Days in Accounts Receivable (A/R) decreased to 54.4 and A/R greater than 90 days also held at 38.6%
- Debt Service Coverage will be updated with the March 2026 numbers as we did not have all the PHMG information in time to close
- Completed an investor call to discuss various aspects of the JPA and answered a number of pre-curated questions
- Completed our Joint Commission survey with no major findings

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 prior months. It should be noted that Medicare and Medicare HMO are up 13% and 11% respectively in the current year which is impacting overall bottom-line profitability.

Cash postings were \$62.1 million. Days in Net A/R excluding supplemental government programs are 54.4, a decrease of 0.8 days from the prior month. Uncompensated Care increased by \$5.2 million to \$13.9 million for the month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	September 2025	October 2025	November 2025	December 2025	January 2026	February 2026	Target
Total Net A/R (\$) ¹	\$ 129,039,121	\$ 119,687,568	\$ 121,665,415	\$ 115,367,571	\$ 118,486,363	\$ 118,290,229	
Net Days in A/R (Days) ²	62.1	59.9	60.3	56.7	55.3	54.4	55.0
% AR > 90 Days	38.5%	38.8%	43.5%	44.4%	37.9%	38.6%	22.5%
% of Avoidable Denial Write-Offs	2.1%	2.1%	2.1%	2.1%	3.0%	4.2%	2.1%
Net Revenue Yield	111.8%	112.9%	111.6%	108.0%	100.9%	101.2%	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 Feb-26	Budget Feb-26	Budget Variance	Prior Year Feb-25	Prior Year Variance	Actual Feb-26	Budget Feb-26	Budget Variance	Prior Year Feb-25	Prior Year Variance
Key Volumes										
Discharges - Total	2,338	2,066	13.2%	2,201	6.2%	18,822	16,746	12.4%	17,253	9.1%
Acute - General	2,292	2,023	13.3%	2,157	6.3%	18,497	16,382	12.9%	16,947	9.2%
Total Acute Discharges	2,292	2,023	13.3%	2,157	6.3%	18,497	16,382	12.9%	16,947	9.2%
The Villas at Poway	46	43	7.4%	44	4.6%	325	365	(10.9%)	306	6.2%
Patient Days - Total	12,034	12,126	(0.8%)	12,562	(4.2%)	97,447	95,607	1.9%	96,067	1.4%
Acute - General	9,585	9,140	4.9%	10,073	(4.8%)	76,679	70,608	8.6%	74,491	2.9%
Total Acute Patient Days	9,585	9,140	4.9%	10,073	(4.8%)	76,679	70,608	8.6%	74,491	2.9%
The Villas at Poway	2,449	2,986	(18.0%)	2,489	(1.6%)	20,768	24,998	(16.9%)	21,576	(3.7%)
Acute Adjusted Discharges	3,619	3,138	15.3%	3,349	8.1%	29,624	26,544	11.6%	26,868	10.3%
Total Adjusted Discharges*	3,677	3,281	12.1%	3,403	8.1%	30,010	26,581	12.9%	27,226	10.2%
Acute Adjusted Patient Days	15,136	14,624	3.5%	15,637	(3.2%)	122,742	112,970	8.7%	118,002	4.0%
Total Adjusted Patient Days*	17,585	17,609	(0.1%)	18,126	(3.0%)	143,510	137,968	4.0%	139,578	2.8%
Calendar Days	28	28	0.0%	28	0.0%	243	243	0.0%	243	0.0%
Acute Average Daily Census	342	326	4.9%	360	(4.8%)	316	291	8.6%	307	2.9%
Total Average Daily Census*	430	433	(0.8%)	449	(4.2%)	401	393	1.9%	395	1.4%
Surgeries - Total	844	902	(6.5%)	929	(9.2%)	7,227	7,373	(2.0%)	7,434	(2.8%)
Inpatient	470	481	(2.2%)	523	(10.1%)	4,052	4,062	(0.2%)	4,084	(0.8%)
Outpatient	374	422	(11.3%)	406	(7.9%)	3,175	3,311	(4.1%)	3,350	(5.2%)
Deliveries	226	294	(23.1%)	277	(18.4%)	2,125	2,444	(13.1%)	2,349	(9.5%)
ER Visits (Includes Trauma) - Total	9,491	9,092	4.4%	10,326	(8.1%)	80,328	81,897	(1.9%)	82,815	(3.0%)
Inpatient	1,814	1,440	26.0%	1,831	(0.9%)	14,726	13,540	8.8%	13,493	9.1%
Outpatient	7,677	7,653	0.3%	8,495	(9.6%)	65,602	68,357	(4.0%)	69,322	(5.4%)

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Feb-26	Feb-26	Variance	Feb-25	Variance	Feb-26	Feb-26	Variance	Feb-25	Variance
Cardiac Cath RVUs	1,020	1,137	(10.3%)	972	4.9%	8,949	8,597	4.1%	8,299	7.8%
Escondido Interv. Radiology RVUs	882	927	(4.8%)	868	1.6%	7,067	7,806	(9.5%)	7,687	(8.1%)
Poway Interv. Radiology RVUs	284	252	12.8%	266	6.8%	2,383	2,199	8.4%	2,106	13.2%
Radiation Oncology RVUs	2,846	3,145	(9.5%)	2,994	(4.9%)	25,208	27,296	(7.7%)	24,556	2.7%
Infusion Therapy Hours	1,002	1,006	(0.4%)	992	1.0%	8,258	8,727	(5.4%)	7,466	10.6%
Imaging										
Escondido CAT Procedures	9,971	7,225	38.0%	8,505	17.2%	80,219	71,780	11.8%	71,216	12.6%
Poway CAT Procedures	2,678	2,283	17.3%	2,545	5.2%	22,676	20,642	9.9%	20,850	8.8%
Escondido MRI Procedures	593	378	56.9%	461	28.6%	4,522	3,722	21.5%	3,644	24.1%
Poway MRI Procedures	149	136	9.4%	125	19.2%	1,190	1,067	11.5%	1,058	12.5%
Escondido Diagnostic Rad. Procedures	7,072	6,328	11.8%	6,836	3.5%	56,196	55,198	1.8%	56,199	(0.0%)
Poway Diagnostic Rad. Procedures	2,184	2,090	4.5%	2,124	2.8%	17,749	17,670	0.5%	17,876	(0.7%)

*Includes The Villas at Poway

	Month					Year to Date				
	Actual Feb-26	Budget Feb-26	Budget Variance	Prior Year Feb-25	Prior Year Variance	Actual Feb-26	Budget Feb-26	Budget Variance	Prior Year Feb-25	Prior Year Variance
Key Statistics										
Acute Average LOS - Days	4.18	4.52	8.0%	4.67	11.7%	4.15	4.31	4.0%	4.40	6.0%
Acute - General	4.18	4.52	8.0%	4.67	11.7%	4.15	4.31	4.0%	4.40	6.0%
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	27	22	(24.3%)	22	(19.6%)	27	27	(0.4%)	27	(0.4%)
Acute Case Mix - Excludes Deliveries	1.68	1.68	0.0%	1.68	0.0%	1.70	1.71	0.6%	1.71	0.6%
Acute Case Mix -Medicare Only	1.93	1.61	(19.9%)	1.61	(16.6%)	1.71	1.68	(1.8%)	1.68	(1.8%)
Labor Productivity by Hrs						100.8			98	
Days Cash on Hand						18.6			16	
Financial Performance										
Operating Income	6,498,768	950,000	5,548,768	(1,840,463)	8,339,231	15,839,092	(4,150,000)	19,989,092	(40,885,770)	56,724,862
Net Income	4,898,305	(1,393,795)	6,292,100	(4,287,305)	9,185,610	57,285	(22,121,456)	22,178,741	(56,917,972)	56,975,257
Oper. Expenses/Adj. Patient Days	4,006	3,773	6.2%	3,431	16.8%	3,345	3,909	(14.4%)	3,912	(14.5%)
EBIDA Margin-Excludes PHMG	20.5%	12.7%	7.8%	10.2%	10.3%	14.5%	10.8%	3.6%	5.8%	8.7%
EBIDA-Excludes PHMG	15,774,290	9,124,534	6,649,756	6,650,749	9,123,541	86,868,587	62,025,233	24,843,354	31,810,849	55,057,738

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	<u>Feb 26</u>	<u>Feb 26</u>	<u>Feb 26</u>	<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	17,585	17,609	(24)					
Adjusted Discharges	3,677	3,281	396					
Operating Revenue								
Gross revenue	502,620,362	462,569,266	40,051,096	(642,729)	40,693,825	28,582.34	26,268.21	2,314.12
Deductions from revenue	(426,470,249)	(391,637,029)	(34,833,220)	544,170	(35,377,390)	(24,251.93)	(22,240.14)	(2,011.79)
Net patient revenue	76,150,113	70,932,237	5,217,876	(98,559)	5,316,435	4,330.40	4,028.07	302.33
Other operating revenue	788,374	1,159,790	(371,416)	(1,612)	(369,804)	44.83	65.86	(21.03)
Total net revenue	76,938,487	72,092,027	4,846,460	(100,170)	4,946,630	4,375.23	4,093.94	281.30
Operating Expenses								
Salaries, wages & contract labor	30,345,372	29,987,461	(357,911)	41,667	(399,578)	1,725.64	1,702.92	(22.72)
Benefits	6,834,602	8,252,370	1,417,768	11,466	1,406,302	388.66	468.63	79.97
Supplies	11,347,364	10,238,762	(1,108,602)	14,227	(1,122,829)	645.29	581.44	(63.85)
Prof fees & purch svcs	14,431,509	14,420,128	(11,381)	20,036	(31,417)	820.67	818.88	(1.79)
Depreciation & amortization	4,759,911	4,703,538	(56,373)	6,535	(62,908)	270.68	267.10	(3.58)
Other	2,720,961	3,539,768	818,807	4,918	813,889	154.73	201.02	46.28
Total expenses	70,439,719	71,142,027	702,308	98,850	603,458	4,005.67	4,039.99	34.32
Income from operations	6,498,768	950,000	5,548,768	(1,320)	5,550,088	369.56	53.95	246.98
Non-operating revenue (expense)								
Property tax revenues ¹	1,968,125	2,141,667	(173,542)					
Investment Income	1,475,744	1,176,843	298,901					
Interest Expense	(4,637,274)	(4,335,990)	(301,284)					
Non-operating depreciation & amortization	(1,478,800)	(1,478,801)	1					
Other non-operating revenue(expense)	1,071,742	152,486	919,256					
Net income(loss) ²	4,898,305	(1,393,795)	6,292,100					

EBIDA Margin 20.5% 12.7% 7.8%

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

2= Excludes G.O. Bonds income / expense

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	<u>Feb 26</u>	<u>Feb 26</u>	<u>Feb 26</u>	<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	143,510	137,968	5,542					
Adjusted Discharges	30,010	26,581	3,429					
Operating Revenue								
Gross revenue	4,120,836,776	3,909,316,119	211,520,657	157,035,552	54,485,105	28,714.63	28,334.97	379.66
Deductions from revenue	(3,527,807,598)	(3,345,865,842)	(181,941,758)	(134,401,996)	(47,539,760)	(24,582.31)	(24,251.05)	(331.26)
Net patient revenue	593,029,178	563,450,277	29,578,899	22,633,556	6,945,345	4,132.32	4,083.92	48.40
Other operating revenue	7,171,067	9,278,321	(2,107,254)	372,706	(2,479,960)	49.97	67.25	(17.28)
Total net revenue	600,200,245	572,728,598	27,471,645	23,006,262	4,465,385	4,182.29	4,151.17	31.12
Operating Expenses								
Salaries, wages & contract labor	251,992,567	244,965,679	(7,026,890)	(9,840,166)	2,813,278	1,755.92	1,775.53	19.60
Benefits	58,669,239	64,648,048	5,978,809	(2,596,884)	8,575,693	408.82	468.57	59.76
Supplies	88,863,745	85,982,266	(2,881,479)	(3,453,871)	572,392	619.22	623.20	3.99
Prof fees & purch svcs	117,444,537	115,388,536	(2,056,000)	(4,635,108)	2,579,107	818.37	836.34	17.97
Depreciation & amortization	38,641,879	37,628,369	(1,013,510)	(1,511,515)	498,005	269.26	272.73	3.47
Other	28,749,186	28,265,702	(483,484)	(1,135,421)	651,937	200.33	204.87	4.54
Total expenses	584,361,153	576,878,600	(7,482,554)	(23,172,966)	15,690,413	4,071.92	4,181.25	109.33
Income from operations	15,839,092	(4,150,002)	19,989,094	(166,704)	20,155,798	110.37	(30.08)	(78.22)
Non-operating revenue (expense)								
Property tax revenues ¹	16,959,787	17,133,333	(173,546)					
Investment Income	10,760,246	9,414,750	1,345,496					
Interest Expense	(36,339,025)	(34,687,918)	(1,651,107)					
Non-operating depreciation & amortization	(11,830,402)	(11,830,401)	(1)					
Other non-operating revenue(expense)	4,667,587	1,998,780	2,668,807					
Net income(loss) ²	57,285	(22,121,458)	22,178,743					

EBIDA Margin 14.5% 10.8% 3.6%

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

2= Excludes G.O. Bonds income / expense

Income Statement for the Current Year versus Prior Year

Excludes PHMG

	Actual	Prior Year	Variance	Variance		Dollars/Adjusted Patient Day		
	Feb 26	Feb 25	Feb 26	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	143,510	139,578	3,932					
Adjusted Discharges	30,010	27,226	2,784					
Operating Revenue								
Gross revenue	4,120,836,776	3,845,893,185	274,943,591	108,341,229	166,602,362	28,714.63	27,553.72	1,160.91
Deductions from revenue	(3,527,807,598)	(3,306,957,306)	(220,850,294)	(93,159,066)	(127,691,226)	(24,582.31)	(23,692.54)	(889.77)
Net patient revenue	593,029,178	538,935,879	54,093,297	15,182,162	38,911,137	4,132.32	3,861.18	271.14
Other operating revenue	7,171,067	7,728,733	(557,664)	217,723	(775,389)	49.97	55.37	(5.40)
Total net revenue	600,200,245	546,664,612	53,535,633	15,399,886	38,135,747	4,182.29	3,916.55	265.74
Operating Expenses								
Salaries, wages & contract labor	251,992,567	251,316,930	(675,639)	(7,079,756)	6,404,119	1,755.92	1,800.55	44.62
Benefits	58,669,239	66,070,847	7,401,608	(1,861,257)	9,262,865	408.82	473.36	64.55
Supplies	88,863,745	81,701,206	(7,162,539)	(2,301,574)	(4,860,965)	619.22	585.34	(33.87)
Prof fees & purch svcs	117,444,537	123,514,361	6,069,825	(3,479,477)	9,549,301	818.37	884.91	66.54
Depreciation & amortization	38,641,879	41,459,903	2,818,024	(1,167,952)	3,985,976	269.26	297.04	27.77
Other	28,749,186	23,487,136	(5,262,049)	(661,647)	(4,600,403)	200.33	168.27	(32.06)
Total expenses	584,361,153	587,550,383	3,189,230	(16,551,664)	19,740,894	4,071.92	4,209.48	137.56
Income from operations	15,839,092	(40,885,771)	56,724,863	(1,151,778)	57,876,641	110.37	(292.92)	128.18
Non-operating revenue (expense)								
Property tax revenues ¹	16,959,787	16,614,604	345,183					
Investment Income	10,760,246	9,977,764	782,482					
Interest Expense	(36,339,025)	(35,440,539)	(898,486)					
Non-operating depreciation & amortization	(11,830,402)	(11,828,379)	(2,023)					
Other non-operating revenue(expense)	4,667,587	4,644,347	23,240					
Net income(loss) ²	57,285	(56,917,974)	56,975,259					

EBIDA Margin 14.5% 5.8% 8.7%

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

2= Excludes G.O. Bonds income / expense

	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Fiscal Year 2026
Adjusted Patient Days	17,851	17,948	16,940	17,962	17,408	18,648	19,168	17,585	143,510
Adjusted Discharges	3,734	3,988	3,785	3,818	3,372	3,794	3,842	3,677	30,010
Operating Revenue									
Gross revenue	514,243,464	500,282,001	512,535,349	526,244,883	492,983,821	533,503,706	538,423,190	502,620,363	4,120,836,776
Deductions from revenue	(441,255,169)	(428,250,221)	(440,133,502)	(456,700,924)	(420,035,285)	(456,296,740)	(458,665,509)	(426,470,249)	(3,527,807,598)
Net patient revenue	72,988,295	72,031,780	72,401,847	69,543,959	72,948,536	77,206,966	79,757,681	76,150,114	593,029,178
Other operating revenue	864,100	946,365	1,049,479	945,491	1,075,318	911,580	590,360	788,374	7,171,067
Total net revenue	73,852,396	72,978,145	73,451,326	70,489,450	74,023,854	78,118,546	80,348,040	76,938,487	600,200,245
Operating Expenses									
Salaries, wages & contract labor	31,865,141	31,104,110	30,920,004	31,790,235	31,212,533	32,145,253	32,609,920	30,345,373	251,992,567
Benefits	7,366,292	6,306,806	7,513,675	7,427,821	7,243,795	7,443,724	8,532,523	6,834,602	58,669,239
Supplies	11,103,543	10,692,013	10,734,391	11,238,958	10,095,256	11,595,507	12,056,713	11,347,364	88,863,745
Prof fees & purch svcs	13,799,753	14,509,520	15,262,239	14,915,537	15,556,548	14,491,529	14,477,903	14,431,509	117,444,537
Depreciation & amortization	4,843,923	4,776,143	4,866,590	4,975,598	4,834,844	4,820,157	4,764,716	4,759,911	38,641,879
Other	2,794,212	4,173,848	3,396,570	3,367,857	4,107,312	4,319,439	3,868,988	2,720,961	28,749,186
Total expenses	71,772,864	71,562,440	72,693,470	73,716,005	73,050,288	74,815,609	76,310,762	70,439,719	584,361,153
Income from operations	2,079,532	1,415,705	757,856	(3,226,555)	973,566	3,302,937	4,037,279	6,498,768	15,839,092
Non-operating revenue (expense)									
Property tax revenues ¹	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	1,968,125	16,959,787
Investment Income	1,263,898	1,124,368	1,174,237	1,159,725	2,032,287	1,427,360	1,102,628	1,475,744	10,760,246
Interest Expense	(4,435,614)	(4,465,415)	(4,458,852)	(4,462,078)	(4,582,958)	(4,647,935)	(4,648,897)	(4,637,274)	(36,339,025)
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(11,830,402)
Other non-operating revenue(expense)	759,733	541,399	342,659	206,005	(62,034)	(382,923)	2,191,006	1,071,742	4,667,587
Net income(loss) ²	330,414	(721,077)	(1,521,235)	(5,660,037)	(976,273)	362,306	3,344,882	4,898,305	57,285
EBIDA Margin	15.0%	13.7%	12.6%	7.5%	13.4%	14.5%	17.7%	20.5%	14.5%

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

2= Excludes G.O. Bonds income / expense

Statement of Net Position excluding G.O. Bonds
Excludes PHMG

Assets	Current Fiscal Year			Prior Fiscal Year
	Dec-25	Jan-26	Feb-26	Jun-25
Current Assets				
Cash and cash equivalents	26,600,919	35,757,388	8,834,367	15,000,751
Investments	18,740,842	33,886,287	32,886,260	28,463,741
Board Designated	-	-	-	-
Total cash, cash equivalents & investments	45,341,761	69,643,675	41,720,626	43,464,492
Patient Accounts Receivable	446,841,630	485,692,281	484,545,456	504,133,063
Allowance on accounts	(331,474,059)	(367,205,917)	(366,255,227)	(360,699,498)
Net accounts receivable	115,367,571	118,486,363	118,290,229	143,433,565
Inventories	12,051,424	11,988,040	11,974,669	12,194,024
Prepaid expenses	8,253,751	8,277,381	10,216,184	8,309,163
Est. third party settlements	156,804,676	119,640,673	144,906,343	95,529,680
Other	72,899,000	73,178,970	76,132,113	71,655,917
Total current assets	410,718,183	401,215,102	403,240,165	374,586,840
Non-Current Assets				
Restricted assets	91,062,562	94,298,921	98,243,689	87,348,717
Restricted other	358,104	358,169	358,236	357,688
Total restricted assets	91,420,666	94,657,090	98,601,924	87,706,405
Property, plant & equipment	1,563,653,584	1,564,014,334	1,563,876,057	1,593,114,786
Accumulated depreciation	(680,919,706)	(684,559,305)	(687,823,286)	(686,328,663)
Construction in process	45,174,684	47,392,071	47,722,092	39,167,673
Net property, plant & equipment	927,908,562	926,847,101	923,774,863	945,953,795
Right of Use Assets				
Building leases	268,795,633	267,456,112	266,116,591	276,832,758
Sub-leases	187,633	182,695	177,757	234,948
Equipment leases	16,379,495	15,738,195	15,096,894	18,084,940
SBITA	11,991,446	11,373,289	10,755,131	16,006,107
Net right of use assets	297,354,208	294,750,291	292,146,374	311,158,754
Investment related companies	6,547,003	6,983,989	6,456,625	5,718,913
Prepaid debt insurance costs	6,830,524	6,804,585	6,778,646	6,986,297
Other non-current assets	64,947,659	64,290,436	63,963,282	66,188,501
Total non-current assets	1,395,008,621	1,394,333,490	1,391,721,714	1,423,712,664
Total assets	1,805,726,804	1,795,548,593	1,794,961,878	1,798,299,504
Deferred outflow of resources-loss on refunding of debt	40,595,253	40,377,338	40,159,423	41,902,741
Total assets and deferred outflow of resources	1,846,322,057	1,835,925,931	1,835,121,301	1,840,202,245

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Dec-25	Jan-26	Feb-26	Jun-25
Current Liabilities				
Accounts payable	98,390,028	100,864,653	92,494,289	94,240,154
Accrued payroll	39,238,025	33,229,342	34,242,845	49,881,621
Accrued PTO	24,439,893	24,585,810	24,981,391	23,828,506
Accrued interest payable	8,812,649	12,217,802	15,141,096	7,842,158
Current portion of bonds	9,365,000	9,365,000	9,365,000	8,925,000
Current portion of lease liab	21,706,739	21,596,028	20,313,903	21,510,594
Est. third party settlements	8,235,649	7,887,259	9,360,689	8,593,099
Other current liabilities	208,643,530	207,605,542	207,846,626	147,853,726
Total current liabilities	418,831,514	417,351,436	413,745,839	362,674,858
Long Term Liabilities				
Other LT liabilities	24,813,218	24,791,313	24,769,408	27,444,646
Bonds & contracts payable	702,498,822	702,276,246	702,053,670	713,199,799
Lease liabilities	319,126,038	317,650,695	316,073,960	327,879,779
Total long term liabilities	1,046,438,078	1,044,718,254	1,042,897,039	1,068,524,225
Total liabilities	1,465,269,592	1,462,069,689	1,456,642,878	1,431,199,083
Deferred inflow of resources- unearned revenue	6,844,759	6,794,241	6,743,723	6,547,471
Total liabilities and deferred inflow of resources	1,472,114,350	1,468,863,930	1,463,386,601	1,437,746,554
Net Position				
Unrestricted	373,849,603	366,703,832	371,376,464	402,098,003
Restricted for other purpose	358,104	358,169	358,236	357,688
Total net position	374,207,707	367,062,000	371,734,700	402,455,691
Total liabilities, deferred inflow of resources and net position	1,846,322,057	1,835,925,931	1,835,121,301	1,840,202,245

Statement of Net Position including G.O. Bonds
Excludes PHMG

Assets	Current Fiscal Year			Prior Fiscal Year
	Dec-25	Jan-26	Feb-26	Jun-25
Current Assets				
Cash and cash equivalents	26,600,919	35,757,388	8,834,367	15,000,751
Investments	18,740,842	33,886,287	32,886,260	28,463,741
Board Designated	-	-	-	-
Total cash, cash equivalents & investments	45,341,761	69,643,675	41,720,626	43,464,492
Patient Accounts Receivable	446,841,630	485,692,281	484,545,456	504,133,063
Allowance on accounts	(331,474,059)	(367,205,917)	(366,255,227)	(360,699,498)
Net accounts receivable	115,367,571	118,486,363	118,290,229	143,433,565
Inventories	12,051,424	11,988,040	11,974,669	12,194,024
Prepaid expenses	8,253,751	8,277,381	10,216,184	8,309,163
Est. third party settlements	156,804,676	119,640,673	144,906,343	95,529,680
Other	77,357,049	75,218,702	80,808,315	71,777,188
Total current assets	415,176,232	403,254,834	407,916,367	374,708,111
Non-Current Assets				
Restricted assets	153,732,056	163,679,297	157,435,310	163,601,420
Restricted other	358,104	358,169	358,236	357,688
Total restricted assets	154,090,160	164,037,466	157,793,546	163,959,108
Property, plant & equipment	1,563,653,584	1,564,014,334	1,563,876,057	1,593,114,786
Accumulated depreciation	(680,919,706)	(684,559,305)	(687,823,286)	(686,328,663)
Construction in process	45,174,684	47,392,071	47,722,092	39,167,673
Net property, plant & equipment	927,908,562	926,847,101	923,774,863	945,953,795
Right of Use Assets				
Building leases	268,795,633	267,456,112	266,116,591	276,832,758
Sub-leases	187,633	182,695	177,757	234,948
Equipment leases	16,379,495	15,738,195	15,096,894	18,809,028
SBITA	11,991,446	11,373,289	10,755,131	16,226,190
Net right of use assets	297,354,208	294,750,291	292,146,374	312,102,924
Investment related companies	6,547,003	6,983,989	6,456,625	5,718,913
Prepaid debt insurance and other costs	7,910,031	7,872,439	7,834,848	8,136,372
Other non-current assets	64,947,659	64,290,436	63,963,282	66,188,501
Total non-current assets	1,458,757,622	1,464,781,721	1,451,969,537	1,502,059,614
Total assets	1,873,933,854	1,868,036,555	1,859,885,904	1,876,767,725
Deferred outflow of resources-loss on refunding of debt	42,863,530	42,627,755	42,391,979	44,278,181
Total assets and deferred outflow of resources	1,916,797,385	1,910,664,309	1,902,277,883	1,921,045,905

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Dec-25	Jan-26	Feb-26	Jun-25
Current Liabilities				
Accounts payable	98,391,053	100,864,653	92,494,289	94,240,154
Accrued payroll	39,238,025	33,229,342	34,242,845	49,712,808
Accrued PTO	24,439,893	24,585,810	24,981,391	23,828,506
Accrued interest payable	25,170,294	31,846,975	26,424,517	29,905,711
Current portion of bonds	20,171,216	20,171,216	20,171,216	19,081,756
Current portion of lease liab	21,706,739	21,596,028	20,313,903	21,878,270
Est. third party settlements	8,235,649	7,887,259	9,360,689	8,593,099
Other current liabilities	145,048,185	144,936,788	145,834,068	81,698,710
Total current liabilities	382,401,054	385,118,071	373,822,917	328,939,015
Long Term Liabilities				
Other LT liabilities	24,813,218	24,791,313	24,769,408	27,444,646
Bonds & contracts payable	1,316,746,118	1,316,177,351	1,315,608,584	1,340,117,039
Lease liabilities	319,126,038	317,650,695	316,073,960	328,471,724
Total long term liabilities	1,660,685,374	1,658,619,359	1,656,451,953	1,696,033,409
Total liabilities	2,043,086,428	2,043,737,430	2,030,274,870	2,024,972,424
Deferred inflow of resources-unearned revenue	70,440,104	69,462,995	68,756,281	72,791,253
Total liabilities and deferred inflow of resources	2,113,526,531	2,113,200,424	2,099,031,152	2,097,763,677
Net Position				
Unrestricted	(197,087,252)	(202,894,284)	(197,111,504)	(177,075,460)
Restricted for other purpose	358,104	358,169	358,236	357,688
Total net position	(196,729,148)	(202,536,115)	(196,753,269)	(176,717,772)
Total liabilities, deferred inflow of resources and net position	1,916,797,385	1,910,664,309	1,902,277,883	1,921,045,905

	<u>Feb-26</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	6,498,768	15,839,092
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	4,759,911	38,641,879
Provision for bad debts	7,956,316	48,693,772
Changes in operating assets and liabilities:		
Patient accounts receivable	(7,760,181)	(23,550,436)
Property Tax and other receivables	(1,741,476)	(1,995,728)
Inventories	13,371	219,355
Prepaid expenses and other current assets	(1,369,736)	(4,160,646)
Accounts payable	(8,370,364)	(1,745,865)
Accrued compensation	1,409,084	(14,485,892)
Estimated settlement amounts due third-party payors	(23,792,240)	(48,609,073)
Other liabilities	962,302	65,501,334
Net cash provided from (used by) operating activities	<u>(21,434,245)</u>	<u>74,347,792</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	7,243,947	1,743,043
Income (Loss) on investments	1,658,022	12,137,322
Investment in affiliates	(661,337)	(33,649,533)
Net cash provided from (used by) investing activities	<u>8,240,632</u>	<u>(19,769,168)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	1,246,249	28,457,408
Receipt of District Taxes	756,458	15,254,933
Net cash provided from non-capital financing activities	<u>2,002,707</u>	<u>43,712,341</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on asset sale	131	(22,661)
Acquisition of property plant and equipment	(191,744)	(6,423,824)
Redevelopment Trust Fund Distributions	0	1,508,003
G.O. Bond Interest paid	(11,617,281)	(36,738,806)
Revenue Bond Interest paid	0	(17,581,585)
ROU Interest paid	(1,250,174)	(14,182,963)
Proceeds (Payments) of Long Term Debt	0	(21,603,661)
Payments of Long Term Lease Liabilities	(2,673,048)	(9,411,854)
Net cash provided from (used by) capital and related financing activities	<u>(15,732,116)</u>	<u>(104,457,350)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(26,923,022)	(6,166,385)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>35,757,388</u>	<u>15,000,751</u>
CASH AND CASH EQUIVALENTS - End of period	<u>8,834,367</u>	<u>8,834,367</u>

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 February 28, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Eliminations	Total
ASSETS							
Current assets	477,080,343	29,722,961	-	152,919	2,469,961	(62,294,803)	447,131,381
Capital assets - net	923,774,863	5,798,221	-	749,087	-	-	930,322,171
Right of use assets - net	292,146,374	23,963,339	-	-	-	(15,905,727)	300,203,986
Non-current assets	166,884,324	1,859,003	-	-	-	-	168,743,325
Total assets	1,859,885,904	61,343,524	-	902,006	2,469,961	(78,200,530)	1,846,400,863
Deferred outflow of resources	42,391,979	-	-	-	-	-	42,391,979
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,902,277,883	61,343,524	-	902,006	2,469,961	(78,200,530)	1,888,792,842
LIABILITIES AND NET POSITION							
Current liabilities	336,642,787	96,615,292	-	2,268,683	196,041	(59,402,452.98)	376,320,345
Long-term liabilities	1,356,826,755	(0)	-	-	-	-	1,356,826,755
Right of use lease liabilities	316,073,960	21,361,026	-	-	-	(15,019,696)	322,415,291
Total liabilities	2,009,543,502	117,976,318	-	2,268,683	196,041	(74,422,149)	2,055,562,391
Deferred inflow of resources - deferred revenue	89,487,648	-	-	-	-	-	89,487,648
Total liabilities and deferred inflow of resources	2,099,031,150	117,976,318	-	2,268,683	196,041	(74,422,149)	2,145,050,039
Invested in capital assets - net of related debt	(329,467,755)	4,775,507	-	-	-	12,494,356	(312,197,892)
Restricted	47,879,934	-	-	-	-	-	47,879,934
Unrestricted	84,834,552	(61,408,301)	(0)	(1,366,677)	2,273,921	(16,272,737)	8,060,762
Total net position	(196,753,269)	(56,632,794)	(0)	(1,366,677)	2,273,921	(3,778,381)	(256,257,197)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,902,277,883	61,343,524	(0)	902,006	2,469,961	(78,200,530)	1,888,792,842

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 February 28, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Elimination	Consolidated
OPERATING REVENUE:							
Net patient service revenue	539,508,007	54,531,497	-	-	-	68,227	594,107,731
Shared risk revenue	53,521,173	9,616,323	-	-	-	-	63,137,496
Other revenue	7,171,067	1,628,147	-	1,982,291	6,229,434	7,036	17,017,975
PH Program revenue	-	19,831,450	-	-	-	(19,831,450)	-
Total operating revenue	600,200,247	85,607,417	-	1,982,291	6,229,434	(19,756,187)	674,263,202
OPERATING EXPENSES							
DEPRECIATION AND AMORTIZATION	38,641,881	2,857,288	-	-	-	-	41,499,169
Total operating expenses	584,361,155	130,440,215	3,935,535	2,817,868	5,289,847	(19,833,418)	707,011,202
INCOME (LOSS) FROM OPERATIONS	15,839,092	(44,832,798)	(3,935,535)	(835,577)	939,587	77,230	(32,748,001)
NON-OPERATING INCOME (EXPENSE):							
Investment income	12,137,319	3,421,087	-	-	-	-	15,558,406
Interest expense	(59,987,023)	(45,436)	-	-	-	-	(60,032,459)
Property tax revenue	49,775,839	-	-	-	-	-	49,775,839
Other - net	(6,943,218)	(1,158,267)	-	(79,395)	-	(3,855,612)	(12,036,492)
Total non-operating expense - net	(5,017,083)	2,217,384	-	(79,395)	-	(3,855,612)	(6,734,705)
Net income (loss) before capital contribut	10,822,009	(42,615,414)	(3,935,535)	(914,975)	939,587	(3,778,381)	(39,482,709)
CAPITAL CONTRIBUTIONS							
CHANGE IN NET POSITION	10,822,009	(42,615,414)	(3,935,535)	(914,975)	939,587	(3,778,381)	(39,482,709)
Interfund - PHMG	(30,857,505)	28,455,315	-	-	-	-	(2,402,190)
NET POSITION - Beginning of year	(176,717,770)	(42,472,695)	3,935,535	(451,702)	1,334,334	-	(214,372,298)
NET POSITION - Year to date	(196,753,269)	(56,632,794)	(0)	(1,366,677)	2,273,921	(3,778,381)	(256,257,197)
EBIDA							73,879,319
EBIDA Margin							11.0%

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

Condensed Combining Statement of Net Position
For the Fiscal Year-to-Date Ended February 28, 2026

Assets

Current Assets	
Cash and cash equivalents	\$ 12,643,521
Investments	32,886,260
Patient accounts receivable - net of allowances for uncollectible accounts of \$12,485	133,152,657
Other receivables	29,953,679
Supplies and inventories	12,206,430
Prepaid expenses and other	12,218,516
Estimated third-party payor settlements receivable	144,906,343
Assets whose use is limited - current portion	9,972,355
Restricted cash and investments, current	59,191,621
Total current assets	447,131,382
Restricted Noncurrent Cash and Investments	
Held by trustee under indenture agreements	98,235,784
Held by trustee under general obligation bonds indenture	59,191,621
Held in escrow for street improvements	7,905
Restricted by donor and other	358,236
Total restricted cash and investments	157,793,546
Less amounts required to meet current obligations	69,163,976
Total restricted noncurrent cash and investments	88,629,570
Capital Assets - net	930,322,171
Right of Use Assets - Net	300,203,986
Other Assets	
Prepaid debt insurance costs	7,834,848
Investment in and amounts due from affiliated entities	6,781,923
Other	65,496,983
Total other assets	80,113,754
Total assets	1,846,400,863
Deferred outflow of resources - loss on refunding of debt	42,391,979
Total Assets and Deferred Outflow of Resources	\$ 1,888,792,842

Liabilities

Current Liabilities	
Accounts payable	105,660,865
Accrued compensation and related liabilities	52,572,029
Current portion of general obligation bonds	10,806,216
Current portion of long-term debt	59,397,291
Current portion of lease liabilities	25,982,083
Estimated third-party payor settlements	1,839,940
Other accrued liabilities	93,636,583
Accrued interest payable	25,110,340
Accrued interest payable-ROU's	1,314,998
Total current liabilities	376,320,345
Workers' compensation - net of current portion	8,928,014
Long-term debt - general obligation bonds - net of current portion	613,554,914
Long-term debt - net of current portion	734,343,827
Long-term debt - Lease liability - net of current portion	322,415,291
Total liabilities	2,055,562,391
Deferred inflow of resources - unearned revenue	89,487,648
Total liabilities and deferred inflow of resources	2,145,050,039
Net Position	
Net investment in capital assets	(323,586,479)
Restricted, expendable for:	
Repayment of debt	47,513,793
Capital acquisitions	7,905
Other purposes	358,236
Unrestricted	19,449,349
Total net position	(256,257,197)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 1,888,792,842

Operating Revenue	
Patient service revenue, net of provision for uncollectible accounts of \$49,510	\$ 594,107,731
Premium revenue	
Shared risk revenue	63,137,496
Other revenue	17,017,975
	<hr/>
Total operating revenue	674,263,202
	<hr/>
Operating Expenses	
Salaries, wages, and benefits	412,384,908
Professional fees	40,031,988
Supplies	92,892,020
Purchased services	73,512,864
Depreciation and amortization	41,499,168
Rent expense	13,699,217
Utilities	5,900,669
Other	27,090,368
	<hr/>
Total operating expenses	707,011,202
	<hr/>
Income (Loss) From Operations	(32,748,001)
	<hr/>
Non-Operating Income (Expenses)	
Investment income	15,558,406
Interest expense	(60,032,459)
Property tax revenue - unrestricted	16,959,787
Property tax revenue - restricted	32,816,052
Amortization expense	(11,830,402)
Other - net	(2,608,283)
	<hr/>
Total non-operating expenses - net	(9,136,898)
	<hr/>
Change in net position	(41,884,899)
Capital Contributions	-
	<hr/>
Interfund - Arch Health Partners	-
Net Position - Beginning of year	(214,372,298)
	<hr/>
Net Position - February 28, 2026	\$ (256,257,197)
	<hr/>

Cash Balance at 2/28/26(+/-DEBIT -/CREDIT)	12,643,521
Cash Balance at 6/30/25(+/-DEBIT -/CREDIT)	22,645,150
<u>OPERATING ACTIVITIES:</u>	
Income (Loss) from Operations	(32,748,001)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	-
(Gain)/Loss on write off of PAM-SD	-
Depreciation and amortization	31,017,251
Amortization of lease right-of-use asset	15,879,345
Amortization of SBITA	6,483,451
Provision for bad debts	49,509,638
Equity in Earnings of Affiliates	(411,829)
(Gain)/Loss on disposal of fixed assets	22,461
Changes in Assets and Liabilities	
Patient accounts receivable	(20,163,145)
Other receivables	2,113,445
Inventories	509,158
Prepaid expenses and other current assets	(2,037,682)
Estimated settlement amounts due third-party payors	(48,609,073)
Accounts payable	7,872,845
Accrued Compensation and Other Liabilities	(15,416,910)
Other accrued liabilities	11,547,760
Deferred Revenue	(5,096,626)
Other net	740,946
Net cash provided by (used in) operating activities	1,213,035
<u>INVESTING ACTIVITIES:</u>	
Purchases of investments	(124,542,728)
Proceeds on Sale of Investments	130,588,758
Income received on investments	11,255,419
Receipt of Payment on Loans Receivable	-
Other	-
Net cash provided by (used in) investing activities	17,301,449
<u>FINANCING ACTIVITIES</u>	
Acquisition of Fixed Assets	(13,787,314)
Proceeds on the sale of fixed assets	(22,461)
Other Misc. Receipts	(11,485,587)
Receipt of district taxes - G.O. Bonds	32,816,052
Payments on long-term debt	(21,756,536)
Payment on lease liabilities	(15,355,985)
Deferred Financing Costs	-
Interest Paid	(55,328,268)
Interest Paid Lease Obligations	(10,334,898)
Proceeds on LOC	50,000,000
Financing Activities - Other	(220,903)
Net cash provided by (used in) financing activities	(45,475,900)
C.F.'s from Non-Capital Financing:	33
Receipt of District Taxes	16,959,787
Other Financing	-

Days Cash on Hand Ratio Covenant	February 28, 2026 Consolidated
Cash and Cash Equivalents	45,529,781
Divide Total by Average Adjusted Expenses per Day	
Total Expenses	707,011,202
Less: Depreciation	41,499,168
Adjusted Expenses	665,512,034
Number of days in period	243
Average Adjusted Expenses per Day	2,738,733
Days Cash on Hand	16.6
REQUIREMENT	65

Debt Service Coverage Ratio Covenant	February 28, 2026 Consolidated
Excess of revenues over expenses	(50,247,427)
REVERSE:	
Depreciation and Amortization	41,499,168
Depreciation and Amortization-NonOp	11,830,402
Interest Expense	36,384,458
Income Available for Debt Service	39,466,601
Divided by:	
Maximum Annual Debt Service (excludes GO Bonds)	37,526,904
Debt Service Coverage Ratio	1.05
REQUIREMENT	1.15

NOT ACHIEVED

Fiscal Year 2026 Financial Performance

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

March 2026 Unaudited

Highlights for March 2026

Revenue

- Gross Revenue was \$39.5M above budget, or 8.1%
- Net Patient Revenue was above budget by \$4.9M or 6.7%
- Inpatient and Emergency volumes have continued to drive revenue, as well as, increased DHDP revenues from the new State program

Volumes

- March continued to be a strong month for acute inpatient volumes
 - Acute discharges were 9.0% higher than budget
- For both surgery and emergency room, the trend has been reset for the current year
 - For the month, surgeries cases were down 10.9% to budget, and YTD is 3.0% below budget
 - IP ED visits continue to be strong, at 9.7% above PYTD and 25.9% above the monthly budget
 - OP ED was behind prior year, but was 4.3% ahead of the current month budget
- Radiation Oncology YTD is not flat with prior year and 8.6% below budget, we expect this to improve heading in to the last quarter of the fiscal year
- Similarly, Infusion Therapy exceeded the prior YTD by 9.6%, though in the month was ahead of budget by 0.6%
- Length of Stay increased and was 1.0% above budget, at 4.20 days, but continues to be 3.4% below budget YTD, at 4.15 days

Expenses

- Total expenses were 0.5% under budget
- The largest positive budget variances were benefits and professional fees & purchased services
- Salaries, wages and contract labor was effectively flat to budget and overall productivity was at 100.5%

Other Highlights

- Ongoing efforts ensure JPA reporting will be available for the Jun-26 close
- We have replaced Guidehouse with Alvarez & Marsal (A&M) as our turnaround advisor as of Apr-26
- The budget process continues as we prepare the Hospital District and JPA budgets for presentation to their respective Boards
- We have also completed a Rapid Assessment with A&M to understand baseline expenses and revenues and to help us continue to improve on our Performance Improvement metrics
- EBIDA* margin remains strong and improved to 15.0% based on FYTD results, improving from prior month
- Days Cash on Hand for March dropped to 11.1 days (PH Only) and was due to outflows for A/P, debt service escrow, and a smaller IGT outflow that will be returned in April
- Accounts Payable Current Liability decreased by \$3.9M as we worked to get a number of vendors more caught up
- Days in Accounts Receivable (A/R) decreased to 53.0 and A/R greater than 90 days increased to 42.1% but is expected to drop in April
- Debt Service Coverage is 1.14 as of March 2026, which is very near our bond covenant of 1.15

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

The percentages of Gross Patient Service Revenue from Medicare and Medicare HMO are up 13% and 11% respectively in the current year which is impacting overall bottom-line profitability. Cash postings were \$72.3 million. Days in Net A/R excluding supplemental government programs are 53.0, a decrease of 1.4 days from the prior month. Uncompensated Care decreased by \$3.1 million to \$9.5 million for the month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	October 2025	November 2025	December 2025	January 2026	February 2026	March 2026	Target
Total Net A/R (\$) ¹	\$ 119,687,568	\$ 121,665,415	\$ 115,367,571	\$ 118,486,363	\$ 118,290,229	\$ 113,768,911	
Net Days in A/R (Days) ²	59.9	60.3	56.7	55.3	54.4	53.0	55.0
% AR > 90 Days	38.8%	43.5%	44.4%	37.9%	38.6%	42.1%	22.5%
% of Avoidable Denial Write-Offs	2.1%	2.1%	2.1%	3.0%	4.2%	5.4%	2.1%
Net Revenue Yield	112.9%	111.6%	108.0%	100.9%	101.2%	100.2%	98.0%

Even with a high collection month, net revenue yield dropped as charges and net revenue exceeded budget. The actual raw net A/R greater than 90 days held flat but total billed A/R declined causing this percentage to increase to 42.1%, we expect this to drop back down in April. Lastly, avoidable write-offs are up as we exhaust collection efforts on older A/R. YTD we are at 3.0% and near top-quartile performance which is a significant improvement over prior years.

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
	Mar-26	Mar-26	Variance	Mar-25	Variance	Mar-26	Mar-26	Variance	Mar-25	Variance
Key Volumes										
Discharges - Total	2,415	2,223	8.6%	2,387	1.2%	21,237	18,970	12.0%	19,640	8.1%
Acute - General	2,372	2,176	9.0%	2,344	1.2%	20,869	18,557	12.5%	19,291	8.2%
Total Acute Discharges	2,372	2,176	9.0%	2,344	1.2%	20,869	18,557	12.5%	19,291	8.2%
The Villas at Poway	43	48	(10.1%)	43	0.0%	368	412	(10.8%)	349	5.4%
Patient Days - Total	12,516	12,289	1.9%	12,604	(0.7%)	109,963	107,896	1.9%	108,671	1.2%
Acute - General	9,957	9,038	10.2%	10,006	(0.5%)	86,636	79,647	8.8%	84,497	2.5%
Total Acute Patient Days	9,957	9,038	10.2%	10,006	(0.5%)	86,636	79,647	8.8%	84,497	2.5%
The Villas at Poway	2,559	3,251	(21.3%)	2,598	(1.5%)	23,327	28,249	(17.4%)	24,174	(3.5%)
Acute Adjusted Discharges	3,830	3,487	9.9%	3,654	4.8%	33,454	30,031	11.4%	30,522	9.6%
Total Adjusted Discharges*	3,882	3,529	10.0%	3,706	4.8%	33,892	30,110	12.6%	30,932	9.6%
Acute Adjusted Patient Days	16,076	14,461	11.2%	15,598	3.1%	138,818	127,431	8.9%	133,600	3.9%
Total Adjusted Patient Days*	18,635	17,712	5.2%	18,196	2.4%	162,145	155,680	4.2%	157,774	2.8%
Calendar Days	31	31	0.0%	31	0.0%	274	274	0.0%	274	0.0%
Acute Average Daily Census	321	292	10.2%	323	(0.5%)	316	291	8.8%	308	2.5%
Total Average Daily Census*	404	396	1.9%	407	(0.7%)	401	394	1.9%	397	1.2%
Surgeries - Total	839	942	(10.9%)	917	(8.5%)	8,066	8,315	(3.0%)	8,351	(3.4%)
Inpatient	445	475	(6.4%)	521	(14.6%)	4,497	4,537	(0.9%)	4,605	(2.4%)
Outpatient	394	467	(15.6%)	396	(0.5%)	3,569	3,778	(5.5%)	3,746	(4.7%)
Deliveries	253	273	(7.5%)	295	(14.2%)	2,378	2,717	(12.5%)	2,644	(10.1%)
ER Visits (Includes Trauma) - Total	10,585	9,825	7.7%	9,678	9.4%	90,913	91,721	(0.9%)	92,493	(1.7%)
Inpatient	1,950	1,549	25.9%	1,712	13.9%	16,676	15,089	10.5%	15,205	9.7%
Outpatient	8,635	8,275	4.3%	7,966	8.4%	74,237	76,632	(3.1%)	77,288	(4.0%)

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Mar-26	Mar-26	Variance	Mar-25	Variance	Mar-26	Mar-26	Variance	Mar-25	Variance
Cardiac Cath RVUs	1,246	1,239	0.6%	1,060	17.6%	10,195	9,836	3.7%	9,359	8.9%
Escondido Interv. Radiology RVUs	953	921	3.4%	836	14.0%	8,020	8,728	(8.1%)	8,523	(5.9%)
Poway Interv. Radiology RVUs	258	228	13.0%	273	(5.5%)	2,641	2,427	8.8%	2,379	11.0%
Radiation Oncology RVUs	2,938	3,482	(15.6%)	3,672	(20.0%)	28,146	30,778	(8.6%)	28,228	(0.3%)
Infusion Therapy Hours	1,120	1,113	0.6%	1,091	2.7%	9,378	9,840	(4.7%)	8,557	9.6%
Imaging										
Escondido CAT Procedures	10,247	8,598	19.2%	9,784	4.7%	90,466	80,378	12.6%	81,000	11.7%
Poway CAT Procedures	2,833	2,536	11.7%	2,850	(0.6%)	25,509	23,178	10.1%	23,700	7.6%
Escondido MRI Procedures	573	447	28.3%	573	0.0%	5,095	4,169	22.2%	4,217	20.8%
Poway MRI Procedures	185	141	31.3%	115	60.9%	1,375	1,208	13.8%	1,173	17.2%
Escondido Diagnostic Rad. Procedures	7,084	6,993	1.3%	7,265	(2.5%)	63,280	62,192	1.8%	63,464	(0.3%)
Poway Diagnostic Rad. Procedures	2,206	2,160	2.1%	2,307	(4.4%)	19,955	19,830	0.6%	20,183	(1.1%)

*Includes The Villas at Poway

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Mar-26	Mar-26	Variance	Mar-25	Variance	Mar-26	Mar-26	Variance	Mar-25	Variance
Key Statistics										
Acute Average LOS - Days	4.20	4.15	(1.0%)	4.27	1.7%	4.15	4.29	3.4%	4.38	5.5%
Acute - General	4.20	4.15	(1.0%)	4.27	1.7%	4.15	4.29	3.4%	4.38	5.5%
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	28	26	(6.3%)	26	(5.9%)	27	27	(0.9%)	27	(0.9%)
Acute Case Mix - Excludes Deliveries	1.65	1.72	4.1%	1.72	4.2%	1.67	1.71	2.3%	1.71	2.4%
Acute Case Mix -Medicare Only	1.68	1.71	1.8%	1.71	1.8%	1.68	1.69	0.6%	1.69	0.6%
Labor Productivity by Hrs						100.5			98.7	
Days Cash on Hand						11.1			12.1	
Financial Performance										
Operating Income	6,733,843	1,600,002	5,133,841	(2,125,782)	8,859,625	22,572,936	(2,550,000)	25,122,936	(43,011,553)	65,584,489
Net Income	3,659,137	(772,855)	4,431,992	(4,363,396)	8,022,533	3,716,422	(22,894,313)	26,610,735	(61,281,368)	64,997,790
Oper. Expenses/Adj. Patient Days	3,650	3,887	(6.1%)	3,850	(5.2%)	3,785	3,906	(3.1%)	3,905	(3.1%)
EBIDA Margin-Excludes PHMG	18.9%	13.0%	5.9%	8.9%	10.0%	15.0%	11.1%	3.9%	6.2%	8.8%
EBIDA-Excludes PHMG	15,081,647	19,931,632	(4,849,985)	6,469,229	8,612,418	101,950,234	151,749,147	(49,798,913)	38,280,077	63,670,157

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	<u>Mar 25</u>	<u>Mar 25</u>	<u>Mar 25</u>	<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	18,635	17,712	923					
Adjusted Discharges	3,882	3,529	353					
Operating Revenue								
Gross revenue	529,118,182	489,586,464	39,531,718	25,520,824	14,010,894	28,393.78	27,641.93	751.86
Deductions from revenue	(450,162,204)	(415,593,165)	(34,569,039)	(21,663,752)	(12,905,287)	(24,156.81)	(23,464.28)	(692.53)
Net patient revenue	78,955,978	73,993,299	4,962,679	3,857,071	1,105,608	4,236.97	4,177.64	59.33
Other operating revenue	975,098	1,159,790	(184,692)	60,457	(245,149)	52.33	65.48	(13.16)
Total net revenue	79,931,076	75,153,089	4,777,987	3,917,528	860,459	4,289.30	4,243.12	46.17
Operating Expenses								
Salaries, wages & contract labor	31,980,831	31,405,900	(574,931)	(1,637,105)	1,062,174	1,716.17	1,773.17	57.00
Benefits	6,953,912	8,449,901	1,495,989	(440,471)	1,936,460	373.16	477.08	103.92
Supplies	11,185,617	11,007,868	(177,749)	(573,811)	396,062	600.25	621.50	21.25
Prof fees & purch svcs	13,763,399	14,446,102	682,703	(753,036)	1,435,739	738.58	815.62	77.05
Depreciation & amortization	5,181,899	4,703,547	(478,352)	(245,183)	(233,169)	278.07	265.56	(12.51)
Other	4,131,575	3,539,769	(591,806)	(184,519)	(407,287)	221.71	199.85	(21.86)
Total expenses	73,197,233	73,553,087	355,854	(3,834,124)	4,189,978	3,927.94	4,152.79	224.84
Income from operations	6,733,843	1,600,002	5,133,841	83,404	5,050,437	361.35	90.34	(178.67)
Non-operating revenue (expense)								
Property tax revenues ¹	1,968,125	2,141,667	(173,542)					
Investment Income	587,773	1,176,843	(589,070)					
Interest Expense	(4,761,809)	(4,335,990)	(425,819)					
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	-					
Other non-operating revenue(expense)	610,005	123,423	486,582					
Net income(loss) ²	3,659,137	(772,855)	4,431,992					

EBIDA Margin 18.9% 13.0% 5.9%

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

2= Excludes G.O. Bonds income / expense

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	<u>Mar 25</u>	<u>Mar 25</u>	<u>Mar 25</u>	<u>Volume</u>	<u>Rate/Eff</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Patient Days	157,774	155,680	2,094					
Adjusted Discharges	30,932	30,110	822					
Operating Revenue								
Gross revenue	4,649,954,958	4,398,902,584	251,052,374	59,178,945	191,873,429	29,472.25	28,256.12	1,216.13
Deductions from revenue	(3,977,969,802)	(3,761,459,008)	(216,510,796)	(50,603,343)	(165,907,451)	(25,213.09)	(24,161.54)	(1,051.55)
Net patient revenue	671,985,156	637,443,576	34,541,578	8,575,602	25,965,978	4,259.16	4,094.59	164.58
Other operating revenue	8,146,165	10,438,111	(2,291,946)	140,425	(2,432,371)	51.63	67.05	(15.42)
Total net revenue	680,131,321	647,881,687	32,249,632	8,716,027	23,533,607	4,310.79	4,161.63	149.16
Operating Expenses								
Salaries, wages & contract labor	283,973,398	276,371,579	(7,601,821)	(3,718,059)	(3,883,760)	1,799.87	1,775.26	(24.62)
Benefits	65,623,151	73,097,948	7,474,797	(983,395)	8,458,192	415.93	469.54	53.61
Supplies	100,049,362	96,990,134	(3,059,228)	(1,304,819)	(1,754,409)	634.13	623.01	(11.12)
Prof fees & purch svcs	131,207,936	129,834,638	(1,373,297)	(1,746,680)	373,382	831.62	833.99	2.37
Depreciation & amortization	43,823,778	42,331,916	(1,491,862)	(569,496)	(922,366)	277.76	271.92	(5.85)
Other	32,880,761	31,805,471	(1,075,290)	(427,883)	(647,407)	208.40	204.30	(4.10)
Total expenses	657,558,386	650,431,686	(7,126,701)	(8,750,333)	1,623,633	4,167.72	4,178.01	10.29
Income from operations	22,572,936	(2,550,000)	25,122,936	(34,305)	25,157,239	143.07	(16.38)	138.87
Non-operating revenue (expense)								
Property tax revenues ¹	18,927,912	19,275,000	(347,088)					
Investment Income	11,348,021	10,591,593	756,428					
Interest Expense	(41,100,834)	(39,023,908)	(2,076,926)					
Non-operating depreciation & amortization	(13,309,202)	(13,309,201)	(1)					
Other non-operating revenue(expense)	5,277,591	2,122,203	3,155,388					
Net income(loss) ²	3,716,422	(22,894,313)	26,610,735					

EBIDA Margin 15.0% 11.1% 3.9%

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

2= Excludes G.O. Bonds income / expense

Income Statement for the Current Year versus Prior Year

Excludes PHMG

	Actual	Prior Year	Variance	Variance		Dollars/Adjusted Patient Day		
	Mar 26	Mar 25	Mar 26	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	162,145	157,774	4,371					
Adjusted Discharges	33,892	30,932	2,960					
Operating Revenue								
Gross revenue	4,649,954,958	4,350,389,917	299,565,041	120,524,005	179,041,036	28,677.76	27,573.55	1,104.20
Deductions from revenue	(3,977,969,802)	(3,739,307,835)	(238,661,969)	(103,594,474)	(135,067,493)	(24,533.41)	(23,700.41)	(833.00)
Net patient revenue	671,985,156	611,082,082	60,903,072	16,929,531	43,973,543	4,144.35	3,873.15	271.20
Other operating revenue	8,146,165	8,472,661	(326,494)	234,728	(561,224)	50.24	53.70	(3.46)
Total net revenue	680,131,321	619,554,743	60,576,578	17,164,259	43,412,319	4,194.59	3,926.85	267.74
Operating Expenses								
Salaries, wages & contract labor	283,973,398	285,716,789	1,743,389	(7,915,551)	9,658,942	1,751.35	1,810.92	59.57
Benefits	65,623,151	73,702,812	8,079,661	(2,041,876)	10,121,537	404.72	467.14	62.42
Supplies	100,049,362	92,509,308	(7,540,054)	(2,562,895)	(4,977,159)	617.04	586.34	(30.70)
Prof fees & purch svcs	131,207,936	136,680,130	5,472,195	(3,786,612)	9,258,806	809.20	866.30	57.10
Depreciation & amortization	43,823,778	46,426,054	2,602,276	(1,286,196)	3,888,472	270.28	294.26	23.98
Other	32,880,761	27,531,203	(5,349,557)	(762,730)	(4,586,828)	202.79	174.50	(28.29)
Total expenses	657,558,386	662,566,296	5,007,910	(18,355,859)	23,363,769	4,055.37	4,199.46	144.09
Income from operations	22,572,936	(43,011,553)	65,584,489	(1,191,600)	66,776,088	139.21	(272.61)	123.65
Non-operating revenue (expense)								
Property tax revenues ¹	18,927,912	18,354,208	573,704					
Investment Income	11,348,021	11,614,174	(266,153)					
Interest Expense	(41,100,834)	(39,828,263)	(1,272,571)					
Non-operating depreciation & amortization	(13,309,202)	(13,307,129)	(2,073)					
Other non-operating revenue(expense)	5,277,591	4,897,192	380,399					
Net income(loss) ²	3,716,422	(61,281,368)	64,997,790					

EBIDA Margin 15.0% 6.2% 8.8%

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

2= Excludes G.O. Bonds income / expense

	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Fiscal Year 2026
Adjusted Patient Days	17,851	17,948	16,940	17,962	17,408	18,648	19,168	17,585	18,635	162,145
Adjusted Discharges	3,734	3,988	3,785	3,818	3,372	3,794	3,842	3,677	3,882	33,992
Operating Revenue										
Gross revenue	514,243,464	500,282,001	512,535,349	526,244,883	492,983,821	533,503,706	538,423,190	502,620,363	529,118,182	4,649,954,958
Deductions from revenue	(441,255,169)	(428,250,221)	(440,133,502)	(456,700,924)	(420,035,285)	(456,296,740)	(458,665,509)	(426,470,249)	(450,162,204)	(3,977,969,802)
Net patient revenue	72,988,295	72,031,780	72,401,847	69,543,959	72,948,536	77,206,966	79,757,681	76,150,114	78,955,978	671,985,156
Other operating revenue	864,100	946,365	1,049,479	945,491	1,075,318	911,580	590,360	788,374	975,098	8,146,165
Total net revenue	73,852,396	72,978,145	73,451,326	70,489,450	74,023,854	78,118,546	80,348,040	76,938,487	79,931,076	680,131,321
Operating Expenses										
Salaries, wages & contract labor	31,865,141	31,104,110	30,920,004	31,790,235	31,212,533	32,145,253	32,609,920	30,345,373	31,980,831	283,973,398
Benefits	7,366,292	6,306,806	7,513,675	7,427,821	7,243,795	7,443,724	8,532,523	6,834,602	6,953,912	65,623,151
Supplies	11,103,543	10,692,013	10,734,391	11,238,958	10,095,256	11,595,507	12,056,713	11,347,364	11,185,617	100,049,362
Prof fees & purch svcs	13,799,753	14,509,520	15,262,239	14,915,537	15,556,548	14,491,529	14,477,903	14,431,509	13,763,399	131,207,936
Depreciation & amortization	4,843,923	4,776,143	4,866,590	4,975,598	4,834,844	4,820,157	4,764,716	4,759,911	5,181,899	43,823,778
Other	2,794,212	4,173,848	3,396,570	3,367,857	4,107,312	4,319,439	3,868,988	2,720,961	4,131,575	32,880,761
Total expenses	71,772,864	71,562,440	72,693,470	73,716,005	73,050,288	74,815,609	76,310,762	70,439,719	73,197,233	657,558,386
Income from operations	2,079,532	1,415,705	757,856	(3,226,555)	973,566	3,302,937	4,037,279	6,498,768	6,733,843	22,572,936
Non-operating revenue (expense)										
Property tax revenues ¹	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	2,141,666	1,968,125	1,968,125	18,927,912
Investment Income	1,263,898	1,124,368	1,174,237	1,159,725	2,032,287	1,427,360	1,102,628	1,475,744	587,773	11,348,021
Interest Expense	(4,435,614)	(4,465,415)	(4,458,852)	(4,462,078)	(4,582,958)	(4,647,935)	(4,648,897)	(4,637,274)	(4,761,809)	(41,100,834)
Non-operating depreciation & amortization	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(1,478,800)	(13,309,202)
Other non-operating revenue(expense)	759,733	541,399	342,659	206,005	(62,034)	(382,923)	2,191,006	1,071,742	610,005	5,277,591
Net income(loss) ²	330,414	(721,077)	(1,521,235)	(5,660,037)	(976,273)	362,306	3,344,882	4,898,305	3,659,137	3,716,423
EBIDA Margin	15.0%	13.7%	12.6%	7.5%	13.4%	14.5%	17.7%	20.5%	18.9%	15.0%

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

2= Excludes G.O. Bonds income / expense

Statement of Net Position excluding G.O. Bonds
Excludes PHMG

Assets	Current Fiscal Year			Prior Fiscal Year
	Jan-26	Feb-26	Mar-26	Jun-25
Current Assets				
Cash and cash equivalents	35,757,388	8,834,367	9,088,942	15,000,751
Investments	33,886,287	32,886,260	15,876,204	28,463,741
Board Designated	-	-	-	-
Total cash, cash equivalents & investments	69,643,675	41,720,626	24,965,146	43,464,492
Patient Accounts Receivable	485,692,281	484,545,456	475,377,812	504,133,063
Allowance on accounts	(367,205,917)	(366,255,227)	(361,608,902)	(360,699,498)
Net accounts receivable	118,486,363	118,290,229	113,768,911	143,433,565
Inventories	11,988,040	11,974,669	11,881,826	12,194,024
Prepaid expenses	8,277,381	10,216,184	11,764,419	8,309,163
Est. third party settlements	119,640,673	144,906,343	159,414,573	95,529,680
Other	73,178,970	76,132,113	82,476,388	71,655,917
Total current assets	401,215,102	403,240,165	404,271,263	374,586,840
Non-Current Assets				
Restricted assets	94,298,921	98,243,689	100,784,706	87,348,717
Restricted other	358,169	358,236	358,307	357,688
Total restricted assets	94,657,090	98,601,924	101,143,012	87,706,405
Property, plant & equipment	1,564,014,334	1,563,876,057	1,563,021,518	1,593,114,786
Accumulated depreciation	(684,559,305)	(687,823,286)	(691,180,754)	(686,328,663)
Construction in process	47,392,071	47,722,092	48,915,905	39,167,673
Net property, plant & equipment	926,847,101	923,774,863	920,756,669	945,953,795
Right of Use Assets				
Building leases	267,456,112	266,116,591	264,777,070	276,832,758
Sub-leases	182,695	177,757	172,820	234,948
Equipment leases	15,738,195	15,096,894	21,627,840	18,084,940
SBITA	11,373,289	10,755,131	10,136,973	16,006,107
Net right of use assets	294,750,291	292,146,374	296,714,703	311,158,754
Investment related companies	6,983,989	6,456,625	5,454,641	5,718,913
Prepaid debt insurance costs	6,804,585	6,778,646	6,752,707	6,986,297
Other non-current assets	64,290,436	63,963,282	63,632,342	66,188,501
Total non-current assets	1,394,333,490	1,391,721,714	1,394,454,074	1,423,712,664
Total assets	1,795,548,593	1,794,961,878	1,798,725,337	1,798,299,504
Deferred outflow of resources-loss on refunding of debt	40,377,338	40,159,423	39,941,509	41,902,741
Total assets and deferred outflow of resources	1,835,925,931	1,835,121,301	1,838,666,846	1,840,202,245

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Jan-26	Feb-26	Mar-26	Jun-25
Current Liabilities				
Accounts payable	100,864,653	92,494,289	88,579,557	94,240,154
Accrued payroll	33,229,342	34,242,845	34,792,906	49,881,621
Accrued PTO	24,585,810	24,981,391	25,591,852	23,828,506
Accrued interest payable	12,217,802	15,141,096	18,501,032	7,842,158
Current portion of bonds	9,365,000	9,365,000	9,365,000	8,925,000
Current portion of lease liab	21,596,028	20,313,903	20,953,708	21,510,594
Est. third party settlements	7,887,259	9,360,689	9,003,239	8,593,099
Other current liabilities	207,605,542	207,846,626	205,779,805	147,853,726
Total current liabilities	417,351,436	413,745,839	412,567,098	362,674,858
Long Term Liabilities				
Other LT liabilities	24,791,313	24,769,408	24,747,504	27,444,646
Bonds & contracts payable	702,276,246	702,053,670	701,831,094	713,199,799
Lease liabilities	317,650,695	316,073,960	320,900,240	327,879,779
Total long term liabilities	1,044,718,254	1,042,897,039	1,047,478,837	1,068,524,225
Total liabilities	1,462,069,689	1,456,642,878	1,460,045,935	1,431,199,083
Deferred inflow of resources-unearned revenue	6,794,241	6,743,723	6,693,206	6,547,471
Total liabilities and deferred inflow of resources	1,468,863,930	1,463,386,601	1,466,739,141	1,437,746,554
Net Position				
Unrestricted	366,703,832	371,376,464	371,569,399	402,098,003
Restricted for other purpose	358,169	358,236	358,307	357,688
Total net position	367,062,000	371,734,700	371,927,705	402,455,691
Total liabilities, deferred inflow of resources and net position	1,835,925,931	1,835,121,301	1,838,666,846	1,840,202,245

Statement of Net Position including G.O. Bonds
Excludes PHMG

Assets	Current Fiscal Year			Prior Fiscal Year
	Jan-26	Feb-26	Mar-26	Jun-25
Current Assets				
Cash and cash equivalents	35,757,388	8,834,367	9,088,942	15,000,751
Investments	33,886,287	32,886,260	15,876,204	28,463,741
Board Designated	-	-	-	-
Total cash, cash equivalents & investments	69,643,675	41,720,626	24,965,146	43,464,492
Patient Accounts Receivable	485,692,281	484,545,456	475,377,812	504,133,063
Allowance on accounts	(367,205,917)	(366,255,227)	(361,608,902)	(360,699,498)
Net accounts receivable	118,486,363	118,290,229	113,768,911	143,433,565
Inventories	11,988,040	11,974,669	11,881,826	12,194,024
Prepaid expenses	8,277,381	10,216,184	11,764,419	8,309,163
Est. third party settlements	119,640,673	144,906,343	159,414,573	95,529,680
Other	75,218,702	80,808,315	90,155,316	71,777,188
Total current assets	403,254,834	407,916,367	411,950,191	374,708,111
Non-Current Assets				
Restricted assets	163,679,297	157,435,310	161,003,032	163,601,420
Restricted other	358,169	358,236	358,307	357,688
Total restricted assets	164,037,466	157,793,546	161,361,339	163,959,108
Property, plant & equipment	1,564,014,334	1,563,876,057	1,563,021,518	1,593,114,786
Accumulated depreciation	(684,559,305)	(687,823,286)	(691,180,754)	(686,328,663)
Construction in process	47,392,071	47,722,092	48,915,905	39,167,673
Net property, plant & equipment	926,847,101	923,774,863	920,756,669	945,953,795
Right of Use Assets				
Building leases	267,456,112	266,116,591	264,777,070	276,832,758
Sub-leases	182,695	177,757	172,820	234,948
Equipment leases	15,738,195	15,096,894	21,627,840	18,809,028
SBITA	11,373,289	10,755,131	10,136,973	16,226,190
Net right of use assets	294,750,291	292,146,374	296,714,703	312,102,924
Investment related companies	6,983,989	6,456,625	5,454,641	5,718,913
Prepaid debt insurance and other costs	7,872,439	7,834,848	7,797,256	8,136,372
Other non-current assets	64,290,436	63,963,282	63,632,342	66,188,501
Total non-current assets	1,464,781,721	1,451,969,537	1,455,716,950	1,502,059,614
Total assets	1,868,036,555	1,859,885,904	1,867,667,141	1,876,767,725
Deferred outflow of resources-loss on refunding of debt	42,627,755	42,391,979	42,156,204	44,278,181
Total assets and deferred outflow of resources	1,910,664,309	1,902,277,883	1,909,823,345	1,921,045,905

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Jan-26	Feb-26	Mar-26	Jun-25
Current Liabilities				
Accounts payable	100,864,653	92,494,289	88,580,057	94,240,154
Accrued payroll	33,229,342	34,242,845	34,792,906	49,712,808
Accrued PTO	24,585,810	24,981,391	25,591,852	23,828,506
Accrued interest payable	31,846,975	26,424,517	33,055,982	29,905,711
Current portion of bonds	20,171,216	20,171,216	20,171,216	19,081,756
Current portion of lease liab	21,596,028	20,313,903	20,953,708	21,878,270
Est. third party settlements	7,887,259	9,360,689	9,003,239	8,593,099
Other current liabilities	144,936,788	145,834,068	144,423,443	81,698,710
Total current liabilities	385,118,071	373,822,917	376,572,401	328,939,015
Long Term Liabilities				
Other LT liabilities	24,791,313	24,769,408	24,747,504	27,444,646
Bonds & contracts payable	1,316,177,351	1,315,608,584	1,315,039,818	1,340,117,039
Lease liabilities	317,650,695	316,073,960	320,900,240	328,471,724
Total long term liabilities	1,658,619,359	1,656,451,953	1,660,687,561	1,696,033,409
Total liabilities	2,043,737,430	2,030,274,870	2,037,259,962	2,024,972,424
Deferred inflow of resources-unearned revenue	69,462,995	68,756,281	68,049,568	72,791,253
Total liabilities and deferred inflow of resources	2,113,200,424	2,099,031,152	2,105,309,530	2,097,763,677
Net Position				
Unrestricted	(202,894,284)	(197,111,504)	(195,844,491)	(177,075,460)
Restricted for other purpose	358,169	358,236	358,307	357,688
Total net position	(202,536,115)	(196,753,269)	(195,486,185)	(176,717,772)
Total liabilities, deferred inflow of resources and net position	1,910,664,309	1,902,277,883	1,909,823,345	1,921,045,905

Palomar Health
STATEMENT OF CASH FLOWS
Fiscal Year 2026

	<u>Mar-26</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	6,733,843	22,572,935
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	5,181,899	43,823,778
Provision for bad debts	3,904,422	52,598,194
Changes in operating assets and liabilities:		
Patient accounts receivable	616,897	(22,933,539)
Property Tax and other receivables	(4,869,723)	(6,865,451)
Inventories	92,843	312,198
Prepaid expenses and other current assets	(854,480)	(5,015,126)
Accounts payable	(3,914,232)	(5,660,097)
Accrued compensation	1,160,522	(13,325,370)
Estimated settlement amounts due third-party payors	(14,865,680)	(63,474,753)
Other liabilities	(1,277,384)	64,223,950
Net cash provided from (used by) operating activities	<u>(8,091,073)</u>	<u>66,256,719</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	13,442,263	15,185,306
Income (Loss) on investments	734,485	12,871,807
Investment in affiliates	(3,961,297)	(37,610,830)
Net cash provided from (used by) investing activities	<u>10,215,451</u>	<u>(9,553,717)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	879,993	29,337,402
Receipt of District Taxes	493,573	15,748,505
Net cash provided from non-capital financing activities	<u>1,373,566</u>	<u>45,085,907</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on asset sale	163	(22,498)
Acquisition of property plant and equipment	(339,274)	(6,763,098)
Redevelopment Trust Fund Distributions	0	1,508,003
G.O. Bond Interest paid	0	(36,738,806)
Revenue Bond Interest paid	0	(17,581,585)
ROU Interest paid	(1,405,674)	(15,588,637)
Proceeds (Payments) of Long Term Debt	0	(21,603,661)
Payments of Long Term Lease Liabilities	(1,498,584)	(10,910,438)
Net cash provided from (used by) capital and related financing activities	<u>(3,243,369)</u>	<u>(107,700,720)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	254,575	(5,911,810)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>8,834,367</u>	<u>15,000,751</u>
CASH AND CASH EQUIVALENTS - End of period	<u>9,088,942</u>	<u>9,088,942</u>

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 March 31, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Eliminations	Total
ASSETS							
Current assets	484,647,504	27,118,876	-	311,902	2,201,970	(67,806,740)	446,473,512
Capital assets - net	920,756,669	5,633,506	-	749,087	-	-	927,139,262
Right of use assets - net	296,714,703	23,409,090	-	-	-	(15,541,880)	304,581,913
Non-current assets	165,548,265	1,680,544	-	-	-	-	167,228,809
Total assets	1,867,667,141	57,842,016	-	1,060,989	2,201,970	(83,348,620)	1,845,423,496
Deferred outflow of resources	42,156,204	-	-	-	-	-	42,156,204
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,909,823,345	57,842,016	-	1,060,989	2,201,970	(83,348,620)	1,887,579,699
LIABILITIES AND NET POSITION							
Current liabilities	339,903,145	96,093,869	-	2,181,640	271,200	(64,090,537.20)	374,359,316
Long-term liabilities	1,355,836,012	(0)	-	-	-	-	1,355,836,012
Right of use lease liabilities	320,900,240	21,125,571	-	-	-	(14,891,148)	327,134,663
Total liabilities	2,016,639,397	117,219,440	-	2,181,640	271,200	(78,981,685)	2,057,329,992
Deferred inflow of resources - deferred revenue	88,670,133	-	-	-	-	-	88,670,133
Total liabilities and deferred inflow of resources	2,105,309,530	117,219,440	-	2,181,640	271,200	(78,981,685)	2,146,000,125
Invested in capital assets - net of related debt	(334,253,532)	4,539,917	-	-	-	13,885,356	(315,828,259)
Restricted	45,981,491	-	-	-	-	-	45,981,491
Unrestricted	92,785,856	(63,917,341)	-	(1,120,651)	1,930,771	(18,252,291)	11,426,344
Total net position	(195,486,185)	(59,377,424)	-	(1,120,651)	1,930,771	(4,366,934)	(258,420,423)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,909,823,345	57,842,016	-	1,060,989	2,201,970	(83,348,620)	1,887,579,699

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 March 31, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Elimination	Consolidated
OPERATING REVENUE:							
Net patient service revenue	612,991,998	58,957,233	-	-	-	68,227	672,017,458
Shared risk revenue	58,993,160	10,684,575	-	-	-	-	69,677,735
Other revenue	8,146,165	3,015,651	-	800,675	6,808,606	7,036	18,778,133
PH Program revenue	-	22,162,316	-	-	-	(22,162,316)	-
Total operating revenue	680,131,323	94,819,775	-	800,675	6,808,606	(22,087,053)	760,473,326
OPERATING EXPENSES							
DEPRECIATION AND AMORTIZATION	613,734,608	142,611,690	3,935,535	1,128,706	6,212,169	(22,194,392)	745,428,316
	43,823,780	3,122,467	-	-	-	-	46,946,247
Total operating expenses	657,558,388	145,734,158	3,935,535	1,128,706	6,212,169	(22,194,392)	792,374,564
INCOME (LOSS) FROM OPERATIONS	22,572,935	(50,914,383)	(3,935,535)	(328,031)	596,437	107,338	(31,901,238)
NON-OPERATING INCOME (EXPENSE):							
Investment income	12,871,805	3,260,975	-	-	-	-	16,132,780
Interest expense	(67,703,683)	(46,229)	-	-	-	-	(67,749,912)
Property tax revenue	55,626,683	-	-	-	-	-	55,626,683
Other - net	(7,753,407)	(1,174,909)	-	(4,948)	-	(4,474,273)	(13,407,537)
Total non-operating expense - net	(6,958,602)	2,039,836	-	(4,948)	-	(4,474,273)	(9,397,986)
Net income (loss) before capital contribut	15,614,333	(48,874,546)	(3,935,535)	(332,982)	596,437	(4,366,934)	(41,299,227)
CAPITAL CONTRIBUTIONS							
CHANGE IN NET POSITION	15,614,333	(48,874,546)	(3,935,535)	(332,982)	596,437	(4,366,934)	(41,299,227)
Interfund - PHMG	(34,382,745)	31,969,818	-	-	-	-	(2,412,927)
NET POSITION - Beginning of year	(176,717,770)	(42,472,695)	3,935,535	(787,672)	1,334,334	-	(214,708,268)
NET POSITION - Year to date	(195,486,185)	(59,377,423)	(0)	(1,120,654)	1,930,771	(4,366,934)	(258,420,422)

EBIDA 86,706,133
EBIDA Margin 11.4%

Assets

Current Assets	
Cash and cash equivalents	\$ 13,753,252
Investments	15,876,204
Patient accounts receivable - net of allowances for uncollectible accounts of \$29,356	126,590,245
Other receivables	32,968,496
Supplies and inventories	12,016,986
Prepaid expenses and other	13,156,442
Estimated third-party payor settlements receivable	159,414,573
Assets whose use is limited - current portion	12,478,986
Restricted cash and investments, current	<u>60,218,327</u>
Total current assets	<u>446,473,511</u>
Restricted Noncurrent Cash and Investments	
Held by trustee under indenture agreements	100,776,781
Held by trustee under general obligation bonds indenture	60,218,327
Held in escrow for street improvements	7,924
Restricted by donor and other	<u>358,307</u>
Total restricted cash and investments	161,361,339
Less amounts required to meet current obligations	<u>72,697,313</u>
Total restricted noncurrent cash and investments	<u>88,664,026</u>
Capital Assets - net	<u>927,139,262</u>
Right of Use Assets - Net	<u>304,581,913</u>
Other Assets	
Prepaid debt insurance costs	7,797,256
Investment in and amounts due from affiliated entities	5,619,827
Other	<u>65,147,700</u>
Total other assets	<u>78,564,783</u>
Total assets	1,845,423,495
Deferred outflow of resources - loss on refunding of debt	<u>42,156,204</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,887,579,699</u>

Liabilities

Current Liabilities	
Accounts payable	98,302,053
Accrued compensation and related liabilities	54,126,141
Current portion of general obligation bonds	10,806,216
Current portion of long-term debt	59,397,291
Current portion of lease liabilities	27,212,500
Estimated third-party payor settlements	1,839,940
Other accrued liabilities	89,618,398
Accrued interest payable	31,716,726
Accrued interest payable-ROU's	<u>1,340,048</u>
Total current liabilities	374,359,313
Workers' compensation - net of current portion	8,885,392
Long-term debt - general obligation bonds - net of current portion	613,208,723
Long-term debt - net of current portion	733,741,897
Long-term debt - Lease liability - net of current portion	327,134,663
Total liabilities	<u>2,057,329,989</u>
Deferred inflow of resources - unearned revenue	<u>88,670,133</u>
Total liabilities and deferred inflow of resources	<u>2,146,000,122</u>
Net Position	
Net investment in capital assets	(328,604,489)
Restricted, expendable for:	
Repayment of debt	45,615,260
Capital acquisitions	7,924
Other purposes	358,307
Unrestricted	24,202,576
Total net position	<u>(258,420,422)</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 1,887,579,699</u>

Operating Revenue		
Patient service revenue, net of provision for uncollectible accounts of \$53,414	\$	672,017,458
Premium revenue		
Shared risk revenue		69,677,735
Other revenue		18,778,133
		<hr/>
Total operating revenue		760,473,326
		<hr/>
Operating Expenses		
Salaries, wages, and benefits		461,099,767
Professional fees		44,711,125
Supplies		104,491,687
Purchased services		83,462,073
Depreciation and amortization		46,946,248
Rent expense		15,581,942
Utilities		5,764,679
Other		30,317,044
		<hr/>
Total operating expenses		792,374,565
		<hr/>
Income (Loss) From Operations		(31,901,239)
		<hr/>
Non-Operating Income (Expenses)		
Investment income		16,132,780
Interest expense		(67,749,913)
Property tax revenue - unrestricted		18,927,912
Property tax revenue - restricted		36,698,771
Amortization expense		(13,309,202)
Other - net		(2,511,263)
		<hr/>
Total non-operating expenses - net		(11,810,915)
		<hr/>
Change in net position		(43,712,154)
		<hr/>
Net Position - Beginning of year		(214,708,268)
		<hr/>
Net Position - March 31, 2026	\$	(258,420,422)
		<hr/>

Cash Balance at 3/31/26(+)/DEBIT -(CREDIT)	13,753,252
Cash Balance at 6/30/25(+)/DEBIT -(CREDIT)	22,645,150
<u>OPERATING ACTIVITIES:</u>	
Income (Loss) from Operations	(31,901,238)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	-
(Gain)/Loss on write off of PAM-SD	-
Depreciation and amortization	34,783,084
Amortization of lease right-of-use asset	18,287,923
Amortization of SBITA	7,183,253
Provision for bad debts	53,414,060
Equity in Earnings of Affiliates	750,267
(Gain)/Loss on disposal of fixed assets	22,298
Changes in Assets and Liabilities	
Patient accounts receivable	(17,840,575)
Other receivables	(6,413,308)
Inventories	698,602
Prepaid expenses and other current assets	(2,975,608)
Estimated settlement amounts due third-party payors	(63,474,753)
Accounts payable	683,285
Accrued Compensation and Other Liabilities	(13,905,420)
Other accrued liabilities	13,222,332
Deferred Revenue	(5,936,046)
Other net	725,082
Net cash provided by (used in) operating activities	(12,676,763)
<u>INVESTING ACTIVITIES:</u>	
Purchases of investments	(134,081,775)
Proceeds on Sale of Investments	153,976,984
Income received on investments	11,422,876
Receipt of Payment on Loans Receivable	-
Other	-
Net cash provided by (used in) investing activities	31,318,084
<u>FINANCING ACTIVITIES:</u>	
Acquisition of Fixed Assets	(14,835,074)
Proceeds on the sale of fixed assets	(22,298)
Other Misc. Receipts	(12,511,998)
Receipt of district taxes - G.O. Bonds	36,698,771
Payments on long-term debt	(21,756,536)
Payment on lease liabilities	(17,388,893)
Deferred Financing Costs	-
Interest Paid	(55,329,062)
Interest Paid Lease Obligations	(11,715,494)
Proceeds on LOC	50,000,000
Financing Activities - Other	399,456
Net cash provided by (used in) financing activities	(46,461,128)
C.F.'s from Non-Capital Financing:	53
Receipt of District Taxes	18,927,912
Other Financing	-

Days Cash on Hand Ratio Covenant	March 31, 2026 Consolidated
Cash and Cash Equivalents	29,629,456
Divide Total by Average Adjusted Expenses per Day	
Total Expenses	792,374,565
Less: Depreciation	46,946,248
Adjusted Expenses	745,428,317
Number of days in period	274
Average Adjusted Expenses per Day	2,720,541
Days Cash on Hand	10.9
REQUIREMENT	65

Debt Service Coverage Ratio Covenant	March 31, 2026 Consolidated
Excess of revenues over expenses	(53,197,131)
REVERSE:	
Depreciation and Amortization	46,946,248
Depreciation and Amortization-NonOp	13,309,202
Interest Expense	41,147,061
Income Available for Debt Service	48,205,379
Divided by:	
Maximum Annual Debt Service (excludes GO Bonds)	42,217,767
Debt Service Coverage Ratio	1.14
REQUIREMENT	1.15

NOT ACHIEVED