

FINANCE COMMITTEE

Meeting Agenda

Monday, June 1, 2026

2:00 p.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		2:01
II.	Public Comments¹	30		2:31
III.	Action Item(s) <i>(ADD A)</i>			
	A. Finance Committee Minutes, May 6, 2026 <i>(Pp 6-9)</i>	5		2:36
	B. YTD FY2025 and April 2026 Financials <i>(Pp 10-29)</i>	24		3:00
	C. Workday Update – <i>Informational Only (Pp 30-41)</i>	30		3:30
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: 292 389 414 420 640

Pass Code: PB7ww9Pg

or

Dial in using your phone at 929.352.2216; Access Code: 152 340 59#¹

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

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 2:00 p.m.



Request for Public Comments

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

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

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

Public Comments Process

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

ADDENDUM A

Board Finance Committee Meeting Minutes – Wednesday, May 6, 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 Wednesday, April 29, 2026. An amended agenda and information packet was posted on the Palomar Health website on Tuesday, May 5, 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 10:03 a.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; Director Michael Pacheco; Diane Hansen; Andrew Nguyen (virtual), M.D.; Mark Goldsworthy, MD
- Absent: none

II. Public Comments

- Lindy Jenkins, Nurse (virtual)

III. Action Items	
<p>A. Finance Committee Minutes, April 2, 2026</p>	<p>MOTION by Director Pacheco, 2nd by Director Griffith to approve the Finance Committee Minutes from April 2, 2026 as written.</p> <p>Roll call voting was utilized. Director Greer - aye Director Griffith – aye Director Pacheco – aye Diane Hansen –aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – aye</p> <p>Six in favor. None opposed. None absent. No abstention(s).</p> <p>Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> No discussion 	
<p>B. March 2026 Alvarez and Marsal Update</p>	<p>NO MOTION, INFORMATIONAL ONLY</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Andrew Fink and Brian Giessler, Alvarez and Marsal, shared a presentation with the committee. 	
<p>C. Amended YTD FY2025 and February 2026 Financials</p>	<p>MOTION by Diane Hansen, 2nd by Director Pacheco to approve Amended 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 – aye Diane Hansen –aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – aye</p> <p>Six in favor. None opposed. None absent. No abstention(s).</p> <p>Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Andrew Tokar, Chief Financial Officer, presented the Amended YTD FY2025 and February 2026 Financials to the Committee. Committee discussion ensued. 	

<p>D. YTD FY2025 and March 2026 Financials</p>	<p>MOTION by Director Griffith, 2nd by Diane Hansen to approve YTD FY2025 and March 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 – aye Diane Hansen –aye Mark Goldsworthy, MD – aye Andrew Nguyen, MD – aye</p> <p>Six in favor. None opposed. None absent. No abstention(s).</p> <p>Motion approved.</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Andrew Tokar, Chief Financial Officer, presented the YTD FY2025 and March 2026 Financials to the Committee. Committee discussion ensued. 	
<p>E. Workday Update</p>	<p>NO MOTION, INFORMATIONAL ONLY</p>
<p>Discussion:</p> <ul style="list-style-type: none"> Anew Tokar, Chief Financial Officer, provided a verbal update 	
<p>Final Adjournment</p>	
<p>Meeting adjourned by Board Committee Chair Linda Greer at 10:52 a.m.</p>	

Board Finance Committee Meeting Minutes – Wednesday, May 6, 2026

Signatures:

Committee Chair

Linda Greer, RN

Committee Assistant

Janet Kren

DRAFT

Fiscal Year 2026 Financial Performance

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

April 2026 Unaudited

Highlights for April 2026

Revenue

- Gross Revenue was \$46.8 above budget, or 8.9%
- Net Patient Revenue was above budget by \$3.6M or 4.7%
- Inpatient and Inpatient Ancillary services, as well as, Infusion Therapy and Outpatient Imaging drove revenue, this past month. We also continue to see increased revenues from the DHDP program that will continue through Jun-26

Volumes

- April continued to be a strong month for acute inpatient volumes
 - Acute discharges were 8.0% higher than budget
- Surgery and emergency room, continue with previous trends
 - For the month, surgeries cases were down 2.6% to budget, and YTD is 3.0% below budget
 - IP ED visits continue to be strong, at 2.6% above PYTD and 21.5% above the monthly budget
- Radiation Oncology YTD exceeded the prior year by 6.1% but was 4.1% below budget
- Infusion Therapy exceeded the monthly budget by 16.0% and closed the budget gap, year-to-date, to 2.7%
- Length of Stay remained flat at 4.14 days, but continues to be 3.1% ahead of budget at 4.15 days

Expenses

- Total expenses were 2.0% under budget
- The largest positive budget variances were benefits and professional fees & purchased services, though these will be escalated in future months
- Salaries, wages and contract labor was effectively flat to budget and overall productivity was at 100.4%

Other Highlights

- Ongoing efforts ensure JPA reporting will be available for a July 1st close date
- Alvarez & Marsal (A&M) will pick up turn around reporting as we prepare to complete our budget and move to new reporting guidance via the Rapid Assessment that was recently completed
- The budget process continues as we prepare the Hospital District and JPA budgets for presentation to their respective Boards
- EBIDA* margin remains strong and improved to 15.3% based on FYTD results, improving from prior month
- Days Cash on Hand for April increased to 16.2 days (PH Only) and was due to slightly better collections activity and A/P management
- Accounts Payable Current Liability increased by \$1.9M, or 2.1%, and represents normal changes to the liability
- Days in Accounts Receivable (A/R) increased to 53.8 and A/R greater than 90 days decreased to 37.4% on a good collection month
- Debt Service Coverage is 1.24 as of April 2026, which is above 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 12% and 10% respectively in the current year which is impacting overall bottom-line profitability. Cash postings were \$65.9 million. Days in Net A/R excluding supplemental government programs are 53.8, an increase of 0.8 days from the prior month. Uncompensated Care increased by \$814 thousand to \$10.3 million for the month.

Revenue Cycle – Key Performance Indicators (KPIs)

Key Performance Indicators (KPI)	December 2025	January 2026	February 2026	March 2026	April 2026	Target
Total Net A/R (\$) ¹	\$ 115,367,571	\$ 118,486,363	\$ 118,290,229	\$ 113,768,911	\$ 112,222,692	
Net Days in A/R (Days) ²	56.7	55.3	54.4	53.0	53.8	55.0
% AR > 90 Days	44.4%	37.9%	38.6%	42.1%	37.4%	22.5%
% of Avoidable Denial Write-Offs	2.1%	3.0%	4.2%	5.4%	5.9%	2.1%
Net Revenue Yield	108.0%	100.9%	101.2%	100.2%	104.3%	98.0%

As expected, actual net A/R greater than 90 days declined and net patient service revenue declined to prior month and this percentage dropped to 37.4%. Lastly, avoidable write-offs are up as we exhaust collection efforts on older A/R. YTD we are at 3.3% 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 Apr-26	Budget Apr-26	Budget Variance	Prior Year Apr-25	Prior Year Variance	Actual Apr-26	Budget Apr-26	Budget Variance	Prior Year Apr-25	Prior Year Variance
Key Volumes										
Discharges - Total	2,332	2,157	8.1%	2,273	2.6%	23,569	21,127	11.6%	21,913	7.6%
Acute - General	2,293	2,111	8.6%	2,234	2.6%	23,162	20,669	12.1%	21,525	7.6%
Total Acute Discharges	2,293	2,111	8.6%	2,234	2.6%	23,162	20,669	12.1%	21,525	7.6%
The Villas at Poway	39	46	(14.9%)	39	0.0%	407	458	(11.2%)	388	4.9%
Patient Days - Total	11,924	11,892	0.3%	11,388	4.7%	121,887	119,787	1.8%	120,059	1.5%
Acute - General	9,485	8,815	7.6%	8,909	6.5%	96,121	88,462	8.7%	93,406	2.9%
Total Acute Patient Days	9,485	8,815	7.6%	8,909	6.5%	96,121	88,462	8.7%	93,406	2.9%
The Villas at Poway	2,439	3,077	(20.7%)	2,479	(1.6%)	25,766	31,326	(17.8%)	26,653	(3.3%)
Acute Adjusted Discharges	3,661	3,071	19.2%	3,583	2.2%	37,116	33,102	12.1%	34,105	8.8%
Total Adjusted Discharges*	3,708	3,425	8.3%	3,629	2.2%	37,601	33,535	12.1%	34,561	8.8%
Acute Adjusted Patient Days	15,146	14,104	7.4%	14,287	6.0%	153,965	141,534	8.8%	147,887	4.1%
Total Adjusted Patient Days*	17,585	17,180	2.4%	16,766	4.9%	179,731	172,860	4.0%	174,540	3.0%
Calendar Days	30	30	0.0%	30	0.0%	304	304	0.0%	304	0.0%
Acute Average Daily Census	316	294	7.6%	297	6.5%	316	291	8.7%	307	2.9%
Total Average Daily Census*	397	396	0.3%	380	4.7%	401	394	1.8%	395	1.5%
Surgeries - Total	873	896	(2.6%)	900	(3.0%)	8,939	9,211	(3.0%)	9,251	(3.4%)
Inpatient	494	504	(1.9%)	494	0.0%	4,991	5,041	(1.0%)	5,099	(2.1%)
Outpatient	379	393	(3.5%)	406	(6.7%)	3,948	4,171	(5.3%)	4,152	(4.9%)
Deliveries	218	266	(18.1%)	244	(10.7%)	2,596	2,984	(13.0%)	2,888	(10.1%)
ER Visits (Includes Trauma) - Total	9,931	10,074	(1.4%)	10,320	(3.8%)	100,844	101,796	(0.9%)	102,813	(1.9%)
Inpatient	1,912	1,573	21.5%	1,863	2.6%	18,588	16,663	11.6%	17,068	8.9%
Outpatient	8,019	8,501	(5.7%)	8,457	(5.2%)	82,256	85,133	(3.4%)	85,745	(4.1%)

	Month					Year to Date				
	Actual	Budget	Budget	Prior Year	Prior Year	Actual	Budget	Budget	Prior Year	Prior Year
	Apr-26	Apr-26	Variance	Apr-25	Variance	Apr-26	Apr-26	Variance	Apr-25	Variance
Cardiac Cath RVUs	1,129	1,313	(14.0%)	1,081	4.4%	11,324	11,150	1.6%	10,440	8.5%
Escondido Interv. Radiology RVUs	929	930	(0.1%)	874	6.2%	8,949	9,657	(7.3%)	9,397	(4.8%)
Poway Interv. Radiology RVUs	305	231	31.8%	249	22.5%	2,946	2,659	10.8%	2,628	12.1%
Radiation Oncology RVUs	4,612	3,370	36.9%	2,649	74.1%	32,758	34,148	(4.1%)	30,877	6.1%
Infusion Therapy Hours	1,250	1,077	16.0%	1,123	11.3%	10,628	10,917	(2.7%)	9,680	9.8%
Imaging										
Escondido CAT Procedures	10,426	8,551	21.9%	9,207	13.2%	100,892	88,929	13.5%	90,207	11.8%
Poway CAT Procedures	2,708	2,220	22.0%	2,736	(1.0%)	28,217	25,398	11.1%	26,436	6.7%
Escondido MRI Procedures	642	429	49.7%	529	21.4%	5,737	4,598	24.8%	4,746	20.9%
Poway MRI Procedures	145	132	10.2%	125	16.0%	1,520	1,340	13.5%	1,298	17.1%
Escondido Diagnostic Rad. Procedures	6,798	6,895	(1.4%)	6,667	2.0%	70,078	69,087	1.4%	70,131	(0.1%)
Poway Diagnostic Rad. Procedures	2,097	1,978	6.0%	2,182	(3.9%)	22,052	21,808	1.1%	22,365	(1.4%)

*Includes The Villas at Poway

	Month					Year to Date				
	Actual Apr-26	Budget Apr-26	Budget Variance	Prior Year Apr-25	Prior Year Variance	Actual Apr-26	Budget Apr-26	Budget Variance	Prior Year Apr-25	Prior Year Variance
Key Statistics										
Acute Average LOS - Days	4.14	4.18	0.9%	3.99	(3.6%)	4.15	4.28	3.1%	4.34	4.6%
Acute - General	4.14	4.18	0.9%	3.99	(3.6%)	4.15	4.28	3.1%	4.34	4.6%
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	29	0	(8,497.5%)	0	(98.8%)	27	26	(2.7%)	26	(2.6%)
Acute Case Mix - Excludes Deliveries	1.65	1.69	2.4%	1.69	2.4%	1.67	1.71	2.3%	1.71	2.4%
Acute Case Mix -Medicare Only	1.63	1.71	4.7%	1.71	4.9%	1.68	1.69	0.6%	1.69	0.6%
Labor Productivity by Hrs						100.4			99.6	
Days Cash on Hand						16.2			14.7	
Financial Performance										
Operating Income	6,276,754	1,399,999	4,876,755	(6,894,302)	13,171,056	28,849,685	(1,149,998)	29,999,683	(49,905,857)	78,755,542
Net Income	3,285,415	(1,011,615)	4,297,030	(12,766,219)	16,051,634	7,001,837	(23,905,924)	30,907,761	(74,047,587)	81,049,424
Oper. Expenses/Adj. Patient Days	3,758	3,932	(4.4%)	3,755	0.1%	3,782	3,909	(3.2%)	3,891	(2.8%)
EBIDA Margin-Excludes PHMG	18.4%	12.9%	5.6%	-3.3%	21.7%	15.3%	11.3%	4.0%	5.3%	10.0%
EBIDA-Excludes PHMG	14,204,132	9,506,711	4,697,421	(1,995,362)	16,199,494	116,154,366	81,277,422	34,876,944	36,284,716	79,869,650

Note: Financial Performance excludes GO Bonds

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Apr 26	Apr 26	Apr 26	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	17,585	17,180	405					
Adjusted Discharges	3,708	3,425	283					
Operating Revenue								
Gross revenue	525,774,416	478,959,768	46,814,648	11,290,961	35,523,687	29,899.03	27,878.92	2,020.11
Deductions from revenue	(449,688,641)	(406,461,431)	(43,227,210)	(9,581,891)	(33,645,319)	(25,572.29)	(23,658.99)	(1,913.30)
Net patient revenue	76,085,775	72,498,337	3,587,438	1,709,070	1,878,368	4,326.74	4,219.93	106.82
Other operating revenue	1,064,778	1,159,790	(95,012)	27,341	(122,353)	60.55	67.51	(6.96)
Total net revenue	77,150,553	73,658,127	3,492,426	1,736,411	1,756,015	4,387.29	4,287.43	99.86
Operating Expenses								
Salaries, wages & contract labor	31,386,512	30,612,451	(774,060)	(721,656)	(52,405)	1,784.85	1,781.87	(2.98)
Benefits	7,552,346	8,325,160	772,814	(196,257)	969,071	429.48	484.58	55.11
Supplies	10,834,228	10,655,944	(178,284)	(251,202)	72,918	616.11	620.25	4.15
Prof fees & purch svcs	12,625,455	14,426,894	1,801,439	(340,098)	2,141,537	717.97	839.75	121.78
Depreciation & amortization	4,796,544	4,703,535	(93,009)	(110,881)	17,872	272.76	273.78	1.02
Other	3,678,714	3,534,144	(144,570)	(83,314)	(61,256)	209.20	205.71	(3.48)
Total expenses	70,873,799	72,258,128	1,384,330	(1,703,408)	3,087,737	4,030.36	4,205.94	175.59
Income from operations	6,276,754	1,399,999	4,876,755	33,003	4,843,752	356.94	81.49	(75.73)
Non-operating revenue (expense)								
Property tax revenues ¹	2,141,599	2,141,667	(68)					
Investment Income	684,708	1,176,843	(492,135)					
Interest Expense	(4,643,373)	(4,335,990)	(307,383)					
Non-operating depreciation & amortization	(1,478,800)	(1,478,799)	(1)					
Other non-operating revenue(expense)	304,527	84,665	219,862					
Net income(loss) ²	3,285,415	(1,011,615)	4,297,030					

EBIDA Margin 18.4% 12.9% 5.5%

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

2= Excludes G.O. Bonds income / expense

	Actual	Budget	Variance	Variance		Dollars/Adjusted Patient Day		
	Apr 26	Apr 26	Apr 26	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	179,731	172,860	6,871					
Adjusted Discharges	37,601	33,535	4,066					
Operating Revenue								
Gross revenue	5,175,729,374	4,877,862,351	297,867,023	193,889,808	103,977,215	28,797.09	28,218.57	578.52
Deductions from revenue	(4,427,658,444)	(4,167,920,438)	(259,738,006)	(165,670,377)	(94,067,629)	(24,634.92)	(24,111.54)	(523.38)
Net patient revenue	748,070,930	709,941,913	38,129,017	28,219,431	9,909,586	4,162.17	4,107.03	55.14
Other operating revenue	9,210,943	11,597,901	(2,386,958)	461,004	(2,847,962)	51.25	67.09	(15.85)
Total net revenue	757,281,873	721,539,814	35,742,059	28,680,435	7,061,624	4,213.42	4,174.13	39.29
Operating Expenses								
Salaries, wages & contract labor	315,359,912	306,984,030	(8,375,882)	(12,202,287)	3,826,405	1,754.62	1,775.91	21.29
Benefits	73,175,496	81,423,108	8,247,612	(3,236,481)	11,484,093	407.14	471.03	63.90
Supplies	110,883,590	107,646,078	(3,237,512)	(4,278,816)	1,041,304	616.94	622.74	5.79
Prof fees & purch svcs	143,833,390	144,261,532	428,142	(5,734,242)	6,162,384	800.27	834.56	34.29
Depreciation & amortization	48,620,324	47,035,450	(1,584,874)	(1,869,609)	284,735	270.52	272.10	1.58
Other	36,559,476	35,339,614	(1,219,862)	(1,404,712)	184,850	203.41	204.44	1.03
Total expenses	728,432,188	722,689,812	(5,742,376)	(28,726,147)	22,983,771	4,052.90	4,180.78	127.88
Income from operations	28,849,685	(1,149,998)	29,999,683	(45,711)	30,045,394	160.52	(6.65)	(88.59)
Non-operating revenue (expense)								
Property tax revenues ¹	21,069,511	21,416,667	(347,156)					
Investment Income	12,032,729	11,768,437	264,292					
Interest Expense	(45,744,204)	(43,359,898)	(2,384,306)					
Non-operating depreciation & amortization	(14,788,002)	(14,788,000)	(2)					
Other non-operating revenue(expense)	5,582,118	2,206,868	3,375,250					
Net income(loss) ²	7,001,837	(23,905,924)	30,907,761					

EBIDA Margin 15.3% 11.3% 4.1%

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

2= Excludes G.O. Bonds income / expense

	Actual	Prior Year	Variance	Variance		Dollars/Adjusted Patient Day		
	Apr 26	Apr 25	Apr 26	Volume	Rate/Eff	Actual	Budget	Variance
Adjusted Patient Days	179,730	174,540	5,190					
Adjusted Discharges	37,600	34,561	3,039					
Operating Revenue								
Gross revenue	5,175,729,374	4,827,355,890	348,373,484	143,542,896	204,830,588	28,797.25	27,657.59	1,139.66
Deductions from revenue	(4,427,658,444)	(4,156,090,478)	(271,567,966)	(123,582,615)	(147,985,351)	(24,635.06)	(23,811.68)	(823.38)
Net patient revenue	748,070,930	671,265,412	76,805,518	19,960,281	56,845,237	4,162.19	3,845.91	316.28
Other operating revenue	9,210,943	9,300,168	(89,223)	276,543	(365,768)	51.25	53.28	(2.04)
Total net revenue	757,281,873	680,565,580	76,716,295	20,236,825	56,479,468	4,213.44	3,899.20	314.25
Operating Expenses								
Salaries, wages & contract labor	315,359,912	315,287,467	(72,445)	(9,375,169)	9,302,724	1,754.63	1,806.39	51.76
Benefits	73,175,496	80,703,163	7,527,667	(2,399,733)	9,927,400	407.14	462.38	55.24
Supplies	110,883,590	103,785,465	(7,098,125)	(3,086,092)	(4,012,033)	616.95	594.62	(22.32)
Prof fees & purch svcs	143,833,390	149,745,887	5,912,497	(4,452,740)	10,365,237	800.27	857.95	57.67
Depreciation & amortization	48,620,324	51,369,269	2,748,945	(1,527,481)	4,276,426	270.52	294.31	23.79
Other	36,559,476	29,580,186	(6,979,289)	(879,576)	(6,099,714)	203.41	169.48	(33.94)
Total expenses	728,432,188	730,471,437	2,039,250	(21,720,790)	23,760,039	4,052.92	4,185.12	132.20
Income from operations	28,849,685	(49,905,857)	78,755,542	(1,483,966)	80,239,508	160.52	(285.93)	182.05
Non-operating revenue (expense)								
Property tax revenues ¹	21,069,511	20,103,739	965,772					
Investment Income	12,032,729	13,428,984	(1,396,255)					
Interest Expense	(45,744,204)	(44,195,935)	(1,548,269)					
Non-operating depreciation & amortization	(14,788,002)	(14,767,099)	(20,903)					
Other non-operating revenue(expense)	5,582,118	1,288,578	4,293,540					
Net income(loss) ²	7,001,837	(74,047,587)	81,049,424					

EBIDA Margin 15.3% 5.3% 10.0%

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

2= Excludes G.O. Bonds income / expense

Income Statement for the Current Year Trend
Excludes PHMG

	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26	Apr 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	17,585	179,731
Adjusted Discharges	3,734	3,988	3,785	3,818	3,372	3,794	3,842	3,677	3,882	3,708	37,601
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	525,774,416	5,175,729,374
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)	(449,688,641)	(4,427,658,444)
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	76,085,775	748,070,930
Other operating revenue	864,100	946,365	1,049,479	945,491	1,075,318	911,580	590,360	788,374	975,098	1,064,778	9,210,943
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	77,150,553	757,281,873
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	31,386,512	315,359,912
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	7,552,346	73,175,496
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	10,834,228	110,883,590
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	12,625,455	143,833,390
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	4,796,544	48,620,324
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	3,678,714	36,559,476
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	70,873,799	728,432,188
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	6,276,754	28,849,685
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	2,141,599	21,069,511
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	684,708	12,032,729
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)	(4,643,373)	(45,744,204)
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)	(1,478,800)	(14,788,002)
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	304,527	5,582,118
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	3,285,415	7,001,837
EBIDA Margin	15.0%	13.7%	12.6%	7.5%	13.4%	14.5%	17.7%	20.5%	18.9%	18.4%	15.3%

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
	Feb-26	Mar-26	Apr-26	Jun-25
Current Assets				
Cash and cash equivalents	8,834,367	9,088,942	11,279,375	15,000,751
Investments	32,886,260	15,876,204	25,000,084	28,463,741
Board Designated	-	-	-	-
Total cash, cash equivalents & investments	41,720,626	24,965,146	36,279,459	43,464,492
Patient Accounts Receivable				
Allowance on accounts	484,545,456	475,377,812	477,592,460	504,133,063
Net accounts receivable	(366,255,227)	(361,608,902)	(365,369,768)	(360,699,498)
Net accounts receivable	118,290,229	113,768,911	112,222,692	143,433,565
Other Current Assets				
Inventories	11,974,669	11,881,826	11,877,659	12,194,024
Prepaid expenses	10,216,184	11,764,419	10,405,489	8,309,163
Est. third party settlements	144,906,343	159,414,573	151,006,307	95,529,680
Other	76,132,113	82,476,388	77,644,967	71,655,917
Total current assets	403,240,165	404,271,263	399,436,573	374,586,840
Non-Current Assets				
Restricted assets	98,243,689	100,784,706	104,742,390	87,348,717
Restricted other	358,236	358,307	358,409	357,688
Total restricted assets	98,601,924	101,143,012	105,100,799	87,706,405
Property, Plant & Equipment				
Property, plant & equipment	1,563,876,057	1,563,021,518	1,562,800,537	1,593,114,786
Accumulated depreciation	(687,823,286)	(691,180,754)	(694,491,952)	(686,328,663)
Construction in process	47,722,092	48,915,905	51,089,884	39,167,673
Net property, plant & equipment	923,774,863	920,756,669	919,398,468	945,953,795
Right of Use Assets				
Building leases	266,116,591	264,777,070	263,437,550	276,832,758
Sub-leases	177,757	172,820	167,882	234,948
Equipment leases	15,096,894	21,627,840	20,907,029	18,084,940
SBITA	10,755,131	10,136,973	9,555,154	16,006,107
Net right of use assets	292,146,374	296,714,703	294,067,615	311,158,754
Other Non-Current Assets				
Investment related companies	6,456,625	5,454,641	5,022,325	5,718,913
Prepaid debt insurance costs	6,778,646	6,752,707	6,726,768	6,986,297
Other non-current assets	63,963,282	63,632,342	63,307,463	66,188,501
Total non-current assets	1,391,721,714	1,394,454,074	1,393,623,440	1,423,712,664
Total assets	1,794,961,878	1,798,725,337	1,793,060,013	1,798,299,504
Deferred outflow of resources-loss on refunding of debt				
Deferred outflow of resources-loss on refunding of debt	40,159,423	39,941,509	39,723,594	41,902,741
Total assets and deferred outflow of resources	1,835,121,301	1,838,666,846	1,832,783,607	1,840,202,245

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Feb-26	Mar-26	Apr-26	Jun-25
Current Liabilities				
Accounts payable	92,494,289	88,579,557	90,435,745	94,240,154
Accrued payroll	34,242,845	34,792,906	35,228,418	49,881,621
Accrued PTO	24,981,391	25,591,852	25,689,046	23,828,506
Accrued interest payable	15,141,096	18,501,032	21,281,499	7,842,158
Current portion of bonds	9,365,000	9,365,000	9,365,000	8,925,000
Current portion of lease liab	20,313,903	20,953,708	20,412,700	21,510,594
Est. third party settlements	9,360,689	9,003,239	8,863,585	8,593,099
Other current liabilities	207,846,626	205,779,805	204,408,027	147,853,726
Total current liabilities	413,745,839	412,567,098	415,684,020	362,674,858
Long Term Liabilities				
Other LT liabilities	24,769,408	24,747,504	22,225,599	27,444,646
Bonds & contracts payable	702,053,670	701,831,094	701,608,518	713,199,799
Lease liabilities	316,073,960	320,900,240	319,258,198	327,879,779
Total long term liabilities	1,042,897,039	1,047,478,837	1,043,092,316	1,068,524,225
Total liabilities	1,456,642,878	1,460,045,935	1,458,776,336	1,431,199,083
Deferred inflow of resources- unearned revenue				
Deferred inflow of resources- unearned revenue	6,743,723	6,693,206	6,642,688	6,547,471
Total liabilities and deferred inflow of resources	1,463,386,601	1,466,739,141	1,465,419,024	1,437,746,554
Net Position				
Unrestricted	371,376,464	371,569,399	367,006,174	402,098,003
Restricted for other purpose	358,236	358,307	358,409	357,688
Total net position	371,734,700	371,927,705	367,364,583	402,455,691
Total liabilities, deferred inflow of resources and net position	1,835,121,301	1,838,666,846	1,832,783,607	1,840,202,245

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

Assets	Current Fiscal Year			Prior Fiscal Year
	Feb-26	Mar-26	Apr-26	Jun-25
Current Assets				
Cash and cash equivalents	8,834,367	9,088,942	11,279,375	15,000,751
Investments	32,886,260	15,876,204	25,000,084	28,463,741
Board Designated	-	-	-	-
Total cash,cash equivalents & investments	41,720,626	24,965,146	36,279,459	43,464,492
Patient Accounts Receivable	484,545,456	475,377,812	477,592,460	504,133,063
Allowance on accounts	(366,255,227)	(361,608,902)	(365,369,768)	(360,699,498)
Net accounts receivable	118,290,229	113,768,911	112,222,692	143,433,565
Inventories	11,974,669	11,881,826	11,877,659	12,194,024
Prepaid expenses	10,216,184	11,764,419	10,405,489	8,309,163
Est. third party settlements	144,906,343	159,414,573	151,006,307	95,529,680
Other	80,808,315	90,155,316	71,286,790	71,777,188
Total current assets	407,916,367	411,950,191	393,078,395	374,708,111
Non-Current Assets				
Restricted assets	157,435,310	161,003,032	183,396,217	163,601,420
Restricted other	358,236	358,307	358,409	357,688
Total restricted assets	157,793,546	161,361,339	183,754,626	163,959,108
Property, plant & equipment	1,563,876,057	1,563,021,518	1,562,800,537	1,593,114,786
Accumulated depreciation	(687,823,286)	(691,180,754)	(694,491,952)	(686,328,663)
Construction in process	47,722,092	48,915,905	51,089,884	39,167,673
Net property, plant & equipment	923,774,863	920,756,669	919,398,468	945,953,795
Right of Use Assets				
Building leases	266,116,591	264,777,070	263,437,550	276,832,758
Sub-leases	177,757	172,820	167,882	234,948
Equipment leases	15,096,894	21,627,840	20,907,029	18,809,028
SBITA	10,755,131	10,136,973	9,555,154	16,226,190
Net right of use assets	292,146,374	296,714,703	294,067,615	312,102,924
Investment related companies	6,456,625	5,454,641	5,022,325	5,718,913
Prepaid debt insurance and other costs	7,834,848	7,797,256	7,759,665	8,136,372
Other non-current assets	63,963,282	63,632,342	63,307,463	66,188,501
Total non-current assets	1,451,969,537	1,455,716,950	1,473,310,163	1,502,059,614
Total assets	1,859,885,904	1,867,667,141	1,866,388,558	1,876,767,725
Deferred outflow of resources-loss on refunding of debt	42,391,979	42,156,204	41,920,429	44,278,181
Total assets and deferred outflow of resources	1,902,277,883	1,909,823,345	1,908,308,988	1,921,045,905

Liabilities	Current Fiscal Year			Prior Fiscal Year
	Feb-26	Mar-26	Apr-26	Jun-25
Current Liabilities				
Accounts payable	92,494,289	88,580,057	90,435,745	94,240,154
Accrued payroll	34,242,845	34,792,906	35,228,418	49,712,808
Accrued PTO	24,981,391	25,591,852	25,689,046	23,828,506
Accrued interest payable	26,424,517	33,055,982	39,107,978	29,905,711
Current portion of bonds	20,171,216	20,171,216	20,171,216	19,081,756
Current portion of lease liab	20,313,903	20,953,708	20,412,700	21,878,270
Est. third party settlements	9,360,689	9,003,239	8,863,585	8,593,099
Other current liabilities	145,834,068	144,423,443	143,707,860	81,698,710
Total current liabilities	373,822,917	376,572,401	383,616,548	328,939,015
Long Term Liabilities				
Other LT liabilities	24,769,408	24,747,504	22,225,599	27,444,646
Bonds & contracts payable	1,315,608,584	1,315,039,818	1,314,471,051	1,340,117,039
Lease liabilities	316,073,960	320,900,240	319,258,198	328,471,724
Total long term liabilities	1,656,451,953	1,660,687,561	1,655,954,848	1,696,033,409
Total liabilities	2,030,274,870	2,037,259,962	2,039,571,396	2,024,972,424
Deferred inflow of resources- unearned revenue	68,756,281	68,049,568	67,342,854	72,791,253
Total liabilities and deferred inflow of resources	2,099,031,152	2,105,309,530	2,106,914,251	2,097,763,677
Net Position				
Unrestricted	(197,111,504)	(195,844,491)	(198,963,673)	(177,075,460)
Restricted for other purpose	358,236	358,307	358,409	357,688
Total net position	(196,753,269)	(195,486,185)	(198,605,263)	(176,717,772)
Total liabilities, deferred inflow of resources and net position	1,902,277,883	1,909,823,345	1,908,308,988	1,921,045,905

Palomar Health
STATEMENT OF CASH FLOWS
Fiscal Year 2026

	<u>Apr-26</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	6,276,756	28,849,688
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation Expense	4,796,544	48,620,322
Provision for bad debts	7,419,121	60,017,315
Changes in operating assets and liabilities:		
Patient accounts receivable	(5,872,903)	(28,806,442)
Property Tax and other receivables	(1,995,920)	(8,861,371)
Inventories	4,167	316,365
Prepaid expenses and other current assets	1,936,212	(3,078,914)
Accounts payable	1,855,688	(3,804,409)
Accrued compensation	532,706	(12,792,664)
Estimated settlement amounts due third-party payors	8,268,612	(55,206,141)
Other liabilities	(644,793)	63,579,157
Net cash provided from (used by) operating activities	<u>22,576,190</u>	<u>88,832,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	(31,517,167)	(16,331,861)
Income (Loss) on investments	849,233	13,721,040
Investment in affiliates	(8,296,811)	(45,907,641)
Net cash provided from (used by) investing activities	<u>(38,964,745)</u>	<u>(48,518,462)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	18,270,975	47,608,377
Receipt of District Taxes	8,444,315	24,192,820
Net cash provided from non-capital financing activities	<u>26,715,290</u>	<u>71,801,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds on asset sale	149	(22,349)
Acquisition of property plant and equipment	(1,952,998)	(8,716,096)
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	(1,266,690)	(16,855,327)
Proceeds (Payments) of Long Term Debt	(2,500,000)	(24,103,661)
Payments of Long Term Lease Liabilities	(2,416,763)	(13,327,201)
Net cash provided from (used by) capital and related financing activities	<u>(8,136,302)</u>	<u>(115,837,022)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,190,433	(3,721,378)
CASH AND CASH EQUIVALENTS - Beginning of period	<u>9,088,942</u>	<u>15,000,751</u>
CASH AND CASH EQUIVALENTS - End of period	<u>11,279,375</u>	<u>11,279,375</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 April 30, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Eliminations	Total
ASSETS							
Current assets	486,727,196	26,223,416	-	363,309	2,258,553	(66,875,993)	448,696,481
Capital assets - net	919,398,468	5,472,192	-	749,087	-	-	925,619,747
Right of use assets - net	294,067,615	22,853,106	-	-	-	(15,176,721)	301,744,001
Non-current assets	166,195,280	1,573,513	-	-	-	-	167,768,793
Total assets	1,866,388,559	56,122,227	-	1,112,396	2,258,553	(82,052,714)	1,843,829,021
Deferred outflow of resources	41,920,429	-	-	-	-	-	41,920,429
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,908,308,988	56,122,227	-	1,112,396	2,258,553	(82,052,714)	1,885,749,450
LIABILITIES AND NET POSITION							
Current liabilities	347,498,493	95,721,398	-	2,230,357	420,750	(62,984,812.72)	382,886,185
Long-term liabilities	1,352,304,943	(0)	-	-	-	-	1,352,304,943
Right of use lease liabilities	319,258,198	20,886,822	-	-	-	(14,759,697)	325,385,323
Total liabilities	2,019,061,634	116,608,219	-	2,230,357	420,750	(77,744,509)	2,060,576,451
Deferred inflow of resources - deferred revenue	87,852,617	-	-	-	-	-	87,852,617
Total liabilities and deferred inflow of resources	2,106,914,251	116,608,219	-	2,230,357	420,750	(77,744,509)	2,148,429,068
Invested in capital assets - net of related debt	(335,543,821)	4,310,106	-	-	-	15,386,032	(315,847,682)
Restricted	62,086,231	-	-	-	-	-	62,086,231
Unrestricted	74,852,327	(64,796,098)	-	(1,117,961)	1,837,803	(19,694,237)	(8,918,167)
Total net position	(198,605,263)	(60,485,992)	-	(1,117,961)	1,837,803	(4,308,205)	(262,679,618)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	1,908,308,988	56,122,227	-	1,112,396	2,258,553	(82,052,714)	1,885,749,450

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 April 30, 2026

	Palomar Health	PHMG	PAC	NCRE	SANDEMA	Elimination	Consolidated
OPERATING REVENUE:							
Net patient service revenue	683,428,464	65,197,773	-	-	-	68,227	748,694,464
Shared risk revenue	64,642,466	11,956,516	-	-	-	-	76,598,982
Other revenue	9,210,943	3,800,434	-	1,211,900	7,136,887	7,036	21,367,200
PH Program revenue	-	24,581,454	-	-	-	(24,581,454)	-
Total operating revenue	757,281,873	105,536,177	-	1,211,900	7,136,887	(24,506,191)	846,660,646
OPERATING EXPENSES							
DEPRECIATION AND AMORTIZATION	48,620,324	3,384,471	-	-	-	-	52,004,795
Total operating expenses	728,432,188	160,813,607	3,935,535	1,537,238	6,633,418	(25,295,625)	876,056,360
INCOME (LOSS) FROM OPERATIONS	28,849,685	(55,277,430)	(3,935,535)	(325,338)	503,469	789,434	(29,395,714)
NON-OPERATING INCOME (EXPENSE):							
Investment income	13,721,038	3,383,986	-	-	-	-	17,105,024
Interest expense	(75,301,908)	(46,995)	-	-	-	-	(75,348,903)
Property tax revenue	62,002,152	-	-	-	-	-	62,002,152
Other - net	(8,921,020)	(1,556,524)	-	(4,948)	-	(5,097,639)	(15,580,131)
Total non-operating expense - net	(8,499,738)	1,780,467	-	(4,948)	-	(5,097,639)	(11,821,858)
Net income (loss) before capital contribut	20,349,947	(53,496,963)	(3,935,535)	(330,289)	503,469	(4,308,205)	(41,217,576)
CAPITAL CONTRIBUTIONS							
CHANGE IN NET POSITION	20,349,947	(53,496,963)	(3,935,535)	(330,289)	503,469	(4,308,205)	(41,217,576)
Interfund - PHMG	(42,237,437)	35,483,666	-	-	-	-	(6,753,771)
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	(198,605,263)	(60,485,992)	(0)	(1,117,961)	1,837,803	(4,308,205)	(262,679,618)
EBIDA							
EBIDA							100,924,123
EBIDA Margin							11.9%

Note: Financial Performance includes GO Bonds
Financial Performance excludes PHMG

Assets

Current Assets

Cash and cash equivalents	\$	14,550,911
Investments		25,000,084
Patient accounts receivable - net of allowances for uncollectible accounts of \$118,817		129,098,143
Other receivables		11,640,011
Supplies and inventories		11,916,219
Prepaid expenses and other		11,836,006
Estimated third-party payor settlements receivable		151,006,307
Assets whose use is limited - current portion		14,994,973
Restricted cash and investments, current		78,653,827

Total current assets 448,696,481

Restricted Noncurrent Cash and Investments

Held by trustee under indenture agreements		104,733,393
Held by trustee under general obligation bonds indenture		78,653,827
Held in escrow for street improvements		8,998
Restricted by donor and other		358,409

Total restricted cash and investments 183,754,627

Less amounts required to meet current obligations 93,648,800

Total restricted noncurrent cash and investments 90,105,827

Capital Assets - net

925,619,747

Right of Use Assets - Net

301,744,001

Other Assets

Prepaid debt insurance costs		7,759,665
Investment in and amounts due from affiliated entities		5,310,522
Other		64,592,779

Total other assets 77,662,966

Total assets 1,843,829,021

Deferred outflow of resources - loss on refunding of debt 41,920,429

Total Assets and Deferred Outflow of Resources \$ 1,885,749,450

Liabilities

Current Liabilities

Accounts payable	99,848,148
Accrued compensation and related liabilities	54,838,278
Current portion of general obligation bonds	10,806,216
Current portion of long-term debt	59,397,291
Current portion of lease liabilities	27,264,398
Estimated third-party payor settlements	2,057,736
Other accrued liabilities	89,565,369
Accrued interest payable	37,791,582
Accrued interest payable-ROU's	1,317,167

Total current liabilities 382,886,185

Workers' compensation - net of current portion 8,802,444

Long-term debt - general obligation bonds - net of current portion 612,862,533

Long-term debt - net of current portion 730,639,966

Long-term debt - Lease liability - net of current portion 325,385,323

Total liabilities 2,060,576,451

Deferred inflow of resources - unearned revenue 87,852,617

Total liabilities and deferred inflow of resources 2,148,429,068

Net Position

Net investment in capital assets	(330,123,584)
Restricted, expendable for:	
Repayment of debt	61,718,824
Capital acquisitions	8,998
Other purposes	358,409
Unrestricted	5,357,735

Total net position (262,679,618)

Total Liabilities, Deferred Inflow of Resources, and Net Position \$ 1,885,749,450

	April 30, 2026
Operating Revenue	
Patient service revenue, net of provision for uncollectible accounts of \$61,810	\$ 748,694,464
Premium revenue	
Shared risk revenue	76,598,985
Other revenue	21,367,200
	<hr/>
Total operating revenue	846,660,649
	<hr/>
Operating Expenses	
Salaries, wages, and benefits	511,870,382
Professional fees	47,718,606
Supplies	115,692,367
Purchased services	91,360,575
Depreciation and amortization	52,004,795
Rent expense	17,570,589
Utilities	5,935,270
Other	33,903,775
	<hr/>
Total operating expenses	876,056,358
	<hr/>
Income (Loss) From Operations	(29,395,710)
	<hr/>
Non-Operating Income (Expenses)	
Investment income	17,105,024
Interest expense	(75,348,903)
Property tax revenue - unrestricted	21,069,511
Property tax revenue - restricted	40,932,641
Amortization expense	(14,788,002)
Other - net	(7,545,911)
	<hr/>
Total non-operating expenses - net	(18,575,640)
	<hr/>
Change in net position	(47,971,350)
	<hr/>
Net Position - Beginning of year	(214,708,268)
	<hr/>
Net Position - April 30, 2026	\$ (262,679,618)

Cash Balance at 4/30/26(+/-DEBIT -/CREDIT)	14,550,911
<i>Cash Balance at 6/30/25(+/-DEBIT -/CREDIT)</i>	22,645,150
<u>OPERATING ACTIVITIES:</u>	
<i>Income (Loss) from Operations</i>	(29,395,714)
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	38,591,699
<i>Amortization of lease right-of-use asset</i>	20,353,192
<i>Amortization of SBITA</i>	7,846,716
Provision for bad debts	61,809,788
Equity in Earnings of Affiliates	1,059,572
(Gain)/Loss on disposal of fixed assets	22,150
Changes in Assets and Liabilities	
Patient accounts receivable	(28,408,781)
<i>Other receivables</i>	15,845,923
Inventories	799,369
Prepaid expenses and other current assets	(1,655,172)
Estimated settlement amounts due third-party payors	(55,206,141)
Accounts payable	379,167
Accrued Compensation and Other Liabilities	(13,276,231)
Other accrued liabilities	14,419,986
Deferred Revenue	(6,775,467)
Other net	569,416
Net cash provided by (used in) operating activities	26,979,472
<u>INVESTING ACTIVITIES:</u>	
Purchases of investments	(164,796,244)
Proceeds on Sale of Investments	153,976,984
Income received on investments	11,592,421
Receipt of Payment on Loans Receivable	-
Other	-
Net cash provided by (used in) investing activities	773,161
<u>FINANCING ACTIVITIES</u>	
Acquisition of Fixed Assets	(16,904,886)
Proceeds on the sale of fixed assets	(22,150)
Other Misc. Receipts	(18,607,673)
Receipt of district taxes - G.O. Bonds	40,932,641
Payments on long-term debt	(24,256,536)
Payment on lease liabilities	(19,571,942)
Deferred Financing Costs	-
Interest Paid	(55,881,912)
Interest Paid Lease Obligations	(13,005,038)
Proceeds on LOC	50,000,000
Financing Activities - Other	401,111
Net cash provided by (used in) financing activities	(56,916,385)
C.F.'s from Non-Capital Financing:	
Receipt of District Taxes	21,069,511
Other Financing	-

Days Cash on Hand Ratio Covenant		April 30, 2026 Consolidated
Cash and Cash Equivalents		39,550,995
Divide Total by Average Adjusted Expenses per Day		
Total Expenses		876,056,358
Less: Depreciation		52,004,795
Adjusted Expenses		824,051,563
Number of days in period		304
Average Adjusted Expenses per Day		2,710,696
Days Cash on Hand		14.6
REQUIREMENT		65

Debt Service Coverage Ratio Covenant		April 30, 2026 Consolidated
Excess of revenues over expenses		(54,565,678)
REVERSE:		
Depreciation and Amortization		52,004,795
Depreciation and Amortization-NonOp		14,788,002
Interest Expense		45,791,199
Income Available for Debt Service		58,018,318
Divided by:		
Maximum Annual Debt Service (excludes GO Bonds)		46,908,630
Debt Service Coverage Ratio		1.24
REQUIREMENT		1.15
	Achieved	

NOTE: Pre-audit results shown

Workday Update

May 2026 | Palomar Health | Workday HCM / Payroll / Supply Chain / Finance

SOFT GO-LIVE

June 14, 2026

HCM & Payroll

FULL GO-LIVE

July 1, 2026



Workday Platform Scope and Value

What began as a Workday Launch full-suite design has matured into an integrated enterprise platform. Workday will connect Finance, Supply Chain, Pay, and HCM through a broad ecosystem of vendors and integrations while supporting the full employee lifecycle.

1. Launch Foundation

<p>Core Package</p> <ul style="list-style-type: none"> • HCM • Benefits • Absence • Payroll • Accounting • Reporting • Banking & Settlements • Customer Accounts • Supplier Accounts • Projects 	<p>Additional Packages</p> <ul style="list-style-type: none"> • Talent • Recruiting • Advanced Compensation • Change Management • Business Assets • Expenses • Procurement • Inventory • Help • Journeys
--	---

20 functional areas

2. Program Scale

<p>4</p> <p>pillars <i>(HCM, SCM, PAY, FIN)</i></p>	<p>20</p> <p>functional areas</p>	<p>58</p> <p>internal team members</p>	<p>49</p> <p>unique vendors / systems</p>	<p>127+</p> <p>integrations</p>
--	--	---	--	--

3. Full Employee Lifecycle

 <p>Recruit & Attract</p>	 <p>Hire & Onboard</p>	 <p>Pay & Support</p>	 <p>Learn & Grow</p>	 <p>Retain & Engage</p>	 <p>Transition & Retire</p>
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Workday supports the end-to-end employee experience across recruiting, onboarding, benefits, payroll, learning, development, and employee relations.

Current State vs Future State

Workday shifts Palomar from fragmented, multi-site processes to an integrated platform that improves employee self-service, procurement capability, finance visibility, internal controls, and security. Below are some examples of improved efficiency from current state to future state.

Current State

Employees log into multiple sites for transactions and benefits enrollment; example: BCI for benefits.

No punchout vendor capability; purchasing is more manual and less standardized across vendors.

Finance relies on more disconnected banking and reporting touchpoints, with heavier manual coordination.

Workday enables

Employee Experience & Benefits

integrates

Supply Chain / Procurement

integrates

Finance / Banking / Reporting

integrates

Future State

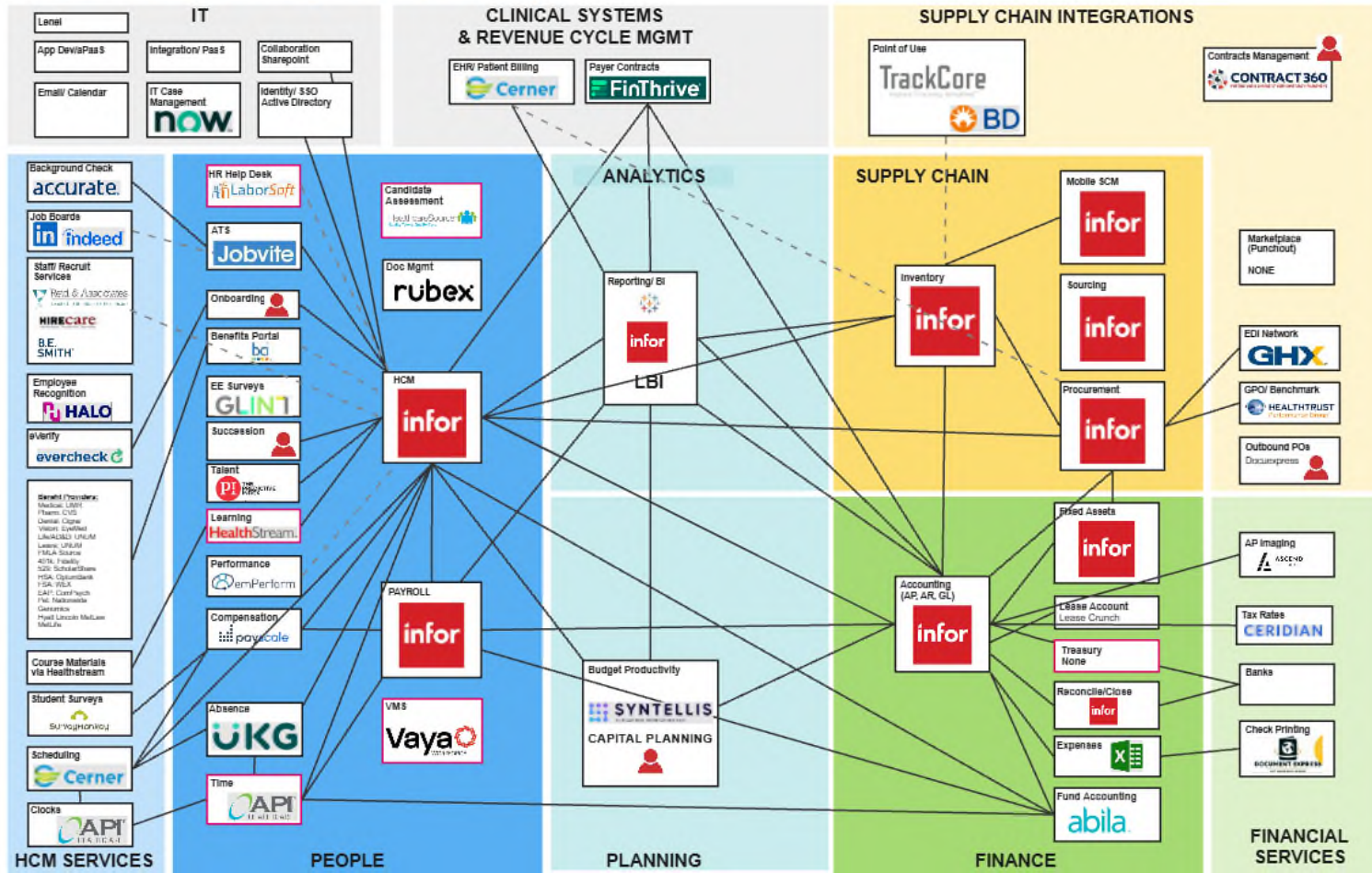
Employees enroll and manage benefits inside Workday, creating a cleaner self-service experience.

Punchout vendor capability supports guided buying, stronger purchasing controls, and a more connected procurement process.

Improved banking integrations, better reporting visibility, stronger checks and balances, internal controls, and security.

Workday reduces fragmentation and adds stronger controls, security, and visibility across employee, supply chain, and finance operations.

Current State Enterprise Landscape



Future State Enterprise Landscape

125+ Integrations into Workday

HCM INTEGRATIONS

2026 BENEFITS
Sharp
Colonial
EyeMed (PH)
Experian
Fidelity
Genomic Life
Lincoln Financial
MetLife
UNUM
WEX

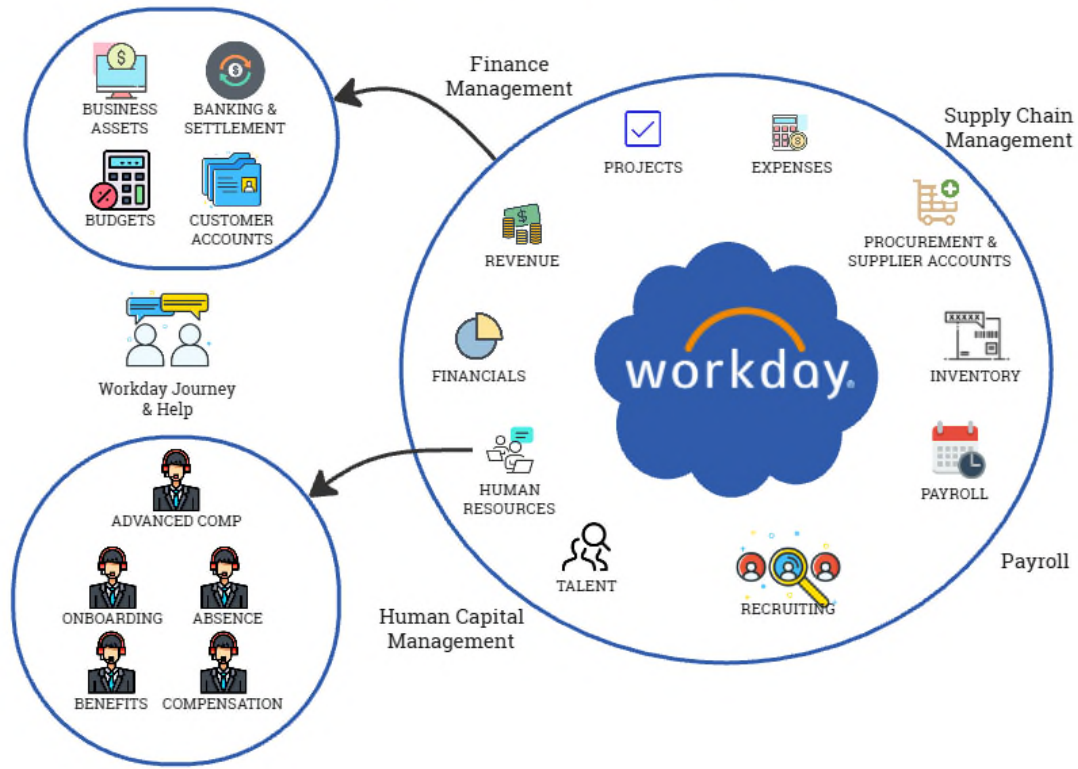
LEARNING/CERT
EverCheck
HealthStream

TALENT/ RECRUITING
Accurate
E-Verify
Indeed
LinkedIn
Streamline Verify

FIN INTEGRATIONS

ASCEND
AMEX
AXIOM
BOA
CERNER
NEXTGEN
US GOV
US BANK
BIRT

Compliance
Labor Soft
Lenel
Fair Warning
Equifax
Azure
Everbridge



SCM INTEGRATIONS

AXIOM
Broadjump
Cerner
GHX
Healthtrust
HPG
Track Core
Staples
Grainger
McKesson
Amazon

PATT INTEGRATIONS

OneSource Virtual
Clairvia
BOA
BSI
CMS-PBJ
US BANK
Symplr - API

Go-Live Sequencing and JPA Dependent Scope

Soft Go-Live

June 14, 2026

- HCM & Payroll activities begin in Workday
- Core HR transition and payroll processing activities start
- Employee self-service opens June 22

Go-Live

July 1, 2026

PH & PHMG

- Workday Payroll for PH and PHMG
- HR / HCM activities continue in Workday

PHMG Only

- PHMG Finance / Accounting
- PHMG Supply Chain / Supplier Accounts
- Workday Ascend instance goes live

JPA Dependent Scope

JPA Date TBD

- PH Finance remains in Lawson temporarily
- PH Supply Chain remains in Lawson temporarily
- JPA-related transactions continue in Lawson
- PH migrates to Lawson JPA when configuration is available
- PH and JPA move to Workday together in a future phase

Interim operating model until JPA conversion is complete

Operational bridge

- PH remains in Lawson as system of record
- PH payroll entry in Workday is manually transferred to Lawson
- PHMG to PH intercompany entries are manually moved to Lawson

Conversion readiness

- SCM / Ascend remain in effect for PH on Lawson during the interim period
- Accounting and SCM resources require ~4 weeks following JPA configuration availability to prepare for conversion
- Conversion activities will commence once Lawson JPA base configuration is available

Conversion scope

GL, Inventory, Open POs, Open Supplier Invoices, Assets, Projects

Key assumption: Lawson JPA base configuration is ready on 7/1; conversion timing remains dependent on resource availability and completion of migration work.

This approach keeps the 7/1 Workday scope moving, reduces risk by deferring PH Finance/Supply Chain, and allows JPA dependent conversion work to be completed after Lawson JPA configuration is available

Training Readiness and WSP Enablement

Workday is aimed at making our adoption successful and provides Success Plan training credits available to support administrator readiness, reporting capability, and role-based learning ahead of July 1 go-live.

Available Training Credits

20

WSP training credits

Resets every July 1st

Credit Usage



Eligible Uses

- Instructor-led courses
- Independent learning courses
- Credits reset with another 20 for the next WSP contract term

3. Learn on Demand and Recommended Focus

Learn on Demand

Free through WSP; 5–20 minute videos on key business processes and transactions.

Best After Initial Admin Training

Short videos are most helpful once admins and super users understand the foundational concepts.

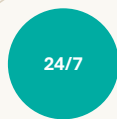
Pre-Go-Live Priority

Prioritize reporting, administrator readiness, and role-based learning for leads and super users.

Post Go-Live Support Model

After July 1 go-live, Palomar will have multiple layers of Workday Success Plan support for stabilization, escalation, enablement, and ongoing optimization.

1. Support Layers Available After Go-Live



24/7 Workday Support

Customer Care support for Severity 1 through Severity 5 cases. Critical S1 issues typically receive a response in less than one hour.



CSM Escalation

The Customer Success Manager can help triage cases that need additional attention and engage the right Workday experts.



WSP Enablement Resources

Access to specialized training, learning paths, and weekly Ask the Expert sessions to support stabilization and optimization.

2. Escalation and Enablement Flow



Palomar Team

Identify issue / training need



Workday Support

Submit case / manage severity



CSM Escalation

Escalate when pace or impact requires attention



Ask the Expert

Use up to 3 requests per week for targeted guidance

Post go-live support combines formal Workday case management with CSM escalation and WSP enablement resources to support stabilization.

Appendix

