CONTINUING DISCLOSURE ANNUAL REPORT

Information Concerning

PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP

The Continuing Disclosure Annual Report ("the Annual Report") is intended solely to provide certain limited financial and operating data in accordance with undertakings of Providence and the Members of the Obligated Group under Rule 15c2-12 ("the Undertaking") and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Annual Report contains certain financial and operating data for the fiscal year ended December 31, 2024. Providence has undertaken no responsibility to update such data since December 31, 2024, except as set forth herein. This Annual Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted, or events do occur. Providence disclaims any obligation to update this Annual Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

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About Providence

Our Organization

Providence St. Joseph Health ("Providence") is a national, not-for-profit Catholic health system comprising a diverse family of organizations driven by a belief that health is a human right. With 51 hospitals, over 1,000 clinics, and many other health and educational services, our health System employs more than 125,000 caregivers serving patients in communities across seven Western states – Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Our caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay.

Continuing an enduring commitment to world-class care and serving all, especially those who are poor and vulnerable, Providence uses scale to create Health for a Better World, one community at a time. We have been pioneering healthcare for more than 165 years and have a history of responding with compassion and innovation during challenging healthcare environments, including the recent pandemic. We are reimagining the future of healthcare delivery in our communities for all ages and populations. Our strategies to diversify and modernize are enabling high-quality, affordable care, including through networks of same-day clinics and online care and services.

We are privileged to serve in dynamic markets with growing populations. We offer a comprehensive range of industry-leading services, including an integrated delivery system of acute and ambulatory care for inpatient and outpatient services, 29 long-term care facilities, 19 supportive housing facilities, over 8,000 directly employed providers, approximately 27,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence maintains headquarters in Renton, Washington, and Irvine, California, and is governed by a sponsorship council comprised of members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. We are dedicated to ensuring the continued vibrancy of not-for-profit, Catholic healthcare in the United States. As one of the largest health Systems in the United States, our Mission and values call us to serve each person with compassion, dignity, justice, excellence, and integrity reflecting the legacy of the Sisters of Providence and the Sisters of St. Joseph.

The Mission

As expressions of God's healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable ®

Our Values

Compassion | Dignity | Justice | Excellence | Integrity

Our Vision

Health for a Better World

Our Promise

"*Know me, care for me, ease my way.*"

Our Integrated Strategic & Financial Plan

Guided by our Mission, values, vision, and promise, Providence has developed and adopted an Integrated Strategic & Financial Plan called Destination Health 2025 that serves as our roadmap for accelerating progress toward our vision of Health for a Better World. Supported by three areas of strategic focus, our plan ensures integration between our strategic aspirations and financial capacity.

Strengthen the Core. Providence is focused on delivering a compassionate and simplified experience for patients and consumers by:

- Cultivating an inspiring caregiver experience where everyone feels included and can grow their career
- Providing safe, effective, person-centered care with world-class outcomes
- Delivering a simplified consumer and patient journey

Be our Communities' Health Partner. Providence is focused on improving health outcomes in the communities we serve by:

- Advancing health equity, reducing disparities, and exceling in value-based care via payor and provider partnerships
- Partnering with physicians and providers to broaden access to integrated networks of care
- Strengthening our voice and community investment to activate stakeholders in advocacy, health, and social justice

Transform our Future. Through research, data, and technology, decreasing variability, and modern support services, Providence is focused on transforming care delivery by:

- Growing our innovative health organization, extending the Mission through investments in core, diversified and adjacent businesses
- Optimizing care delivery to ensure a full continuum of affordable, digitally enabled, and innovative models and places of care
- Transforming our workforce to support new models of care

Strategic Affiliations. As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other healthcare related entities. Providence also routinely assesses existing partnerships and arrangements with third parties and adjusts as appropriate to best meet community needs. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements, or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. Providence's management pursues arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

In October 2024, Providence announced the formation of Longitude Health in partnership with Baylor Scott & White Health, Memorial Hermann Health System, and Novant Health to provide sustainable solutions that lower costs and improve quality and access to patients and communities. The organization will identify, develop, and scale capability-based solutions to centralize core operational functions and transform health system performance.

In October 2024, Providence announced a new joint venture with Compassus for home health hospice, community-based palliative care and private duty caregiving services. The new entity will be called Providence at Home with Compassus. In Lubbock, Texas, the Covenant Health hospice program that is part of the Providence family of organizations will be rebranded as Covenant Health at Home with Compassus. Under the agreement, Compassus will manage operations for the joint venture, which will include 24 home health locations in Alaska, California, Oregon and Washington, and 17 hospice and palliative care locations in Alaska, California, Oregon, Texas and Washington. The joint venture will also include private duty services in Southern California.

Providence selected this joint venture because Compassus brings an established history of providing high-quality home-based care, as well as technology and devices that will further support nurses and other caregivers delivering care in the home. Providence and Compassus will also work collaboratively to support the home health, hospice, palliative and private duty caregivers transferring employment to the joint venture. While the joint venture is subject to regulatory review, the agreement formalizes the intent of both parties to move forward with the transition and integration.

On January 13, 2025, Providence announced the formation of the Truveta Genome Project, a collaboration with other health systems, including Advocate Health, CommonSpirit Health, Henry Ford Health, Northwell Health, and Trinity Health to generate genetic data on consented and de-identified volunteers, creating a database of genotypic and phenotypic information. All de-identified sequencing data will enable biopharma and academic research to develop AI accelerating drug discovery, optimizing clinical trials, and transforming how diseases are prevented, diagnosed, and cured. This partnership brings Providence closer to making personalized medicine available through genomics and DNA sequencing.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached, and any required regulatory approvals will be forthcoming.

Our Vision: Health for a Better World

Providence continues to invest in Destination Health 2025 to pave the way for our Vision of Health for a Better World through deconstruction, digitization, and diversification of our operating model. In 2024, Providence made progress on its multi-year, long-term metrics for environmental stewardship, mental health access, and diversity, equity, and inclusion. The progress on these key metrics represents Providence's commitment to the communities we serve. Providence launched a series of Recover and Renew initiatives to address those challenges en route to our strategic plan for Destination Health 2025. As technology rapidly advances, these initiatives will launch Providence into the next phase of its transformation journey to reimagine and revitalize the practice of medicine.

Focusing on core operations. Management is deploying multiple recovery programs to address the current challenges:

- Surgical volumes: Efforts are underway to address pent-up demand for surgical and other chronic care in our communities. AI-powered tools are helping to more accurately predict and schedule operating usage, creating more access to needed surgical care. We continue to meet the need for higher acuity services through our clinical institutes.
- Workforce: With current labor shortages, the use of premium labor, including the number and wage rate of agency nurses, continues to be significantly higher than in previous years. Several initiatives are underway to reduce those expenses in combination with increasing core productivity.
- Patient progression: We continue to manage length of stay to ensure patients receive the care they need by addressing challenges to discharge patients due to staffing shortages in the post-acute care setting. We are making strides to address the issue through a variety of community partnerships, multidisciplinary discharge planning, patient progression, and capacity improvement programs.
- Cash acceleration: Accounts receivable have been negatively impacted by labor shortages, reimbursement delays from insurers, technology transitions, and other macroeconomic factors. Several initiatives are underway to reduce payment friction in payments with the broader payor community. In addition, with large portions of our support services moving to hybrid or virtual work environments, management is evaluating options for underutilized administrative real estate.
- Discretionary spend management: We continue to take steps to improve our operating performance and liquidity, including reassessing current and new capital projects outside of those focused on patient and caregiver safety. We have also reduced discretionary spending including travel, use of third-party contractors, purchased services, and professional services. As demand returns, we are flexing our labor and supply resources to allow us to efficiently and safely provide the services required by our patients.

Portfolio and organizational restructuring. In parallel, management is actively deploying a restructuring and renewal plan to address structural issues medium-term while positioning Providence's core assets for performance across multiple industry scenarios in the years ahead. The System has launched a set of restructuring efforts to renew our operating model and ensure near-term sustainability while delivering on our longer-term Destination Health 2025 strategy. There are four focus areas as part of this effort:

- Simplified operational and clinical structure: Management consolidated administrative leadership from seven regions to three divisions, along with a consolidation of our clinical operations with the intent to steer resource to the bedside and direct patient care and simplify decision-making.
- Streamlined support services: Management is implementing plans to streamline support services by aligning to the new divisional model, evaluating, and optimizing service delivery levels, unlocking efficiencies from technology investment like the transition to a single Enterprise Resource Planning solution and continuing to evolve care delivery and workforce models leveraging virtual capabilities and delivery.
- Program portfolio management: The impacts of the pandemic have influenced many economic factors in care delivery, from accelerating technical advancements (virtual and outpatient care) to significant macroeconomic pressures associated with workforce shortages and inflation. Management is reassessing the services we perform across our ministries over the coming quarters, within the context of the current and expected future economic factors, in order to serve our communities in the most effective and affordable way possible.
- Reimbursement: As inflationary factors impact our labor and supply expenses, Providence is working with the payor community to increase reimbursement across several payment models including value-based care.

Effective October 1, 2024, and January 1, 2025, the Centers for Medicare & Medicaid Services (CMS) updated 2025 payment rates for hospital inpatient and outpatient services paid by Medicare. For fiscal year 2025, Providence's rate increases are significantly lower than increases experienced in fiscal year 2023 and 2024, driven by changes in hospital-specific wage index factors. Providence is evaluating the impact of these rate changes which are expected to be less than the overall increase for both the Hospital Inpatient and Outpatient Prospective Payment System programs.

Deconstruct and diversify healthcare. Our Deconstruct and Diversify Healthcare initiatives continue to gain momentum as we look to unlock the value embedded within the Providence platform, including non-acute care, technology platforms, Information Technology ("IT") services, and other investments. We are currently focused on growing our Value-Based care platforms including leveraging our capabilities in Medicare Advantage. In addition, efforts are under way to grow our value-based care initiatives with other payers, particularly in California. We are also working to increase capacity to meet growing needs across many of our non-acute service lines (Ambulatory, Home and Community Care) and are continuing to evaluate optimal growth and capitalization opportunities.

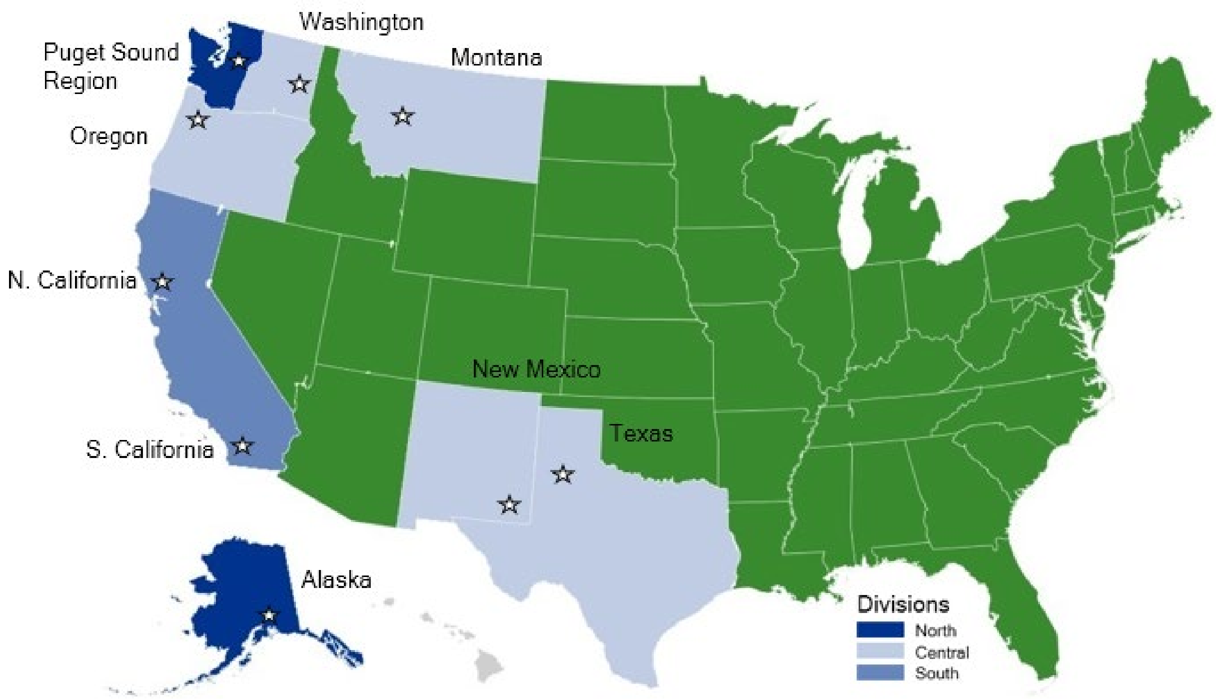
Our diversification efforts continue to deliver success from our early investments in Truveta, Civica Rx, and Allumia Ventures (formerly Providence Ventures). In addition, our Tegria Holdings LLC ("Tegria") and Ayin Health Holdings, Inc. ("Ayin") divisions continue to diversify our sources of revenue while creating scalable platforms across IT and population health services, and products for clients and future partnerships. This includes plans to scale our technology capabilities through Providence Global Center to offer advanced health care solutions to other health care providers. This potential new revenue stream will supplement our patient revenues, while advancing our vision by supporting other health systems and their communities. We continue to monetize investments to support the long-term growth and sustainability of the Providence Mission

On December 17, 2024, Providence announced the sale of 10 skilled nursing and assisted living care ministries to Ensign, which invests in and provides skilled nursing and senior living services, rehabilitative and health care services and real estate. Providence and Ensign will begin the regulatory review process and expect the acquisition to be finalized in March 2025 for care centers in Alaska, Washington and Oregon, and in the third quarter of 2025 for California.

Geographic Information

Providence spans seven states across the Western United States shown in the graphic below and is managed through three divisional structures: North (Puget Sound, Alaska), Central (Eastern Washington/Western Montana, Oregon, and West Texas/Eastern New Mexico), and South (Southern California and Northern California).

Exhibit 1.1 - Areas We Serve



Providence's operating revenue share by geographic region, within each of the three divisions, is presented for the periods indicated:

	Fiscal Year Ended	
EXHIBIT 1.2 - REVENUE SHARE BY GEOGRAPHIC REGION	12-31-2023	12-31-2024
North Division		
Puget Sound Region	19%	20%
Alaska	4%	4%
Central Division		
Eastern Washington and Western Montana	12%	12%
Oregon (1)	22%	22%
West Texas and Eastern New Mexico	4%	5%
South Division		
Southern California (2), (3)	26%	25%
Northern California (3)	6%	6%
Other (3), (4)	7%	6%

(1) Includes Providence Health Plan ("PHP") by geographic location based in the state of Oregon. PHP is classified as Other on a system consolidated basis.

(2) Includes prior year revenue from Providence Tarzana Medical Center that became a joint venture owned and operated under Providence Cedars-Sinai Tarzana Medical Center and is no longer consolidated effective October 1, 2023.

(3) Normalized for one-time net gains of $371 million from the sale of Tegria's divested subsidiaries and $55 million from the sale of laboratory services in Orange County and Northern California recognized in the fiscal year of 2024.

(4) Includes Tegria Holdings LLC, Providence Assurance LLC, and support services. Tegria's Acclara and Advata subsidiaries were divested in the first quarter of 2024.

North Division

Puget Sound Region

The Puget Sound region includes three service areas: North Puget Sound, Central Puget Sound, and South Puget Sound, with a total inpatient market share of 26 percent in their service areas in 2023, as reported by the Comprehensive Hospital Abstract Reporting System. In the greater Puget Sound area of Washington, Providence Swedish operates 8 hospitals in King, Snohomish, Lewis and Thurston Counties, and a network of over 200 primary care and specialty clinics throughout the Puget Sound area.

Alaska

The Alaska region includes 5 hospitals and 28 clinics with a 29 percent inpatient market share statewide in 2023, as reported by the Alaska Health Facilities Data Reporting Program. The Alaska facilities are primarily located in the greater Anchorage area, with 50 percent inpatient market share, as reported by the Alaska Health Facilities Data Reporting Program. The Alaska region also has facilities located in the remote communities of Kodiak, Seward, and Valdez. Providence Alaska Medical Center is an acute care facility located in Anchorage and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a long-term acute care hospital (the only one in the state), is also located in the Anchorage area. Three critical access hospitals are in Kodiak, Seward, and Valdez, all co-located with skilled nursing facilities.

Central Division

Eastern Washington and Western Montana

The Eastern Washington-Western Montana region includes 9 hospitals, with a 44 percent inpatient market share in their service areas in 2023, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of two geographic markets: Eastern Washington and Western Montana. The region provides a variety of services, including home health and hospice care, primary and immediate care services, inpatient rehabilitation, skilled nursing and transitional care, and general acute care services.

Oregon

The Oregon region includes 8 hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 31 percent in their service areas in 2023, as reported by Apprise Health Insights. Providence St. Vincent Medical Center and Providence Portland Medical Center provide tertiary care to the Portland metropolitan market. The region also provides over 200 primary care, specialty and immediate care clinics, home healthcare, and housing.

Providence Health Plan ("PHP") and Providence Health Assurance ("PHA"), collectively the Health Plans are geographically based in the state of Oregon, and the majority of their approximately 700,000 members live in the region.

In July 2023, the state of Oregon enacted House Bill 3320 into law requiring hospitals to prescreen patients who are uninsured, those with state-funded programs, and those with bills greater than $500 for financial assistance eligibility. Providence has implemented a policy which prescreens all hospital patients in Oregon. The policy applies to billing for hospital services, including hospital outpatient departments. These new procedures align with Providence's Mission to ensure all patients have access to financial assistance. The law was effective in January 2024.

In August 2023, Providence Oregon closed an agreement for Labcorp to acquire Providence Oregon's outreach laboratory services and select assets. Providence Oregon will maintain operation and ownership of certain anatomic pathology and genomics outreach testing and its hospital laboratories in the region. The organizations have an implementation and transition plan that maintains continuity of services for patients, hospitals, clinicians, and clients.

West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates are the market's largest health system, with 7 licensed hospitals. The inpatient market share was 36 percent in their service areas in 2023, as reported by Texas Health Care Information Collection. Covenant Health System operates Covenant Medical Center, Covenant Children's Hospital, Covenant Health Plainview, and Covenant Health Levelland, which are Obligated Group Members. Covenant Health System also operates Covenant Specialty Hospital, a long-term acute care facility, in addition to Grace Health System, which includes Grace Clinic and Grace Surgical Hospital. Covenant Health System also operates Covenant Medical Group, a medical foundation physician network of employed and aligned physicians, a joint venture acute rehabilitation facility, and Hospice of Lubbock. In New Mexico, Covenant Health System operates Hobbs Hospital, an acute care facility serving Hobbs and the surrounding area.

South Division

Southern California

The Southern California region includes 11 acute care hospitals in Los Angeles, Orange, and San Bernardino counties, with a total inpatient market share of 19 percent in their service areas in 2023, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, Providence includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is in Burbank, with additional hospitals in Mission Hills, San Pedro, Torrance, and Santa Monica. Providence Medical Foundation operates more than 50 practice locations in the market, including Providence Facey Medical Foundation ("Facey"), Providence Medical Institute, and Providence St. John's medical foundations. In addition, Providence has 5 acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region's level II trauma center, as well as a women's center.

In October 2023, Providence and Cedars-Sinai jointly opened a new patient-care tower, Providence Cedars-Sinai Tarzana Medical Center ("PCSTMC"), owned and operated by both organizations through joint venture. PCSTMC operates as a not-for-profit hospital and offers an array of services including heart, vascular, orthopedic, cancer, and women's services, and maintain the region's largest Level III Neonatal Intensive Care Unit.

On January 7, 2025, the state of California declared a state of emergency due to wildfires impacting areas of the Southern California region. We temporarily closed several physician clinics impacted by severe wildfire smoke and scaled back many operations to essential services only. We are working to assist caregivers and physicians to the full extent of what is needed.

Northern California

The Northern California region includes 6 hospitals in the North Coast, Humboldt, Napa, and Sonoma communities with a total inpatient market share of 29 percent in their service areas in 2023, as reported by the Office of Statewide Health Planning and Development. The acute care hospitals in Northern California include Providence Queen of the Valley Medical Center in Napa, Providence Santa Rosa Memorial Hospital, Petaluma Valley Hospital, Providence St. Joseph Hospital in Eureka, Providence Redwood Memorial Hospital in Fortuna, and Healdsburg Hospital. Providence Medical Foundation operates clinics in the region with its contracted physician partners.

Other

Other includes support services and other entities. Support services is a support function that includes human resources, finance, information technology, and other services. Other entities include Tegria Holdings LLC and Providence Assurance LLC.

In December 2023, Tegria Holdings LLC entered into a definitive agreement to sell its Acclara and Advata subsidiaries to R1 RCM Inc. ("R1") for $675 million. As a result of its ownership percentage, Providence received $575 million in cash upon closing, net of fees and expenses and other customary closing conditions, and a warrant to purchase up to 12.2 million shares of R1 stock at an exercise price of $10.52, which we exercised when R1 was taken private in late 2024. At the closing of the divestiture, Acclara and Providence entered into a 10-year agreement for comprehensive revenue cycle services, leveraging the integrated technology and services capabilities of R1 to serve Providence. The transaction was completed in January 2024.

On January 7, 2025, Providence Ventures announced that it has spun off from Providence to become an independent venture capital firm under the name Allumia Ventures. Providence committed $150 million toward Allumia's third fund over its life of ten years. Allumia will continue to work with Providence in its capacity as an Anchor Limited Partner. As with Allumia's prior funds, Providence's investment proceeds will contribute to the organization's financial and strategic health and Mission.

Financial Information

The summary audited, combined financial information as of and for the fiscal years ended December 31, 2024, and 2023, presented below, has been derived by the management of Providence from audited combined financial information of the System. The financial information should be read in conjunction with the audited combined financial statements of the System, including the notes thereto, and the report of KPMG LLP, independent auditors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates, and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its combined financial statements, including the following: recognition of net patient service revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; and reserves for losses and expenses related to healthcare professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Summary Audited Combined Statements of Operations

	Fiscal Year Ended	
EXHIBIT 2.1 – COMBINED STATEMENTS OF OPERATIONS $ PRESENTED IN MILLIONS	12-31-2023	12-31-2024
Net Patient Service Revenues	$21,876	$23,387
Premium Revenues	2,744	2,986
Capitation Revenues	1,947	1,940
Other Revenues	2,178	2,386
Total Operating Revenues	**28,745**	**30,699**
Salaries and Benefits	15,238	15,709
Supplies	4,521	4,892
Purchased Healthcare Services	2,462	2,575
Interest, Depreciation, and Amortization	1,460	1,210
Purchased Services, Professional Fees, and Other	6,235	6,774
Total Operating Expenses	**29,916**	**31,160**
Deficit of Revenues Over Expenses from Operations Before Restructuring Costs and Other	**(1,171)**	**(461)**
Restructuring Costs and Other (1)	-	183
Deficit of Revenues Over Expenses from Operations	**(1,171)**	**(644)**
Non-Operating Gains	575	413
Deficit of Revenues Over Expenses	**$(596)**	**$(231)**
Operating EBIDA (2)	**$502**	**$806**
Pro Forma Operating EBIDA (3)	**$502**	**$989**

(1) Includes restructuring charges primarily comprised of costs related to asset rationalization, employee reductions, and other items.

(2) Excludes $239 million for the fiscal year ended December 31, 2024 and $213 million for the fiscal year ended December 31, 2023 in amortization of software as a service asset.

(3) Pro forma Operating EBIDA normalizes for restructuring costs in 2024.

Summary Audited Combined Balance Sheets

EXHIBIT 2.2 - COMBINED BALANCE SHEETS $ PRESENTED IN MILLIONS	As of 12-31-2023	12-31-2024
Current Assets:		
Cash and Cash Equivalents [(1)]	$1,468	$1,768
Short-Term Investments [(1)]	597	697
Accounts Receivable, Net	3,045	3,513
Supplies Inventory	373	343
Other Current Assets	2,430	2,151
Current Portion of Assets Whose Use is Limited	104	77
Total Current Assets	**8,017**	**8,549**
Management Designated Cash and Investments [(1)]	6,351	5,700
Assets Whose Use is Limited	671	875
Property, Plant & Equipment, Net	9,187	9,233
Operating Lease Right-of-Use Assets	1,172	1,092
Other Assets	2,906	2,582
Total Assets	**$28,304**	**$28,031**
Current Liabilities:		
Current Portion of Long-Term Debt	160	184
Master Trust Debt Classified as Short-Term	138	494
Accounts Payable	1,438	1,604
Accrued Compensation	1,527	1,677
Current Portion of Operating Lease Right-of-Use	204	196
Other Current Liabilities	2,393	2,247
Total Current Liabilities	**5,860**	**6,402**
Long-Term Debt, Net of Current Portion	630	521
Master Trust Debt Classified as Long-Term	7,434	6,974
Pension Benefit Obligation	660	519
Long-Term Operating Lease Right-of-Use, net of Current Portion	1,107	1,013
Other Liabilities	1,624	1,861
Total Liabilities	**$17,315**	**$17,290**
Net Assets:		
Controlling Interests	9,340	9,172
Noncontrolling Interests	145	142
Net Assets without Donor Restrictions	9,485	9,314
Net Assets with Donor Restrictions	1,504	1,427
Total Net Assets	**10,989**	**10,741**
Total Liabilities and Net Assets	**$28,304**	**$28,031**

(1) Unrestricted Cash and Investments were $8.2 billion as of December 31, 2024, and $8.4 billion as of December 31, 2023.

Management's Discussion and Analysis

Management's discussion and analysis provides additional narrative explanation of Providence's financial condition, operational results, and cash flow to assist in increasing understanding of the combined financial statements. The summary audited, combined financial information as of and for fiscal years ended December 31, 2024, and 2023, respectively, are presented below.

Results of Operations

Operations Summary

Fiscal year ended December 31, 2024 compared with fiscal year ended December 31, 2023

Providence experienced significant improvements in operating results during the fiscal year ended December 31, 2024, attributable to stronger patient volumes and a decrease in labor costs due to lower length-of-stay, a decreased dependance on agency contract labor, and higher labor productivity. Revenue growth was driven by higher patient volumes and increased rates, which resulted in a 7 percent increase in net patient service revenues. The System's higher patient volumes drove corresponding increases in operating expenses, including labor and supply costs, which were mitigated by significant gains in labor productivity and reductions in agency contract labor compared to the previous year. The System experienced overall improvement in labor productivity due to a continued focus on staffing.

Pro forma operating EBIDA and deficit of revenues over expenses from operations, excluding restructuring costs, were $989 million and $461 million, respectively, representing $487 million and $710 million improvements to prior year. These results include one-time net gains of $371 million from the sale of Tegria's divested subsidiaries and $55 million from the sale of laboratory services, both of which were recognized in the first quarter of 2024. The as reported operating EBIDA also includes $183 million in restructuring costs related to asset rationalization, employee reductions, and other items. The as reported operating EBIDA and the deficit of revenues over expenses from operations were $806 million and $644 million, respectively.

Net recognition of reimbursements from provider fee programs were $428 million (revenue of $1,315 million and expense of $887 million), compared with $255 million (revenue of $889 million and expense of $634 million) for the prior year.

Providence received additional Medicaid funding for Washington hospitals from the Safety Net Assessment Program ("SNAP") which enhances reimbursement for hospitals that serve low-income and uninsured patients. The program was approved by the Centers for Medicare & Medicaid Services and updates the inpatient assessment and adds an outpatient assessment, generating additional Medicaid funding for calendar years 2024 and 2025.

Providence's key financial indicators are presented for the periods indicated:

	Fiscal Year Ended			
	AS REPORTED		PRO FORMA [1]	
EXHIBIT 3.1 - OPERATIONS SUMMARY $ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2023	12-31-2024	12-31-2023	12-31-2024
Operating Revenues	$28,745	$30,699	$28,745	$30,699
Operating Expenses	29,916	31,343	29,916	31,160
Deficit of Revenues Over Expenses from Operations	(1,171)	(644)	(1,171)	(461)
Operating Margin %	(4.1)	(2.1)	(4.1)	(1.5)
Non-Operating Gains	575	413	575	413
Operating EBIDA	502	806	502	989
Operating EBIDA Margin %	1.7	2.6	1.7	3.2
Premium and Capitation Revenues	4,691	4,926	4,691	4,926
Net Service Revenue/Case Mix Adjusted Admits	12,502	12,778	12,502	12,778
Net Expense/Case Mix Adjusted Admits	14,445	14,415	14,445	14,315
Total Community Benefit	$2,051	$1,888	$2,051	$1,888
Full-Time Equivalents ("FTEs") (thousands)	109	107	109	107

[1] Pro forma normalizes for restructuring costs in 2024.

Three months ended December 31, 2024 compared with three months ended December 31, 2023

Pro forma operating EBIDA and deficit of revenues over expenses from operations, excluding restructuring costs, were $16 million and $306 million, representing a decrease of $148 million and an improvement of $8 million from prior year. During the fourth quarter of 2024, the System recorded $183 million in restructuring costs related to asset rationalization, employee reductions, and other items. The System's operating results included higher purchased services expense related to the impact of the transfer of caregivers from Providence to R1 which decreased salaries, wages and benefits and increased purchased services. These items combined contributed to lower operating EBIDA compared to the same period in 2023. Operating results include certain one-time adjustments to amortization expense to conform the recognition of premium and discounts which resulted in decreases to operating expense. Operating revenues increased 2 percent, driven by higher patient volumes and increased revenue from provider fee programs, offset by a shift in mix with higher medical cases. The System's higher patient volumes drove corresponding increases in labor and supply costs. Pro forma salaries and benefits increased 1 percent, partially offset by lower agency contract labor. Pro forma supplies expense increased by 6 percent compared to the prior year, driven by a 16 percent increase in pharmaceutical expense, partially offset by a decrease in non-medical supplies. The as reported operating EBIDA resulted in a loss of $167 million and the as reported deficit of revenues over expenses from operations was $489 million.

Net recognition of reimbursements from provider fee programs were $81 million (revenue of $297 million and expense of $216 million), compared with $48 million (revenue of $202 million and expense of $154 million) for the prior year.

Providence's key financial indicators are presented for the periods indicated:

	Three Months Ended			
	AS REPORTED		PRO FORMA [1]	
EXHIBIT 3.2 - OPERATIONS SUMMARY $ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2023	12-31-2024	12-31-2023	12-31-2024
Operating Revenues	$7,547	$7,665	$7,547	$7,665
Operating Expenses	7,861	8,154	7,861	7,971
Deficit of Revenues Over Expenses from Operations	(314)	(489)	(314)	(306)
Operating Margin %	(4.2)	(6.4)	(4.2)	(4.0)
Operating EBIDA	164	(167)	164	16
Operating EBIDA Margin %	2.2	(2.2)	2.2	0.2
Premium and Capitation Revenues	1,194	1,225	1,194	1,225

[1] Pro forma normalizes for restructuring costs in 2024.

Volumes

Fiscal year ended December 31, 2024 compared with fiscal year ended December 31, 2023

Providence experienced improvement in patient volumes during the fiscal year ended December 31, 2024. Inpatient admissions increased 4 percent, acute adjusted admissions increased 5 percent, and case mix adjusted admissions increased 5 percent. Length of stay decreased 3 percent due to improved access to post-acute care. In the non-acute setting, physician visits increased 6 percent and emergency room visits increased 2 percent. Total outpatient visits were higher overall by 1 percent. Normalized for outpatient volumes included in the prior year from Providence Oregon's outreach laboratory services that was sold in August 2023, total outpatient visits increased 3 percent.

Providence's key volume indicators are presented for the periods indicated:

	Fiscal Year Ended	
EXHIBIT 3.3 - SYSTEM UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	12-31-2023	12-31-2024
Inpatient Admissions	427	445
Acute Adjusted Admissions	944	988
Case Mix Adjusted Admissions	1,750	1,830
Acute Patient Days	2,362	2,388
Long-Term Care Patient Days	334	361
Outpatient Visits (incl. Physicians and Telehealth) (1)	28,808	28,974
Emergency Room Visits	1,943	1,995
Surgeries and Procedures	690	703
Acute Average Daily Census (Actual)	6,470	6,523
Providence Health Plan Members	707	708

(1) Normalized for Providence Oregon's outreach laboratory services sold in August 2023, total outpatient visits were 28,129 for the fiscal year ended December 31, 2023.

Three months ended December 31, 2024 compared with three months ended December 31, 2023

Inpatient admissions increased 4 percent, acute adjusted admissions increased 5 percent and case mix adjusted admissions increased 5 percent. Total Outpatient Visits increased slightly, driven by physician visits and outpatient surgeries and procedures.

Operating Revenues

Fiscal year ended December 31, 2024 compared with fiscal year ended December 31, 2023

Operating revenues of $31 billion grew 7 percent compared to the prior year. Excluding one-time net gains of $426 million recognized in other revenues in the first quarter of 2024, total operating revenues grew 5 percent. Net patient service revenues were $23 billion, growing 7 percent, driven by higher volumes and improved rates. The System experienced growth in all areas as Hospital revenues grew 7 percent; Physician and Outpatient revenues grew 5 percent; and Health Plans and Accountable Care revenues grew 4 percent. In addition, capitation and premium revenues, representing 16 percent of total operating revenues, grew 5 percent.

Providence's operating revenues by state are presented for the periods indicated (footnotes appear beneath last table):

EXHIBIT 3.4 - OPERATING REVENUES BY STATE $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2023	 12-31-2024
Alaska	$1,026	$1,063
Washington	8,167	9,302
Montana	532	569
Oregon	6,260	6,738
California	9,274	9,221
Texas/New Mexico	1,308	1,420
Total Revenues from Contracts with Customers (1)	26,567	28,313
Other Revenues (2), (3)	2,178	2,386
Total Operating Revenues	$28,745	$30,699

Providence's operating revenues by line of business are presented for the periods indicated:

EXHIBIT 3.5 - OPERATING REVENUES BY LINE OF BUSINESS $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2023	 12-31-2024
Hospitals (1)	$18,008	$19,179
Health Plans and Accountable Care	3,035	3,143
Physician and Outpatient Activities	3,340	3,520
Long-Term Care, Home Care, and Hospice	1,522	1,625
Other Services	662	846
Total Revenues from Contracts with Customers	26,567	28,313
Other Revenues (2), (3)	2,178	2,386
Total Operating Revenues	$28,745	$30,699

Providence's operating revenues by payor are presented for the periods indicated:

EXHIBIT 3.6 - OPERATING REVENUES BY PAYOR (4) $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2023	 12-31-2024
Commercial	$12,102	$13,186
Medicare	9,794	9,653
Medicaid (1)	3,897	4,576
Self-pay and Other	774	898
Total Revenues from Contracts with Customers	26,567	28,313
Other Revenues (2), (3)	2,178	2,386
Total Operating Revenues	$28,745	$30,699

(1) Includes revenue recognition of reimbursements from state provider fee programs of $1.3 billion for the fiscal year ended December 31, 2024, compared with $889 million in the same period in 2023.

(2) Includes one-time net gains of $371 million from the sale of Tegria's divested subsidiaries and $55 million from the sale of laboratory services recognized in the first quarter of 2024.

(3) Excludes premium and capitation revenues as they are categorized among the line items that comprise Total Revenues from Contacts with Customers. Refer to Exhibit 2.1 for the components of Total Operating Revenues.

(4) Refer to Exhibit 8.3 for supplementary information on net patient service revenue payor mix driven by patient utilization.

Three months ended December 31, 2024 compared with three months ended December 31, 2023

Operating revenues of $8 billion grew 2 percent. Net patient service revenues were $6 billion, an increase of 3 percent compared to the prior year, driven by higher patient volumes and increased revenue from provider fee programs. The increase in volumes was offset by a shift in mix with higher medical cases. The current period results were negatively impacted by continued payor pressures, including increased denials, changes in charity care requirements in Oregon, and certain one-time adjustments.

Operating Expenses

Fiscal year ended December 31, 2024 compared with fiscal year ended December 31, 2023

Operating expenses increased 5 percent, driven by costs associated with serving higher patient volumes and restructuring costs. The System recorded $183 million in restructuring costs related to asset rationalization, employee reductions, and other items. Pro forma operating expenses, excluding restructuring costs, increased 4 percent. Salaries and benefits expenses increased 3 percent, as wage increases were offset by lower premium labor expenses. Agency contract labor decreased 38 percent through a combination of reduced rates and lower utilization. The System experienced an overall increase in labor productivity due to continued focus on staffing optimization. Supplies expense increased by 8 percent, driven by a 15 percent increase in pharmaceutical expense, offset by an 11 percent decrease in non-medical supply costs.

Three months ended December 31, 2024 compared with three months ended December 31, 2023

Operating expenses increased 4 percent, driven by costs to serve higher patient volumes and restructuring costs. During the fourth quarter of 2024, the System recorded $183 million in restructuring costs related to asset rationalization, employee reductions, and other items. The System's operating results include certain one-time adjustments to amortization expense to conform the recognition of premiums and discounts which resulted in decreases to operating expense. Pro forma salaries and benefits increased 1 percent due to wage increases, partially offset by lower agency contract labor. Pro forma supplies expense increased by 6 percent, driven by a 16 percent increase in pharmaceutical expense, partially offset by decrease in non-medical supplies. This period also includes the impact of the transfer of caregivers from Providence to R1 which decreased salaries, wages and benefits and increased purchased services. Overall expense increased from the prior year due to an increased number of resources focused on payor collections.

Non-Operating Activity

Fiscal year ended December 31, 2024 compared with fiscal year ended December 31, 2023

Non-operating gains were $413 million, compared with $575 million in 2023. The decrease was driven by lower investment gains of $488 million, compared with $652 million in the prior year.

Three months ended December 31, 2024 compared with three months ended December 31, 2023

Non-operating losses were $52 million, compared with non-operating gains of $331 million in 2023. The decrease was driven by investment losses of $39 million, compared with investment gains of $354 million in the prior year.

Liquidity and Capital Resources; Outstanding Indebtedness

Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately $8.2 billion as of December 31, 2024, compared with $8.4 billion as of December 31, 2023. Net days in accounts receivable were 54.8 days at December 31, 2024, compared with 48.8 days at December 31, 2023. Accounts receivable remains elevated compared to historic trends primarily driven by increased denials, rising underpayments and delays in payor processing.

In 2023, Providence issued the Series 2023A, B & C private placement notes totaling $383 million, the proceeds of which were used to reduce balances held on the revolver, pay financing costs, and add approximately $30 million in net new debt. Additionally, Providence closed on its Series 2023 taxable fixed rate refunding bonds totaling $585 million. The proceeds were used primarily to refund the taxable Series 2005 and 2013 bonds as well as refund an existing term loan and debt services due in 2023.

Providence's liquidity is presented for the periods indicated:

EXHIBIT 4.1 - INVESTMENTS BY DURATION $ PRESENTED IN MILLIONS	As of 12-31-2023	12-31-2024
Cash and Cash Equivalents	$1,468	$1,768
Short-Term Investments	597	697
Long-Term Investments	6,351	5,700
Total Unrestricted Cash and Investments	$8,416	$8,165

Providence maintains a long-term investment portfolio comprised of operating and foundation investment assets. Providence's target asset allocation for the long-term portfolio, by general asset class, is presented for the periods indicated:

EXHIBIT 4.2 - INVESTMENTS BY TYPE	As of 12-31-2023	12-31-2024
Cash and Cash Equivalents	0%	0%
Domestic and International Equities	38%	38%
Debt Securities	33%	33%
Other Securities	29%	29%

Financial Ratios

Providence's financial ratios are presented for the periods indicated:

EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	As of 12-31-2023	12-31-2024
Total Debt to Capitalization %	46.4	46.2
Cash to Debt Ratio %	102.6	102.2
Days Cash on Hand (1)	107	99
Maximum Annual Debt Service (Smoothed)	541	557
Cash to Net Assets Ratio	0.89	0.88

(1) Days Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods).

System Capitalization

Providence's capitalization is presented for the periods indicated:

EXHIBIT 4.4 - SYSTEM CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2023	12-31-2024
Long-Term Indebtedness	$7,594	$7,158
Plus: Leases	630	521
Less: Current Portion of Long-Term Debt	160	184
Net Long-Term Debt	8,064	7,495
Net Assets - Without Donor Restrictions	9,485	9,314
Total Capitalization	$17,549	$16,809
Long-Term Debt to Capitalization %	46.0	44.6

Providence's coverage of Maximum Annual Debt Service ("MADS") on indebtedness is not a defined concept under the Master Indenture, nor Providence's other credit documents. MADS coverage is presented for the periods indicated:

	Fiscal Year Ended	
EXHIBIT 4.5 - SYSTEM MADS COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2023	12-31-2024
Income Available for Debt Service:		
Deficit of Revenues Over Expenses	$(596)	$(231)
Less: Unrealized Gain (Loss) on Trading Securities	(327)	69
Plus: Loss on Extinguishment of Debt	2	-
Plus: Loss on Pension Settlement Costs and Other	22	9
Plus: Restructuring Costs and Other	-	183
Plus: Depreciation	1,053	895
Plus: Interest and Amortization	408	315
Total	$562	$1,240
MADS (Smoothed)	$541	$557
MADS Coverage	1.04x	2.23x

System Governance and Management

Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state healthcare systems of PH&S and the SJHS, which was effective on July 1, 2016 (the "Combination"). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the Mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the "Sponsors Council").

The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, and Kadlec): to amend or repeal the articles of incorporation or bylaws of Providence; the appointment and removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by the Board of Providence. Given the complexity of Providence's governance structure, Providence routinely evaluates and considers alternative governance models to best meet Providence's governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

Board of Directors	Term Expires (December 31)
Michael Murphy, Chair [‡]	2025
Richard Blair [†]	2025
Sr. Linda Buck, CSJ [Δ]	2027
Isiaah Crawford, PhD. [†]	2025
Sr. Karin Dufault, SP [Δ]	2027
Sr. Diane Hejna, CSJ, RN. [†]	2025
Sr. Phyllis Hughes, RSM, PhD. [†]	2025
Mary Beth Kingston, PhD., RN. [Δ]	2025
Mary Lyons, PhD. [†]	2025
Sr. Donna Markham, OP, PhD. [Δ]	2026
Marvin O'Quinn [Δ]	2026
Omar Riojas, J.D. [Δ]	2027
Charles W. Sorenson, M.D. [†]	2027
Eric Sprunk [‡]	2027
Erik Wexler	Ex-officio

Sponsors Council	Term Expires (December 31)
Sr. Sharon Becker, CSJ, Chair	2027
Bill Cox	2025
Shannon Dwyer	2025
Jeff Flocken	2025
Mark Koenig	2027
Sr. Cecilia Magladry, CSJ	2026
Elizabeth McClosky	2027
Sr. Margaret Pastro, SP	2025
Mary Anne Sladich-Lantz	2026
Sr. Mary Therese Sweeney, CSJ	2025

[†] Not eligible for an additional term.
[‡] Eligible for one additional three-year term.
[Δ] Eligible for up to two additional terms.

Executive Leadership Team

The following are key members of Providence's executive leadership team.

Name	Title
Erik Wexler	President and Chief Executive Officer
Greg Hoffman	Executive Vice President and Chief Financial Officer
Anna Newsom	Executive Vice President and Chief Legal Officer

In July 2024, the Providence Board of Directors announced that Providence Chief Operating Officer Erik Wexler was named president and chief executive officer. Effective January 1, 2025, Wexler succeeded Rod Hochman, M.D., who announced his retirement in May 2024 after 45 years in healthcare, including 17 years with the Providence family of organizations. Dr. Hochman moved into a CEO emeritus position effective January 1, 2025. Providence maintains its commitment to continuous review and development of internal talent and succession planning, ensuring continuity and an orderly transition of leadership.

In November 2024, Providence announced the appointment of Darryl A. Elmouchi, M.D., MBA, as chief operating officer, effective January 2, 2025. Dr. Elmouchi is responsible for overseeing operations, care delivery, and performance improvement initiatives across the health system.

Environmental, Social, and Governance Standards

Providence continues to execute on our integrated strategic and financial plan, which expresses our commitment and acceleration of the important work to address social, racial, and economic disparities and reduce our carbon footprint in the communities we serve. Providence continues to work towards carbon negative and in 2024 decreased emissions by 19 percent compared to our 2019 baseline. Our efforts earned us a system record 55 Environmental Excellence awards from Practice Greenhealth and made us the first large system to receive The Joint Commission's Sustainable Healthcare Certification in 2024 for each of our hospitals. In addition, our efforts led to the introduction of the Green Hospitals Act, legislation modeled after Providence that would provide critical federal funding to weatherize and modernize healthcare facilities. We continue to reduce greenhouse gas emissions with a focus on LED lighting upgrades, water conservation, more efficient delivery of nitrous oxide gas during anesthesia, and advancing our waste optimization work across all hospitals and clinics.

Providence's commitment to advancing health equity led to a significant reduction in hypertension-related disparities among our most vulnerable patients, increasing hypertension control rates from 64.2 percent to 68.4 percent in 2024 and benefiting approximately 4,200 additional patients. Providence's commitment to improving health outcome and reducing disparities applies across all quality, access, and patient experience metrics.

Support Services

Corporate officers and supporting staff oversee the management activities performed on a day-to-day basis by the management staff of each region. The Chief Financial Officer of Providence and Finance staff oversee the annual budget and multi-year planning activities of the organization, including capital allocation. Other areas in which the corporate staff provides centralized services or coordinates the activities of the service areas include legal affairs, information services, insurance and risk management, treasury services, real estate strategy and operations, marketing, supplies management, technical support, fund-raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs, among others.

Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

For the fiscal year ended December 31, 2024, the audited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 83 percent and 87 percent, respectively, of Providence's totals. For the fiscal year ended December 31, 2023, the audited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 81 percent and 85 percent, respectively, of Providence's totals. Refer to Exhibit 8 for supplementary information on the Obligated Group Members.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. Indebtedness evidenced or secured by obligations issued under the Master Indenture is solely the obligation of the Obligated Group, and such obligations are not guaranteed by, or are the liabilities of, Sisters of Providence, Mother Joseph Province, any other Province of the Sisters of Providence, Sisters of St. Joseph of Orange, the Roman Catholic Church, or any affiliate of Providence that is not an Obligated Group Member.

Obligated Group Utilization

The Obligated Group's key volume indicators are presented for the periods indicated:

	Fiscal Year Ended	
EXHIBIT 5.1 – OBLIGATED GROUP UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	12-31-2023	12-31-2024
Obligated Group		
Inpatient Admissions	413	439
Acute Adjusted Admissions	872	924
Acute Patient Days	2,284	2,340
Long-Term Care Patient Days	328	351
Outpatient Visits (incl. Physicians and Telehealth) (1)	21,756	21,415
Emergency Room Visits	1,856	1,943
Surgeries and Procedures	542	556
Acute Average Daily Census (Actual)	6,257	6,395

(1) Normalized for Providence Oregon's outreach laboratory services sold in August 2023, total outpatient visits were 21,077 for the fiscal year ended December 31, 2023.

Obligated Group Capitalization

The Obligated Group's capitalization is presented for the periods indicated:

EXHIBIT 5.2 - OBLIGATED GROUP CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2023	12-31-2024
Obligated Group		
Long-Term Indebtedness	$7,579	$7,143
Plus: Leases	381	328
Less: Current Portion of Long-Term Debt	145	169
Net Long-Term Debt	7,815	7,302
Net Assets - Without Donor Restrictions	7,808	8,126
Total Capitalization	$15,623	$15,428
Long-Term Debt to Capitalization %	50.0	47.3

Historical Debt Service Coverage

Providence is compliant with the Historical Debt Service Coverage Ratio covenant for the Obligated Group pursuant to the terms of the Master Indenture. Providence's historical debt service coverage ratio is presented for the periods indicated:

EXHIBIT 5.3 - HISTORICAL DEBT SERVICE COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	Fiscal Year Ended 12-31-2023	12-31-2024
Obligated Group		
Income Available for Debt Service	$734	$1,544
Debt Service Requirements on Funded Indebtedness:		
Interest Expense	335	336
Debt Service Requirements [1]	$335	$336
Historical Debt Service Coverage Ratio	2.2x	4.6x

[1] Debt Service Requirements has the meaning assigned to such term in the Master Indenture.

Outstanding Master Trust Indenture Obligations

As of December 31, 2024, Providence had Obligations outstanding under the Master Indenture totaling $7.5 billion. This excludes Obligations that secure interest rate or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2024.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the "Direct Placement Bonds") that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the "Taxable Loans") from one or more commercial banks or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to a letter of credit facility (the "Credit Facility") issued by a credit bank for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans, and the Credit Facility are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans, and the Credit Facility include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans, and the Credit Facility containing these financial covenants and events of default are available for review on EMMA (http://emma.msrb.org).

Control of Certain Obligated Group Members

General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member of Providence – Washington, Providence – Southern California, Providence – Montana, and Providence – Oregon. Providence – Southern California, in turn, is the sole corporate member of LCMASC and Providence – Saint John's. Providence – Montana is the sole corporate member of Providence – SJMC Montana. Providence Ministries is the co-corporate member, alongside Western HealthConnect of Providence – Western Washington. Western HealthConnect is the sole corporate member of Swedish, Swedish Edmonds, Pac Med, and Kadlec.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which operates the hospital facilities known as Providence Santa Rosa Memorial Hospital, Providence Queen of the Valley Medical Center, Providence St. Joseph Hospital, and Providence Redwood Memorial Hospital. The corporate entities of Providence Santa Rosa Memorial Hospital, Providence Queen of the Valley Medical Center, Providence St. Joseph Hospital, and Providence Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the "Hospitals") transferred their assets to SJHNC effective as of April 1, 2018. Effective December 31, 2019, those four remaining corporate entities in connection with this reorganization were dissolved.

West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System ("LMHS") are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the Obligated Group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children's Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the "Covered Transactions"), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS's right, as a member, to appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS' assets (including all of CHS' affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in CHS and a simultaneous obligation to offer CHS' membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS – 57 percent; LMHS – 43 percent.

Other Information

Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, Providence includes: health plans; a provider network; numerous fundraising foundations; Tegria Holdings LLC, a for-profit entity that provides technologies and services to the healthcare sector; various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. Providence also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of Providence, partnerships, or joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Annual Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Annual Report only to the extent they are viewed by management to be of operational or strategic importance.

Providence Clinical Network

The Providence Clinical Network ("PCN") is transforming clinical care across the continuum by creating a personalized and connected delivery system serving patients across the Western United States. PCN includes our medical groups, same-day care services including urgent care, ExpressCare, ambulatory surgery and imaging; and four system Clinical Institutes: Heart, Neuroscience, Women's and Children, Cancer and Digestive Health. Our medical groups include: Providence Medical Group, serving Alaska, Washington, Montana, and Oregon; Swedish Medical Group, and Pacific Medical Centers, each with staffed clinics throughout Washington's greater Puget Sound area; Kadlec, serving southeast Washington; Providence St. John's Medical Foundation, Providence Medical Institute, and Providence Facey Medical Foundation in Southern California; Providence Medical Foundation in Northern and Southern California; and Covenant Medical Group, and Covenant Health Partners in West Texas and Eastern New Mexico.

Population Health Management

Population Health Management forms a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery, and coordination of affordable quality healthcare and services. We provide products, tools, and services to maximize value-based reimbursement and increase quality outcomes. We integrate solutions to address social determinants of health and eliminate health inequities. We build community partnerships to increase access to health services, and support needed by vulnerable communities.

Population Health Management focuses on a family of services, including Value-Based Care, Risk Sharing & Payments Models, Government programs (Medicaid and Medicare), and Population Health initiatives that support our Providence divisional care delivery systems.

Providence Health Plan

Providence Health Plan is a 501(c)(4) Oregon non-profit healthcare service contractor, and Providence Health Assurance is a wholly owned subsidiary of PHP. Providence Plan Partners is a 501(c)(4) Washington non-profit corporation.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans. Providence Health Plan members reside in 49 states nationwide.

Ayin

Ayin Health Holdings, Inc. is our population health management company that provides a comprehensive suite of services to employer, payer, provider, and government clients. Ayin is a for-profit, non-risk bearing entity providing administrative and clinical services in multiple states and incorporated in Delaware.

Home & Community Care

Home & Community Care is a trusted partner for individuals and families. Our community-based care and services are geared to help in times of need, aging and illness, and at the end of life. We provide a full range of post-acute services, including assisted living, skilled nursing and rehabilitation, home health, home infusion and pharmacy services, home medical equipment, hospice and palliative care, Program of All-Inclusive Care for the Elderly locations, supportive housing, and personal home care services. As our Mission calls us to serve the most vulnerable and poor members of our community, we provide a full range of services and support to more than 30,000 patients, participants, and residents each day. The demand for these services continues to increase in the markets we serve, creating opportunities for continued growth, innovation, and investment.

Tegria

Tegria Holdings LLC is a Providence-owned global healthcare consulting and services company that partners with provider and payer organizations to transform healthcare. From strategic advisory and operations consulting to managed services, Tegria offers end-to-end solutions to drive transformation in the following areas: revenue cycle, access and experience, care operations, enterprise systems and services, infrastructure and cloud, and data and analytics. By helping its clients drive growth, enhance experiences, and foster collaboration, Tegria is supporting the creation of more accessible, efficient, and integrated healthcare system. Tegria's global team helps more than 500 provider and payer organizations drive transformation with market-leading solutions.

In January 2024, Tegria Holdings LLC completed the sale of its Acclara and Advata subsidiaries to R1 for $675 million. Upon closing of the transaction, Providence entered into a 10-year agreement for comprehensive revenue cycle services from Acclara that remains in progress.

Litigation

Certain material litigation may result in adverse outcomes to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations.

On February 3, 2022, the Washington State Attorney General's Office filed a complaint against Providence Health & Services - Washington, Swedish Health Services, Swedish Edmonds, and Kadlec Regional Medical Center, seeking injunctive relief and civil penalties for alleged violations of the Washington State Consumer Protection Act related to the administration of the financial assistance program. After ongoing discovery and settlement negotiations, the parties reached a settlement agreement on February 1, 2024. The settlement includes the following actions to be taken by Providence: (1) payment plus interest to identified patients who may have qualified for financial assistance, but had not completed the financial assistance application process; (2) write off of any outstanding balances for these individuals; (3) payment to the Washington State Attorney General's office; and (4) implementation of a streamlined process to provide all patients with information about financial assistance and how to apply using simple language aligned to our organizational values.

On April 11, 2022, the U.S. Department of Justice, the Washington Office of the Attorney General and Providence Health & Services – Washington entered into a Settlement Agreement and Corporate Integrity Agreement to resolve allegations raised by a relator regarding the False Claims Act arising out of the actions of two physicians at one Providence hospital in the southeast region of Washington State. These physicians are no longer practicing at any Providence hospital. Providence agreed to settle the litigation, without admitting fault, to resolve these matters expeditiously, which Providence believes is in the best interest of our caregivers and patients. Providence cooperated fully with the government throughout the investigation.

On March 13, 2024, the United States Department of Justice filed a complaint against six health plans participating in the Uniformed Services Family Health Plan ("USFHP") program, including PacMed Clinics ("PacMed"). The government alleges the health plans violated the False Claims Act by retaining overpayments paid by the government. This case is a government contracts dispute. PacMed negotiated and agreed on rates with the government every year. The government paid PacMed exactly the amount that the parties negotiated, and that the government agreed to pay. The quality of the patient care that PacMed provided, and patient billing, are not at issue in this case, it is purely a payment dispute. At this time, no determination can be made as to whether such litigation will have a material adverse effect on Providence, financial or otherwise.

On April 8, 2024, Providence went to trial in the wage and hour class action matter of Bennett v. Providence Health & Services. The jury found against Providence and issued a verdict in favor of Plaintiffs. With the utmost respect to the trial court and jury, Providence believes the verdict resulted from erroneous rulings and misstatements of the applicable law; this result was not unexpected at the trial court level. The case involves a novel issue that has not been decided by the Washington Court of Appeals, and Providence, along with several other employers in the state of Washington, are appealing the verdict to the Washington Court of Appeals. At this time, no determination can be made as to whether such litigation will have a material adverse effect on Providence, financial or otherwise.

On September 30, 2024, the Attorney General of California filed a complaint against St. Joseph Health Northern California, LCC, alleging violations of the California Emergency Services Law and the Unruh Civil Rights Act, related to services provided to a patient seen in the Providence St. Joseph Hospital ("Providence") emergency department. Providence is in the early stages of investigating the allegations of the complaint. At this time, no determination can be made as to whether such litigation will have a material adverse effect on Providence, financial or otherwise.

Several civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of Providence.

Employees

As of December 31, 2024, Providence employed more than 125,000 caregivers. Of Providence's total employees, approximately 36 percent are represented by 21 different labor unions.

Providence strives to provide employees market-competitive salaries and benefits. Management believes the salary levels and benefits packages for its employees are competitive in all the respective markets. Leadership of each of the separate employers within Providence is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations with unions representing employees in some markets throughout 2025. The current environment of increased work stoppages continues with recent strikes at separate employers in Oregon. We anticipate additional labor actions in some of our markets in 2025. Management will engage qualified temporary replacement workers, when available, to effectively continue operations while limiting disruption to hospital operations and patient services. Management and others continue to bargain with the respective unions to reach agreements. Management is also aware of ongoing organizing efforts by labor unions within the healthcare industry, including in markets where the separate employers within Providence operate.

Community Benefit

Our community benefit program is a vital part of our vision. It includes proactive community health improvement programs such as subsidized health services and education, and research, as well as free or low-cost care (charity care) for the uninsured and underinsured and the costs of uncompensated care for Medicaid and other government-funded programs. Throughout the year, we collaborate with community partners to identify and respond to unmet needs with tailored community benefit investments designed to improve overall health and well-being.

Building on our commitment to care for those who are poor and vulnerable, we invested $1.9 billion in community benefit programs in the fiscal year ended December 31, 2024, compared with $2.1 billion in the same period in 2023. Our unpaid costs of Medicaid totaled $1.1 billion for the fiscal year ended December 31, 2024, a significant decrease from $1.4 billion in the prior year with improved reimbursement through Washington State's SNAP program.

Providence's community benefit by category presented for the periods indicated:

	Fiscal Year Ended	
EXHIBIT 6.1 - COMMUNITY BENEFIT BY CATEGORY $ PRESENTED IN MILLIONS	12-31-2023	12-31-2024
Charity Care Provided	$240	$353
Unpaid Costs of Medicaid	1,393	1,131
Education & Research Programs	186	174
Other Community Benefit	232	230
Total Community Benefit	$2,051	$1,888

Providence Information Security Program

Providence's information security program consists of over 250 full-time employees. The information security team's global reach enables 24/7 coverage of IT risks and real-time defense of Providence's information ecosystem. Providence's cybersecurity program has adopted the National Institute of Standards and Technology Cyber Security Framework as the foundational model for organizing the team's strategy, with policies and standards aligned to a controls-based framework based on NIST 800-53. Standardizing the program on this framework and rooting the program in controls-based policies allows the system to measure cybersecurity maturity and update controls as the IT risk landscape evolves. IT risk is quantified and tracked in the Providence Cyber Performance Goals operational tool, which combines real-time telemetry from enterprise IT and cybersecurity tools with risk-weighted measurements. This approach allows for risk-informed decision-making within the Providence Executive Team and the Providence Board of Directors.

Insurance

Providence has developed insurance programs that provide coverage for various insurable risks utilizing commercial products and self-insurance using a captive insurance company with reinsurance domiciled in Arizona. The program uses benchmarking and insurance, actuarial and finance analytics to guide decisions regarding the types of coverage purchased, the limits or amounts of insurance, and quality of coverage terms. The quality of insurance products is maintained in part by requiring commercial insurers to have an A rating or better from A.M. Best to be on Providence's program. Management reviews strategy at least annually with input from brokers, actuaries, and consultants. Funding of captive insurers conforms to regulatory requirements of the domicile. Furthermore, the captive pays the required Washington State premium tax. The major lines of insurance maintained include property, professional and general liability, directors' and officers' liability, employment practices liability, auto liability, fiduciary liability, cyber liability, workers' compensation and employers' liability, and crime.

Retirement Plans

As described more completely under the caption "Retirement Plans" in Note 8 to the combined audited financial statements included in Exhibit 8, the System currently sponsors defined benefit and defined contribution plans. Although the System had certain defined benefit plans in place prior to January 1, 2010, in April 2009, the PH&S Board of Directors approved a freeze on the Providence Core Plan (excluding plans for Swedish and Willamette Falls), a cap on the ongoing cash balance interest credit formula, and the implementation of a new defined contribution plan referenced within Note 8, all effective December 31, 2009.

The System's remaining unfunded liability with respect to the defined benefit plans increased from approximately 71 percent at December 31, 2023 to 77 percent at December 31, 2024. The increase in the unfunded liability occurred primarily due to a change in the valuation discount rate. The System's contribution to the defined benefit plans was approximately $82 million and $72 million at December 31, 2024 and 2023, respectively.

The System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee contributions, up to a maximum amount. In addition, the System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $709 million and $606 million for the fiscal years ended December 31, 2024, and 2023, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

Accreditation and Memberships

Providence's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, and Providence Valdez Medical Center) accredited by The Joint Commission. Providence's five hospitals operated by Swedish Health Services are accredited by DNV. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

Glossary of Certain Terms

Credit Group: Obligated Group Members, Designated Affiliates, Limited Credit Group Participants, and Unlimited Credit Group Participants, collectively.

Obligated Group or Obligated Group Members: Obligated Group Members under the Master Indenture and currently:

Providence	Western HealthConnect
PH&S	Kadlec
Providence – Washington	SJHS
Providence – Southern California	St. Joseph Orange
LCMASC	St. Jude
Providence – Saint John's	Mission Hospital
Providence – SJMC Montana	St. Mary
Providence – Montana	SJHNC
Providence – Oregon	CHS
Providence – Western Washington	CMC
Swedish	Covenant Children's
Swedish Edmonds	Covenant Levelland
PacMed	Covenant Plainview

Designated Affiliates: Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.

Limited Credit Group Participants: Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.

Unlimited Credit Group Participants: Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.

CHS: Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.

CMC: Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.

Covenant Children's: Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.

Covenant Levelland: Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Levelland Hospital.

Covenant Plainview: Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.

Kadlec: Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.

LCMASC: Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.

Mission Hospital: Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.

PacMed: PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.

PH&S: Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.

Providence – Montana: Providence Health & Services - Montana, a Montana nonprofit corporation and currently an Obligated Group Member.

Providence – Oregon: Providence Health & Services – Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.

Providence – Saint John's:	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – SJMC Montana:	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
Providence – Southern California:	Providence Health System – Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – Washington:	Providence Health & Services – Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence – Western Washington:	Providence Health & Services – Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence St. Joseph Health, Providence, we, us, our:	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
SJHNC:	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
SJHS:	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Joseph Orange:	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Jude:	St. Jude Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
St. Mary:	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Swedish:	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
Swedish Edmonds:	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
System:	Providence and all entities that are included within the combined financial statements of Providence.
Western HealthConnect:	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

Exhibit 7 – Obligated Group Facilities

Exhibit 7.1
Acute Care Facilities by Region

A list of Providence's acute care facilities in each region as of December 31, 2024, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Alaska				
	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401
		Providence Kodiak Island Medical Center (1)	Kodiak	25
		Providence Seward Medical and Care Center (2)	Seward	6
		Providence Valdez Medical Center (2)	Valdez	11
Puget Sound Region				
	Swedish Edmonds	Swedish Edmonds (1)	Edmonds	217
		Swedish Medical Center Campuses (3):		
	Swedish Health Services	Swedish Ballard	Ballard	133
		Swedish Issaquah	Issaquah	175
		Swedish Cherry Hill	Seattle	349
		Swedish First Hill	Seattle	697
	Providence Health & Services-Washington	Providence Centralia Hospital	Centralia	128
		Providence Regional Medical Center Everett	Everett	595
		Providence St. Peter Hospital (4)	Olympia	372
Eastern Washington and Western Montana				
	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	25
		Providence Mount Carmel Hospital	Colville	55
		Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691
		Providence Holy Family Hospital	Spokane	197
		Providence St. Mary Medical Center	Walla Walla	142
	Kadlec Regional Medical Center	Kadlec Regional Medical Center	Richland	337
	Providence Health & Services-Montana	St. Patrick Hospital	Missoula (MT)	253
	Providence St. Joseph Medical Center	Providence St. Joseph Medical Center	Polson (MT)	22
Oregon				
	Providence Health & Services-Oregon	Providence Hood River Memorial Hospital	Hood River	25
		Providence Medford Medical Center	Medford	120
		Providence Milwaukie Hospital	Milwaukie	77
		Providence Newberg Medical Center	Newberg	40
		Providence Willamette Falls Medical Center	Oregon City	143
		Providence St. Vincent Medical Center	Portland	539
		Providence Portland Medical Center	Portland	483
		Providence Seaside Hospital (1)	Seaside	25

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Northern California				
	St. Joseph Health Northern California, LLC.	Providence St. Joseph Hospital	Eureka	153
		Providence Redwood Memorial Hospital	Fortuna	35
		Providence Queen of the Valley Medical Center	Napa	198
		Providence Santa Rosa Memorial Hospital	Santa Rosa	298
Southern California				
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Burbank	392
		Providence Holy Cross Medical Center	Mission Hills	329
		Providence Little Company of Mary Medical Center San Pedro	San Pedro	183
		Providence Cedars-Sinai Tarzana Medical Center (2)	Tarzana	204
		Providence Little Company of Mary Medical Center Torrance	Torrance	327
	Providence Saint John's Health Center	Providence Saint John's Health Center	Santa Monica	266
	St. Mary Medical Center	St. Mary Medical Center	Apple Valley	213
	St. Jude Medical Hospital	St. Jude Medical Center	Fullerton	320
		Mission Hospital Regional Medical Center Campuses (5):		504
	Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center	Mission Viejo	
		Mission Hospital Laguna Beach	Laguna Beach	
	St. Joseph Hospital of Orange	St. Joseph Hospital of Orange (6)	Orange	463
West Texas and Eastern New Mexico				
	Methodist Hospital Levelland	Covenant Hospital Levelland (7)	Levelland	48
		CHS Campuses:		381
	Covenant Health System	Covenant Medical Center	Lubbock	
		Covenant Medical Center - Lakeside	Lubbock	
	Methodist Children's Hospital	Covenant Children's Hospital	Lubbock	227
	Methodist Hospital Plainview	Covenant Hospital Plainview (7)	Plainview	68
TOTAL				**10,892**

* Includes all acute care licensure categories except for normal newborn bassinettes and partial hospitalization psychiatric beds
(1) Leased by an Obligated Group Member
(2) Managed by an Obligated Group Member, but not a member of the Obligated Group.
(3) Four campuses with three licenses
(4) Includes a 50-bed chemical dependency center
(5) Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach
(6) Includes 37 acute care psychiatric beds
(7) Leased facility and Obligated Group Member

Exhibit 7.2
Long-Term Care Facilities by Region

Providence's principal owned or leased long-term care facilities as of December 31, 2024, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
Alaska				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center [1]	Kodiak	22
		Providence Seward Medical and Care Center [1]	Seward	40
		Providence Valdez Medical Center [2]	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
Puget Sound Region				
	Providence Health & Services-Washington	Providence Marianwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
Eastern Washington and Western Montana				
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
Oregon				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	St. Joseph Health Northern California, LLC.	Providence Santa Rosa Memorial Hospital	Santa Rosa	31
Southern California				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance	115
		Providence St. Elizabeth Care Center	North Hollywood	52
West Texas and Eastern New Mexico				
	Covenant Health System	Covenant Long-term Acute Care [2]	Lubbock	56
TOTAL				**1,398**

[1] Leased by an Obligated Group Member
[2] Managed or owned by an Obligated Group Member, but not a member of the Obligated Group

Exhibit 8 – Supplementary Information

[ATTACHED]

EXHIBIT 8.1 - SUMMARY AUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended December 31, 2024 (in 000's of dollars)		Ended December 31, 2023 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenues:				
Net Patient Service Revenues	$ 23,386,634	22,591,222	21,876,422	20,740,514
Premium Revenues	2,986,091	465,651	2,743,546	393,119
Capitation Revenues	1,940,333	779,323	1,946,597	781,049
Other Revenues	2,386,407	1,794,419	2,178,480	1,405,161
Total Operating Revenues	30,699,465	25,630,615	28,745,045	23,319,843
Operating Expenses:				
Salaries and Benefits	15,709,241	13,694,505	15,237,875	13,202,850
Supplies	4,892,093	4,612,939	4,520,739	4,194,036
Purchased Healthcare Services	2,575,290	556,709	2,462,300	518,955
Interest, Depreciation, and Amortization	1,210,104	1,079,311	1,460,354	1,305,335
Purchased Services, Professional Fees, and Other	6,774,143	5,585,306	6,235,076	4,849,437
Total Operating Expenses	31,160,871	25,528,770	29,916,344	24,070,613
Excess (Deficit) of Revenues Over Expenses From Operations Before Restructuring Costs and Other	(461,406)	101,845	(1,171,299)	(750,770)
Restructuring Costs and Other	182,523	182,523	-	-
Deficit of Revenues Over Expenses From Operations	(643,929)	(80,678)	(1,171,299)	(750,770)
Non-Operating Gains	412,657	262,015	575,607	359,577
Excess (Deficit) of Revenues Over Expenses	$ (231,272)	181,337	(595,692)	(391,193)

EXHIBIT 8.2 - SUMMARY AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended December 31, 2024 (in 000's of dollars)		Ended December 31, 2023 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided by (Used in) Operating Activities	$ (184,190)	66,475	(1,115,663)	(506,783)
Net Cash Provided by Investing Activities	510,633	512,650	1,347,957	1,358,749
Net Cash Provided by (Used in) Financing Activities	(26,749)	(25,354)	172,650	64,686
Increase in Cash and Cash Equivalents	299,694	553,771	404,944	916,652
Cash and Cash Equivalents, Beginning of Period	1,467,968	1,374,806	1,063,024	458,154
Cash and Cash Equivalents, End of Period	$ 1,767,662	1,928,577	1,467,968	1,374,806

EXHIBIT 8.3 - SUMMARY AUDITED NET PATIENT SERVICE REVENUE PAYOR MIX

	Ended December 31, 2024		Ended December 31, 2023	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	48%	49%	47%	48%
Medicare	33%	33%	35%	35%
Medicaid	17%	17%	15%	16%
Self-pay and Other	2%	1%	3%	1%

EXHIBIT 8.4 - SUMMARY AUDITED COMBINED BALANCE SHEETS

	As of December 31, 2024 (in 000's of dollars)		As of December 31, 2023 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Current Assets:				
Cash and Cash Equivalents	$ 1,767,662	1,928,577	1,467,968	1,374,806
Short-Term Investments	696,854	600,116	597,096	483,365
Accounts Receivable, Net	3,513,480	3,482,197	3,044,719	2,827,074
Supplies Inventory	343,106	329,082	373,148	352,768
Other Current Assets	2,151,316	1,533,378	2,430,530	1,889,216
Current Portion of Assets Whose Use is Limited	76,814	76,814	103,588	103,588
Total Current Assets	8,549,232	7,950,164	8,017,049	7,030,817
Management Designated Cash and Investments	5,700,329	2,600,127	6,351,086	3,450,398
Assets Whose Use is Limited	874,890	772,540	670,853	573,592
Property, Plant, and Equipment, Net	9,233,477	8,510,273	9,186,673	8,472,402
Operating Lease Right-of-Use Assets	1,092,346	719,362	1,171,879	763,212
Other Assets	2,580,869	3,777,457	2,906,434	3,692,330
Total Assets	$ 28,031,143	24,329,923	28,303,974	23,982,751
Current Liabilities:				
Current Portion of Long-Term Debt	184,428	169,260	160,316	144,664
Master Trust Debt Classified as Short-Term	494,215	494,215	137,705	137,705
Accounts Payable	1,604,380	1,425,065	1,438,152	1,281,641
Accrued Compensation	1,676,519	1,555,454	1,527,192	1,387,539
Current Portion of Operating Lease Right-of-Use	195,907	134,495	203,703	138,050
Other Current Liabilities	2,246,081	1,417,027	2,393,083	1,523,957
Total Current Liabilities	6,401,530	5,195,516	5,860,151	4,613,556
Long-Term Debt, Net of Current Portion	520,768	328,174	630,180	380,516
Master Trust Debt Classified as Long-Term	6,973,853	6,973,853	7,434,249	7,434,249
Pension Benefit Obligation	519,327	519,327	659,883	659,883
Long-Term Operating Lease Right-of-Use, net of Current Portion	1,012,614	669,628	1,107,017	731,288
Other Liabilities	1,861,813	1,247,674	1,623,512	1,116,029
Total Liabilities	$ 17,289,905	14,934,172	17,314,992	14,935,521
Net Assets:				
Controlling Interests	9,171,671	8,125,426	9,339,785	7,808,096
Noncontrolling Interests	142,030	232	144,979	232
Net Assets Without Donor Restrictions	9,313,701	8,125,658	9,484,764	7,808,328
Net Assets With Donor Restrictions	1,427,537	1,270,093	1,504,218	1,238,902
Total Net Assets	10,741,238	9,395,751	10,988,982	9,047,230
Total Liabilities and Net Assets	$ 28,031,143	24,329,923	28,303,974	23,982,751

Providence

EXHIBIT 8.5 - KEY PERFORMANCE METRICS

	Ended December 31, 2024		Ended December 31, 2023	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	444,542	438,706	427,221	412,779
Acute Patient Days	2,387,577	2,340,440	2,361,613	2,283,987
Acute Outpatient Visits	12,759,600	11,988,114	13,426,921	12,561,084
Primary Care Visits	15,069,311	8,643,338	14,250,634	8,404,408
Inpatient Surgeries and Procedures	193,438	192,521	186,988	182,632
Outpatient Surgeries and Procedures	509,947	363,078	503,120	359,818
Long-Term Care Admissions	4,695	4,541	3,832	3,600
Long-Term Care Patient Days	361,218	351,025	334,173	328,407
Home Health Visits	1,144,645	783,855	1,130,752	790,655
Hospice Days	982,912	525,885	1,060,604	608,496
Housing and Assisted Living Days	336,212	255,254	454,028	282,982
Acute Average Daily Census	6,523	6,395	6,470	6,257
Acute Licensed Beds	11,012	10,671	11,293	10,671
FTEs	107,153	94,669	108,967	93,907
Historical Debt Service Coverage Ratio	n/a	4.59	n/a	2.19

Providence

EXHIBIT 8.6 - SUMMARY AUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

Ended December 31, 2024

(in 000's of dollars)

	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Operating Revenues:									
Net Patient Service Revenues	$ 1,062,637	5,995,532	3,795,404	4,792,422	1,673,813	5,783,401	1,419,575	(1,136,150)	23,386,634
Premium Revenues	-	177,159	-	282,175	5,776	36,594	-	2,484,387	2,986,091
Capitation Revenues	-	177,056	895	52,472	88,331	1,621,579	-	-	1,940,333
Other Revenues	91,298	345,867	226,363	530,757	72,088	444,562	77,065	598,407	2,386,407
Total Operating Revenues	1,153,935	6,695,614	4,022,662	5,657,826	1,840,008	7,886,136	1,496,640	1,946,644	30,699,465
Operating Expenses:									
Salaries and Benefits	554,539	3,622,544	2,184,570	2,788,320	910,910	3,284,028	700,607	1,663,723	15,709,241
Supplies	152,614	1,066,157	661,055	1,398,510	273,373	1,069,010	271,226	148	4,892,093
Purchased Healthcare Services	-	220,275	74	115,672	47,652	814,541	-	1,377,076	2,575,290
Interest, Depreciation, and Amortization	47,228	191,271	90,286	104,529	57,459	227,219	95,461	396,651	1,210,104
Purchased Services, Professional Fees, and Other	323,050	1,815,925	1,182,376	1,340,284	747,072	2,795,190	458,376	(1,888,130)	6,774,143
Total Operating Expenses	1,077,431	6,916,172	4,118,361	5,747,315	2,036,466	8,189,988	1,525,670	1,549,468	31,160,871
Excess (Deficit) of Revenues Over Expenses From Operations Before Restructuring Costs and Other	76,504	(220,558)	(95,699)	(89,489)	(196,458)	(303,852)	(29,030)	397,176	(461,406)
Restructuring Costs and Other	-	-	-	-	-	-	-	182,523	182,523
Excess (Deficit) of Revenues Over Expenses From Operations	76,504	(220,558)	(95,699)	(89,489)	(196,458)	(303,852)	(29,030)	214,653	(643,929)
Non-Operating Gains	71,155	20,186	38,394	73,159	11,258	72,962	20,338	105,205	412,657
Excess (Deficit) of Revenues Over Expenses	$ 147,659	(200,372)	(57,305)	(16,330)	(185,200)	(230,890)	(8,692)	319,858	(231,272)

Providence

EXHIBIT 8.7 - SUMMARY AUDITED COMBINING BALANCE SHEETS BY REGION

As of December 31, 2024

(in 000's of dollars)

	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Current Assets:									
Cash and Cash Equivalents	$ 728,763	(119,447)	1,456,837	1,501,697	(107,884)	(2,431,962)	(217,805)	957,463	1,767,662
Short-Term Investments	10,701	-	-	-	-	20,194	31,159	634,800	696,854
Accounts Receivable, Net	194,868	1,090,455	504,452	696,692	238,395	821,708	241,243	(274,333)	3,513,480
Supplies Inventory	14,573	65,723	43,490	77,954	23,261	86,882	20,316	10,907	343,106
Other Current Assets	29,716	102,718	50,640	139,694	251,898	799,174	61,606	715,870	2,151,316
Current Portion of Assets Whose Use is Limited	-	-	-	-	-	-	-	76,814	76,814
Total Current Assets	978,621	1,139,449	2,055,419	2,416,037	405,670	(704,004)	136,519	2,121,521	8,549,232
Management Designated Cash and Investments	1,231,656	453,009	399,433	1,032,555	150,332	715,582	309,589	1,408,173	5,700,329
Assets Whose Use is Limited	126	22,906	3,412	32,849	9,694	21,599	11,023	773,281	874,890
Property, Plant, and Equipment, Net	404,739	2,064,147	830,264	973,263	680,810	2,407,229	840,052	1,032,973	9,233,477
Operating Lease Right-of-Use Assets	22,260	327,263	83,578	117,142	20,620	437,491	62,490	21,502	1,092,346
Other Assets	40,793	244,757	245,753	65,847	12,935	1,072,688	64,066	834,030	2,580,869
Total Assets	$ 2,678,195	4,251,531	3,617,859	4,637,693	1,280,061	3,950,585	1,423,739	6,191,480	28,031,143
Current Liabilities:									
Current Portion of Long-Term Debt	3,528	35,881	23,857	5,524	15,911	34,896	7,276	57,555	184,428
Master Trust Debt Classified as Short-Term	-	11,506	33,769	-	89,087	122,432	508	236,913	494,215
Accounts Payable	40,979	295,987	125,047	213,189	67,663	320,367	58,458	482,690	1,604,380
Accrued Compensation	23,012	154,623	113,287	105,428	54,452	154,669	28,852	1,042,196	1,676,519
Current Portion of Operating Lease Right-of-Use	6,005	56,781	24,356	15,985	11,331	65,842	6,815	8,792	195,907
Other Current Liabilities	6,047	121,380	43,341	72,429	101,629	515,596	130,912	1,254,747	2,246,081
Total Current Liabilities	79,571	676,158	363,657	412,555	340,073	1,213,802	232,821	3,082,893	6,401,530
Long-Term Debt, Net of Current Portion	40,588	192,336	19,660	9,665	(2,028)	46,467	220,408	(6,328)	520,768
Master Trust Debt Classified as Long-Term	156,324	1,226,508	485,246	84,953	206,845	1,118,840	199,789	3,495,348	6,973,853
Pension Benefit Obligation	-	92,006	-	(989)	-	-	-	428,310	519,327
Long-Term Operating Lease Right-of-Use, net of Current Portion	16,522	310,933	64,917	117,764	10,331	427,264	54,955	9,928	1,012,614
Other Liabilities	27,184	123,954	38,633	11,095	9,565	146,397	57,405	1,447,580	1,861,813
Total Liabilities	$ 320,189	2,621,895	972,113	635,043	564,786	2,952,770	765,378	8,457,731	17,289,905
Net Assets:									
Controlling Interests	2,307,259	1,399,921	2,556,377	3,651,995	621,429	268,926	576,434	(2,210,670)	9,171,671
Noncontrolling Interests	14,350	4,082	9,295	439	-	69,552	36,181	8,131	142,030
Net Assets Without Donor Restrictions	2,321,609	1,404,003	2,565,672	3,652,434	621,429	338,478	612,615	(2,202,539)	9,313,701
Net Assets With Donor Restrictions	36,397	225,633	80,074	350,216	93,846	659,337	45,746	(63,712)	1,427,537
Total Net Assets	2,358,006	1,629,636	2,645,746	4,002,650	715,275	997,815	658,361	(2,266,251)	10,741,238
Total Liabilities and Net Assets	$ 2,678,195	4,251,531	3,617,859	4,637,693	1,280,061	3,950,585	1,423,739	6,191,480	28,031,143

Providence

EXHIBIT 8.8 - KEY PERFORMANCE METRICS BY REGION

	Ended December 31, 2024							
	Alaska	Puget Sound Region	Eastern Washington/ Western Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	17,218	100,443	67,453	71,584	28,292	135,149	24,403	444,542
Acute Patient Days	126,995	602,120	385,319	373,972	132,351	635,197	131,623	2,387,577
Acute Outpatient Visits	452,108	2,648,908	1,922,708	2,295,964	959,341	3,466,015	1,014,556	12,759,600
Primary Care Visits	184,402	3,440,642	2,795,589	2,412,490	994,244	4,255,089	927,213	15,069,311
Inpatient Surgeries and Procedures	8,998	46,098	33,275	27,322	11,669	55,313	10,763	193,438
Outpatient Surgeries and Procedures	11,994	92,162	82,000	147,494	28,255	118,866	29,176	509,947
Long-Term Care Admissions	n/a	2,043	683	450	1	1,365	153	4,695
Long-Term Care Patient Days	51,262	142,310	34,431	36,495	5,957	86,527	4,236	361,218
Home Health Visits	27,583	328,635	3,296	316,350	63,947	404,834	n/a	1,144,645
Hospice Days	27,618	318,771	n/a	179,493	121,460	260,234	75,336	982,912
Housing and Assisted Living Days	38,094	90,309	30,322	167,538	9,949	n/a	n/a	336,212
Average Daily Census	347	1,645	1,053	1,022	362	1,736	360	6,523
Acute Licensed Beds	482	2,666	1,824	1,452	807	2,997	784	11,012
FTEs	3,989	22,877	14,558	19,040	5,304	22,993	6,001	107,153

PROVIDENCE ST. JOSEPH HEALTH

Combined Financial Statements

December 31, 2024 and 2023

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

The Board of Directors
Providence St. Joseph Health:

Opinion

We have audited the combined financial statements of Providence St. Joseph Health (the Health System), which comprise the combined balance sheets as of December 31, 2024 and 2023, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Health System as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Health System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health System's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Obligated Group Combining Balance Sheets and Statements of Operations Information included on pages 35 and 36 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Seattle, Washington
March 5, 2025

PROVIDENCE ST. JOSEPH HEALTH

Combined Balance Sheets

December 31, 2024 and 2023
(In millions of dollars)

Assets		2024	2023
Current assets:			
Cash and cash equivalents	$	1,768	1,468
Accounts receivable		3,513	3,045
Supplies inventory		343	373
Other current assets		2,151	2,430
Current portion of assets whose use is limited		774	701
Total current assets		8,549	8,017
Assets whose use is limited		6,575	7,022
Property, plant, and equipment, net		9,233	9,187
Operating lease right-of-use assets		1,092	1,172
Other assets		2,582	2,906
Total assets	$	28,031	28,304
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	184	160
Master trust debt classified as short-term		494	138
Accounts payable		1,604	1,438
Accrued compensation		1,677	1,527
Current portion of operating lease liabilities		196	204
Other current liabilities		2,247	2,393
Total current liabilities		6,402	5,860
Long-term debt, net of current portion		7,495	8,064
Pension benefit obligation		519	660
Long-term operating lease liabilities, net of current portion		1,013	1,107
Other liabilities		1,861	1,624
Total liabilities		17,290	17,315
Net assets:			
Controlling interests		9,172	9,340
Noncontrolling interests		142	145
Net assets without donor restrictions		9,314	9,485
Net assets with donor restrictions		1,427	1,504
Total net assets		10,741	10,989
Total liabilities and net assets	$	28,031	28,304

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Operations

Years ended December 31, 2024 and 2023

(In millions of dollars)

		2024	2023
Operating revenues:			
Net patient service revenues	$	23,387	21,876
Premium revenues		2,986	2,744
Capitation revenues		1,940	1,947
Other revenues		2,386	2,178
Total operating revenues		30,699	28,745
Operating expenses:			
Salaries and benefits		15,709	15,238
Supplies		4,892	4,521
Purchased healthcare services		2,575	2,462
Interest, depreciation, and amortization		1,210	1,460
Purchased services, professional fees, and other		6,774	6,235
Total operating expenses		31,160	29,916
Deficit of revenue over expenses from operations before restructuring costs and other		(461)	(1,171)
Restructuring costs and other		183	—
Deficit of revenue over expenses from operations		(644)	(1,171)
Net nonoperating gains (losses):			
Investment income, net		488	652
Other		(75)	(77)
Total net nonoperating gains		413	575
Deficit of revenues over expenses	$	(231)	(596)

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Changes in Net Assets

Years ended December 31, 2024 and 2023

(In millions of dollars)

	Without donor restrictions			
	Controlling interests	Noncontrolling interests	With donor restrictions	Total net assets
Balance, December 31, 2022	$ 9,818	386	1,387	11,591
(Deficit) excess of revenues over expenses	(619)	23	—	(596)
Contributions, grants, and other	112	(264)	224	72
Net assets released from restriction	—	—	(107)	(107)
Pension related changes	29	—	—	29
Change in net assets	(478)	(241)	117	(602)
Balance, December 31, 2023	9,340	145	1,504	10,989
(Deficit) excess of revenues over expenses	(254)	23	—	(231)
Contributions, grants, and other	(14)	(26)	142	102
Net assets released from restriction	—	—	(219)	(219)
Pension related changes	100	—	—	100
Change in net assets	(168)	(3)	(77)	(248)
Balance, December 31, 2024	$ 9,172	142	1,427	10,741

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Cash Flows

Years ended December 31, 2024 and 2023

(In millions of dollars)

		2024	2023
Cash flows from operating activities:			
Decrease in net assets	$	(248)	(602)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:			
Depreciation and amortization		864	1,113
Gain on disaffiliation activities		(426)	(103)
Change in non-controlling interest due to joint venture activities		(9)	264
Restricted contributions and investment income received		(142)	(224)
Net realized and unrealized gains on investments		(294)	(462)
Changes in certain current assets and liabilities		(25)	(1,027)
Change in certain long-term assets and liabilities		96	(75)
Net cash used in operating activities		(184)	(1,116)
Cash flows from investing activities:			
Property, plant, and equipment additions		(858)	(527)
Purchases of alternative investments, commingled funds, and trading securities		(9,523)	(9,499)
Proceeds from sales of alternative investments, commingled funds, and trading securities		10,224	11,351
Net cash received through affiliation and divestiture activities		554	110
Proceeds from sales of warrants		46	—
Other investing activities		68	(87)
Net cash provided by investing activities		511	1,348
Cash flows from financing activities:			
Proceeds from restricted contributions and restricted income		142	224
Debt borrowings		337	1,342
Debt payments		(515)	(1,336)
Other financing activities		9	(57)
Net cash (used in) provided by financing activities		(27)	173
Increase in cash and cash equivalents		300	405
Cash and cash equivalents, beginning of year		1,468	1,063
Cash and cash equivalents, end of year	$	1,768	1,468
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	342	337

See accompanying notes to combined financial statements.

(1) Basis of Presentation and Significant Accounting Policies

(a) Reporting Entity

Providence St. Joseph Health (the Health System), a Washington nonprofit corporation, is the sole corporate member of Providence Health & Services (PHS) and the St. Joseph Health System (SJHS). PHS, a Washington nonprofit corporation, is a Catholic healthcare system sponsored by the public juridic person, Providence Ministries. SJHS, a California nonprofit public benefit corporation, is a Catholic healthcare system sponsored by the public juridic person, St. Joseph Health Ministry.

The Health System seeks to improve the health of the communities it serves, especially the poor and vulnerable. The Health System operations include 51 hospitals and a comprehensive range of services provided across Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. The Health System also provides population health management through various affiliated licensed insurers and other risk-bearing entities.

The Health System has been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) and further described as a public charitable organization under Section 509(a)(3). PHS, SJHS, and substantially all of the corporations within the Health System have been granted exemptions from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations described in Section 501(c)(3).

(b) Basis of Presentation

The accompanying combined financial statements of the Health System were prepared in accordance with U.S. generally accepted accounting principles and include the assets, liabilities, revenues, and expenses of all wholly owned affiliates, majority-owned affiliates over which the Health System exercises control, and, when applicable, entities in which the Health System has a controlling financial interest. Intercompany balances and transactions have been eliminated in combination.

(c) Performance Indicator

The performance indicator is the deficit of revenues over expenses. Changes in net assets without restrictions that are excluded from the performance indicator include net assets released from restriction for the purchase of property, plant, and equipment, certain changes in funded status of pension and other postretirement benefit plans, net changes in noncontrolling interests in combined joint ventures, and certain other activities.

(d) Operating and Nonoperating Activities

The Health System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, physician services, long-term care, population health management, and other healthcare and health insurance services. Activities directly associated with the furtherance of this mission are considered to be operating activities. Other activities that result in gains or losses peripheral to the Health System's primary mission are considered to be nonoperating. Nonoperating activities include investment earnings, gains or losses from debt extinguishment, gains or losses from disaffiliation activity, certain pension related costs, gains or losses on interest rate swaps, and certain other activities.

(e) Use of Estimates and Assumptions

The preparation of the combined financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used for, but not limited to: (1) patient revenue recognition; (2) fair value of acquired assets and assumed liabilities in business combinations; (3) fair value of investments; (4) reserves for self-insured healthcare plans; and (5) reserves for professional, workers' compensation, and general insurance liability risks.

The accounting estimates used in the preparation of the combined financial statements will change as new events occur, additional information is obtained, or the operating environment changes. Assumptions and the related estimates are updated on an ongoing basis, and external experts may be employed to assist in the evaluation, as considered necessary. Actual results could materially differ from those estimates.

(f) Restructuring and Other

Restructuring costs were recorded during the year ended December 31, 2024. The amounts were comprised primarily of asset rationalization and employee reductions, and other items related to restructuring initiatives.

(g) Joint Venture

In October 2023, the Health System and Cedars-Sinai Medical Center jointly opened a new patient-care tower, Providence Cedars-Sinai Tarzana Medical Center ("PCSTMC"), owned and operated by both organizations through joint venture. As a result of the joint venture, in 2023, the Health System's property, plant, and equipment decreased by $690, noncontrolling net assets decreased by $264, and controlling assets decreased by $412. Furthermore, in 2023, the Health System's other assets increased by $527 as a result of the new investment in joint venture. In 2024, PCSTMC is accounted for as a nonconsolidating joint venture.

(h) Sales of Subsidiaries

The Health System completed the sale of its Acclara and Advata subsidiaries to R1 RCM ("R1") effective January 17, 2024 for cash of $575 and a warrant valued at $55 to purchase up to 12.2 million shares of R1 stock at an exercise price of $10.52, subject to a three-year lock-up period. Upon closing of the transaction in January 2024, the Health System recorded a gain of approximately $371, which is included in other revenues in the combined statement of operations. The Health System entered into a 10-year agreement for comprehensive revenue cycle services from Acclara that remains in progress. In November 2024, R1 sold all outstanding common shares, and the Health System received $46 for its warrants.

(In millions of dollars)

The subsidiaries were deemed to be held for sale at December 31, 2023. The total carrying amount of the assets and liabilities of the subsidiaries as of December 31, 2023 are as follows:

Current assets	$	139
Long-term assets		255
Total assets	$	394
Current liabilities	$	76
Long-term liabilities		62
Total liabilities	$	138

(i) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original or remaining maturity of three months or less when acquired. The Health System maintains cash balances above Federal Deposit Insurance Corporation limits.

(j) Supplies Inventory

Supplies inventory is stated at the lower of cost (first-in, first-out) or market.

(k) Investments Including Assets Whose Use Is Limited

The Health System has classified all of its investments as trading securities. These investments are reported on the combined balance sheets at fair value on a trade-date basis.

Assets whose use is limited primarily include assets held by trustees under indenture agreements and designated assets set aside by management of the Health System for future capital improvements and other purposes, over which management retains control. Assets whose use is limited also include funds held for self-insurance purposes, health plan medical claims payments and other statutory reserve requirements, as well as assets held by related foundations. Temporary cash held by fund managers is considered investing activity for cash flow purposes.

(l) Liquidity

Cash and cash equivalents and accounts receivable are the primary liquid resources used by the Health System to meet expected expenditure needs within the next year. The Health System has credit facility programs, as described in Note 7, available to meet unanticipated liquidity needs. Although intended to satisfy long-term obligations, management estimates that approximately 41% and 45% of noncurrent investments, as stated at December 31, 2024 and 2023, respectively, could be utilized within the next year, if needed.

(m) Derivative Instruments

The Health System allows certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage market risk related to the Health System’s equity, fixed-income, and commodities holdings. Also, the Health System occasionally uses derivative financial instruments (interest rate swaps) to manage its interest rate exposure and overall cost of borrowing. The interest rate swap agreements did not meet the criteria for hedge accounting and all changes in the valuation are recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations.

(In millions of dollars)

(n) Net Assets

Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Amounts related to the Health System's noncontrolling interests in certain joint ventures are included in net assets without donor restrictions.

Net assets with donor restrictions are those whose use by the Health System has been limited by donors to a specific time period, in perpetuity, and/or purpose.

Net assets with donor restrictions are available for the following purposes as of December 31:

		2024	2023
Program support	$	1,162	1,274
Capital acquisition		177	133
Low-income housing and other		88	97
Total net assets with donor restrictions	$	1,427	1,504

(o) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise to give is no longer conditional. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the terms of a donor restriction are met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as other operating revenues in the combined statements of operations or as net assets released from restriction in the combined statements of changes in net assets.

(p) Charity Care and Community Benefit

The Health System provides community benefit activities that address significant health priorities within its geographic service areas. These activities include Medicaid and Medicare shortfalls, community health services, education and research, and free and low-cost care (charity care).

Charity care is reported at estimated cost and is determined by multiplying the charges incurred at established rates for services rendered by the Health System's cost-to-charge ratio. The cost of charity care provided by the Health System for the years ended December 31, 2024 and 2023 was $353 and $240, respectively.

(q) Subsequent Events

The Health System has performed an evaluation of subsequent events through March 5, 2025, the date the accompanying combined financial statements were issued.

(r) Reclassifications

Certain reclassifications, which have no impact on net assets or changes in net assets, have been made to prior year amounts to conform to the current year presentation.

(2) Revenue Recognition

(a) Net Patient Service Revenues

The Health System has agreements with governmental and other third-party payors that provide for payments to the Health System at amounts different from established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, or other methods.

Net patient service revenues are recognized at the time services are provided to patients. Revenue is recorded in the amount that the Health System expects to collect, which may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of $33 and $282 for the years ended December 31, 2024 and 2023, respectively. Included in $282 of the 2023 revenue was $200 that was due to the 340b settlement with Medicare.

Various states in which the Health System operates have instituted a provider tax on certain patient service revenues at qualifying hospitals to increase funding from other sources and obtain additional federal funds to support increased payments to providers of Medicaid services. The taxes are included in purchased services, professional fees, and other expenses in the accompanying combined statements of operations and were $887 and $635 for the years ended December 31, 2024 and 2023, respectively. These programs resulted in enhanced payments from these states in the way of lump-sum payments and per claim increases. These enhanced payments are included in net patient service revenues in the accompanying combined statements of operations and were $1,315 and $889 for the years ended December 31, 2024 and 2023, respectively.

(b) Premium and Capitation Revenues

Premium and capitation revenues are received on a prepaid basis and are recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. The timing of the Health System's performance may differ from the timing of the payment received, which may result in the recognition of a contract asset or a contract liability. The balance of contract liabilities was $32 and $28 as of December 31, 2024 and 2023, respectively, and is included in other current liabilities in the combined balance sheets. The Health System has no material contract assets.

(In millions of dollars)

(c) Disaggregation of Revenue

The Health System earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other revenue.

Other revenues are comprised primarily of point of sale for retail pharmacy, cafeteria, grant revenue, and sale of subsidiaries and are recognized in accordance with contract terms.

Operating revenues from contracts with customers by state are as follows for the years ended December 31:

		2024	2023
Alaska	$	1,063	1,026
Washington		9,302	8,167
Montana		569	532
Oregon		6,738	6,260
California		9,221	9,274
Texas/New Mexico		1,420	1,308
Total revenues from contracts with customers		28,313	26,567
Other revenues		2,386	2,178
Total operating revenues	$	30,699	28,745

Operating revenues from contracts with customers by line of business are as follows for the years ended December 31:

		2024	2023
Hospitals	$	19,179	18,008
Health plans and accountable care		3,143	3,035
Physician and outpatient activities		3,520	3,340
Long-term care, home care, and hospice		1,625	1,522
Other		846	662
Total revenues from contracts with customers		28,313	26,567
Other revenues		2,386	2,178
Total operating revenues	$	30,699	28,745

(In millions of dollars)

Operating revenues from contracts with customers by payor are as follows for the years ended December 31:

		2024	2023
Commercial	$	13,186	12,102
Medicare		9,653	9,794
Medicaid		4,576	3,897
Self-pay and other		898	774
Total revenues from contracts with customers		28,313	26,567
Other revenues		2,386	2,178
Total operating revenues	$	30,699	28,745

(3) Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs include quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date.
- Level 2 inputs include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

(a) Assets Whose Use Is Limited

The fair value of assets whose use is limited, other than those investments measured using net asset value per share (NAV) as a practical expedient for fair value, is estimated using quoted market prices or other observable inputs when quoted market prices are unavailable.

(In millions of dollars)

The composition of assets whose use is limited is set forth in the following tables:

	December 31, 2024	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 715	715	—	—
Equity securities:				
Domestic	805	805	—	—
Foreign	250	250	—	—
Domestic debt securities:				
State and federal government	1,384	734	650	—
Corporate	491	14	477	—
Other	673	348	325	—
Foreign debt securities	219	3	216	—
Other	29	11	18	—
Investments measured using NAV	1,831			
Total management-designated cash and investments	6,397			
Gift annuities, trusts, and other	544	61	14	469
Funds held by trustee:				
Cash and cash equivalents	48	48	—	—
Domestic debt securities	333	178	155	—
Foreign debt securities	27	—	27	—
Total funds held by trustee	408			
Total assets whose use is limited	$ 7,349			

(In millions of dollars)

	December 31, 2023	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 852	852	—	—
Equity securities:				
Domestic	1,010	1,010	—	—
Foreign	378	378	—	—
Domestic debt securities:				
State and federal government	1,323	631	692	—
Corporate	508	1	507	—
Other	574	259	315	—
Foreign debt securities	221	2	219	—
Other	59	56	3	—
Investments measured using NAV	1,984			
Total management-designated cash and investments	6,909			
Gift annuities, trusts, and other	421	59	10	352
Funds held by trustee:				
Cash and cash equivalents	40	40	—	—
Domestic debt securities	320	174	146	—
Foreign debt securities	33	—	33	—
Total funds held by trustee	393			
Total assets whose use is limited	$ 7,723			

The Health System participates in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds, the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

(In millions of dollars)

The following table presents information, including unfunded commitments for investments where the NAV was used to estimate the value of the investments as of December 31:

		2024	2023	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds:						
Long/short equity	$	94	139	—	Monthly, quarterly, or annually	30–90 days
Credit		113	130	—	Quaterly, semi-annually, or not applicable	45–90 days
Relative value		102	119	—	Quarterly, or not applicable	45–65 days
Global macro		104	157	—	Monthly, or quarterly	5–90 days
Fund of hedge funds		3	3	—	Semi-annually	95 days
Other		50	51	6	Quaterly, semi-annually, or annually	30–90 days
Private equity		1,039	987	357	Not applicable	Not applicable
Private real estate		229	251	130	Not applicable	Not applicable
Real assets		75	46	33	Quaterly, annually, or not applicable	30–90 days or not applicable
Commingled		22	101	—	Daily, weekly, bi-weekly, monthly, or not applicable	3–30 days or not applicable
Total	$	1,831	1,984	526		

The following is a summary of the nature of these investments and their associated risks:

Hedge funds are portfolios of investments that use advanced investment strategies, such as long/short equity, credit, relative value, global macro, and fund of hedge funds positions in both domestic and international markets, with the goal of diversifying portfolio risk and generating return. The Health System's investments in hedge funds include certain funds with provisions that limit the Health System's ability to access assets invested. These provisions include lock-up terms that range up to three years from the subscription date or are continuous and determined as a percent of total assets invested. The Health System is in various stages of the lock-up periods dependent on hedge fund and period of initial investments.

Private equity and private real estate funds make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Health System; rather the Health System has committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

Real asset strategies invest in securities backed by tangible real assets, with the objective of achieving attractive diversified total returns over the long term, while maximizing the potential for real returns in periods of rising inflation. Real asset investments should provide a return in excess of inflation, and their performance should be sensitive to changes in inflation or expectations for future levels of inflation. The real asset category is made up of many different underlying sectors which may include agriculture, commodities, gold, infrastructure, REITs (Real Estate Investment Trusts), and TIPS

(In millions of dollars)

(Treasury Inflation Protected Securities). Each of these sectors tends to have a high degree of sensitivity to inflation and be less correlated with traditional equities and fixed income.

Commingled describes a type of fund structure. Commingled funds consist of assets from several accounts that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment.

(b) Unsettled Transactions

Investment sales and purchases initiated prior to and settled subsequent to the combined balance sheet date result in amounts due from and to brokers. As of December 31, 2024, the Health System recorded a payable of $19 for investments purchased but not settled in other current liabilities, respectively, in the accompanying combined balance sheets. As of December 31, 2023, the Health System recorded a receivable of $61 for investments sold but not settled and a payable of $45 for investments purchased but not settled in other current assets and other current liabilities, respectively, in the accompanying combined balance sheets.

(c) Derivative Instruments

The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in assets whose use is limited in the combined balance sheets as of December 31:

		2024	2023
Derivative assets:			
Futures contracts	$	1,090	1,057
Foreign currency forwards and other contracts		185	205
Total derivative assets	$	1,275	1,262
Derivative liabilities:			
Futures contracts	$	(1,090)	(1,057)
Foreign currency forwards and other contracts		(185)	(205)
Total derivative liabilities	$	(1,275)	(1,262)

The Health System also uses short-term forward purchase and sale commitments of mortgage-backed assets. The total notional derivative amount of mortgage contracts purchased and sold was $135 and $11, respectively, as of December 31, 2024. The total notional derivative amount of mortgage contracts purchased and sold was $202 and $74, respectively, as of December 31, 2023. These meet the definition of a derivative instrument in cases where physical delivery of the assets is not taken at the earliest available delivery date.

(In millions of dollars)

(d) Investment Income, Net

		2024	2023
Interest and dividend income	$	194	190
Net realized gains on sale of trading securities		363	134
Change in net unrealized (losses) gains on trading securities		(69)	328
Investment income, net	$	488	652

(e) Assets Measured Using Significant Unobservable Inputs

Level 3 assets include charitable remainder trusts, real property, and equity investments in healthcare technology start-ups through the Health System’s innovation venture capital fund. Fair values of real property were estimated using a market approach. Fair values of charitable remainder trusts were estimated using an income approach. Fair value of equity investments in healthcare technology start-ups were estimated using a combination of income and market approach.

(4) Property, Plant, and Equipment, Net

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized, and maintenance and repairs are expensed. The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term. Impairment of property, plant, and equipment is assessed when there is evidence that events or changes in circumstances have made recovery of the net carrying value of assets unlikely.

Interest capitalized on amounts expended during construction is a component of the cost of additions to be allocated to future periods through the provision for depreciation. Capitalization of interest ceases when the addition is substantially complete and ready for its intended use.

(In millions of dollars)

Property, plant, and equipment and the total accumulated depreciation are as follows as of December 31:

	Approximate useful life (years)		2024	2023
Land	—	$	1,096	1,114
Buildings and improvements	5–60		11,224	10,844
Equipment:				
Fixed	5–25		1,396	1,382
Major movable and minor	3–20		8,273	7,921
Construction in progress	—		1,288	1,208
			23,277	22,469
Less accumulated depreciation			(14,044)	(13,282)
Property, plant, and equipment, net		$	9,233	9,187

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized for software development.

(5) Other Assets

Other assets are summarized as follows as of December 31:

		2024	2023
Investment in nonconsolidated joint ventures	$	935	926
Goodwill, net of accumulated amortization		154	340
Intangible assets, net of accumulated amortization		108	177
Beneficial interest in noncontrolled foundations		199	329
Other		1,186	1,134
Total other assets	$	2,582	2,906

Goodwill is recorded as the excess of cost over fair value of the acquired net assets. Goodwill is amortized over a ten-year period. Goodwill is tested for impairment when a triggering event occurs that indicates that it is more likely than not that the fair value of the reporting unit is below its carrying value. The Health System recorded no goodwill impairment for the years ended December 31, 2024 and 2023.

Indefinite-lived intangible assets are recorded at fair value using various methods depending on the nature of the intangible asset and are tested annually for impairment. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

(In millions of dollars)

(6) Leases

The Health System enters into operating and finance leases primarily for buildings and equipment. For leases with terms greater than 12 months, the Health System records the related right-of-use (ROU) asset and liability at the present value of the lease payments over the contract term using the Health System's incremental borrowing rate. Building lease agreements generally require the Health System to pay maintenance, repairs, and property taxes, which are variable based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Variable lease costs also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. Most leases include one or more options to renew the lease at the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain leases also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at the Health System's discretion and are evaluated at the lease commencement, with only those that are reasonably certain of exercise included in determining the appropriate lease term.

The components of lease cost are as follows for the years ended December 31:

		2024	2023
Operating lease cost:			
Fixed lease expense	$	236	249
Short-term lease expense		3	3
Variable lease expense		177	179
Total operating lease cost	$	416	431
Finance lease cost:			
Amortization of ROU assets	$	102	102
Interest on finance lease liabilities		16	12
Total finance lease cost	$	118	114

(In millions of dollars)

Supplemental cash flow and other information related to leases as of and for the years ended December 31 are as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 236	249
Operating cash flows from finance leases	16	12
Financing cash flows from finance leases	32	73
Additions to ROU assets obtained from operating leases	135	295
Additions to ROU assets obtained from finance leases	109	196
Weighted-average remaining lease term (in years):		
Operating leases	8	9
Finance leases	14	12
Weighted-average discount rate:		
Operating leases	3.50 %	3.30 %
Finance leases	4.30	3.00

Commitments related to noncancellable operating and finance leases for each of the next five years and thereafter as of December 31, 2024 are as follows:

	Operating	Finance
2025	$ 238	116
2026	219	93
2027	187	68
2028	152	62
2029	131	61
Thereafter	466	485
	1,393	885
Less imputed interest	(184)	(272)
Total lease liabilities	1,209	613
Less current portion	(196)	(93)
Long-term portion	$ 1,013	520

(In millions of dollars)

Lease assets and lease liabilities as of December 31 were as follows:

	Classification		2024	2023
Assets:				
Operating	Operating leases ROU assets	$	1,092	1,172
Finance	Property, plant, and equipment, net		563	635
Liabilities:				
Current:				
Operating	Current portion of operating lease liabilities		196	204
Finance	Current portion of long-term debt		93	88
Long-term:				
Operating	Long-term operating lease liabilities, net of current portion		1,013	1,107
Finance	Long-term debt, net of current portion		520	602

(7) Debt

(a) Short-Term and Long-Term Debt

The Health System has borrowed master trust debt issued through the following:

- California Health Facilities Financing Authority (CHFFA)
- Washington Health Care Facilities Authority (WHCFA)
- Oregon Facilities Authority (OFA)
- Wisconsin Public Finance Authority (WPFA)

(In millions of dollars)

Short-term and long-term unpaid principal consists of the following at December 31:

	Maturing through	Coupon rates	Unpaid principal 2024	Unpaid principal 2023
Master trust debt:				
Fixed rate:				
Series 2009C, CHFFA Revenue Bonds	2034	5.00 %	$ 35	35
Series 2009D, CHFFA Revenue Bonds	2034	1.70	36	36
Series 2011C, OFA Revenue Bonds	2026	3.50–5.00	2	2
Series 2012A, WHCFA Revenue Bonds	2042	3.00–5.00	404	416
Series 2013A, OFA Revenue Bonds	2024	5.00	—	9
Series 2013A, CHFFA Revenue Bonds	2037	4.00–5.00	31	47
Series 2014A, CHFFA Revenue Bonds	2038	4.00–5.00	132	146
Series 2014B, CHFFA Revenue Bonds	2044	4.25–5.00	119	119
Series 2014C, WHCFA Revenue Bonds	2044	4.00–5.00	80	80
Series 2014D, WHCFA Revenue Bonds	2041	5.00	176	176
Series 2015A, WHCFA Revenue Bonds	2045	4.00	78	78
Series 2015C, OFA Revenue Bonds	2045	4.00–5.00	71	71
Series 2016A, CHFFA Revenue Bonds	2047	2.50–5.00	430	437
Series 2016B, CHFFA Revenue Bonds	2036	1.25–4.00	95	190
Series 2016H, Direct Obligation Bonds	2036	2.75	300	300
Series 2016I, Direct Obligation Bonds	2047	3.74	400	400
Series 2018A, Direct Obligation Bonds	2048	4.00	350	350
Series 2018B, WHCFA Revenue Bonds	2033	5.00	142	142
Series 2019A, Direct Obligation Bonds	2029	2.53	650	650
Series 2019B, CHFFA Revenue Bonds	2039	5.00	118	118
Series 2019C, CHFFA Revenue Bonds	2039	5.00	171	171
Series 2021A, Direct Obligation Bonds	2051	2.70	775	775
Series 2021B, WHCFA Revenue Bonds	2042	4.00	178	178
Series 2021C, PFA Revenue Bonds	2041	4.00	102	102
Series 2023A, Direct Obligation Notes	2028	5.42	110	110
Series 2023B, Direct Obligation Notes	2033	5.45	85	85
Series 2023C, Direct Obligation Notes	2043	5.71	188	188
Series 2023, Direct Obligation Bonds	2033	5.40	585	585
Total fixed rate			5,843	5,996

(In millions of dollars)

	Maturing	Effective interest rate (1)		Unpaid principal	
	through	2024	2023	2024	2023
Variable rate:					
Series 2016D, WHCFA Revenue Bonds	2036	4.39 %	4.04 %	53	63
Series 2016E, WHCFA Revenue Bonds	2036	4.50	3.90	33	42
Total variable rate				86	105
Wells Fargo Credit Facility	2026	5.96	5.83	932	760
Wells Fargo	2026	5.55	6.10	300	300
PNC Bank	2025	5.90	5.73	200	200
PNC Bank	2027	6.06	5.89	127	127
Unpaid principal, master trust debt				7,488	7,488
Premiums, discounts, and unamortized financing costs, net				71	151
Master trust debt, including premiums and discounts, net				7,559	7,639
Other long-term debt				614	723
Total debt				$ 8,173	8,362

(1) Variable rate debt and credit facilities carry floating interest rates attached to indexes, which are subject to change based on market conditions.

Short-term master trust debt includes debt issued with final maturity or mandatory redemption within one year of December 31, 2024 and 2023.

In February 2023, the Health System issued the Series 2023A, B, and C private placement notes totaling $383 million. In May 2023, the Health System closed on its Series 2023 taxable fixed rate refunding bonds totaling $585 million. The intended uses of funds included refinancing legacy SJHS and PHS master trust debt and refunding an existing term loan and debt services due in 2023.

(In millions of dollars)

The following table reflects classification of long-term debt obligations in the accompanying combined balance sheets as of December 31:

		2024	2023
Current portion of long-term debt	$	184	160
Master trust debt classified as short-term		494	138
Long-term debt, classified as a long-term liability		7,495	8,064
Total debt	$	8,173	8,362

(b) Other Long-Term Debt

Other long-term debt consists of the following as of December 31:

		2024	2023
Finance leases	$	613	690
Notes payable and other		1	33
Total other long-term debt	$	614	723

(c) Debt Service

Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows:

		Master trust	Other	Total
2025	$	586	93	679
2026		1,600	63	1,663
2027		190	40	230
2028		169	35	204
2029		705	37	742
Thereafter		4,238	346	4,584
Scheduled principal payments of long-term debt	$	7,488	614	8,102

(d) Derivative Instruments

The Health System occasionally used interest rate swap agreements to manage interest rate risk associated with its outstanding debt. As of December 31, 2024 and 2023, the Health System did not have any outstanding interest rate swap contracts. The interest rate swap agreements did not meet the criteria for hedge accounting and all changes in the valuation were recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations. Settlements related to these agreements were classified as a component of interest, depreciation, and amortization expense in the accompanying combined statements of operations. For the year ended December 31, 2023, the change in valuation was a gain of $17. There was no activity in 2024.

Derivative financial instruments were recorded at fair value taking into consideration the Health System's and the counterparties' nonperformance risk. The fair value of the interest rate swaps was based on independent valuations obtained and was determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which was the input used in the valuation, taking also into account any nonperformance risk.

During the fourth quarter of 2023, the Health System terminated interest rate swap agreements with MUFG Bank, Ltd. and Wells Fargo. The final termination costs netted to approximately $21 million.

(In millions of dollars)

(8) Retirement Plans

(a) Defined Benefit Plans

The Health System sponsors various frozen defined benefit retirement plans. The measurement dates for the defined benefit plans are December 31. A rollforward of the change in projected benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

		2024	2023
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	2,186	2,171
Service cost		9	10
Interest cost		110	117
Actuarial (gain) loss*		(60)	57
Benefits paid and other		(175)	(169)
Projected benefit obligation at end of year		2,070	2,186
Change in fair value of plan assets:			
Fair value of plan assets at beginning of year		1,558	1,492
Actual return on plan assets		120	163
Employer contributions		82	72
Benefits paid and other		(175)	(169)
Fair value of plan assets at end of year		1,585	1,558
Funded status		(485)	(628)
Unrecognized net actuarial loss		172	271
Unrecognized prior service cost		1	2
Net amount recognized	$	(312)	(355)
Amounts recognized in the combined balance sheets consist of:			
Noncurrent assets	$	35	33
Current liabilities		(1)	(1)
Noncurrent liabilities		(519)	(660)
Net assets without donor restrictions		173	273
Net amount recognized	$	(312)	(355)
Weighted average assumptions (projected benefit obligation):			
Discount rate		5.80 %	5.30 %
Rate of increase in compensation levels		4.00	4.00
Cash balance crediting rate		3.53	3.25

* For both years, significant gain/loss was due to the change in the discount rate.

(In millions of dollars)

Net periodic pension cost for the defined benefit plans includes the following components:

		2024	2023
Components of net periodic pension cost:			
Service cost	$	9	10
Interest cost		110	117
Expected return on plan assets		(91)	(90)
Recognized net actuarial loss		3	3
Net periodic pension cost	$	31	40
Special recognition – settlement expense	$	7	9
Weighted Average Assumptions (net periodic pension cost):			
Discount rate		5.30 %	5.60 %
Rate of increase in compensation levels		4.00	6.00
Long-term rate of return on assets		4.75 - 6.75	4.75 - 6.75
Cash balance crediting rate		3.25	3.25

Certain plans sponsored by the Health System allow participants to receive their benefit through a lump-sum distribution upon election. When lump-sum distributions exceed the combined total of service cost and interest cost during a reporting period, settlement expense is recognized. Settlement expense represents the proportional recognition of unrecognized actuarial loss and prior service cost. Settlement expense for the years ended December 31, 2024 and 2023 is included in net nonoperating gains (losses) in the accompanying combined statements of operations.

The accumulated benefit obligation was $2,040 and $2,155 at December 31, 2024 and 2023, respectively.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next 10 years are as follows:

2025	$	175
2026		176
2027		174
2028		174
2029		172
2030–2034		817
	$	1,688

The Health System expects to contribute approximately $89 to the defined benefit plans in 2025.

(In millions of dollars)

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The Health System used a range of 4.75% to 6.75% in calculating the 2024 and 2023 expense amounts which are based on capital market assumptions and the plan's target asset allocation.

The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause the expected rate of return to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

The target asset allocation and expected long-term rate of return on assets (ELTRA) were as follows at December 31:

	2024 Target	2024 ELTRA	2023 Target	2023 ELTRA
Cash and cash equivalents	0 %	3 %	0 %	3 %
Equity securities	46	7	45	7
Debt securities	34	5	35	5 – 6
Other securities	20	6 – 8	20	6 – 7
Total	100	4.75 – 6.75	100	4.75 – 6.75

(In millions of dollars)

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2024	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 106	106	—	—
Equity securities:				
Domestic	547	547	—	—
Foreign	274	274	—	—
Domestic debt securities:				
State and government	263	222	41	—
Corporate	165	5	160	—
Other	69	45	24	—
Foreign debt securities	52	—	52	—
Investments measured using NAV	209			
Transactions pending settlement, net	(100)			
Total	$ 1,585			

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2023	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 132	132	—	—
Equity securities:				
Domestic	401	401	—	—
Foreign	153	153	—	—
Domestic debt securities:				
State and government	231	194	37	—
Corporate	98	—	98	—
Other	166	151	15	—
Foreign debt securities	33	—	33	—
Investments measured using NAV	406			
Transactions pending settlement, net	(62)			
Total	$ 1,558			

(In millions of dollars)

The Health System's defined benefit plans participate in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments provided by the fund managers are reasonable estimates of fair value.

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of December 31:

		2024	2023	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds:						
Long/short equity	$	38	36	—	Monthly, quarterly, annually, or not applicable	30–90 days
Credit and other		171	174	22	Monthly, quarterly, semi-annually, or not applicable	5–90 days or not applicable
Commingled		—	196	—	Daily, bi-weekly, or monthly	3–30 days or not applicable
Total	$	209	406	22		

The Health System's defined benefit plans also allow certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage interest rate risk related to the plans' fixed-income holdings. The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in the plans' assets as of December 31:

		2024	2023
Derivative assets:			
Futures contracts	$	204	278
Foreign currency forwards and other contracts		4	3
Total derivative assets	$	208	281
Derivative liabilities:			
Futures contracts	$	(204)	(278)
Foreign currency forwards and other contracts		(4)	(3)
Total derivative liabilities	$	(208)	(281)

(b) Defined Contribution Plans

The Health System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the Health System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $709 and $606 in 2024 and 2023, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

(c) Other Plans

The Health System recorded amounts totaling $771 and $648 as of December 31, 2024 and 2023, respectively, based on the fair value of various 457 (b) plans' assets. These other plan assets are investments in mutual funds valued using Level 1 fair value measurements and are included in other assets in the accompanying combined balance sheets. The corresponding liability is included in other long term liabilities in the accompanying combined balance sheets.

(9) Self-Insurance Liabilities

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage. These programs provide insurance coverage for healthcare institutions associated with the Health System. The Health System also operates insurance captives, Providence Assurance, Inc., to self-insure or reinsure certain layers of professional and general liability risk.

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred but not reported. Insurance coverage in excess of the per occurrence self-insured retention has been secured with insurers or reinsurers for specified amounts for professional, general, and workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

At December 31, 2024 and 2023, the estimated liability for future costs of professional and general liability claims was $860 and $774, respectively. At December 31, 2024 and 2023, the estimated workers' compensation obligation was $291 and $307, respectively. Both are recorded in other current liabilities and other liabilities in the accompanying combined balance sheets.

(10) Commitments and Contingencies

(a) Commitments

Purchase commitments at December 31, 2024, primarily related to construction and equipment and software acquisition, are approximately $983.

(b) Litigation

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed. Institutions within the Health System are subject to similar regulatory reviews.

(In millions of dollars)

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's combined financial statements.

(11) Functional Expenses

Operating expenses classified by their natural classification on the combined statements of operations are presented by their functional classifications as follows for the years ended December 31:

	2024								
	Program activities					Supporting activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 8,902	219	3,284	869	13,274	2,294	141	2,435	15,709
Supplies	3,547	2	298	264	4,111	1	780	781	4,892
Purchased healthcare services	245	1,423	637	247	2,552	—	23	23	2,575
Interest, depreciation, and amortization	622	11	60	19	712	489	9	498	1,210
Purchased services, professional fees and other	3,903	395	896	148	5,342	1,407	25	1,432	6,774
Restructuring costs and other	—	—	—	—	—	183	—	183	183
Total operating expenses	$ 17,219	2,050	5,175	1,547	25,991	4,374	978	5,352	31,343

(In millions of dollars)

	2023								
	Program activities					Supporting activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 8,715	168	3,117	837	12,837	2,261	140	2,401	15,238
Supplies	3,371	2	307	244	3,924	—	597	597	4,521
Purchased healthcare services	237	1,381	610	214	2,442	—	20	20	2,462
Interest, depreciation, and amortization	736	7	60	19	822	629	9	638	1,460
Purchased services, professional fees and other	3,224	443	924	149	4,740	1,479	16	1,495	6,235
Total operating expenses	$ 16,283	2,001	5,018	1,463	24,765	4,369	782	5,151	29,916

Supporting activities include costs that are not controllable by operational leadership. Health System leadership drives these costs, which benefit the entire Health System. Costs that are controllable by operational leadership are allocated to the respective program activities.

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Balance Sheets Information

December 31, 2024 and 2023

(In millions of dollars)

	2024			2023		
Assets	**Obligated Group**	**Nonobligated, Eliminations, and Other**	**Total combined**	**Obligated Group**	**Nonobligated, Eliminations, and Other**	**Total combined**
Current assets:						
Cash and cash equivalents	$ 1,929	(161)	1,768	1,375	93	1,468
Accounts receivable	3,482	31	3,513	2,827	218	3,045
Supplies inventory	329	14	343	353	20	373
Other current assets	1,533	618	2,151	1,889	541	2,430
Current portion of assets whose use is limited	677	97	774	587	114	701
Total current assets	7,950	599	8,549	7,031	986	8,017
Assets whose use is limited	3,373	3,202	6,575	4,024	2,998	7,022
Property, plant, and equipment, net	8,510	723	9,233	8,472	715	9,187
Operating lease right-of-use assets	719	373	1,092	763	409	1,172
Other assets	3,778	(1,196)	2,582	3,693	(787)	2,906
Total assets	$ 24,330	3,701	28,031	23,983	4,321	28,304
Liabilities and Net Assets						
Current liabilities:						
Current portion of long-term debt	$ 169	15	184	145	15	160
Master trust debt classified as short-term	494	—	494	138	—	138
Accounts payable	1,425	179	1,604	1,282	156	1,438
Accrued compensation	1,555	122	1,677	1,388	139	1,527
Current portion of operating lease liabilities	135	61	196	138	66	204
Other current liabilities	1,418	829	2,247	1,523	870	2,393
Total current liabilities	5,196	1,206	6,402	4,614	1,246	5,860
Long-term debt, net of current portion	7,302	193	7,495	7,815	249	8,064
Pension benefit obligation	519	—	519	660	—	660
Long-term operating lease liabilities, net of current portion	670	343	1,013	731	376	1,107
Other liabilities	1,247	614	1,861	1,116	508	1,624
Total liabilities	14,934	2,356	17,290	14,936	2,379	17,315
Net assets:						
Net assets without donor restrictions	8,126	1,188	9,314	7,808	1,677	9,485
Net assets with donor restrictions	1,270	157	1,427	1,239	265	1,504
Total net assets	9,396	1,345	10,741	9,047	1,942	10,989
Total liabilities and net assets	$ 24,330	3,701	28,031	23,983	4,321	28,304

See accompanying independent auditors' report.

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Statements of Operations Information

Years ended December 31, 2024 and 2023

(In millions of dollars)

	2024			2023		
	Obligated Group	Nonobligated, Eliminations, and Other	Total combined	Obligated Group	Nonobligated, Eliminations, and Other	Total combined
Operating revenues:						
Net patient service revenues	$ 22,591	796	23,387	20,741	1,135	21,876
Other revenues	3,040	4,272	7,312	2,579	4,290	6,869
Total operating revenues	25,631	5,068	30,699	23,320	5,425	28,745
Operating expenses:						
Salaries and benefits	13,695	2,014	15,709	13,203	2,035	15,238
Supplies	4,613	279	4,892	4,194	327	4,521
Interest, depreciation, and amortization	1,079	131	1,210	1,305	155	1,460
Purchased services, professional fees, and other	6,142	3,207	9,349	5,369	3,328	8,697
Total operating expenses	25,529	5,631	31,160	24,071	5,845	29,916
Excess (deficit) of revenues over expenses from operations before restructuring costs and other	102	(563)	(461)	(751)	(420)	(1,171)
Restructuring costs and other	183	—	183	—	—	—
Deficit of revenues over expenses from operations	(81)	(563)	(644)	(751)	(420)	(1,171)
Net nonoperating gains (losses):						
Investment income, net	283	205	488	420	232	652
Other	(21)	(54)	(75)	(60)	(17)	(77)
Total net nonoperating gains	262	151	413	360	215	575
Excess (deficit) of revenues over expenses	$ 181	(412)	(231)	(391)	(205)	(596)

See accompanying independent auditors' report.