PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

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Independent Auditors' Report

The Board of Directors
Piedmont Healthcare, Inc. and Affiliates:

Opinion

We have audited the consolidated financial statements of Piedmont Healthcare, Inc. and Affiliates, which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Piedmont Healthcare, Inc. and Affiliates as of June 30, 2025 and 2024, 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 Consolidated Financial Statements section of our report. We are required to be independent of Piedmont Healthcare, Inc. and Affiliates 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Piedmont Healthcare, Inc. and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 consolidated 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 consolidated 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 Piedmont Healthcare, Inc. and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Piedmont Healthcare, Inc. and Affiliates' 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.

KPMG LLP

Atlanta, Georgia
November 3, 2025

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2025 and 2024
(In thousands)

Assets		2025	2024
Current assets:			
Cash and cash equivalents	$	2,891,343	2,297,942
Patient accounts receivable, net		1,025,235	968,059
Current portion of self-insurance investments		61,056	53,187
Other current assets		436,995	362,964
Total current assets		4,414,629	3,682,152
Investments and assets limited as to use		2,391,892	2,123,974
Property and equipment, net		3,281,670	3,090,162
Operating lease right-of-use assets		470,732	395,076
Self-insurance investments, net of current portion		178,778	160,453
Beneficial interest in perpetual trust		10,334	9,686
Goodwill		761,278	761,278
Other assets		483,162	355,619
Total assets	$	11,992,475	10,578,400
Liabilities and Net Assets			
Current liabilities:			
Current portion of bonds payable	$	25,945	56,275
Accounts payable and accrued expenses		1,105,931	1,009,313
Accrued pension cost and other benefits		—	42,856
Estimated third-party payor settlements		240,945	248,166
Current portion of self-insurance reserves		102,703	90,665
Total current liabilities		1,475,524	1,447,275
Bonds payable, net of current portion		2,241,075	2,276,006
Medical office building financing obligation		30,355	30,311
Operating lease liabilities		458,356	341,899
Self-insurance reserves, net of current portion		208,288	154,192
Other long-term liabilities		317,422	381,500
Total liabilities		4,731,020	4,631,183
Net assets:			
Without donor restrictions		7,134,182	5,810,975
With donor restrictions		127,273	136,242
Total net assets		7,261,455	5,947,217
Total liabilities and net assets	$	11,992,475	10,578,400

See accompanying notes to consolidated financial statements.

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Operations

Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Revenue, gains, and other support:		
Net patient service revenue	$ 8,323,668	7,394,090
Other revenue	460,526	375,970
Total revenue, gains, and other support	8,784,194	7,770,060
Expenses:		
Salaries and benefits	3,962,650	3,535,490
Supplies and other	3,430,665	3,004,082
Depreciation and amortization	310,951	281,806
Interest	69,256	72,106
Total expenses	7,773,522	6,893,484
Operating income before acquisition/integration costs	1,010,672	876,576
Acquisition/integration costs	(7,278)	(48,126)
Operating income	1,003,394	828,450
Nonoperating gains:		
Investment income, net	269,371	215,219
Net periodic pension cost	(117,864)	(7,775)
Gain from equity investments, net	30,786	647
Change in fair value of interest rate swaps	(906)	2,058
Total nonoperating gains, net	181,387	210,149
Excess of revenue, gains, and other support over expenses and losses	1,184,781	1,038,599
Net assets released from restrictions and contributions used for purchase of property and equipment	21,956	22,991
Pension adjustments	110,102	(2,720)
Other	6,368	(33,487)
Change in net assets without donor restrictions	$ 1,323,207	1,025,383

See accompanying notes to consolidated financial statements.

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Net assets without donor restrictions:		
Excess of revenue, gains, and other support over expenses and losses	$ 1,184,781	1,038,599
Net assets released from restrictions and contributions used for purchase of property and equipment	21,956	22,991
Pension adjustments	110,102	(2,720)
Other	6,368	(33,487)
Change in net assets without donor restrictions	1,323,207	1,025,383
Net assets with donor restrictions:		
Contributions	17,705	23,114
Change in beneficial interest in perpetual trust	648	859
Net assets released from restrictions and contributions used for purchase of property and equipment	(21,956)	(22,991)
Net assets released from restrictions used for operations	(11,094)	(10,978)
Other	5,728	13,209
Change in net assets with donor restrictions	(8,969)	3,213
Change in net assets	1,314,238	1,028,596
Net assets at beginning of year	5,947,217	4,918,621
Net assets at end of year	$ 7,261,455	5,947,217

See accompanying notes to consolidated financial statements.

PIEDMONT HEALTHCARE, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 1,314,238	1,028,596
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	310,951	281,806
Realized and unrealized (gains), net	(222,481)	(190,718)
Change in beneficial interest in perpetual trust	(648)	(859)
Amortization of bond premium and debt issuance costs	(8,986)	(11,003)
Pension adjustments	110,102	(2,720)
Change in fair value of interest rate swaps	(906)	(2,058)
Contributions donor restricted for capital and long-term investment	(17,705)	(23,114)
(Increase) decrease in:		
Patient accounts receivable, net	(57,176)	(90,020)
Other current assets	(74,031)	(29,478)
Other assets	(112,035)	(37,454)
(Decrease) increase in:		
Accounts payable and accrued expenses	87,059	104,658
Estimated third-party payor settlements	(7,221)	80,372
Self-insurance reserves	66,134	33,747
Accrued pension costs and other benefits	(42,856)	10,495
Other long-term liabilities	(56,817)	94,199
Net cash provided by operating activities	1,287,622	1,246,449
Cash flows from investing activities:		
Purchases of investments and assets limited as to use	(474,593)	(262,095)
Proceeds from sale of investments and assets limited as to use	327,901	200,697
Capital expenditures	(564,989)	(366,019)
Net cash used in investing activities	(711,681)	(427,417)
Cash flows from financing activities:		
Contributions donor restricted for capital and long-term investment	17,705	23,114
Return of investment on joint venture	(15,652)	—
Repayment of line of credit	—	(104,280)
Repayments on note payable to a bank	(5,654)	(11,554)
Repayments of indebtedness	(56,275)	(24,748)
Proceeds from debt issuance	2,275	—
Net cash used in financing activities	(57,601)	(117,468)
Net increase in cash and cash equivalents	518,340	701,564
Cash and cash equivalents at beginning of year	2,421,078	1,719,514
Cash and cash equivalents at end of year	$ 2,939,418	2,421,078
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 78,322	80,877
Income taxes (net of refunds)	3,575	2,578
Supplemental disclosures of noncash investing and financing activities:		
Capital expenditures included in accounts payable and accrued expenses	$ 54,751	41,812
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	$ 2,891,343	2,297,942
Cash funds in investments and assets limited as to use and self-insurance investments	48,075	123,136
	$ 2,939,418	2,421,078

See accompanying notes to consolidated financial statements.

(1) Organization and General

The Board of Directors of Piedmont Healthcare, Inc. and Affiliates (collectively, PHC) appoints the governing boards of:

- Not-for-Profit Acute Care Hospitals:
  - Piedmont Atlanta Hospital. (Atlanta)
  - Piedmont Fayette Hospital (Fayette)
  - Piedmont Mountainside Hospital (Mountainside)
  - Piedmont Newnan Hospital (Newnan)
  - Piedmont Henry Hospital (Henry)
  - Piedmont Newton Hospital (Newton)
  - Piedmont Athens Regional Hospital (Athens)
  - Piedmont Rockdale Hospital (Rockdale)
  - Piedmont Columbus Regional Midtown Hospital (Midtown)
  - Piedmont Columbus Regional Northside Hospital (Northside)
  - Piedmont Walton Hospital (Walton)
  - Piedmont Cartersville Hospital (Cartersville)
  - Piedmont Eastside Hospital (Eastside)
  - Piedmont Macon Hospital (Macon)
  - Piedmont Macon North Hospital (Macon North)
  - Piedmont Augusta Hospital (Augusta)
  - Piedmont McDuffie Hospital (McDuffie)
- Physician Practice Entities for the benefit of the PHC affiliates:
  - Piedmont Medical Care Corporation (PMCC). PMCC is a network of primary care, hospital-based, and certain specialty physicians.
  - Piedmont Heart Institute Physicians, Inc. (PHIP). PHIP is an integrated cardiovascular healthcare delivery program.
  - Athens Regional Physician Services, Inc. (ARPS). ARPS operates primary care physician practices.
  - Athens Regional Specialty Services Inc. (ARSS). ARSS operates specialty physician practices.
  - Columbus Regional Medical Group (CRMG). CRMG is a network of primary care, hospital-based and certain specialty physicians.
  - University Health Care Physicians, LLC (UHCP) operated primary care and specialty physician services and was merged into PMCC and PHIP in November 2023.

- Foundations that assist in fundraising for PHC affiliates:
  - Piedmont Healthcare Foundation, Inc. (PHF).
  - Piedmont Athens Regional Foundation, Inc. (ARF).
  - Columbus Regional Medical Foundation, Inc. (CRMF).
  - University Health Care Foundation, Inc. (UHCF).
- Cayman Islands Based Insurance Entities:
  - Amster-McRae Insurance Company (AMIC). AMIC insured the hospital professional liability and commercial general liability risks of PHC and certain PHC affiliates. AMIC was merged into Walton Way Indemnity, SPC in May 2023.
  - Walton Way Indemnity, SPC (WWI). WWI insured the hospital professional liability, commercial general liability, and workers' compensation risks of certain PHC affiliates. AMIC was merged into WWI effective May 1, 2023, and the combined entity was renamed Amster-McRae Insurance Company, SPC (AMIC SPC). AMIC SPC insures the hospital professional liability and commercial general liability risks of PHC and certain PHC affiliates and the workers' compensation risks of certain PHC affiliates.
- Other Entities:
  - Piedmont Clinic, Inc. (The Clinic). The Clinic is a physician-hospital organization whose purpose is to negotiate contracts with various managed care payors for the PHC affiliates.
  - Piedmont Heart Institute, Inc. (PHI). PHI provides cardiovascular research services for the benefit of the PHC affiliates.
  - Athens Regional Health Resources, Inc. (ARHR). ARHR provides outpatient medical care and health services.
  - Columbus Regional Health System (CRHS). CRHS operates two acute care hospitals, physician practices, retail pharmacies, and joint ventures providing diagnostic imaging, a provider hospital organization (PHO), and a rehabilitation hospital.
  - Columbus Regional Health Resources, Inc. (CRHR). CRHR holds leases and manages real estate utilized in connection with CRHS operations.
  - My Health Alliance, LLC (MHA). MHA is a collaborative effort between CRHS and physicians pursuing clinical integration.
  - My Health Network, LLC (MHN). MHN is a PHO made up of employed and other community physicians providing credentialing services and access to payor contracts.
  - University Extended Care, Inc. (UEC). UEC operated PHC's two free-standing nursing facilities. UEC was sold for approximately $20.6 million in October 2023.
  - University Health Resources, Inc. (UHRI). UHRI engages in various medically related joint ventures.
  - First Call Staffing Solutions, Inc. (FCSS). FCSS provides nursing and other support staff for PHC affiliates.

- First Call Professional Solutions, Inc. (FCPS). FCPS provides anesthesia physicians and staff for PHC affiliates.

Hereafter the "Columbus Entities" refers to Midtown, Northside, CRMG, CRHS, CRHR, MHA, MHN, and CRMF, collectively; the "Former HCA Entities" refers to Cartersville, Eastside, Macon and Macon North, collectively; and the "Augusta Entities" refers to Augusta, McDuffie, UHCP, UHCF, WWI, UEC and UHRI, collectively.

(2) Significant Accounting and Reporting Policies.

A summary of the significant accounting and reporting policies applied by PHC in the preparation of its consolidated financial statements is presented below:

(a) Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of PHC, Atlanta, Fayette, Mountainside, Newnan, Henry, Newton, Athens, Rockdale, Walton, PMCC, PHIP, ARPS, ARSS, AMIC SPC, PHF, ARF, The Clinic, PHI, ARHR, FCSS, FCPS, the Columbus Entities, the Former HCA Entities, and the Augusta Entities. All significant intercompany transactions and accounts have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant items subject to such estimates and assumptions include the determination of the collectability of receivables, net realizable patient service revenue, fair value of investments and assets limited as to use and interest rate swaps, reserves for general and professional liability, workers' compensation and health insurance claims, third-party payor settlements, and the valuation of goodwill.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits with banks, and investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use. PHC invests cash not required for immediate operating needs principally with major financial institutions with strong credit ratings. By policy, the amount of credit exposure to any one institution is limited, and such investments are generally not collateralized.

(d) Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) is included in the excess of revenue, gains, and other support over expenses and losses unless the income or loss is restricted by donor or law. PHC accounts for investment transactions on a

settlement-date basis. All of PHC's investment portfolio is classified as trading, with unrealized gains and losses included in excess of revenue, gains, and other support over expenses and losses. Fair values are based on quoted market prices if available or estimated using quoted market prices for similar securities. PHC invests in alternative investments, which provide PHC with a proportionate share of the fair value of the fund returns. PHC primarily accounts for its ownership interests in the alternative investments based upon the net asset value, which is a practical expedient estimate of fair value. Accordingly, PHC's share of the alternative investments' income or loss, both realized and unrealized, is recognized as investment income. Alternative investments held by the noncontributory defined-benefit plans were accounted for at estimated fair value. The cost of substantially all securities sold is based on the average-cost method.

PHC classifies investments with maturities of less than one year from the balance sheet date as short term and investments with maturities of greater than one year from the balance sheet date as long term.

(e) Assets Limited as to Use

These assets are limited as to use by donor restrictions, debt instruments or designations by PHC's governing board for plant replacement, expansion of certain facilities, purchase of equipment, and payment of certain future debt service requirements.

(f) Other Current Assets

Other current assets consist primarily of inventory, prepaid assets, and non-patient receivables. Inventory is stated at the lower of average cost or net realizable value. Inventory consists primarily of pharmaceuticals and medical supplies.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost, except for donated items, which are recorded at fair value at the date of donation. Expenditures for renewals and improvements are charged to the property accounts. For properties sold or retired, the cost and related accumulated depreciation are removed from the property accounts. Any resulting gains or losses are included in the accompanying consolidated statements of operations. Replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are charged to operations. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The ranges of estimated useful lives are 10–25 years for land improvements, 15–40 years for buildings and fixtures, and 3–20 years for equipment.

Property and equipment under finance leases is stated at the lower of the present value of minimum lease payments at the beginning of the lease term or fair value at inception of the lease.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as support in net assets without donor restrictions and are excluded from excess of revenue, gains, and other support over expenses and losses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained;

expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(h) Leases

PHC is a lessee in several non-cancelable (1) operating leases, primarily for medical and office equipment, office space, and warehousing and (2) finance leases, for real estate and IT equipment.

PHC accounts for leases in accordance with Topic 842, *Leases*, (note 14(c)). PHC determines if an arrangement is or contains a lease at contract inception and recognizes a right of use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is measured subsequently at amortized cost using the effective-interest method.

Key estimates and judgments include how PHC determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) the lease term, and (3) the lease payments.

- Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, PHC cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, PHC generally uses its incremental borrowing rate as the discount rate for the lease. PHC's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because PHC does not generally borrow on a collateralized basis, it uses the interest rate it pays on its noncollateralized borrowings as an input to deriving an appropriate incremental borrowing rate, adjusted for the amount of the lease payments, the lease term and the effect of that rate of designating specific collateral with a value equal to the unpaid lease payments for that lease.
- The lease term for all PHC's leases includes the non-cancelable period of the lease plus any additional periods covered by either a PHC option to extend (or not to terminate) the lease that PHC is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.
- Lease payments included in the measurement of the lease liability comprise of the following:
  - Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties PHC would owe if the lease term assumes PHC's exercise of a termination option);
  - Variable lease payments that depend on an index or rate, initially measured using the index or rate at the lease commencement date.
  - Amounts expected to be payable under a PHC-provided residual value guarantee; and
  - The exercise price of an option to purchase the underlying asset if PHC is reasonably certain to exercise the option.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made on or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to PHC or PHC is reasonably certain to exercise an option to purchase the underlying asset. Amortization of the ROU assets is recognized and presented separately from interest expense on the lease liability.

Variable lease payments associated with PHC's leases are recognized when the event, activity, or circumstance in the lease agreement in which those payments are assessed occurs. Variable lease payments are presented as operating expense in PHC's consolidated statements of operations in the same line item as expense arising from fixed lease payments (operating leases) or amortization of the ROU asset (finance leases).

ROU assets for operating and finance leases are periodically evaluated for impairment losses. PHC uses the long-lived assets impairment guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 360-10, *Property, Plant, and Equipment – Overall*, to determine whether a ROU asset is impaired, and if so, the amount of the impairment loss to recognize. See note 14(c).

PHC monitors events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of adjustment that would result in a negative ROU asset balance is recorded in operations.

Operating lease ROU assets are presented separately on the accompanying consolidated balance sheets. The current portion of operating lease liabilities is included in accounts payable and accrued expenses and the long-term portion is presented separately as operating lease liabilities on the accompanying consolidated balance sheets. Finance lease ROU assets are included in property and equipment, net. The current portion of finance lease liabilities is included in accounts payable and accrued expenses, and the long-term portion is included in other long-term liabilities on the accompanying consolidated balance sheets.

PHC has elected not to recognize ROU assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less. PHC has elected not to apply the short-term lease recognition and measurement exemption for other classes of leased assets. PHC recognizes the lease payments associated with its short-term equipment leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as for all other PHC leases.

PHC's leases generally include non-lease maintenance services (i.e., equipment maintenance or common area maintenance). PHC allocates the consideration in the contract to the lease and non-lease maintenance component based on each component's relative standalone price. PHC determines stand-alone prices for the lease components based on the prices for which other lessors lease similar assets on a stand-alone basis. PHC determines stand-alone prices for the non-lease components (i.e., maintenance services) based on the prices that several suppliers charge for maintenance services for similar assets on a stand-alone basis. If observable standalone prices are not readily available, PHC estimates the stand-alone prices maximizing the use of observable information. PHC has elected the practical expedient to account for the lease and non-lease components as a single lease component and the lease payments used to measure the lease liability include all fixed consideration included in the contract.

(i) Software and Software Development Costs

Software and software development costs include costs incurred by PHC to develop software for internal use in medical records maintenance, physician order entry, and clinical documentation.

Costs of software developed for internal use are accounted for in accordance with the provisions of FASB ASC 350-40, *Internal-Use Software*. In accordance with ASC 350-40, internal and external costs incurred to develop internal-use computer software during the application development stage are capitalized. Application development stage costs generally include software configuration, coding, installation of hardware, and testing. Costs of significant upgrades and enhancements that result in additional functionality are also capitalized.

All other costs incurred in connection with an internal software project, including maintenance, minor upgrades, enhancements, and training, are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the related software applications (3–12 years).

(j) Long-Lived Assets

PHC periodically reviews long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized to the extent that the carrying amount of an asset exceeds its fair value. Assets to be disposed of are separately presented in the consolidated balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposal group classified as held-for-sale are presented separately in the appropriate asset and liability sections of the consolidated balance sheet. In the period in which the disposal group is sold or classified as held-for-sale, the results of its operations are classified as discontinued operations in the consolidated statements of operations. Management believes that the long-lived assets in the accompanying consolidated balance sheets are appropriately valued at June 30, 2025 and 2024. No related impairment losses were recognized during the years ended June 30, 2025 and 2024.

(k) Goodwill

Goodwill totaled approximately $761,278,000 at June 30, 2025 and 2024. In accordance with ASC 350, *Intangibles – Goodwill and Other*, PHC evaluates its goodwill annually for potential impairment. No impairment losses on goodwill were recognized for the years ended June 30, 2025 or 2024.

(l) Other Assets

Included in other assets at June 30, 2025 and 2024 are investments in joint ventures of approximately $255,131,000 and $155,654,000, respectively, and assets relating to deferred compensation plans totaling approximately $166,441,000 and $147,015,000, respectively.

The following investments recorded under the equity method with voting rights greater than 20% total approximately $251,539,000 of the total joint ventures as of June 30, 2025.

	June 30	
	2025	**2024**
ABP – UH, LLC	25 %	25 %
Columbus Diagnostic Imaging Center, LLC	50	50
Eastern Georgia Partnership, LLC	25	25
Evans Imaging, LLC	50	50
Piedmont Encompass Rehabilitation Hospitals, LLC	50	50
Piedmont Urgent Care by Wellstreet, LLC	46	46

(Continued)

Summarized unaudited financial information for the Piedmont Encompass Rehabilitation Hospitals, LLC ("Encompass") and Piedmont Urgent Care by Wellstreet, LLC ("Wellstreet") joint ventures is as follows for the year ended June 30:

	Encompass		Wellstreet	
(in thousands)	2025	2024	2025	2024
Financial position:				
Current assets	$ 84,740	29,072	60,523	61,442
Property, plant and equipment	203,492	141,898	39,376	38,651
Other assets	240,338	138,854	161,083	171,246
Total assets	$ 528,570	309,824	260,982	271,339
Current liabilities	$ 20,406	11,976	25,471	27,727
Long term debt and other liabilities	210,351	121,603	124,332	123,743
Total liabilities	230,757	133,579	149,803	151,470
Shareholder's equity	297,813	176,245	111,179	119,869
Total liabilities and shareholder's equity	$ 528,570	309,824	260,982	271,339
Results of operations:				
Revenue	$ 182,488	111,941	279,720	269,851
Net Income	20,392	11,670	17,942	19,572

The carrying value of the Encompass investment was approximately $148,907,000 and $88,122,000 as of June 30, 2025 and 2024, respectively, and the carrying value of the Wellstreet investment was approximately $51,999,000 and $56,063,000 as of June 30, 2025 and 2024, respectively.

(m) Beneficial Interest in Perpetual Trust

PHC is the beneficiary of six separate endowments held in trust by a local bank, with fair values at June 30, 2025 and 2024 aggregating approximately $10,334,000 and $9,686,000, respectively. The beneficial interest at June 30, 2025 and 2024 has been recorded at fair value and the change in value for the years then ended has been recorded as a change in net assets with donor restrictions.

(n) Vacation Policy

PHC accrues employee vacation pay as earned by the employee.

(o) Advertising Costs

Advertising costs are expensed as incurred and approximated $41,967,000 and $18,545,000 for the years ended June 30, 2025 and 2024, respectively, and are included in supplies and other expenses in the accompanying consolidated statements of operations.

(Continued)

(p) Estimated Malpractice Costs

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and are included in self-insurance reserves on the consolidated balance sheets.

(q) Net Assets with Donor Restrictions

Net assets with donor restrictions include those whose use by PHC is restricted by the donor to a specific period or purpose, and those that have been restricted by donors to be maintained in perpetuity. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

(r) Net Patient Service Revenue and Patient Accounts Receivable

PHC has agreements with third-party payors that provide payments to PHC at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by PHC. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. PHC believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in PHC hospitals receiving inpatient, outpatient, or emergency services. PHC measures the performance obligation from admission, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized as a component of other revenue in the consolidated statements of operations when goods are provided to PHC's patients and customers in a retail setting (e.g., pharmaceuticals) and PHC does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, PHC has elected to apply the optional exemption provided in FASB ASC 606 paragraph 10-50-14a and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to previously are primarily related to inpatient care services being rendered at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

PHC determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with PHC's policy, and implicit price concessions provided to patients. PHC determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience.

Consistent with its not-for-profit status, PHC provides care to patients regardless of their ability to pay. Therefore, PHC has determined it has provided implicit price concessions to uninsured patients and patients with otherwise uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts PHC expects to collect based on its collection history with those patients considering business and economic conditions, trends in healthcare coverage, and other collection indicators. Periodically, management assesses the adequacy of the allowance for implicit price concessions based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for implicit price concessions to establish an appropriate allowance.

PHC has determined that the nature, amount, and uncertainty of revenue and cash flows are affected by the following factors: payors and service lines. The following tables provide details of these factors.

Net patient service revenue by major payor sources is as follows (in thousands):

	Year ended June 30	
	2025	**2024**
Medicare	$ 2,910,939	2,163,413
Medicaid	480,158	368,222
Other third-party payors	4,833,549	4,318,935
Self-pay patients	99,022	543,520
Net patient service revenue	$ 8,323,668	7,394,090

The composition of net patient service revenue based on PHC's service lines for the years ended June 30, 2025 and 2024 are as follows (in thousands):

	2025	**2024**
Service lines:		
Hospital – inpatient	$ 4,018,162	3,571,516
Hospital – outpatient and emergency	3,176,839	2,858,866
Physician services	1,128,667	963,708
Net patient service revenue	$ 8,323,668	7,394,090

PHC records a provision for implicit price concessions related to self-pay patients in the period services are provided. For receivables associated with patients who have third-party coverage, PHC analyzes

contractually due amounts and provides an allowance and a provision for implicit and explicit price concessions, if necessary. Accounts receivables are written off after collection efforts have been undertaken in accordance with PHC's policies.

(s) GA-STRONG Funds

During the year ended June 30, 2023, the State of Georgia implemented the Strengthening the Reinvestment of a Necessary Workforce in Georgia program (GA-STRONG). GA-STRONG provides financial support to teaching hospitals in Georgia to spend on building or expanding community specific programs that are expected to lead to stabilization, development and diversification of the healthcare workforce. PHC received approximately $113,805,000 and $74,419,000 in GA-STRONG funds during the years ended June 30, 2025 and June 30, 2024, respectively. The recognition of the funds received occurs as the underlying conditions are met via on the expenditure of funds on programs that meet the underlying terms and conditions of GA-STRONG. Amounts are recorded as other revenue only to the extent that the underlying conditions are met, primarily by incurring qualifying expenditures. PHC recognized approximately $101,146,000 and $52,122,000 of other revenue from the GA-STRONG funds in the June 30, 2025 and June 30, 2024, respectively. The remaining unrecognized balance as of June 30, 2025 and 2024 of approximately $106,873,000 and $94,214,000, respectively, is reflected in accounts payable and other accrued expenses in the accompanying 2025 and 2024 consolidated balance sheets and will be recognized as other revenue as the underlying conditions are met.

(t) Excess of Revenue, Gains, and Other Support over Expenses and Losses

The consolidated statements of operations include excess of revenue, gains, and other support over expenses and losses. Changes in net assets without donor restrictions, which are excluded from excess of revenue, gains, and other support over expenses and losses, consistent with industry practice, include pension adjustments and contributions of long-lived assets (including assets acquired using contributions, which by donor restriction, are to be used for the purposes of acquiring such assets).

(u) Pledges Receivable and Donor-Restricted Gifts

Unconditional promises to give cash and other assets to PHC are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are recorded at fair value at the date the donor conditions are met. Gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

PHC has historically and to-date received a limited amount of donor-restricted endowment funds. The Board has interpreted Georgia's State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Income from PHC's donor-restricted endowment funds is generally restricted to specific donor-directed purposes, and is therefore, accounted for within net assets with donor restrictions until expended in accordance with the donor's stipulations. PHC oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved.

PHC invests donor-restricted endowment funds within the framework of PHC's overall investment management program.

Cash receipts from the sale of donated financial assets are classified consistent with cash donations received in the consolidated statements of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without the donor imposing any limitations for sale and were converted nearly immediately into cash.

(v) Interest Expense

PHC incurred interest expense totaling approximately $69,256,000 and $72,106,000 for the years ended June 30, 2025 and 2024, respectively. During the years ended June 30, 2025 and 2024, approximately $7,891,000 and $8,401,000, respectively, of interest was capitalized and included in property and equipment in the accompanying consolidated balance sheets.

(w) Income Taxes

Piedmont Healthcare, Inc., Atlanta, Fayette, Mountainside, Newnan, Henry, Newton, Athens, Rockdale, Midtown, Northside, Walton, Cartersville, Eastside, Macon, Macon North, Augusta, McDuffie, ARPS, ARSS, RFC (through July 2022), CRMG, ARHR, MHA, MHN, PHI, PHF, ARF, CRMF, CRHS, UHCP, UHCF, UEC (through October 2023), FCSS and FCPS are organizations exempt from federal income tax pursuant to U.S. Internal Revenue Code (IRC) Section 501(a), as organizations described in Section 501(c)(3) of the IRC of 1986, as amended, and state income tax. AMIC and WWI (through May 2023) and AMIC-SPC (effective May 2023) are exempt from federal and local income tax pursuant to the laws of the Government of the Cayman Islands. There is currently no taxation imposed on income or capital gains by the Government of the Cayman Islands. If any form of tax legislation were to be enacted, AMIC and AMIC-SPC have been granted an exemption until the year 2044. PMCC and PHIP are taxable, not-for-profit entities that operated in a net loss position for financial reporting and tax purposes during the years ended June 30, 2025 and 2024. CRHR is a taxable, not-for-profit entity which has generated taxable income of approximately $937,000 and related tax expense, before utilization of net operating loss carryforwards, of approximately $234,500 for the year ending June 30, 2025, and operated in a net loss position for the year ending June 30, 2024. CRHR has approximately $170,000 of unused NOL carryforwards at June 30, 2025. The Clinic is a taxable, not-for-profit entity which operated in a net loss position for the year ended June 30, 2025. The Clinic generated taxable income of approximately $4,227,000 and related tax expense of approximately $888,000 for the year ended June 30, 2024. The Clinic has approximately $1,418,000 of unused NOL carryforwards at June 30, 2025. UHRI is a taxable, not-for-profit entity which has generated taxable income of approximately $1,746,000 and $1,670,000 for the years ended June 30, 2025 and 2024, respectively. UHRI's taxable income has been fully offset by net operating loss carryforwards for the years ending

June 30, 2025 and 2024. UHRI has approximately $4,483,000 of unused NOL carryforwards at June 30, 2025.

At June 30, 2025 and 2024, PHC's taxable entities had net operating loss (NOL) carryforwards totaling approximately $1,803,808,000 and $1,499,427,000, respectively, portions of which expire at various dates up to 2036. These entities had deferred income tax assets totaling approximately $446,730,000 and $373,852,000 at June 30, 2025 and 2024, respectively. The deferred income tax assets, which consist primarily of net operating loss carryforwards and differences relating to allowance for implicit price concessions, are offset by a full valuation allowance. NOLs incurred before December 31, 2017 may be carried forward 20 years. NOLs incurred after that date may offset up to 80% of taxable income incurred within an unlimited carryforward period.

PHC accounts for income taxes under the provisions of ASC 740, *Income Taxes* (ASC 740). Under the requirements of ASC 740, tax-exempt organizations may be required to record an obligation as the result of a tax position they have historically taken on various uncertain tax exposure items. There were no material uncertain tax positions at June 30, 2025 or 2024.

(x) Defined-Benefit Pension Plan

PHC accounted for its defined-benefit pension plan in accordance with ASC 715, *Compensation – Retirement Benefits* (ASC 715). ASC 715 requires an entity to recognize in its balance sheet an asset for a defined-benefit postretirement plan's overfunded status or a liability for a plan's underfunded status; measure a defined-benefit postretirement plan's assets and obligations that determine its funded status at the end of the employer's fiscal year; and recognize changes in the funded status of a defined-benefit postretirement plan as a separate line item or items within changes in net assets without donor restrictions, apart from expenses, in the year in which the changes occur. Certain PHC employees participated in PHC's trusteed noncontributory defined-benefit pension plan (the Plan). The Plan's benefits were based on a combination of years of service and the employee's compensation. PHC's funding policy was to contribute annually to the Plan an amount sufficient to meet the minimum funding standards of Employee Retirement Income Security Act (ERISA) or an amount sufficient to maintain the Plan on a sound actuarial basis, as certified by an enrolled actuary. Plan assets consisted primarily of common stocks, alternative investments, fixed-income investments, and cash equivalents. The Plan was terminated in February 2025, see note 7.

(y) Subsequent Events

PHC has evaluated events and transactions occurring subsequent to June 30, 2025 through November 3, 2025, the date the consolidated financial statements were issued.

(z) Recent Accounting Pronouncements

In August 2023, the FASB issued ASU No. 2023-04, *Business Combinations - Joint Venture Formations* (Subtopic 805-60), which requires joint ventures to recognize and initially measure assets and liabilities using a new basis of accounting upon formation. As a result, the joint venture should initially measure its assets and liabilities at fair value at the formation date. ASU 2023-04 is effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. Joint ventures formed prior to January 1, 2025 may elect to apply the amendments retrospectively if it has sufficient information. PHC adopted ASU 2023-04 on January 1, 2025, and the adoption did not have a material impact on PHC's consolidated financial statements.

There were various other accounting standards and interpretations issued during fiscal year 2024 and 2025 that were not applicable to PHC.

(3) Acquired Leases

In connection with its acquisition of certain entities, PHC acquired certain leases with applicable hospital authorities covering hospital buildings and certain related other assets and liabilities. At the termination of these leases, the assets and liabilities revert to the applicable authorities. The leases are as follows:

Hospital	Lessor	Year of termination
Henry	Hospital Authority of Henry County	2052
Newton	Newton County Hospital Authority	2055
Athens	Hospital Authority of Clarke County, Georgia	2056
Midtown and Northside	The Medical Center Hospital Authority	2058
Augusta	Richmond County Hospital Authority	2062

Through these lease agreements, PHC assumed responsibility of payment of the lessee hospitals' outstanding revenue certificates further discussed in note 8.

(4) Net Patient Service Revenue

PHC has agreements with third-party payors that provide for payments to PHC at amounts different from its established rates. A summary of payment arrangements with major third-party payors is as follows:

(a) Medicare and Medicaid

PHC renders care to patients covered by the Medicare and Medicaid programs. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. PHC is also reimbursed for certain retrospectively determined items at a tentative rate, with final settlement determined after submission of annual cost reports by PHC and audits by the Medicare fiscal intermediaries. Medicare reimburses outpatient services based on a prospective outpatient payment system similar to the inpatient system.

Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment reimbursement methodology. Outpatient services are reimbursed under a cost-based methodology. PHC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by PHC and audits thereof by the Medicaid fiscal intermediary.

Services rendered under these programs are recorded at established rates and adjusted to the estimated amount due from the third-party payors through recording of contractual adjustments and other discounts. Because PHC cannot pursue collections for the contractual adjustments or other discounts, they are not reported as revenue.

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 35% and 6%, respectively, of PHC's net patient service revenue for the year ended June 30, 2025. Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 29%

and 5%, respectively, of PHC's net patient service revenue for the year ended June 30, 2024. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue is reported at the estimated net realizable amounts from the Medicare and Medicaid programs for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations.

Final settlement has been reached for all Medicare and Medicaid cost reports prior to fiscal year 2019. PHC has recorded amounts due to Medicare and Medicaid of approximately $240,945,000 and $248,166,000 at June 30, 2025 and 2024, respectively, as an estimate of final third-party payor settlements for open cost report years. Management recorded favorable changes in estimates to net patient service revenue related to third-party settlements of approximately $58,890,000 and $10,441,000 in the accompanying 2025 and 2024 consolidated statements of operations. The amounts due to Medicare and Medicaid represent management's best estimates of final settlements.

(b) Managed Care and Other Payors

PHC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations (HMOs), and preferred provider organizations. The bases for payments to PHC under these agreements include prospectively determined rates per discharge, discounts from established charges, and daily rates.

(c) Self-Pay

PHC applied implicit price concessions to patient apportioned charges, valued at established charges, totaling approximately $508,491,000 and $512,718,000 for the years ended June 30, 2025 and 2024, respectively. To improve amounts collected from uninsured patients that do not apply and/or qualify for charity assistance, PHC offers discounted prices to the uninsured of 70% of gross charges. PHC provided discounts to uninsured patients of approximately $494,421,000 and $861,934,000 (recorded as deductions from net patient service revenue) for the years ended June 30, 2025 and 2024, respectively.

(d) Georgia Provider Payment Agreement Act

Effective July 1, 2010, the State of Georgia imposed a fee on not-for-profit hospitals based on net revenue levels as defined by the State of Georgia. Included in supplies and other expenses in the accompanying consolidated statements of operations for the years ended June 30, 2025 and 2024 is approximately $69,435,000 and $68,420,000, respectively, relating to this fee.

(5) Charity Care and Community Benefits

PHC provides care to patients who meet certain criteria under its charity care policy without charge or at amounts significantly less than its established rates. Amounts determined to qualify as charity care are not reported as revenue or patient accounts receivable in the accompanying consolidated financial statements.

PHC maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services furnished under its charity care policy. The cost of providing this charity care was estimated to be approximately $285,790,000 and $168,288,000 for years ended June 30, 2025 and 2024, respectively. PHC estimates the direct and indirect costs of providing charity care by

applying a cost to gross charges ratio to the gross uncompensated charges associated with providing charity care to patients.

PHC offers many other wellness and educational services to the community at low and, in some cases, no cost. PHC also partners with charitable clinics to provide supportive services for low-income patients, including the provision of free laboratory and diagnostic services to clinic patients at no charge. PHC operates 24-hour emergency rooms that provide care to all patients, regardless of ability to pay. The costs for these services are included in operating expenses in the accompanying consolidated statements of operations.

(6) Investments

(a) Investments and Assets Limited as to Use

The composition of investments and assets limited as to use is set forth in the following table (in thousands):

	June 30	
	2025	**2024**
Investments internally designated for capital acquisition:		
Cash and cash equivalents	$ 14,052	88,533
Fixed-income securities	531,730	425,587
Corporate stocks	68,920	94,466
Mutual funds	839,489	781,363
Alternative investments	863,372	662,821
	2,317,563	2,052,770
Assets limited as to use:		
Cash and cash equivalents	571	3,078
Fixed-income securities	17,109	14,848
Corporate stocks	3,370	4,349
Mutual funds	26,312	26,509
Alternative investments	26,967	22,420
	74,329	71,204
Totals	$ 2,391,892	2,123,974

(Continued)

(b) Alternative Investments

Alternative investments included in investments and assets limited as to use at June 30, 2025 and 2024 consist of the following (in thousands):

	2025	2024
AG Net Lease Realty Fund II, L.P.	$ 9,616	12,938
Anchorage Credit Opportunities	3,717	2,487
Angel Oak Real Estate Investment Fund III LP	3,559	3,272
Apollo Total Return Fund (Onshore) LP	71,081	71,288
Canyon Balanced Fund	32,675	30,770
Castlelake VI LP	3,556	1,415
Cerberus Real Estate Debt Fund II, L.P.	2,360	2,696
Cerberus Real Estate Debt Fund, L.P.	1,216	1,026
Clarion Lion Properties ING Fund	11,762	14,334
CVI Clean Energy Fund C II, L.P.	2,227	1,878
Fortress Lending Fund III, L.P.	2,737	2,777
HSSI FBO KS Global /King Street Global Drawdown Fund, L.P.	2,572	3,690
IFP Global Equity, L.P.	169,646	130,389
Incus Capital European Credit Fund IV Feeder LP	3,269	2,042
InSolve Global Credit Feeder Fund V, L.P.	4,414	4,618
King Street Capital, Ltd.	43,505	40,451
Magnitude International Fund	188,767	169,136
Millstreet Credit Offshore Fund Ltd.	17,177	15,974
Oaktree Real Estate Opportunities Fund VI, LP	1,622	2,195
Oaktree Strategic Credit Fund A, L.P.	1,710	3,186
Perceptive Credit Opportunities	2,927	1,779
PHC Fund, Ltd.	158,369	145,192
Sandton Capital Solutions Offshore Fund V, LP	3,923	3,693
Stellus Credit Offshore Fund III, LP	3,413	3,044
Townsend Real Estate Fund-E, L.P.	16,628	—
VSS Structured Capital III, L.P.	13,592	14,971
Wellington CTF SMID Cap Research Equity Portfolio	114,299	—
	$ 890,339	685,241

(Continued)

Redemption frequency and redemption notice periods for alternative investments held at June 30, 2025 are as follows:

	Redemption frequency	Redemption notice period
AG Net Lease Realty Fund II, L.P.	Not permitted	N/A
Anchorage Credit Opportunities	Not permitted	N/A
Angel Oak Real Estate Investment Fund III LP	Not permitted	N/A
Apollo Total Return Fund (Onshore) LP	Quarterly	60 Days
Canyon Balanced Fund	Quarterly	90 Days
Castlelake VI LP	Not permitted	N/A
Cerberus Real Estate Debt Fund II, L.P.	Not permitted	N/A
Cerberus Real Estate Debt Fund, L.P.	Not permitted	N/A
Clarion Lion Properties ING Fund	Quarterly	90 Days
CVI Clean Energy Fund C II, L.P.	Not permitted	N/A
Fortress Lending Fund III, L.P.	Not permitted	N/A
HSSI FBO KS Global /King Street Global Drawdown Fund, L.P.	Not permitted	N/A
IFP Global Equity L.P.	Semi-Monthly	15 Days
Incus Capital European Credit Fund IV Feeder LP	Not permitted	N/A
InSolve Global Credit Feeder Fund V, L.P.	Not permitted	N/A
King Street Capital, Ltd.	Quarterly	65 Days
Magnitude International Fund	Quarterly	65 Days
Millstreet Credit Offshore Fund Ltd.	Quarterly	45 Days
Oaktree Real Estate Opportunities Fund VI, LP	Not permitted	N/A
Oaktree Strategic Credit Fund A, L.P.	Quarterly	90 Days
Perceptive Credit Opportunities	Not permitted	N/A
PHC Fund, Ltd.	Monthly	90 Days
Sandton Capital Solutions Offshore Fund V, LP	Not permitted	N/A
Stellus Credit Offshore Fund-E, LP	Not permitted	N/A
Townsed Real Estate	Quarterly	95 Days
VSS Structured Capital III, L.P.	Not permitted	N/A
Wellington-CTF SMID Cap Research Equity Portfolio	Monthly	10 Days

(Continued)

(c) Self-Insurance Investments

The composition of self-insurance investments at June 30, 2025 and 2024 are as follows (in thousands):

	June 30	
	2025	**2024**
Cash and equivalents	$ 33,452	31,525
Corporate obligations	21,387	17,031
Fixed-income securities	93,656	85,369
Equity mutual funds	91,339	79,715
	$ 239,834	213,640

(7) Property and Equipment

A summary of property and equipment, net is as follows (in thousands):

	June 30	
	2025	**2024**
Land and land improvements	$ 228,675	219,892
Buildings and fixtures	3,053,583	2,865,456
Equipment	2,362,028	2,110,337
	5,644,286	5,195,685
Less accumulated depreciation	2,777,978	2,476,828
	2,866,308	2,718,857
Construction in progress	415,362	371,305
Property and equipment, net	$ 3,281,670	3,090,162

Construction in progress at June 30, 2025 relates primarily to the new system office, tower expansion at Henry, and ICU expansion at Midtown, which are expected to be completed during the fiscal year ending June 30, 2026.

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 totaled approximately $310,951,000 and $281,806,000, respectively. Amortization of capitalized software costs of approximately $28,776,000 and $18,833,000 is included in depreciation and amortization expense in the accompanying consolidated statements of operations for the years ended June 30, 2025 and 2024, respectively.

Capitalized software and software development costs included in property and equipment were as follows (in thousands):

	June 30	
	2025	**2024**
Capitalized software and software development costs	$ 302,247	203,137
Less accumulated amortization	194,976	168,135
Capitalized software and software development costs, net	$ 107,271	35,002

Based on the amortizable capitalized software and software development costs that have been placed into service at June 30, 2025, the estimated amortization expense for the succeeding five fiscal years and thereafter is as follows (in thousands):

Year ending June 30:	
2026	$ 26,511
2027	19,990
2028	16,792
2029	15,550
2030	14,203
Thereafter	14,225
	$ 107,271

At June 30, 2025, PHC's remaining commitment for software and construction contracts approximated $219,456,000, primarily relating to ongoing construction projects expected to be completed during the fiscal year ending June 30, 2026.

In August 2005, Atlanta entered a ground lease with Piedmont Physicians Plaza, L.P. (PPP), whereby Atlanta is leasing real property to PPP. In accordance with ASC 842, Leases, Atlanta is considered the owner of the Medical Office Building (Piedmont MOB) during the construction period and thereafter due to Atlanta's continuing involvement in the Piedmont MOB. Accordingly, the cost of the building and the related financing obligation are included in PHC's consolidated balance sheets. At June 30, 2025 and 2024, the net book value of the Piedmont MOB included in buildings and fixtures totaled approximately $9,078,000 and $8,891,000, respectively, and the related Medical Office Building financing obligation approximated $30,355,000 and $30,311,000, respectively.

(Continued)

(8) Long-Term Debt

(a) Bonds Payable

Bonds payable consists of the following (in thousands):

	June 30	
	2025	**2024**
Series 2014A, fixed interest rates ranging from 3% to 5%, interest payments due semiannually, payable through 2044	$ 78,215	79,740
Series 2014B, variable interest rates (3.92% and 4.74% at June 30, 2025 and 2024, respectively) interest payments due monthly, payable through 2034	65,635	68,480
Series 2016A, fixed interest rates ranging from 3.00% to 5.00%, interest payments due semiannually, payable through 2046	349,355	361,630
Series 2016, fixed interest rates ranging from 2.00% to 5.00%, interest payments due annually, payable through 2036	94,790	101,230
Series 2019A and Series 2019B, fixed interest rates ranging from 3.00% to 5.00%, interest payments due semiannually, payable through 2054	611,305	644,495
Series 2021, fixed interest rates ranging from 2.04% to 2.86%, interest payments due semiannually, payable through 2052	1,000,000	1,000,000
Unamortized original issue premium, net	78,430	88,236
Unamortized debt issuance costs	(10,710)	(11,530)
	2,267,020	2,332,281
Less current maturities	(25,945)	(56,275)
	$ 2,241,075	2,276,006

On September 9, 2021, PHC entered into taxable bonds totaling $1.0 billion (the Series 2021 Bonds). The proceeds from the Series 2021 bonds were used to refinance the previously existing 2021 Note Payable. The Series 2021 Bonds were issued on a taxable basis and are secured under a master trust indenture with all members of the PHC Obligated Group (Piedmont Healthcare, Inc. and all of its affiliates exclusive of AMIC-SPC, CRMF, ARF and UHCF), which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings.

(Continued)

On October 17, 2019, the Medical Center Authority (TMC), the Coweta County Development Authority, the Hospital Authority of Fayette County, the Development Authority of Fulton County, the Development Authority of Rockdale County, and the Development Authority of Walton County, Georgia issued $152,940,000, $85,670,000, $31,380,000, $283,775,000, $64,565,000, and $31,085,000, respectively ($649,415,000 collectively), in Revenue Bonds Series 2019A and B (the Series 2019 Bonds) on behalf of PHC. The proceeds of the Series 2019 Bonds were used to redeem previously outstanding Series 2009A Bonds, Series 2010 Bonds, the 2018 Bridge Loan, and to fund certain construction projects. The Series 2019 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the PHC Obligated Group, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings. The Series 2019 Fayette bonds in the amount of $31,380,000 were repaid on July 1, 2024.

On October 27, 2016, the Development Authority of Fulton County, the Hospital Authority of Fayette County, and the Hospital Authority of Clarke County, Georgia issued $197,555,000, $47,580,000, and $178,225,000, respectively ($423,360,000 collectively), in Revenue Bonds Series 2016A (the Series 2016 Bonds) on behalf of PHC. The proceeds of the Series 2016 Bonds were used to redeem previously outstanding Series 2009A and Athens Series 2007 and 2012 Revenue Bonds and for certain construction projects. The Series 2016 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the PHC Obligated Group, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings.

On October 1, 2016, the Richmond County Hospital Authority issued $135,745,000 of tax-exempt Series 2016 Revenue Anticipation Certificates (the Augusta Series 2016 Bonds) for the purpose of refunding previously outstanding revenue anticipation certificates in order to refinance the costs of acquiring, constructing, and equipping of hospital and healthcare facilities. The Augusta Series 2016 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the PHC Obligated Group, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings.

On November 19, 2014, the Development Authority of Fulton County, the Hospital Authority of Fayette County, and the Hospital Authority of Henry County issued $87,730,000, $42,060,000, and $53,420,000, respectively ($183,210,000 collectively), in Revenue Bonds Series 2014A and 2014B (the Series 2014 Bonds) on behalf of PHC. The proceeds of the Series 2014 Bonds were used to redeem previously outstanding Series 2004 and Series 2009B Revenue Bonds and for certain construction projects. The Series 2014 Bonds have been issued on a tax-exempt basis and are secured under a master trust indenture with all members of the PHC Obligated Group, which provides for, among other things, the deposit of revenue with the master trustee in the event of certain defaults, pledges of accounts receivable, pledges not to encumber property, and limitations on additional borrowings.

Scheduled principal repayments on the Series 2021, Series 2019, Series 2016, and Series 2014 Bonds are as follows (in thousands):

Year ending June 30:	
2026	$ 25,945
2027	112,020
2028	28,835
2029	30,205
2030	107,740
Thereafter	1,894,555
	$ 2,199,300

(b) Line of Credit

PHC established a line of credit with a financial institution for $300,000,000 on April 1, 2020. The line had an interest rate of LIBOR plus 0.85% and a maturity date of March 31, 2021. Effective April 1, 2021, the line of credit was extended until March 31, 2022 and effective April 13, 2022 the line of credit was extended until March 29, 2023 and the interest rate was changed to the Secured Overnight Financing Rate (SOFR) plus 0.85%. On July 29, 2022, PHC borrowed $104,280,000 on the line of credit to repay the 2017 Bonds discussed above. Effective March 29, 2023, the line of credit was extended to March 29, 2024 and the interest rate was changed to SOFR plus 0.50%. Effective March 28, 2024, the line of credit was extended to March 28, 2025. Effective March 28, 2025, the line of credit limit was increased to $500,000,000 and the maturity date extended to March 27, 2026. There is no outstanding balance as of June 30, 2025 or 2024.

(c) Interest Rate Swap Agreements

PHC has four interest rate swap agreements that are not accounted for as cash flow hedges. These interest rate swaps are primarily utilized to economically hedge PHC's exposure to variable interest rates under its debt obligations. The change in value of the interest rate swaps is reported as a component of nonoperating gains (losses) in the period it occurs. At June 30, 2025 and 2024, the aggregate notional amount of PHC's interest rate swaps was approximately $87,594,000 and $91,420,000, respectively.

These interest rate swap agreements expose PHC to credit losses in the event of nonperformance by the counterparty to the financial instruments. The counterparty is a creditworthy financial institution and PHC management believes the counterparty will be able to fully satisfy its obligations under the contracts.

(Continued)

PHC's interest rate swaps are reported at estimated fair value in the accompanying consolidated balance sheets, as follows (in thousands):

	June 30	
	2025	2024
Other long-term liabilities	$ 5,590	4,685

The effects of PHC's interest rate swaps on the accompanying consolidated statements of operations are as follows (in thousands):

	Year ended June 30	
	2025	2024
Gain recognized in nonoperating income	$ 906	2,058
Expense recognized in supplies and other expenses	(188)	(146)
	$ 718	1,912

(9) Medical Office Building

As discussed in note 7, PHC is considered the owner of the Piedmont MOB for financial reporting purposes. In accordance with ASC 842, *Leases*, PHC has reflected the operations of the Piedmont MOB in its consolidated financial statements, which resulted in other revenue of approximately $6,657,000, interest expense of approximately $5,033,000, and supplies and other expenses of approximately $2,434,000 for the year ended June 30, 2025, and other revenue of approximately $6,426,000, interest expense of approximately $4,939,000, and supplies and other expenses of approximately $2,307,000 for the year ended June 30, 2024.

(10) Net Assets with Donor Restrictions

Spendable net assets with donor restrictions available primarily for capital purchases, education, and geriatric services were approximately $77,394,000 and $87,670,000 at June 30, 2025 and 2024, respectively.

Net assets with donor restrictions in perpetuity are summarized as follows, whose investment income is to be used according to the purpose description below (in thousands):

	June 30	
	2025	2024
Support of education	$ 1,065	1,065
Beneficial interest in perpetual trust	10,334	9,685
Support of specific services	38,480	37,822
	$ 49,879	48,572

(Continued)

(11) Employee Benefits

(a) Historical Retirement Plans

Prior to December 31, 2019, PHC had a trusteed, noncontributory defined-benefit pension plan (the PHC Plan) covering certain PHC employees. In fiscal year 2008, PHC's Board of Directors approved the freezing of the PHC Plan for participation purposes, so that employees hired or rehired on and after July 1, 2008 were not eligible to participate in the PHC Plan.

On September 20, 2012, the PHC Plan was amended to reflect a freeze as of December 31, 2014. Therefore, no further benefit accruals were provided after that date for additional credited service or earnings. In addition, all existing participants became fully vested as of December 31, 2014.

On July 1, 1986, CRHS established the Columbus Regional Healthcare System, Inc. Pension Plan (the CRHS Pension Plan), a noncontributory defined-benefit pension plan covering certain employees of CRHS and its affiliated companies that were employed prior to July 1, 2003. The plan provides benefits to the retired, terminated, and active employees and their beneficiaries based on earnings and years of credited service. The funding policy is to contribute annually such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to the plan's members and to keep the plan actuarially sound. Effective June 30, 2013, the plan was amended to freeze future service benefits.

Effective December 31, 2019, the PHC Plan was merged into the CRHS Pension Plan to form the Piedmont Healthcare, Inc. Consolidated Retirement Plan (the Consolidated Plan). At that time, all of the assets of the PHC Plan were transferred into the Consolidated Plan.

(b) Piedmont Healthcare, Inc. Consolidated Retirement Plan

During the year ended June 30, 2024, PHC began the process of terminating the Consolidated Plan. The plan participants were notified of PHC's intention to terminate the plan and settle plan liabilities through either lump sum distributions to plan participants or annuity contracts that cover vested benefits. The plan liabilities as of June 30, 2024 were calculated using assumptions reflective of the expected plan termination. The Company completed the settlement of plan liabilities during the fiscal year ending June 30, 2025.

During the year ended June 30, 2025, PHC executed a full termination of its Pension Plan. Under the plan termination, participants were offered a lump-sum buyout, through which PHC settled approximately $131 million of outstanding benefit obligations and recognized approximately $32 million loss on settlement. All participants not electing to receive the lump-sum payout were settled via an annuity placement buyout, through which PHC settled the remaining approximately $306 million of outstanding benefit obligations and recognized approximately $81 million loss on settlement. The loss was recognized in Other changes in net assets without donor restrictions on the Consolidated Statements of Operations. Assets of the pension plans were liquidated and funds from liquidation were used to settle the obligations.

The changes in the PHC's projected benefit obligation, the fair value of plan assets and the funded status of the plan as of and for the years ended June 30, 2025 and 2024 are as follows (in thousands):

		2025	2024
Change in benefit obligations:			
Benefit obligations, beginning of period	$	442,170	453,910
Interest cost		14,486	22,704
Benefits paid		(16,746)	(23,141)
Actuarial gain		(3,036)	(11,303)
Settlements		(436,874)	—
Benefit obligations, end of period		—	442,170
Change in plan assets:			
Fair value of plan assets, beginning of period		399,314	421,549
Actual return on plan assets		3,686	906
Contributions		50,620	—
Settlements		(436,874)	—
Benefits paid		(16,746)	(23,141)
Fair value of plan assets, end of period		—	399,314
Funded status of the plan, end of period	$	—	(42,856)

PHC recognizes the funded status of the Consolidated Plan as a liability and the gains or losses and prior service costs or credits not yet recognized as pension expense as changes in net assets without donor restrictions. Amounts reported in the accompanying consolidated balance sheets related to the Consolidated Plan consist of the following as of June 30, 2025 and 2024 (in thousands):

		2025	2024
Current liabilities – accrued pension cost and other benefits	$	—	(42,856)
Long-term liabilities – accrued pension cost and other benefits		—	—
Unrecognized net actuarial loss in net assets without donor restrictions		—	110,102

(Continued)

The net periodic pension cost of the Consolidated Plan and other amounts recognized in net assets without donor restrictions consist of the following for the years ended June 30, 2025 and 2024 (in thousands):

		2025	2024
Net periodic pension cost:			
Interest cost on benefit obligation	$	14,487	22,704
Expected return on plan assets		(11,665)	(17,376)
Amortization of net actuarial loss		1,703	2,447
Settlement Cost		113,339	—
Net periodic pension cost	$	117,864	7,775
Other changes in net assets without donor restrictions:			
Current net actuarial loss	$	4,940	5,167
Amortization of net actuarial loss		(1,703)	(2,447)
Settlement recognition of actuarial loss		(113,339)	—
Other changes in net assets without donor restrictions	$	(110,102)	2,720

The actuarial assumptions used in the accounting for the net periodic pension cost for the Consolidated Plan were as follows:

	Year ended June 30	
	2025	2024
Discount rate	5.31 %	5.15 %
Expected long-term rate of return on plan assets	4.25	4.25

The discount rate used to determine the year-end benefit obligations for the Consolidated Plan was 5.31% as of June 30, 2024.

PHC used fair value as the market-related value of assets in calculating the expected return on the Consolidated Plan assets component of net periodic pension cost for the years ended June 30, 2025 and 2024.

The determination of the expected long-term rate of return on plan assets is based on assumptions that are developed by the Consolidated Plan investment consultant for each investment category as to the rate of return, risk, yield, and correlation with other categories that serve as components of the long-term strategy. The expected long-term rate of return reflects assumptions as to continued execution of the current strategic asset allocation and the plan's investment policy.

The mortality tables used for the years ended June 30, 2025 and 2024 was the Applicable Mortality Table specified in Code Section 417(e) for lump sums and Pri-2012 Private Retirement Plan Mortality

(Continued)

Tables with Scale MP-2021 for annuities, and Pri-2012 amounts-weighted mortality study, projected generationally from 2012 using improvement scale MP-2021.

There are no plan assets at June 30, 2025.

The fair value of plan assets of the Consolidated Plan at June 30, 2024 is as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 150,534	—	—	150,534
Corporate bonds	—	183,722	—	183,722
Fixed-income securities	—	43,730	—	43,730
Total assets at fair value	$ 150,534	227,452	—	377,986
Investments measured at NAV as a practical expedient				21,328
				399,314

The fair values of the securities included in Level 1 and Level 2 are based on the pricing inputs described in note 16. The fair value of the remaining alternative investments was determined based on the use of net asset value per share as a practical expedient in accordance with ASC Topic 820, *Fair Value Measurement*.

(c) Health Care Plan

The Augusta Entities sponsor a defined benefit health care plan that provides postretirement medical benefits to full-time employees hired prior to January 1, 2005, who have worked 10 years and attained age 55 while in service with the Augusta Entities. Effective January 1, 2011, the plan requires the employee to work 20 years and attain the age of 60 while in service with the Augusta Entities. The plan is contributory with retiree contributions adjusted annually and contains other cost-sharing features such as deductibles and coinsurance. The accounting for the plan anticipates future cost-sharing changes to the plan that are consistent with the Augusta Entities' expressed intent to increase the retiree contribution rate annually for the expected increases in the health trend rates. PHC's policy is to fund benefits as they are actually submitted for payment by plan participants, rather than build a segregated reserve to finance future benefit payments.

As of June 30, 2025, and 2024, approximately $478,000 and $457,000, respectively, is recorded in accounts payable and other accrued expenses and approximately $17,804,000 and $20,186,000, respectively, is recorded in other long-term liabilities representing the unfunded portion of this plan.

(d) Deferred Compensation Plans

PHC also offers two nonqualified deferred compensation plans, which are available to certain highly compensated PMCC and PHIP employees. These plans permit such employees to defer the receipt

and taxation of all or a portion of their salary until future years. The deferred compensation is available for distribution to employees upon the election by the employee, provided the distribution election with respect to the deferred amounts has been made for a minimum of one year prior to the date of distribution.

All deferrals are held as part of PHC's general assets and are subject to the claims of PHC's general creditors. Employees' rights to the payment of benefits under these plans are equal to those of general and unsecured creditors of PHC. PHC has no liability for losses under the deferred compensation plans.

The amounts recorded for the deferred compensation plans are approximately $161,249,000 and $140,959,000 at June 30, 2025 and 2024, respectively, and are recorded in offsetting amounts within other long-term liabilities and other assets in the accompanying consolidated balance sheets.

CRHS implemented a 457(b) plan for certain highly compensated senior employees and physicians. The plan is funded solely by employee contributions. The assets of the plan are the legal assets of CRHS until they are distributed to participants, and therefore, the plan assets and corresponding liability are reported in the accompanying consolidated balance sheets. Plan assets, at fair value, at June 30, 2025 and 2024 totaled approximately $5,191,000, and are reflected in other assets with an offsetting liability in other long-term liabilities on the accompanying consolidated balance sheets.

(e) 401(k) and 403(b) Plans

PHC offers, as the sponsor, a deferred tax annuity plan (the 401(k) Plan) pursuant to Section 401(k) of the IRC of 1986, covering substantially all employees of PHC. PHC contributes 100% of pretax contributions up to the first 6% of eligible pay. There is an annual discretionary match of up to 2%. PHC recognized as salaries and benefits expense approximately $113,352,000 and $100,433,000 for the years ended June 30, 2025 and 2024, respectively, related to the 401(k) Plan. No discretionary contributions were made during the years ended June 30, 2025 or 2024.

(12) Continuing Care Retirement Community Management Agreement

On August 4, 2004, CRHS entered into a series of agreements with respect to Midtown's construction and funding of a continuing care retirement community (CCRC), which is not owned by CRHS. These agreements include a ground lease, a completion and support funding agreement, an indemnity agreement, an environmental compliance and indemnification agreement and a supplemental subordination agreement.

Under the terms of the ground lease, CRHS leases certain real estate to Midtown through 2044. Midtown issued tax-exempt bonds totaling $74,660,000 to construct a CCRC on the leased land. Upon termination of the lease agreement, the land and all improvements thereon will revert, or transfer, to CRHS.

CRHS issued an environmental compliance and indemnification agreement, which indemnifies certain third parties with respect to any environmental-related losses, which may be associated with the land. CRHS has assigned all of its rights in the leased property to specified third parties with respect to Midtown's bond issue.

During the CCRC's construction phase, CRHS provided funds to Midtown for the CCRC's construction amounting to approximately $3,100,000. This funding was initially recorded as a debt, subordinate to the Series 2004 Bonds. On April 1, 2007, Midtown entered into an amended and restated loan agreement in conjunction with the issuance of the Series 2007 Bonds, which includes a provision whereby Midtown will be released from its liability under the loan agreement upon termination of the ground lease. As such, at that time, the funding was recognized as a capital contribution to Midtown.

Midtown entered into a management agreement with Columbus Regional Senior Living, a controlled affiliate of CRHS, which subsequently entered into a sub management agreement with a third-party to manage the operations of the CCRC and to perform the duties and obligations thereof pursuant to the management agreement. The CCRC management activity is immaterial to PHC.

PHC has agreed to indemnify Midtown and specified third parties with respect to certain losses of Midtown, including ad valorem real estate property taxes.

(13) Concentrations of Credit Risk

PHC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of June 30, 2025 and 2024 are as follows:

	June 30	
	2025	2024
Medicare	33 %	31 %
Medicaid	7	8
Other third-party payors	48	48
Patients	12	13
	100 %	100 %

PHC recognizes that revenue and receivables from government agencies and third-party payors are significant to its operations. PHC does not believe that there are significant credit risks associated with these sources of revenue.

As of June 30, 2025 and 2024, PHC had approximately $2.98 billion and $2.37 billion, respectively, in funds deposited with various financial institutions in excess of Federal Deposit Insurance Corporation limits.

(14) Commitments and Contingencies

(a) General and Professional Liability Insurance

PHC maintains a formally structured self-insured program for general and professional liability coverage via a wholly owned, single parent captive, AMIC SPC. AMIC SPC insures PHC against professional liability risks of PHC affiliates, namely Atlanta, Mountainside, Fayette, Newnan, Henry, Newton, Athens, Rockdale, Walton, Columbus Midtown, Columbus Northside, Cartersville, Eastside, Macon, Macon North, Augusta, McDuffie and Piedmont Medical Care Corporation on a claims-made basis. In addition, AMIC SPC insures all the above PHC affiliates as well as Piedmont Heart Institute

(Continued)

Physicians, Inc. for general liability on an occurrence basis. The insurance limits between PHC and AMIC SPC are as follows:

- $5,000,000 per occurrence and $20,000,000 annual aggregate limit for coverage effective May 1, 2003 through April 30, 2005
- $5,000,000 per occurrence and $19,000,000 annual aggregate limit for coverage effective May 1, 2005 through April 30, 2014
- $5,000,000 per occurrence and $20,000,000 annual aggregate limit for coverage effective May 1, 2014 through April 30, 2016
- $5,000,000 per occurrence and $21,000,000 annual aggregate limit for coverage effective May 1, 2016 through April 30, 2017
- $5,000,000 per occurrence and $25,000,000 annual aggregate limit for coverage effective May 1, 2017 through April 30, 2018
- $5,000,000 per occurrence and $31,000,000 annual aggregate limit for coverage effective May 1, 2018 through April 30, 2019
- $7,000,000 per occurrence and $42,000,000 annual aggregate limit for coverage effective May 1, 2019 through April 30, 2021
- $10,000,000 per occurrence and $65,000,000 annual aggregate limit for coverage effective May 1, 2021 through December 31, 2022. Beginning January 1, 2023, the per occurrence limit remained at $10,000,000 with an increased annual aggregate limit of $84,000,000 due to the addition of the Augusta and McDuffie entities.
- $10,000,000 per occurrence and $84,000,000 annual aggregate limit for coverage effective May 1, 2023 through April 30, 2024.
- $10,000,000 per occurrence and $94,000,000 annual aggregate limit for coverage effective May 1, 2024 through April 30, 2025.
- $10,000,000 per occurrence and $120,000,000 annual aggregate limit for coverage effective May 1, 2025 through April 30, 2026.

As discussed in note 1, AMIC merged into WWI effective May 1, 2023 to and WWI was renamed Amster McRae Insurance Company SPC (AMIC SPC). Prior to the merger, AMIC provided commercial general liability coverage on an occurrence basis to the above facilities as well as PHIP, ARPS, ARSS, CRMG, PAC and PAMG. The per occurrence general liability limit provided by AMIC was reduced from $5,000,000 to $2,000,000 on May 1, 2011. On May 1, 2024, the per occurrence general liability limit provided by AMIC SPC was increased to $5,000,000.

At the time of PHC's acquisition of the Former HCA Entities, liability for malpractice claims related to care provided prior to the acquisition was maintained by the seller, whether such claim was asserted before or after acquisition. Effective August 1, 2021, the Former HCA Entities were included in AMIC's coverage of PHC as noted above. AMIC coverage of the Former HCA Entities applies to care occurring on August 1, 2021 through April 30, 2023, and AMIC SPC coverage applies to care occurring on or after May 1, 2023.

WWI provided professional and general liability coverage for the Augusta Entities, excluding UEC. WWI provides prior acts professional liability coverage for claims incurred but not reported from January 1, 1992 through July 1, 2002 and for claims incurred and reported from July 1, 2002 through April 30, 2023.

WWI insured the Augusta Entities for professional and general liabilities until April 30, 2023 under a $20,000,000 policy on a claims-made basis. WWI was directly responsible for up to $5,000,000 per claim with a policy aggregate of $10,000,000. The $20,000,000 excess coverage was ceded in two tiers of $10,000,000 each to “A” rated outside insurance providers with WWI remaining liable for $150,000 each and every claim in the excess layer.

WWI insured UEC with a separate claims-made policy for $2,000,000 per claim with a $4,000,000 annual aggregate, retroactive to January 1, 1992 for professional and general liability claims until December 31, 2022. Beginning September 9, 2022, WWI further provided an excess layer of coverage above the primary limits noted above for UEC of $3,000,000 per claim with a $3,000,000 annual aggregate. Effective January 1, 2023, AMIC began insuring UEC at the same levels. Effective May 1, 2023, coverage for UEC was transferred to AMIC SPC. In 2016, all of the professional exposure for the full time employed physicians was placed with a commercial carrier without any self-insured liability retained by the Augusta Entities.

AMIC SPC is consolidated by PHC. PHC records the reported and estimated incurred-but-not-reported liability based on an actuarial study at June 30, 2025 and 2024. As of June 30, 2025, and 2024, the liability totaled approximately $262,332,000 and $200,683,000, respectively, and is recorded as self-insurance reserves in the accompanying consolidated balance sheets. Commercial insurance has been obtained on a claims-made (professional liability) and on an-occurrence (general liability) basis to provide for excess coverage.

(b) Other Self-Insurance Programs

PHC self-insures a portion of its workers’ compensation liability exposure, up to $500,000 per claim. Reserves for the self-insurance program are established to provide for estimated claims losses and applicable legal expenses for any claims incurred, both reported and unreported, and are recorded in the accompanying consolidated financial statements. PHC recorded the reported and estimated incurred-but-not-reported liability for its claims at June 30, 2025 and 2024, which totaled approximately $13,747,000 and $12,731,000, respectively. Commercial insurance has been obtained on an-occurrence basis to provide for excess coverage.

WWI provided coverage for workers’ compensation claims for all Georgia based employees of the Augusta Entities for up to $500,000 per claim with a $2,000,000 aggregate. All South Carolina based employees of the Augusta Entities are covered by a commercial policy. As of January 1, 2023, all Georgia workers’ compensation claims for PHC, including Augusta entities are managed on a self-insured basis with commercial coverage for all employees working outside of Georgia. Further, excess insurance coverage for all workers’ compensation claims is provided by commercial carriers. Workers Compensation claims previously covered by WWI were returned to PHC for management consistent with all others. Reserved funds associated with those claims were returned to PHC as well.

The workers’ compensation self-insurance reserves included in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through

June 30, 2025 and 2024. PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims.

PHC is self-insured for employee health benefits for its subsidiaries with reinsurance for high dollar claims. At June 30, 2025 and 2024, PHC recorded $34,912,000 and $31,443,000, respectively, as an estimated liability for health benefit claims within the current portion of self-insurance reserves line item in the accompanying consolidated balance sheets.

The employee health benefits self-insurance reserves in the accompanying consolidated balance sheets include estimates of the ultimate costs for claims incurred but not reported through June 30, 2025 and 2024, applicable to the employee health benefits self-insurance plans. PHC has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued employee health benefits losses have not been discounted due to the short-term nature of the payout of these liabilities.

In the opinion of management, adequate provision has been made for losses that may occur from the asserted and unasserted claims for all self-insurance programs.

(c) Leases

PHC is obligated under finance leases covering real estate and IT equipment that expires at various dates during the next six years.

PHC also has several non-cancellable operating leases, primarily for medical and office equipment, warehousing, and office space that expire over the next five years. These leases generally contain renewal options for periods ranging from two to five years. Because PHC is not reasonably certain to exercise these renewal options, the options are generally not considered in determining the lease term, and associated potential option payments are excluded from lease payments. PHC's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of PHC's leases, variable payments. For PHC's medical equipment leases, variable payments include those for personal property tax. For office space leases that include variable payments, those include payments for PHC's proportionate share of the building's property taxes, insurance, and common area maintenance.

The components of lease cost for the years ended June 30, 2025 and 2024 were as follows (in thousands):

	Year ended June 30	
	2025	**2024**
Operating lease cost	$ 102,509	91,328
Finance lease cost:		
Amortization of right of use assets	1,998	2,286
Interest on lease liabilities	455	502
Total finance lease cost	2,453	2,788
Variable lease cost	838	677
Short-term lease cost	3,619	3,046
Total lease cost	$ 109,419	97,839

Supplemental cash flow information and weighted average remaining lease term and discount rate related to leases for the years ended June 30, 2025 and 2024 is as follows (in thousands):

	Year ended June 30	
	2025	**2024**
Other information:		
Operating cash flows from operating leases	$ 95,520	90,683
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	133,393	114,315
Weighted average remaining lease term – operating lease	9.9 years	8.9 years
Weighted average discount rate – operating leases	3.3 %	2.7 %

(Continued)

Amounts reported in the consolidated balance sheets as of June 30, 2025 and 2024 were as follows (in thousands):

		June 30	
		2025	2024
Operating leases:			
Operating lease ROU assets	$	470,732	395,076
Operating lease liabilities	$	458,356	341,899
Accounts payable and accrued expenses		74,257	76,868
Total operating lease liabilities	$	532,613	418,767
Finance leases:			
Equipment	$	28,455	29,147
Accumulated amortization		(7,528)	(9,978)
Property, plant, and equipment, net	$	20,927	19,169
Current installments of obligations under finance leases	$	809	947
Long-term portion of obligations under finance leases		6,864	8,066
Total finance lease liabilities	$	7,673	9,013

Maturities of lease liabilities under noncancellable leases are as follows (in thousands):

		Operating leases	Finance leases
Year ending June 30,			
2026	$	65,862	1,635
2027		62,122	1,653
2028		66,559	1,590
2029		62,967	1,628
2030		58,105	1,538
Thereafter		332,107	1,707
Total undiscounted lease payments		647,722	9,751
Less imputed interest		(115,109)	(2,078)
Total lease liabilities	$	532,613	7,673

(d) Litigation and Other Commitment and Contingencies

PHC is involved in litigation arising in the ordinary course of business. Liabilities for loss contingencies arising in the ordinary course of business are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss

contingencies are expensed as incurred. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on PHC's future financial position or results of operations.

For the past 17 years, The Medical Center Authority had been involved in a long-standing property tax dispute over certain real estate it owns and leases. The Columbus Consolidated Government had argued that the property in question is subject to ad valorem real estate property tax and was pursuing collection of billed property taxes for the years 2005 through 2021. PHC had indemnified the TMC Authority for such property taxes; therefore, PHC could have had exposure to loss related to the dispute. After an initial court ruling holding in favor of the TMC Authority that the property is exempt from ad valorem property tax, the Columbus Consolidated Government pursued multiple levels of appeal over the course of nine years. On June 11, 2024, the Georgia Supreme Court denied the Columbus Consolidated Government's petition for certiorari, and thus the litigation has concluded in favor of the TMC Authority.

(15) Functional Expenses

PHC provides general healthcare services to residents within its geographic location. Expenses related to providing these services on a functional basis for the years ended June 30 are as follows (in thousands):

	2025		2024	
	Healthcare	Admin	Healthcare	Admin
Salaries and benefits	$ 3,370,675	592,069	3,240,135	295,355
Supplies and other expenses	2,923,060	513,444	2,753,121	250,961
Interest	58,909	10,347	66,082	6,024
Depreciation and amortization	265,636	46,660	258,264	23,542
	$ 6,618,280	1,162,520	6,317,602	575,882

The consolidated financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages and benefits, supplies and other expenses, and depreciation and amortization, which include allocations on the basis of estimates of time and effort.

(16) Fair Value of Financial Instruments

PHC applies ASC 820, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of the PHC's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market investments, fixed income and equity instruments, and interest rate swap agreements. The three levels of the fair value hierarchy defined by ASC 820 and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that PHC has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on pricing inputs that are either directly observable or that can be derived or supported from observable data as of the reporting date. Level 2 inputs may include quoted prices for similar assets or liabilities in nonactive markets or pricing models whose inputs are observable for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value of financial assets and financial liabilities

(Continued)

measured at fair value on a recurring basis was determined using the following inputs at June 30, 2025 (in thousands):

Assets		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$	2,891,343	—	—	2,891,343
Investments and assets limited as to use:					
Cash and short-term investments		14,623	—	—	14,623
Fixed-income securities		548,839	—	—	548,839
Corporate stocks		72,290	—	—	72,290
Mutual funds		865,801	—	—	865,801
Total investments and assets limited as to use at fair value		1,501,553	—	—	1,501,553
Self-insurance investments:					
Cash and short-term investments		33,452	—	—	33,452
Corporate obligations		—	21,387	—	21,387
Fixed-income government obligations		—	93,656	—	93,656
Equity mutual funds		91,339	—	—	91,339
Total self-insurance investments		124,791	115,043	—	239,834
Beneficial interest in perpetual trust		—	—	10,334	10,334
Total assets at fair value	$	4,517,687	115,043	10,334	4,643,064
Investments and assets limited as to use measured at NAV as a practical expedient					890,339
					5,533,403
Liabilities					
Interest rate swaps	$	—	5,590	—	5,590

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value of financial assets and financial liabilities

(Continued)

measured at fair value on a recurring basis was determined using the following inputs at June 30, 2024 (in thousands):

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,297,942	—	—	2,297,942
Investments and assets limited as to use:				
Cash and short-term investments	91,611	—	—	91,611
Fixed-income securities	440,435	—	—	440,435
Corporate stocks	98,815	—	—	98,815
Mutual funds	807,872	—	—	807,872
Total investments and assets limited as to use at fair value	1,438,733	—	—	1,438,733
Self-insurance investments:				
Cash and short-term investments	31,525	—	—	31,525
Corporate obligations	—	17,031	—	17,031
Fixed-income government obligations	—	85,369	—	85,369
Equity mutual funds	79,715	—		79,715
Total self-insurance investments	111,240	102,400	—	213,640
Beneficial interest in perpetual trust	—	—	9,686	9,686
Total assets at fair value	$ 3,847,915	102,400	9,686	3,960,001
Investments and assets limited as to use measured at NAV as a practical expedient				685,241
				4,645,242
Liabilities				
Interest rate swaps	$ —	4,685	—	4,685

Investments and assets limited as to use at June 30, 2025 and 2024 were in domestic investments unless otherwise noted.

(Continued)

The fair values of the securities included in Level 1 were determined through unadjusted quoted market prices. The fair value of Level 2 and 3 financial assets and liabilities were determined as follows:

Corporate obligations, government obligations, foreign securities and mortgage-backed securities – These Level 2 investments were determined through evaluated bid prices provided by third-party pricing services where quoted market values are not available. There is no significant subjectivity in the fair value estimate due to changes in the unobservable inputs.

Beneficial interest in perpetual trust – The fair values of these related financial assets were determined from the fair value of the underlying assets contributed to the trusts. Based on the nature of the underlying assets, there is no significant subjectivity in the fair value estimate due to changes in the unobservable inputs.

Interest rate swaps – The fair values of these financial liabilities interest rate swaps were determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved. The analysis reflects contractual terms of the interest rate swaps and uses observable market-based inputs, such as discount rates interpolated based on relevant swap curves. In addition, credit valuation adjustments are included to reflect nonperformance risk. PHC pays fixed rates ranging from 3.17% to 4.84% and receives cash flows based on 67.00% of one month LIBOR.

Change in beneficial interest in perpetual trust is included within net assets with donor restrictions in the accompanying consolidated statements of changes in net assets.

The carrying values of patient accounts receivable, pledges receivable, and accounts payable, and accrued expenses are reasonable estimates of their fair values due to the short-term nature of these financial instruments.

(17) Availability of Resources and Liquidity

PHC has approximately $3,916,578,000 and $3,266,001,000 of financial assets at June 30, 2025 and 2024, respectively, available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents of approximately $2,891,343,000 and $2,297,942,000, and patient accounts receivable, net of approximately $1,025,235,000 and $968,059,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Patient accounts receivable is expected to be collected within one year. PHC has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 45 days of normal operating expenses, which are, on average, approximately $920,940,000 and $821,072,000 at June 30, 2025 and 2024, respectively. PHC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, PHC invests cash in excess of daily requirements in various short-term investments, including certificate of deposits and short-term treasury instruments.