Trinity Health, one of the largest faith-based health care organizations in the nation, reports significant improvements in operations during fiscal year 2024, with operating cash flow before other items of $1.2 billion, a 47.9% growth over the prior fiscal year

Summary Highlights for the Fiscal Year Ended June 30, 2024:

- Operating cash flow before other items of $1.2 billion, or 5.2 percent operating cash flow margin before other items; compared to operating cash flow before other items of $832.7 million or 3.9 percent operating cash flow margin before other items for the year ended June 30, 2023,
- Operating income before other items of $66.0 million, or 0.3 percent operating margin before other items; compared to operating loss before other items of $288.0 million or (1.3) percent operating margin before other items for the year ended June 30, 2023,
- Excess of revenue over expenses of $475.5 million, or net margin of 1.9 percent, compared to excess of revenue over expenses of $959.7 million, or net margin of 4.2 percent, for the year ended June 30, 2023,
- Operating revenue growth of 10.5 percent to $23.9 billion compared to fiscal year 2023, including the impact of the Acquisitions and net of the SFMC divestiture (as defined below),
- Total assets of $33.2 billion and net assets of $18.9 billion,
- Unrestricted cash and investments of $14.9 billion; days cash on hand of 238 days compared to 178 days for the year ended June 30, 2023,
- Historical debt service coverage ratio of 3.4x compared to 1.1x required.

Information for the Fiscal Year Ended June 30, 2024:

Trinity Health reported significant improvements in operating performance, with operating income before other items of $66.0 million (operating margin before other items of 0.3 percent) for the year ended June 30, 2024. Operating income before other items grew $354 million compared to operating losses before other items of $288.0 million (operating margin before other items of [1.3] percent) for the year ended June 30, 2023. During the fiscal year-ended June 30, 2024, operating cash flow before other items of $1.2 billion (operating cash flow margin before other items of 5.2 percent) grew $398.9 million, or 47.9%, from the prior fiscal year ended June 30, 2023. Improvements were attained in payment rates, same facility patient care volume growth and several revenue and cost management initiatives that improved operations. These improvements were partially offset by unfavorable service and payer mix shifts.

Trinity Health focused on several actions during fiscal year 2024 to improve operations that continue into fiscal year 2025. The Corporation is focused on clinical service line optimization and access; continued focus on the alignment of operating costs (both labor and non-labor) with revenue; labor stabilization through expansion of its FirstChoice internal staffing agency, recruitment efforts and clinical prioritization; optimization of revenue realization utilizing a multifaceted payer strategy to address a challenging payer environment and obtain fair payment rate increases; and capital prioritization and reallocation of resources to focus on investments supporting attainment of mission-critical initiatives. To address labor shortages, the Corporation launched an innovative, virtual connected care delivery model using a 3-person team with on-site and virtual nursing named “TogetherTeam Virtual Connected Care” that is being implemented system-wide and is already active in 24 hospitals and 62 nursing units, with additional sites slated to go live in fiscal year 2025. From these actions, the Corporation is experiencing improvements in patient and employee safety, access to care, employee retention and patient satisfaction that helped to improve results of operations.

Trinity Health reported growth in operating revenue of 10.5 percent or $2.3 billion to $23.9 billion in the year ended June 30, 2024 compared to the prior fiscal year. Revenue growth was driven by the acquisitions of MercyOne in Iowa on September 1, 2022, North Ottawa Community Health System ("Grand Haven") in Michigan on October 1, 2022, and Genesis Health System in Iowa and Illinois on March 1, 2023, (collectively the "Acquisitions") which accounted for $1.1 billion of the annual increase. This increase was partially offset by the divestiture of St. Francis Medical Center ("SFMC") on December 22, 2022, that reduced operating revenue by $63.9 million compared to the prior year. Excluding the Acquisitions and divestiture of SFMC, operating revenue increased $1.2 billion or 6.2 percent over the prior fiscal year. Net patient service revenue grew $2.0 billion, or 11.0 percent, and $1.1 billion or 6.5 percent excluding the Acquisitions and divestiture of SFMC. Same facility net patient service revenue was positively impacted by improvements in payment rates (inclusive of $216.3 million in new Medicaid provider tax funding in Iowa and Medicaid provider tax rate changes in Michigan, and a $102.8 million 340B remedy lump sum settlement received from CMS under the November 8, 2023 Final Rule), same facility patient volumes and case mix. On a same facility basis, volumes as measured by case mix adjusted equivalent discharges ("CMAEDs") increased 0.2 percent during the year ended June 30, 2024 compared to the prior fiscal year. Excluding the 340B settlement and the Iowa and Michigan Medicaid provider tax program changes, on a same ministry basis, net patient service revenue increased $793.6 million or 4.6 percent.

Other revenue increased $105.2 million, or 6.1 percent, compared to the prior fiscal year on a same facility basis, primarily driven by $94.4 million of pharmacy revenue, equity in earnings of unconsolidated affiliates and gainshare revenue. These increases were partially offset by decreased grant revenue. In addition, premium and capitation revenue increased $12.9 million, primarily within the Corporation's health plans and PACE programs.

Operating expenses increased $1.9 billion to $23.8 billion, or 8.8 percent, for the year ended June 30, 2024 compared to the prior fiscal year, with the Acquisitions accounting for $970.6 million of the annual increase. Excluding the impact of the Acquisitions and divestiture of SFMC (which reduced expenses by $75.8 million year over year), operating expenses for the year ended June 30, 2024, increased $1.0 billion, or 5.1 percent. Total operating costs per case (as measured by CMAEDs and excluding the Iowa and Michigan Medicaid provider tax program changes) increased 3.6 percent compared to the prior year as the Corporation continues to tightly manage operating costs amid inflation. On a same facility basis, salaries and wages rose $558.2 million, or 6.2 percent, inclusive of a 3.8 percent increase in salary rates and a 2.3 percent increase in FTEs, as the Corporation continues to implement initiatives to address industry wide staffing shortages and wage inflation. Same facility fiscal year 2024 salary rate increases include a $65 million one-time compensation award program. Same facility employee benefit costs increased $110.9 million or 6.6 percent, including a $49.5 million or 9.2 percent increase in employee health plan costs. Supply costs increased $236.4 million, or 6.6 percent, on a same facility basis compared to the prior fiscal year, driven by rate increases primarily related to drugs, implants, and retail pharmacy. Same facility supplies as a percent of net patient service revenue, excluding the 340B remedy settlement and the Iowa and Michigan Medicaid provider tax changes, increased 0.2 percent from prior year. Same facility increases were also reported in purchased services and medical claims, other expenses, which includes $83.5 million of increased provider tax expense related to the Iowa and Michigan Medicaid provider tax changes, interest, depreciation and amortization, and occupancy. The Corporation continues to use strong cost controls over contract labor and other operational spending. Labor stabilization is occurring with investments in its FirstChoice internal staffing agency and TogetherTeam Virtual Connected Care model. On a same facility basis, contract labor costs decreased $81.4 million or 25.5 percent for the year ended June 30, 2024.

For fiscal year 2024, other items consisted of $134.4 million of non-cash asset impairment charges primarily related to property and equipment, operating leases, and other assets.

The Corporation reported non-operating income of $614.1 million for the year ended June 30, 2024 compared to $1.5 billion for the year ended June 30, 2023.The Corporation held a 50.4 percent interest in BayCare Health System Inc. and Affiliates (“BayCare”) and accounted for BayCare under the equity method of accounting. The Corporation disaffiliated as a corporate member on June 27, 2024. Because the equity method investment recorded on the consolidated balance sheet exceeded the agreed upon $4.0 billion transfer of cash from BayCare to the Corporation, a $754.0 million decrease was recorded in nonoperating items equity in earnings of unconsolidated affiliates and other loss in the statement of operations. This was the driver of the $732.1 million decrease year over year in equity in earnings of unconsolidated affiliates and other loss. Fiscal year 2023 inherent contributions of $483.5 million, mostly related to the acquisition of Genesis Health System, also contributed to the decrease in nonoperating items over the prior fiscal year. These decreases were partially offset by investment earnings of $980.0 million or 10.5 percent in fiscal year 2024, compared to earnings of $715.6 million or 8.3 percent during the previous fiscal year, an increase of $264.4 million. Excess of revenue over expenses of $475.5 million, or net margin of 1.9 percent, for the year ended June 30, 2024 compared to excess of revenue over expenses of $959.7 million, or net margin of 4.2 percent, for the year ended June 30, 2023.

The Corporation’s balance sheet remains strong and was favorably impacted by the receipt of $4.0 billion in cash related to the BayCare disaffiliation. As of June 30, 2024, unrestricted cash and investments increased to $14.9 billion, up $4.7 billion from June 30, 2023. Days cash increased 60 days since June 30, 2023 to 238 days, including the impacts of the BayCare disaffiliation and to a lesser extent investment earnings and cash from operations. The increases were partially offset by capital expenditures. Net days in accounts receivable increased by 1.7 days to 47.0 days from June 30, 2023 to June 30, 2024 with lingering impacts from the Change Healthcare cyber event that disrupted the Corporation’s billing and collection of patient accounts receivable during the third and fourth quarters of fiscal year 2024.

Discussion and Analysis of Financial Condition and Results of Operations for Trinity Health

June 30, 2024

Introduction to Management's Discussion & Analysis

Trinity Health Corporation, an Indiana nonprofit corporation headquartered in Livonia, Michigan, and its subsidiaries ("Trinity Health" or the "Corporation"), controls one of the largest health care systems in the United States.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The Corporation considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net patient service revenue, which includes explicit and implicit price concessions; recorded values of investments and derivatives; evaluation of long-lived assets and goodwill for impairment; reserves for losses and expenses related to health care professional, general, and health plan liabilities; and risks and assumptions for measurement of pension and retiree health liabilities. Management relies on historical experience and other assumptions, believed to be reasonable under the circumstances, in making its judgments and estimates. Actual results could differ materially from those estimates.

The Corporation uses operating cash flow as a measure of performance. The Corporation believes aggregate operating cash flow is important because it provides additional information about the Corporation's ability to incur and service debt and make capital contributions. Operating cash flow consists of operating income before depreciation and amortization, asset impairment charges, and interest expense. Operating cash flow is not a measurement of financial performance or liquidity under generally accepted accounting principles. It should not be considered in isolation or as a substitute for revenue over expenses, operating income, cash flows from operating activities or financing activities, or any other measure calculated in accordance with generally accepted accounting principles. The items excluded from operating cash flow are significant components in understanding and evaluating financial performance.

Certain statements constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "predict," "estimate," "anticipate," "forecast" or similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties, and other factors, many of which the Corporation is unable to predict or control, that may cause actual results, performance, or achievements to be materially different from those expressed or implied by forward-looking statements.

Economic Impacts and Industry Trends

Change Healthcare Cyberattack Incident – Change Healthcare, a major clearinghouse for medical claims, experienced a cyberattack in February 2024. The attack did not directly impact the Corporation's systems, but like other major health care systems, the event greatly disrupted the billing and collection of patients accounts receivable and impacted the Corporation's balance sheet during the third and fourth quarters of fiscal year 2024. Starting in March 2024, the Corporation temporarily expanded its general-purpose credit facility by $200 million and executed draws totaling $800 million that were fully repaid as of June 30, 2024. Further, $201 million of accelerated payments received from the Centers for Medicare & Medicaid Services ("CMS") were fully recouped as of June 30, 2024.

Days in accounts receivable increased 1.7 days to 47.0 days as of June 30, 2024 compared to the same period in the prior year but decreased 9 days compared to the third quarter of fiscal year 2024.

Patient Behavior Trends – Lingering effects of the global COVID-19 pandemic continued to impact the U.S. health care industry and the financial condition, results of operations and cash flows of the Corporation during fiscal year 2024, although to a much lesser extent than fiscal year 2023. Pandemic driven patient behavior includes a shift from inpatient care to ambulatory, home health, PACE, urgent care, specialty pharmacy and digital telehealth care.

Labor and Inflationary Trends – The Corporation's service mix, revenue mix and patient volumes still endure negative impacts from broad economic factors spurred by the COVID-19 pandemic, such as reduced consumer spending, continued inflated costs of labor and supplies, and the on-going nationwide shortage of nursing and clinical staff exacerbated by the pandemic. The Corporation's response to these ongoing economic factors continues to require increased labor rates and use of contract labor staff. However, on a same facility basis contract labor costs declined 25.5 percent during fiscal year 2024 compared to the prior fiscal year.

Strategies and Response – The Corporation continued to take various actions utilizing the execution framework "Run, Evolve and Transform" in fiscal year 2024 to mitigate the impact on operations from negative ongoing economic factors.

The Corporation is focused on clinical service line optimization and access, revenue growth and diversification opportunities, labor retention, recruitment, and stabilization, including utilization of its FirstChoice internal staffing agency to augment labor stabilization, new care delivery models, and continued cost reduction plans to mitigate the challenged economic and industry environment. The Corporation continues to focus on optimization of revenue realization and utilizes a multifaceted payer strategy to address a challenging payer environment in the health care industry and obtain fair payment rate increases. To address labor shortages, the Corporation also launched an innovative care delivery model using a 3-person team with on-site and virtual nursing named "TogetherTeam Virtual Connected Care" that is being implemented system-wide and is already active in 24 hospitals and 62 nursing units, with additional sites slated to go live in fiscal year 2025. From these actions, the Corporation is experiencing improvements in patient and employee safety, access to care, employee retention and patient satisfaction that are helping to improve results of operations.

Integration of various fiscal year 2023 acquisitions remained a focus with improvement initiatives to achieve common platforms, efficiencies, and to leverage the system resources of the Corporation. Furthermore, the Corporation continues to control capital and reallocate resources to support its operations and clinicians and remains focused on investments supporting attainment of mission-critical initiatives. Actions taken have restored the Corporation's historical debt service coverage ratio to 3.4 compared to the 1.1 minimum threshold required for the twelve-month period ended June 30, 2024.

Acquisitions and Divestitures

The Corporation continually evaluates potential opportunities for strategic growth as part of the overall strategic plan. In addition to pursuing growth through strategic capital investment and organically, at our ministries, the Corporation's approach to strategic growth includes pursuing prudent mergers, acquisitions, joint ventures, and portfolio management transactions. As further described in Note 3 to the audited financial statements, the following material transactions were undertaken.

MercyOne & Mercy Health Network – On September 1, 2022, the Corporation completed a transaction with CommonSpirit Health ("CSH") through which the Corporation acquired CSH's 50 percent interest in Mercy Health Network ("MHN") and MHN became the sole corporate member of Catholic Health Initiatives-Iowa, Corp. d/b/a MercyOne Des Moines Medical Center ("MercyOne Des Moines"), a regional health care system located in Des Moines, Iowa. In addition, certain home care, hospice, and home infusion pharmacy operations were acquired from an affiliate of CSH located in the vicinity of Des Moines (collectively the "MercyOne Acquisition").

North Ottawa Community Health System ("Grand Haven") – The Corporation's affiliate, Mercy Health Partners, completed a transaction with Grand Haven under which Mercy Health Partners became the sole member of Grand Haven on October 1, 2022. Grand Haven and its affiliates operate an acute care hospital, urgent care center, long-term care facility and provide hospice services in the communities surrounding Grand Haven, Michigan.

St. Francis Medical Center ("SFMC") – On December 22, 2022, the Corporation, through its subsidiary Maxis Health System, transferred the membership interest of SFMC and certain subsidiaries as well as $14.5 million of cash, and certain inventory and equipment, to Capital Health System, Inc. As a result of this transaction, restructuring costs of $82.3 million were incurred during fiscal year 2023, primarily related to loss on sale, asset retirement obligations and transition benefits for colleagues.

Genesis Health System – On March 1, 2023, the Corporation and its affiliate, MHN, completed a transaction with Genesis Health System, an Iowa nonprofit corporation and Genesis Health System, an Illinois not-for-profit corporation (together "Genesis"), under which MHN became the sole member of each. Genesis and its affiliates operate four acute care hospitals, including two critical access hospitals, convenient care centers, physician practices, a long-term care facility joint venture, an independent living facility for seniors and hospice services in the communities in eastern Iowa and western Illinois.

The acquisitions of MercyOne, Grand Haven, and Genesis, are collectively referred to as the ("Acquisitions").

BayCare Health System – The Corporation held a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation. The Corporation accounted for BayCare under the equity method of accounting. The Corporation and BayCare signed a Definitive Agreement that was effective June 27, 2024. Pursuant to the agreement, the Corporation disaffiliated as a corporate member of BayCare. Because the equity method investment recorded in the consolidated balance sheet exceeded the agreed upon $4.0 billion transfer of cash from BayCare to Trinity Health, as of and for the year ended June 30, 2024, the Corporation recorded a reduction to investments in unconsolidated affiliates in the consolidated balance sheet and a $754.0 million decrease in non-operating items equity in earnings of unconsolidated affiliates and other loss in the consolidated statement of operations and changes in net assets.

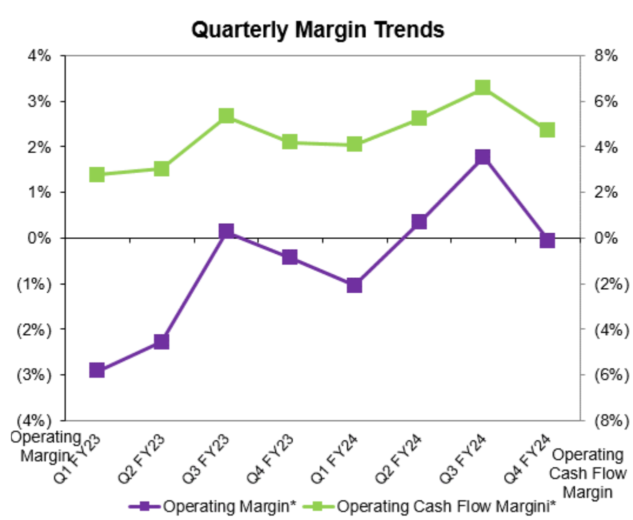
Results from Operations

	For the year ended June 30,			
(dollars in millions)	FY23	FY24	FY23**	FY24**
Operating Income (Loss)*	($288.0)	$66.0	($148.4)	$57.5
Operating Revenue	$21,586.7	$23,856.6	$19,938.2	$21,165.2
Operating Margin*	-1.3%	0.3%	-0.7%	0.3%
Operating Cash Flow Margin*	3.9%	5.2%	4.6%	5.4%

* Before other items
** Excludes Acquisitions and SFMC Divestiture for fiscal years 2024 and 2023

Operating Income (Loss) Before Other Items

Trinity Health reported significant improvements in operating performance with operating income before other items of $66.0 million (operating margin before other items of 0.3 percent) for the year ended June 30, 2024. Operating income before other items grew $354.0 million compared to operating losses before other items of $288.0 million, (operating margin before other items of [1.3] percent) for the year ended June 30, 2023. During the fiscal year-ended June 30, 2024, operating cash flow before other items of $1.2 billion (operating cash flow margin before other items of 5.2 percent) grew $398.9 million, or 47.9 percent from the prior fiscal year ended June 30, 2023. Improvements were achieved in payment rates and same facility patient care volume growth. These improvements were partially offset by unfavorable service and payer mix shifts. In addition, there were several revenue and cost management initiatives that improved operations as described above in "*Economic Impacts and Industry Trends – Strategies and Response*" and subsequently in "*Revenue.*" Quarterly margins continue to show improvement and positive trajectory as illustrated in the chart below.



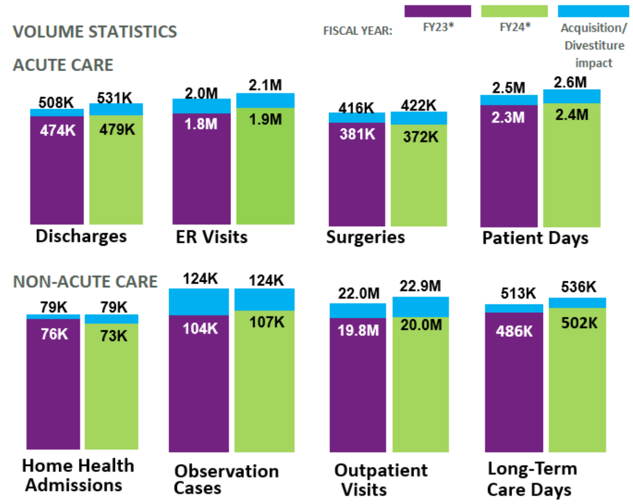
* Before other items

On a same facility basis, volumes as measured by case mix adjusted equivalent discharges ("CMAEDs") increased 0.2 percent, during the year ended June 30, 2024 compared to the prior fiscal year.

Revenue

Total operating revenue of $23.9 billion increased $2.3 billion, or 10.5 percent, for the year ended June 30, 2024 compared to the prior fiscal year. Revenue growth was driven by the Acquisitions, which accounted for $1.1 billion of the annual increase, and same facility net patient service revenue growth. These increases were partially offset by the divestiture of SFMC that reduced operating revenue by $63.9 million compared to prior year. Excluding the Acquisitions and divestiture of SFMC, on a same facility basis, operating revenue increased $1.2 billion or 6.2 percent over the prior fiscal year. Net patient service revenue grew $2.0 billion, or 11.0 percent, and $1.1 billion or 6.5 percent excluding the Acquisitions and divestiture of SFMC. Same facility net patient service revenue was positively impacted by improvements in payment rates (inclusive of $216.3 million for new Medicaid provider tax funding in Iowa and Medicaid provider tax rate changes in Michigan and a $102.8 million 340B remedy lump sum settlement received from CMS), same facility patient care volumes, and case mix. Excluding the 340B settlement and the Iowa and Michigan Medicaid provider tax program changes, on a same ministry basis, net patient service revenue increased $793.6 million or 4.6 percent.

Same ministry other revenue increased $105.2 million, or 6.1 percent, compared to the prior fiscal year, primarily driven by $94.4 million of pharmacy revenue, equity in earnings of unconsolidated affiliates and gainshare revenue. These increases were partially offset by decreased grant revenue. Same ministry premium and capitation revenue increased $12.9 million primarily within the Corporation's health plans and PACE programs. The majority of the Corporation's revenue is comprised of outpatient and other non-patient revenue, and the Corporation continues to diversify its business segments to gain better position for balanced performance when individual segments are challenged.



*Excluding the impact of the Acquisitions and the divestiture of SFMC

Expenses

Total operating expenses increased $1.9 billion to $23.8 billion or 8.8 percent, for the year ended June 30, 2024 compared to the same period in the prior fiscal year, with the Acquisitions accounting for $970.6 million of the annual increase. Excluding the impact of the Acquisitions and divestiture of SFMC (which reduced expenses by $75.8 million compared to prior year), on a same facility basis, operating expenses for the year ended June 30, 2024 increased $1.0 billion, or 5.1 percent. Total operating costs per case (as measured by CMAEDs and excluding the Iowa and Michigan Medicaid provider tax program changes) increased 3.6 percent compared to the prior year as the Corporation continues to tightly manage operating costs amid rising inflation. On a same facility basis, salaries and wages rose $558.2 million, or 6.2 percent, with a 3.8 percent increase in salary rates and a 2.3 percent increase in FTEs, as the Corporation continues to implement initiatives to address industry wide staffing shortages and wage inflation. Same facility salary rate increases include a $65.4 million one-time compensation award program in fiscal year 2024, and a $73.0 million reduction in executive compensation in fiscal year 2023. Same facility employee benefit costs increased $110.9 million or 6.6 percent, primarily driven by a $49.5 million or 9.2 percent increase in employee health plan costs.

Supply costs increased $236.4 million, or 6.6 percent, on a same facility basis compared to the prior fiscal year, driven by rate increases primarily related to drugs, implants, and retail pharmacy. Supplies as a percent of net patient service revenue, excluding the 340B remedy settlement and the Iowa and Michigan Medicaid provider tax program changes, increased 0.2 percent from prior year. Same facility increases were also reported in other expenses, which includes $83.5 million of increased provider tax expense related to the Iowa and Michigan Medicaid provider tax program changes, purchased services and medical claims, interest, depreciation and amortization and occupancy.

The Corporation continues to use strong cost controls over contract labor and other operational spending. Labor stabilization is occurring with investments in its FirstChoice internal staffing agency and TogetherTeam Virtual Connected Care model. On a same ministry basis, contract labor costs decreased $81.4 million or 25.5 percent for the year ended June 30, 2024. Total contract labor costs declined $632.3 million or 67.8 percent for the year ended June 30, 2024 compared to the prior fiscal year. The reduction includes $480.2 million of costs at MercyOne Des Moines, one of the larger components of the MercyOne Acquisition, which included costs for colleagues that were leased from CSH throughout nearly all of fiscal year 2023. Those costs are included in salaries, wages, and employee benefits in fiscal year 2024.

Other Items

For the year ended June 30, 2024, other items consisted of $134.4 million of non-cash asset impairment charges primarily related to property and equipment, operating leases, and other assets.

For the year ended June 30, 2023, other items consisted of a $53.9 million dividend for the spin off and sale of a subsidiary held in which the Corporation owns a 6% interest that is accounted for under the cost method and an $8.0 million gain for the final settlement from the fiscal year 2022 sale of Gateway Health Plan, L.P., and Subsidiaries. These items were offset by $40.0 million of restructuring costs because of actions taken to reduce administrative costs, $82.3 million of restructuring costs related to the divestiture of SFMC, and $83.3 million of non-cash asset impairment charges primarily related to property and equipment, equity method investments in unconsolidated affiliates and other.

Including other items, operating losses totaled $68.4 million, or an operating margin of (0.3) percent for the year ended June 30, 2024 compared to operating losses of $431.7 million, or an operating margin of (2.0) percent for the year ended June 30, 2023.

Nonoperating Items

The Corporation reported non-operating income of $614.1 million for the year ended June 30, 2024 compared to $1.5 billion for the year ended June 30, 2023. The decrease is primarily driven by the $732.1 million year over year decrease in equity in earnings of unconsolidated affiliates and other loss which includes a $754.0 million decrease from the disaffiliation of BayCare. Fiscal year 2023 inherent contributions of $483.5 million, mostly related to the Genesis acquisition, also contributed to the year over year decrease in nonoperating items. These decreases were partially offset by investment earnings of $980.0 million, or 10.5 percent for fiscal year 2024 compared to earnings of $715.6 million or 8.3 percent in the previous fiscal year, an increase of $264.4 million. In addition, net periodic retirement cost offsets the decreases to nonoperating items with an improvement of $114.4 million, driven by an $88.4 million plan termination settlement recorded in fiscal year 2023.

Excess of Revenue over Expenses

Excess of revenue over expenses for the year ended June 30, 2024 of $475.5 million (net margin of 1.9 percent) compared to excess of revenue over expenses of $959.7 million (net margin of 4.2 percent) for the year ended June 30, 2023. The decrease, while it included improvements in operations of $363.3 million and a $264.4 million increase in investment earnings, was driven by the $754.0 million BayCare disaffiliation loss and reductions in fiscal year 2023 inherent contributions of $483.5 million.

Balance Sheet

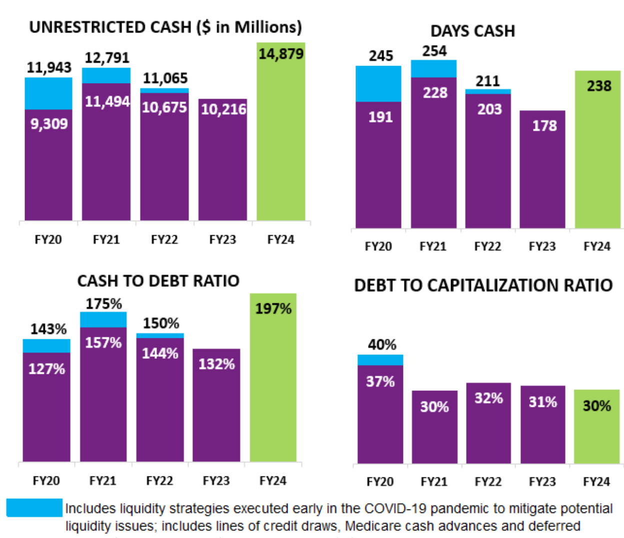
The Corporation's balance sheet remains strong with significant favorable impacts on key metrics due to the receipt of $4.0 billion in cash related to the BayCare disaffiliation, recorded in assets limited as to use by Board, noncurrent portion that was offset by a $4.4 billion reduction to investments in unconsolidated affiliates. The Corporation reported total assets of $33.2 billion as of June 30, 2024, which increased $963.2 million, or 3.0 percent compared to June 30, 2023. The growth includes a $326.9 million increase in patient accounts receivable, with $120 million of the increase attributed to billing delays related to Change Healthcare's cyberattack, and the remainder attributed to improved payment rates and increased patient volumes. Estimated receivables from third party payors increased $224.4 million including

$209.8 million related to the Iowa and Michigan Medicaid provider tax program changes.

Unrestricted cash and investments increased to $14.9 billion as of June 30, 2024, up $4.7 billion from June 30, 2023, which includes $4.0 billion of cash from the BayCare disaffiliation. Days cash on hand increased 60 days since June 30, 2023 to 238 days, with a 64 day increase attributed to cash received from the BayCare disaffiliation, and to a lesser extent investment earnings and operations. The increases were partially offset by capital expenditures of $934.4 million and a 14 day increase in expenses per day driven by the Acquisitions. Net days in accounts receivable increased by 1.7 days to 47.0 days from June 30, 2023 to June 30, 2024, with a 2.1 day increase attributed to Change Healthcare related billing backlogs.

Total liabilities of $14.3 billion increased $393.6 million or 2.8 percent compared to June 30, 2023. This increase was primarily due to an increase in accounts payable and accrued expenses of $407.0 million, as the Corporation slowed payments to certain vendors due to the Change Healthcare issue, partially offset by a net decrease in debt of $150.2 million mostly due to principal payments. Debt to capitalization was 30.0 percent as of June 30, 2024 compared to 31.0 percent as of June 30, 2023. Cash to Debt increased from 132 percent to 197 percent from June 30, 2023 to June 30, 2024.

Balance Sheet Metrics



Statement of Cash Flows

Cash, cash equivalents and restricted cash decreased $162.2 million during the year ended June 30, 2024. Operating activities provided $1.0 billion of cash, while investing activities used $984.3 million of cash, including $934.4 million for purchases of property and equipment. Financing activities used $200.5 million of cash, driven by $138.5 million in debt repayments net of debt issued. Related to the Change Healthcare cyber incident, lines of credit draws during March and the fourth quarter of fiscal year 2024 were fully repaid as of June 30, 2024.

TRINITY HEALTH
Liquidity Reporting
June 30, 2024

	($ in millions) (unaudited)	
ASSETS		
Daily Liquidity		
Money Market Funds (Moody's rated Aaa)	$ 4,291	
Checking and Deposit Accounts (at P-1 rated bank)	383	
Repurchase Agreements	-	
U.S. Treasuries & Aaa-rated Agencies	-	
Dedicated Bank Lines	600	
Subtotal Daily Liquidity (Cash & Securities)	$ 5,274	
Undrawn Portion of $600 Million Taxable Commercial Paper Program	500	
Subtotal Daily Liquidity Including Taxable Commercial Paper Program		$ 5,774
Weekly Liquidity		
Exchange Traded Equity	$ 3,438	
Publicly Traded Fixed Income Securities Rated at least Aa3 and Bond Funds	2,302	
Equity Funds	842	
Other	223	
Subtotal Weekly Liquidity		6,805
TOTAL DAILY AND WEEKLY LIQUIDITY		$ 12,579
Longer-Term Liquidity		
Funds, vehicles, investments that allow withdrawals with less than one-month notice	-	
Funds, vehicles, investments that allow withdrawals with one-month notice or longer	3,590	
Total Longer-Term Liquidity		$ 3,590
LIABILITIES (Self-liquidity Variable Rate Demand Bonds & Commercial Paper)		
Weekly Put Bonds		
VRDO Bonds (7-day)		$ 164
Long-Mode Put Bonds		
VRDO Bonds (Commercial Paper Mode)		134
Taxable Commercial Paper Outstanding		100
TOTAL SELF-LIQUIDITY DEBT AND COMMERCIAL PAPER		$ 398
Ratio of Daily and Weekly Liquidity to Self-Liquidity Debt and Commercial Paper		31.61

Trinity Health

Financial Ratios and Statistics (Unaudited)

	June 30, 2024	June 30, 2023
<u>Financial Indicators</u>		
Liquidity Ratios (as of June 30)		
Days Cash on Hand	238	178
Days in Accounts Receivable, Net	47.0	45.3
Leverage Ratios (as of June 30)		
Debt to Capitalization	30%	31%
Cash to Debt	197%	132%
Profitability Ratios (For the year ended June 30)		
Operating Margin before Other Items	0.3%	(1.3%)
Operating Cash Flow Margin before Other Items	5.2%	3.9%
<u>Statistical Indicators (For the year ended June 30)</u>		
Rounded to nearest thousand		
Discharges	531,000	508,000
Patient Days	2,618,000	2,518,000
Outpatient Visits	22,946,000	21,981,000
Emergency Room Visits	2,121,000	2,041,000
Observation Cases	124,000	124,000
<u>Continuing Care</u>		
Home Health Admissions	79,000	79,000
Long-term Care Patient Days	536,000	513,000