Trinity Health

Consolidated Financial Statements as of and for the
years ended June 30, 2024 and 2023,
and Independent Auditor’s Report

TRINITY HEALTH

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Trinity Health Corporation
Livonia, Michigan

Opinion

We have audited the consolidated financial statements of Trinity Health Corporation and its subsidiaries (the "Corporation"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the combined financial statements of BayCare Health System, the Corporation's investment which is accounted for by the use of the equity method. The accompanying consolidated financial statements of the Corporation include its investment in the net assets of BayCare Health System of $4.7 billion as of June 30, 2023, and its equity method income from BayCare Health System of $409.4 million for the year ended June 30, 2023. The combined financial statements of BayCare Health System for the year ended December 31, 2022, were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for BayCare Health System, is based on the reports of the other auditors and the procedures that we considered necessary in the circumstances with respect to the inclusion of the Corporation's equity investment and equity method income in the accompanying consolidated financial statements taking into consideration the differences in fiscal years.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Deloitte + Touche LLP

September 25, 2024

TRINITY HEALTH

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024 AND 2023
(In thousands)

ASSETS	2024	2023
CURRENT ASSETS:		
Cash and cash equivalents	$ 404,959	$ 576,308
Investments	5,822,925	5,266,635
Security lending collateral	330,662	349,985
Assets limited or restricted as to use - current portion	453,062	430,985
Patient accounts receivable	2,802,458	2,475,557
Estimated receivables from third-party payers	523,354	298,946
Other receivables	429,249	422,689
Inventories	408,189	409,193
Prepaid expenses and other current assets	196,842	225,464
Total current assets	11,371,700	10,455,762
ASSETS LIMITED OR RESTRICTED AS TO USE - Noncurrent portion:		
Self-insurance, benefit plans and other	1,157,778	1,052,049
By Board	8,454,359	4,160,166
By donors	629,104	598,003
Total assets limited or restricted as to use - noncurrent portion	10,241,241	5,810,218
PROPERTY AND EQUIPMENT - Net	8,779,673	8,846,497
OPERATING LEASE RIGHT-OF-USE ASSETS	562,739	598,938
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	804,881	5,165,540
GOODWILL	941,054	848,078
PREPAID PENSION AND RETIREE HEALTH ASSETS	204,322	232,725
OTHER ASSETS	337,767	322,449
TOTAL ASSETS	$ 33,243,377	$ 32,280,207

LIABILITIES AND NET ASSETS	2024	2023
CURRENT LIABILITIES:		
Commercial paper	$ 99,086	$ 99,538
Short-term borrowings	599,415	616,335
Current portion of long-term debt	464,535	245,326
Current portion of operating lease liabilities	143,620	150,878
Accounts payable and accrued expenses	1,958,339	1,551,303
Salaries, wages and related liabilities	1,126,666	1,065,904
Payable under security lending agreements	330,662	349,985
Estimated payables to third-party payers	303,743	286,409
Current portion of self-insurance reserves	320,090	303,658
Total current liabilities	5,346,156	4,669,336
LONG-TERM DEBT - Net of current portion	6,405,170	6,757,159
LONG-TERM PORTION OF OPERATING LEASE LIABILITIES	527,765	535,888
SELF-INSURANCE RESERVES - Net of current portion	1,162,330	1,151,235
ACCRUED PENSION AND RETIREE HEALTH COSTS	72,505	88,859
OTHER LONG-TERM LIABILITIES	833,928	751,728
Total liabilities	14,347,854	13,954,205
NET ASSETS:		
Net assets without donor restrictions	17,693,897	17,176,548
Noncontrolling ownership interest in subsidiaries	537,264	493,440
Total net assets without donor restrictions	18,231,161	17,669,988
Net assets with donor restrictions	664,362	656,014
Total net assets	18,895,523	18,326,002
TOTAL LIABILITIES AND NET ASSETS	$ 33,243,377	$ 32,280,207

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023
(In thousands)

	2024	2023
OPERATING REVENUE:		
Net patient service revenue	$ 20,568,260	$ 18,521,694
Premium and capitation revenue	1,117,212	1,112,633
Net assets released from restrictions	36,710	37,404
Other revenue	2,134,454	1,914,987
Total operating revenue	23,856,636	21,586,718
EXPENSES:		
Salaries and wages	10,615,011	9,317,202
Employee benefits	1,999,981	1,742,152
Contract labor	300,776	933,039
Total labor expenses	12,915,768	11,992,393
Supplies	4,343,260	3,915,686
Purchased services and medical claims	3,120,647	2,925,846
Depreciation and amortization	886,524	858,770
Occupancy	899,191	864,120
Interest	279,031	261,911
Other	1,346,181	1,055,952
Total expenses	23,790,602	21,874,678
OPERATING INCOME (LOSS) BEFORE OTHER ITEMS	66,034	(287,960)
Asset impairment charges	(134,427)	(83,261)
Gain on sale and dividend received	-	61,864
Restructuring costs	-	(40,046)
Restructuring costs - transfer of St. Francis Medical Center	-	(82,259)
OPERATING LOSS	(68,393)	(431,662)
NONOPERATING ITEMS:		
Investment earnings	979,982	715,572
Equity in earnings of unconsolidated affiliates and other loss	(310,181)	421,882
Change in market value and cash payments of interest rate swaps	12,869	29,766
Other net periodic retirement cost	(48,649)	(163,024)
Inherent contributions	-	483,510
Other, including income taxes	(19,937)	(18,603)
Total nonoperating items	614,084	1,469,103
EXCESS OF REVENUE OVER EXPENSES	545,691	1,037,441
EXCESS OF REVENUE OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	(70,182)	(77,721)
EXCESS OF REVENUE OVER EXPENSES, NET OF NONCONTROLLING INTEREST	$ 475,509	$ 959,720

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets without donor restrictions attributable to Trinity Health:		
Excess of revenue over expenses	$ 475,509	$ 959,720
Net assets released from restrictions for capital acquisitions	33,537	31,237
Net change in retirement plan related items - consolidated organizations	19,739	338,872
Net change in retirement plan related items - unconsolidated organizations	-	13,567
Purchase of noncontrolling interest in subsidiary	(18,448)	-
Other	7,012	11,885
Increase in net assets without donor restrictions attributable to Trinity Health	517,349	1,355,281
Net assets without donor restrictions attributable to noncontrolling interests:		
Excess of revenue over expenses attributable to noncontrolling interests	70,182	77,721
Noncontrolling interests attributed to acquistions	60,658	-
Dividends, distributions and other	(87,016)	(73,770)
Increase in net assets without donor restrictions attributable to noncontrolling interests	43,824	3,951
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions:		
Program and time restrictions	72,440	46,698
Endowment funds	2,373	1,208
Net investment gains:		
Program and time restrictions	37,880	20,081
Endowment funds	14,608	7,368
Net assets released from restrictions	(70,247)	(68,641)
Acquisitions	-	69,075
Disaffiliation of unconsolidated affiliate	(31,467)	-
Other	(17,239)	(6,327)
Increase in net assets with donor restrictions	8,348	69,462
INCREASE IN NET ASSETS	569,521	1,428,694
NET ASSETS - BEGINNING OF YEAR	18,326,002	16,897,308
NET ASSETS - END OF YEAR	$ 18,895,523	$ 18,326,002

The accompanying notes are an integral part of the consolidated financial statements.

TRINITY HEALTH

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023
(In thousands)

	2024	2023
OPERATING ACTIVITIES:		
Increase in net assets	$ 569,521	$ 1,428,694
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	886,524	858,770
Amortization of right-of-use assets	135,698	144,375
Asset impairment charges	134,427	83,261
Change in net unrealized and realized gains and losses on investments	(909,210)	(629,711)
Change in market values of interest rate swaps	(13,658)	(37,337)
Undistributed equity in earnings of unconsolidated affiliates and other loss	313,459	(406,308)
Inherent contributions related to acquisitions	-	(483,510)
Loss on transfer of St. Francis Medical Center	-	22,842
Gain on sale of Gateway Health Plan L.P.	-	(8,000)
Dividend received from cost method investee	-	(53,864)
Loss on purchase of noncontrolling interest in subsidiary	18,448	-
Increase in noncontrolling interest related to acquisitions	(60,658)	-
Deferred retirement items - consolidated organizations	(19,739)	(338,872)
Deferred retirement items - unconsolidated organizations	-	(13,567)
Restricted contributions and investment income received	(15,597)	(10,013)
Restricted contributions acquired	-	(69,075)
Dividends paid attributed to noncontrolling interest	71,660	74,733
Other adjustments	8,617	(29,937)
Changes in:		
Patient accounts receivable	(332,809)	(151,211)
Estimated receivables from third-party payers	(224,408)	15,660
Prepaid pension and retiree health costs	41,142	(10,627)
Other assets	55,372	(49,956)
Medicare cash advances	-	(409,533)
Accounts payable and accrued expenses	462,166	(238,619)
Estimated payables to third-party payers	20,134	(68,365)
Operating leases, self-insurance reserves and other liabilities	(109,114)	(178,107)
Accrued pension and retiree health costs	(9,353)	125,921
Total adjustments	453,101	(1,861,050)
Net cash provided by (used in) operating activities	$ 1,022,622	$ (432,356)

	2024	2023
INVESTING ACTIVITIES:		
Proceeds from sales of investments	$ 3,613,525	$ 3,821,780
Purchases of investments	(7,613,873)	(2,101,414)
Purchases of property and equipment	(934,404)	(960,385)
Proceeds from disposal of property and equipment	13,482	9,081
Cash proceeds from sale of Gateway Health Plan L.P.	-	8,000
Dividend received from cost method investee	-	53,864
Cash used for disposal of St. Francis Medical Center	-	(14,500)
Cash from disaffiliation of BayCare Health System	4,000,000	-
Net cash used for acquisitions	(63,333)	(532,779)
Change in investments in unconsolidated affiliates	8,334	(36,283)
Change in other investing activities	(8,042)	(6,511)
Net cash (used in) provided by investing activities	(984,311)	240,853
FINANCING ACTIVITIES:		
Proceeds from issuance of debt	70,652	383,446
Repayments of debt	(209,104)	(189,975)
Net change in commercial paper	(452)	(155)
Draws on lines of credit	800,000	-
Repayments on lines of credit	(800,000)	-
Dividends paid	(71,660)	(74,733)
Proceeds from restricted contributions and restricted investment income	11,680	10,164
Increase in financing costs and other	(1,605)	(2,314)
Net cash (used in) provided by financing activities	(200,489)	126,433
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(162,178)	(65,070)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	736,085	801,155
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 573,907	$ 736,085
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest - net of amounts capitalized	$ 287,936	$ 265,414
Accruals for purchases of property and equipment and other long-term assets	44,024	52,998
Unsettled investment trades and purchases	58,463	28,701
Unsettled investment trades and sales	13,931	6,247
Decrease in security lending collateral	(19,323)	(152,997)
Decrease in payable under security lending agreements	19,323	152,997

The accompanying notes are an integral part of the consolidated financial statements.

1. ORGANIZATION AND MISSION

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 Corporation is sponsored by Catholic Health Ministries, a Public Juridic Person of the Holy Roman Catholic Church. The Corporation operates a comprehensive integrated network of health services, including inpatient and outpatient services, physician services, managed care coverage, home health care, long-term care, assisted living care and rehabilitation services located in 26 states. The operations are organized into Regional Health Ministries, National Health Ministries and Mission Health Ministries ("Health Ministries"). The Mission statement for the Corporation is as follows:

We, Trinity Health, serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

Community Benefit Ministry – Consistent with our Mission, Trinity Health provides medical care to all patients regardless of their ability to pay. In addition, Trinity Health provides services intended to benefit persons experiencing poverty and other vulnerabilities, including persons who cannot afford health insurance or other payments, such as co-pays and deductibles because of inadequate resources and/or are uninsured or underinsured; and works to improve the health status of the communities in which it operates. Trinity Health honors our Mission through the delivery of medical care and community service programs, such as street outreach to meet the medical and social needs of people experiencing homelessness and people with limited access to health care, and social care models that connect individuals to food, housing and other essential daily support.

Trinity Health is building on the legacy of our founders by making a transformational shift from being primarily focused on traditional episodic care to emphasizing total population health, which includes contributing to the overall health and well-being of our communities by addressing individuals' social needs and impacting the social influencers of health, such as, through partnerships to increase affordable housing and food access. These costs have been included in the appropriate category below.

The following summary has been prepared in accordance with the Catholic Health Association of the United States' ("CHA"), *A Guide for Planning and Reporting Community Benefit, 2022 Edition.*

The quantifiable costs of the Corporation's community benefit ministry for the years ended June 30 are as follows (in thousands):

	2024	2023
Ministry for those experiencing poverty and other vulnerabilities:		
Financial assistance	$ 258,029	$ 189,303
Unpaid cost of Medicaid and other public programs	510,677	857,175
Programs for those experiencing poverty and other vulnerabilities:		
Community health improvement services	35,586	24,994
Subsidized health services	46,182	45,367
Financial contributions	26,281	21,622
Community building activities	2,199	1,611
Community benefit operations	4,986	4,197
Total programs for those experiencing poverty and other vulnerabilities	115,234	97,791
Ministry for those experiencing poverty and other vulnerabilities	883,940	1,144,269
Ministry for the broader community:		
Community health improvement services	20,968	12,878
Health professions education	249,919	215,301
Subsidized health services	74,898	44,979
Research	6,398	5,972
Financial contributions	34,671	34,821
Community building activities	1,316	1,724
Community benefit operations	9,483	8,397
Ministry for the broader community	397,653	324,072
Community benefit ministry	$ 1,281,593	$ 1,468,341

Ministry for those experiencing poverty and other vulnerabilities represents the financial commitment to seek out and serve those who need help the most, especially those who are experiencing poverty, are uninsured or face barriers to accessing health care, emphasizing the necessity to integrate social and clinical care. This is done with the conviction that health care is a basic human right.

Ministry for the broader community represents the cost of programs and activities aimed at improving the health and well-being of everyone living in the community. While these programs are not focused on specific, low-income population groups, they are accessible to and involve outreach for those experiencing poverty and other vulnerabilities. These programs are not intended to be financially self-supporting.

Financial assistance represents the cost of services provided to patients who cannot afford health care services due to inadequate resources and/or are uninsured or underinsured. A patient's service is classified as financial assistance in accordance with the Corporation's established policies as further described in Note 2. The cost of financial assistance is calculated using a cost-to-charge ratio methodology.

Unpaid cost of Medicaid and other public programs represents the cost (determined using a cost-to-charge ratio) of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of governmental and managed care contract payments.

Community health improvement services are activities and services carried out to improve community health and well-being, for which no patient bill exists. These services are not expected to be financially self-supporting, although some may be supported by outside grants or other funding. An example is the Corporation's Social Care program which was developed to address individual social needs, such as access to transportation, childcare, or affordable medications by facilitating connections between patients, health care providers and community partners that promote healthy behaviors. Other examples include social and environmental improvement activities that address the social influencers of health, enrollment assistance into Medicaid and other public programs, community health education, free immunization services, free or low-cost prescription medications and rural and urban outreach programs. The Corporation actively collaborates with community groups and agencies to assist those in need in providing such services.

Health professions education includes the unreimbursed cost of training health professionals, such as medical residents, nursing students, technicians and students in allied health professions.

Subsidized health services are net costs for billed services that are subsidized by the Corporation. These include services offered despite a financial loss because they are needed in the community and either other providers are unwilling to provide the services, or the services would otherwise not be available in sufficient amount. Examples of services include free-standing community clinics, hospice care, mobile units and behavioral health services.

Research includes unreimbursed clinical and community health research and studies on health care delivery, which is generalizable and shared with the public.

Financial contributions are made by the Corporation to community organizations and are restricted to support community benefit activities. These amounts include special system-wide funds used to improve community health and well-being as well as resources contributed directly to programs, organizations and foundations for efforts on behalf of those experiencing poverty and other vulnerabilities. Amounts included here also represent certain in-kind donations.

Community building activities include programs that address the root causes of health problems and focus on policy, systems and environmental changes. Examples include advocacy for community health improvement, the costs of programs that improve the physical environment, promote economic development, enhance other community support systems, develop leadership skills through training and build community coalitions.

Community benefit operations include costs associated with dedicated staff, community health needs and asset assessments and other costs associated with community benefit strategy and operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation – The consolidated financial statements include the accounts of the Corporation, and all wholly-owned, majority-owned and controlled organizations. Investments where the Corporation holds less than 20% of the ownership interest are accounted for using the cost method. All other investments that are not controlled by the Corporation are accounted for using the equity method of accounting. The equity share of income or losses from investments in unconsolidated affiliates is recorded in other revenue if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions; otherwise, the equity share of income or losses from investments in unconsolidated affiliates is recorded in nonoperating items in the consolidated statements of operations and changes in net assets. All material intercompany transactions and account balances have been eliminated in consolidation.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management of the Corporation to make assumptions, estimates and judgments that affect the amounts reported in the consolidated 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 consolidated 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 in making its judgments and estimates. Actual results could differ materially from those estimates.

Cash, Cash Equivalents and Restricted Cash – For purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash include certain investments in highly liquid debt instruments with original maturities of three months or less.

The following table reconciles cash, cash equivalents and restricted cash shown in the statements of cash flows to amounts presented within the consolidated balance sheets as of June 30 (in thousands):

	2024	2023
Cash and cash equivalents	$ 404,959	$ 576,308
Restricted cash included in assets limited or restricted as to use - current portion		
Self-insurance, benefit plans and other	97,626	94,242
By donors	1,450	4,359
Total restricted cash included in assets limited or restricted as to use - current portion	99,076	98,601
Restricted cash included in assets limited as to use - noncurrent portion		
Self-insurance, benefit plans and other	36,379	28,723
By donors	33,493	32,453
Total restricted cash included in assets limited or restricted as to use - noncurrent portion	69,872	61,176
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	$ 573,907	$ 736,085

Investments – Investments, inclusive of assets limited or restricted as to use, include marketable debt and equity securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value and are classified as trading securities. Investments also include investments in commingled funds, hedge funds and other investments structured as limited liability corporations or partnerships. Commingled funds and hedge funds that hold securities directly are stated at the fair value of the underlying securities, as determined by the administrator, based on readily determinable market values, or based on net asset value, which is calculated using the most recent fund financial statements. Limited liability corporations and partnerships are accounted for under the equity method.

Investment Earnings – Investment earnings include interest, dividends, realized gains and losses and unrealized gains and losses. Also included are equity earnings from investment funds accounted for using the equity method. Investment earnings on assets held by trustees under bond indenture agreements, assets designated by the Corporation's board of directors ("Board") for debt redemption, assets held for borrowings under the intercompany loan program, assets held by grant-making foundations, assets deposited in trust funds by a captive insurance company for self-insurance purposes, and interest and dividends earned on life plan communities advance entrance fees, in accordance with industry practices, are included in other revenue in the consolidated statements of operations and changes in net assets. Investment earnings, net of direct investment expenses, from all other investments and Board-designated funds are included in nonoperating investment income unless the income or loss is restricted by donor or law.

Derivative Financial Instruments – The Corporation periodically utilizes various financial instruments (e.g., options and swaps) to hedge interest rates, equity downside risk and other exposures. The Corporation's policies prohibit trading in derivative financial instruments on a speculative basis. The Corporation recognizes all derivative instruments in the consolidated balance sheets at fair value.

Securities Lending – The Corporation participates in securities lending transactions whereby a portion of its investments are loaned, through its agent, to various parties in return for cash and securities from the parties as collateral for the securities loaned. Each business day, the Corporation, through its agent, and the borrower determine the market value of the collateral and the borrowed securities. If on any business day the market value of the collateral is less than the required value, additional collateral is obtained as appropriate. The amount of cash collateral received under securities lending is reported as an asset and a corresponding payable in the consolidated balance sheets and is up to 105% of the market value of securities loaned. As of June 30, 2024 and 2023, the Corporation had securities loaned of $663.7 million and $698.7 million, respectively, and received collateral (cash and noncash) totaling $685.1 million and $716.6 million, respectively, relating to the securities loaned. The fees received for these transactions are recorded in nonoperating investment income in the consolidated statements of operations and changes in net assets. In addition, certain pension plans participate in securities lending programs with the Northern Trust Company, the plans' agent.

The Corporation evaluates the financial condition of its securities lending plan managers and borrowing institutions to minimize exposure to credit risk. Credit risk is regularly monitored and minimized by Trinity Health's managers of the program by selecting borrowers with stringent financial viability standards, underwriting and approval procedures as set forth by the institution. An established framework is also used to size borrower credit limits to reduce concentration risk. In addition, the vast majority of borrowers have long-term credit ratings of A or better and short-term ratings of A-1 or better from at least one nationally recognized statistical rating organization. The Corporation does not expect any credit losses related to the securities lending arrangement.

Patient Accounts Receivable, Estimated Receivables from and Payables to Third-Party Payers – An unconditional right to payment, subject only to the passage of time is treated as a receivable. Patient accounts receivable, including billed accounts and unbilled accounts for which there is an unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. For patient accounts receivable, the estimated uncollectable amounts are generally considered implicit price concessions that are a direct reduction to patient service revenue and accounts receivable.

The Corporation has agreements with third-party payers that provide for payments to the Corporation's Health Ministries at amounts different from established rates. Estimated retroactive adjustments under reimbursement agreements with third-party payers and other changes in estimates are included in net patient service revenue and estimated receivables from and payables to third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Estimated receivables from third-party payers also includes amounts receivable under state Medicaid provider tax programs.

Assets Limited as to Use – Assets set aside by the Board for quasi-endowments, future capital improvements, future funding of retirement programs and insurance claims, retirement of debt, held for borrowings under the intercompany loan program, and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under bond indenture and certain other agreements, and self-insurance trust and benefit plan arrangements are included in assets limited as to use.

Donor-Restricted Gifts – Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as support with donor restrictions 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 program restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and 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 included in other revenue in the consolidated statements of operations and changes in net assets.

Inventories – Inventories are stated at the lower of cost or market. The cost of inventories is determined principally by the weighted-average cost method.

Property and Equipment – Property and equipment, including internal-use software, are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Finance lease right-of-use assets included in property and equipment represent the right to use the underlying assets for the lease term and are recognized at the lease commencement date based on the present value of lease payments over the term of the lease.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using either the straight-line or an accelerated method and includes finance lease right-of-use asset amortization and internal-use software amortization. The useful lives of property and equipment range from 2 to 75 years, and finance lease agreements have initial terms typically ranging from 3 to 30 years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, 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 support with donor restrictions.

Right-of-Use Lease Assets and Lease Liabilities – The Corporation determines if an arrangement is a lease at inception of the contract. Right-of-use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Corporation uses the implicit rate noted within the contract, when available. Otherwise, the Corporation uses its incremental borrowing rate estimated using recent secured debt issuances that correspond to various lease terms, information obtained from banking advisors, and the Corporation's secured debt fair value. The Corporation does not recognize leases, for operating or finance type, with an initial term of 12 months or less ("short-term leases") on the consolidated balance sheet, and the lease expense for these short-term leases is recognized on a straight-line basis over the lease term within occupancy expense in the consolidated statements of operations and changes in net assets. The Corporation's finance leases are primarily for real estate. Finance lease right-of-use assets are included in property and equipment, with the related liabilities included in current and long-term debt on the consolidated balance sheet.

Operating lease right-of-use assets and liabilities are recorded for leases that are not considered finance leases. The Corporation's operating leases are primarily for real estate, vehicles, and medical and office equipment. Real estate leases include outpatient, medical office, ground, and corporate administrative office space. The Corporation's real estate lease agreements typically have an initial term of 2 to 10 years. The Corporation's equipment lease agreements typically have an initial term of 2 to 6 years. The real estate leases may include one or more options to renew, with renewals that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Corporation's sole discretion. For accounting purposes, options to extend or terminate the lease are included in the lease term when it is reasonably certain that the option will be exercised. Operating lease liabilities represent the obligation to make lease payments arising from the leases and are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Certain of the Corporation's lease agreements for real estate include payments based on common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in occupancy expense, net, but are not included in the right-of-use asset or liability balances when they can be separately identified in the contract. The Corporation's lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

Goodwill – Goodwill represents the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognized.

Asset Impairments –

> ***Property, Equipment and Right-of-Use Lease Assets*** – The Corporation evaluates long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows. If the estimated future undiscounted cash flows are less than the carrying value of the assets, the impairment recognized is calculated as the carrying value of the long-lived assets in excess of the fair value of the assets. The fair value of the assets is estimated based on appraisals, established market values of comparable assets or internal estimates of future net cash flows expected to result from the use and ultimate disposition of the assets.

> ***Goodwill*** – Goodwill is tested for impairment on an annual basis or when an event or change in circumstance indicates the value of a reporting unit may have changed. Testing is conducted at the reporting unit level. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. Estimates of fair value are based on appraisals, established market prices for comparable assets or internal estimates of future net cash flows.

Other Assets – Other assets include long-term notes receivable, reinsurance recovery receivables, definite- and indefinite-lived intangible assets other than goodwill and prepaid retiree health costs. The net balances of definite-lived intangible assets include noncompete agreements, physician guarantees and other definite-lived intangible assets with finite lives amortized using the straight-line method over their estimated useful lives, which generally range from 2 to 20 years. Indefinite-lived intangible assets primarily include trade names, which are tested annually for impairment.

Short-Term Borrowings – Short-term borrowings include puttable variable-rate demand bonds supported by self-liquidity or liquidity facilities considered short-term in nature.

Other Long-Term Liabilities – Other long-term liabilities include deferred compensation, asset retirement obligations, interest rate swaps and deferred revenue from entrance fees. Deferred revenue from entrance fees are fees paid by residents of facilities for the elderly upon entering into continuing care contracts, which are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, net of the portion that is refundable to the resident.

Net Assets with Donor Restrictions – Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or program. In addition, certain net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Net Patient Service Revenue – The Corporation reports patient service revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing patient care. These amounts are due from patients, third-party payers (including commercial payers and government programs) and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills patients and third-party payers several days after the services are performed or the patient is discharged from a facility.

The Corporation determines performance obligations based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Corporation 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 hospitals receiving inpatient acute care services, or receiving services in outpatient centers, or in their homes (home care). The Corporation measures performance obligations from admission to the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to the patient, which is generally at the time of discharge or the completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Corporation does not believe that it is required to provide additional goods and services related to that sale.

Because patient service performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14(a) and, therefore, the Corporation 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 are primarily related to inpatient acute care services 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 from the end of the reporting period.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Corporation determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured and underinsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured and underinsured patients and other payers. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies and historical experience. The estimate of implicit price concessions is based on historical collection experience with the various classes of patients using a portfolio approach as a practical expedient to account for patient contracts with similar characteristics, as collective groups rather than individually. The financial statement effect of using this practical expedient is not materially different from an individual contract approach.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured and underinsured patients, and offers those uninsured and underinsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured and underinsured based on historical experience and current market conditions, using the portfolio approach. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the payer's or patient's ability to pay are recorded as bad debt expense in other expenses in the statement of operations and changes in net assets. Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers is as follows:

Medicare (Parts A and B) – Acute inpatient and outpatient services rendered to Medicare program beneficiaries are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediaries.

Medicare Advantage (Part C) – Acute inpatient and outpatient services rendered to Medicare beneficiaries that chose an Advantage plan are paid primarily at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Medicaid – Reimbursement for services rendered to Medicaid program beneficiaries includes prospectively determined rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations. Cost reimbursable items are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediaries.

Medicaid Health Maintenance Organization ("HMO") – Reimbursement for services rendered to Medicaid program beneficiaries that chose an HMO program includes payments that are prospectively determined under rates per discharge, per diem payments, discounts from established charges, fee schedules and cost reimbursement methodologies with certain limitations.

Other – Reimbursement for services to certain patients is received from commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for reimbursement includes prospectively determined rates per discharge, per diem payments and discounts from established charges.

Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions, and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates that have been recorded could change by material amounts.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Financial Assistance – The Corporation provides services to all patients regardless of ability to pay. In accordance with the Corporation's policy, a patient is classified as a financial assistance patient based on specific criteria, including income eligibility as established by the *Federal Poverty Guidelines,* as well as other financial resources and obligations.

Charges for services to patients who meet the Corporation's guidelines for financial assistance are not reported as net patient service revenue in the accompanying consolidated financial statements. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured and underinsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

Self-Insured Employee Health Benefits – The Corporation administers self-insured employee health benefit plans for employees. The majority of the Corporation's employees participate in the programs. The provisions of the plans permit employees and their dependents to elect to receive medical care at either the Corporation's Health Ministries or other health care providers. Patient service revenue has been reduced by an allowance for self-insured employee health benefits, which represents revenue attributable to medical services provided by the Corporation to its employees and dependents in such years.

Premium and Capitation Revenue – The Corporation has certain Health Ministries that arrange for the delivery of health care services to enrollees through various contracts with providers and common provider entities. Enrollee contracts are negotiated on a yearly basis. Premiums are due monthly and are recognized as revenue during the period in which the Corporation is obligated to provide services to enrollees. Premiums received prior to the period of coverage are recorded as deferred revenue and included in accounts payable and accrued expenses in the consolidated balance sheets.

Certain of the Corporation's Health Ministries have entered into capitation arrangements whereby they accept the risk for the provision of certain health care services to health plan members. Under these agreements, the Corporation's Health Ministries are financially responsible for services provided to the health plan members by other institutional health care providers. Capitation revenue is recognized during the period for which the Health Ministry is obligated to provide services to health plan enrollees under capitation contracts. Capitation receivables are included in other receivables in the consolidated balance sheets.

Reserves for incurred but not reported claims have been established to cover the unpaid costs of health care services covered under the premium and capitation arrangements. The premium and capitation arrangement reserves are included in accounts payable and accrued expenses in the consolidated balance sheets. The liability is estimated based on actuarial studies, historical reporting, and payment trends. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual utilization of health care services, the amount of charges and other factors. As settlements are made and estimates are revised, the differences are reflected in current operations.

Other Revenue – Other revenue is recorded at amounts the Corporation expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over the time in which obligations to provide goods or services are satisfied. Other revenue includes revenue from the following sources: grants, retail pharmacy, operating investment income, professional services, assisted and independent living, equity in earnings of unconsolidated affiliates if the unconsolidated affiliate is operational and projected to make routine and regular cash distributions, incentive revenue, and gainshare recognized under alternative payment models and ancillary services.

Grant Revenue – Where grants are determined to be contributions, unconditional grants are recognized as revenue when received. Conditional grants are recognized as revenue when the Corporation has complied with and substantially met the conditions associated with the grant. For grants that are not contributions, the Corporation recognizes revenue at the amount that reflects the consideration it is expected to be entitled to in exchange for providing services under the term of the grant agreement.

Income Taxes – The Corporation and substantially all of its subsidiaries have been recognized as tax-exempt pursuant to Section 501(a) of the Internal Revenue Code. The Corporation also has taxable subsidiaries, which are included in the consolidated financial statements. The Corporation includes penalties and interest, if any, with its provision for income taxes in other nonoperating items in the consolidated statements of operations and changes in net assets.

Excess (Deficiency) of Revenue Over Expenses – The consolidated statements of operations and changes in net assets includes excess (deficiency) of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess (deficiency) of revenue over expenses, consistent with industry practice, include the effective portion of the change in market value of derivatives that meet hedge accounting requirements, permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets received or gifted (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), net change in retirement plan related items, discontinued operations and cumulative effects of changes in accounting principles.

Adopted Accounting Pronouncements –

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326)*". This guidance is intended to align the needs of the users of financial statements related to credit loss recognition and also address the potential weakness from the delayed recognition of credit losses, resulting in an overstatement of assets. The amendments replace the current incurred loss methodology, which delays recognition until it is probable a loss has occurred, with one that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This guidance was effective for the Corporation beginning July 1, 2023. The adoption of this guidance did not materially impact the Corporation's financial position, or results of operations. As required, additional disclosures have been included in the notes to the consolidated financial statements.

Forthcoming Accounting Pronouncements –

In October 2021, the FASB issued No. 2021-08, *"Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers"*. This guidance was issued to address the inconsistency in accounting related to recognition of an acquired contract liability and the payment terms and their effect on subsequent revenue by the acquirer. The amendments in this update require that the acquirer recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts, generally consistent with how they were recognized and measured in the acquiree's financial statements. This guidance is effective for the Corporation beginning July 1, 2024. The Corporation will apply this guidance in consideration of any future business combinations that may occur on or after July 1, 2024.

3. INVESTMENTS IN UNCONSOLIDATED AFFILIATES, BUSINESS ACQUISITIONS AND DIVESTITURES

Investments in Unconsolidated Affiliates – The Corporation and certain of its Health Ministries have investments in entities that are recorded under the cost and equity methods of accounting. As of June 30, 2024 and 2023, the Corporation maintained investments in unconsolidated affiliates with ownership interests ranging from 2.0% to 50.0% and 2.0% to 50.4%, respectively. For the year ended June 30, 2023 the Corporation recognized a $53.9 million dividend for the spin off and sale of a subsidiary held by a group purchasing organization in which the Corporation holds a 6% interest that is accounted for under the cost method.

The Corporation's share of equity earnings from entities accounted for under the equity method and other loss and the classification on the consolidated statements of operations and changes in net assets for the years ended June 30 are as follows (in thousands):

	2024	2023
Other revenue	$ 80,658	$ 45,602
Nonoperating items	(310,181)	421,882
Total equity in earnings of unconsolidated affiliates and other loss	$ (229,523)	$ 467,484

The most significant of these investments include the following:

BayCare Health System – The Corporation held a 50.4% interest in BayCare Health System Inc. and Affiliates ("BayCare"), a Florida not-for-profit corporation exempt from state and federal income taxes. BayCare was formed in 1997 pursuant to a Joint Operating Agreement ("JOA") among the not-for-profit, tax-exempt members of the Trinity Health BayCare Participants, Morton Plant Mease Health Care, Inc., and South Florida Baptist Hospital, Inc. (collectively, the "Members"). BayCare consists of three community health alliances located in the Tampa Bay area of Florida, including St. Joseph's-Baptist Healthcare Hospital, St. Anthony's Health Care, and Morton Plant Mease Health Care. The Corporation had the right to appoint nine of the 21 voting members of the Board of Directors of BayCare; therefore, the Corporation accounted for BayCare under the equity method of accounting. As of June 30, 2024 and 2023, the Corporation's investment in BayCare totaled $0 and $4,402 million, respectively.

On May 24, 2024, Trinity Health and BayCare signed a Definitive Agreement that was effective June 27, 2024. Pursuant to the agreement BayCare transferred corporate assets in the amount of $4 billion, in cash, to Trinity Health, and Trinity Health then disaffiliated and resigned (i) as a corporate member of BayCare, and (ii) as a corporate member of each participant in BayCare that had Trinity Health as its corporate member. Because the equity method investment recorded in the consolidated balance sheet exceeded the agreed upon $4 billion transfer of cash, 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 million loss in non-operating items equity in earnings of unconsolidated affiliates and other loss in the consolidated statement of operations and changes in net assets.

Emory Healthcare/St. Joseph's Health System – The Corporation holds a 49% interest in Emory Healthcare/St. Joseph's Health System ("EH/SJHS"). EH/SJHS operates several organizations, including two acute care hospitals, St. Joseph's Hospital of Atlanta, and John's Creek Hospital. As of June 30, 2024 and 2023, the Corporation's investment in EH/SJHS totaled $279.2 million and $221.5 million, respectively.

Life Flight Network, LLC – The Corporation, through its subsidiary Saint Alphonsus Regional Medical Center, Inc. holds a 25% interest in Life Flight Network, LLC ("Life Flight"), an Oregon limited liability company and its affiliates. Life Flight was formed in 2019 pursuant to a JOA. The members of Life Flight, each owning 25%, are Saint Alphonsus Regional Medical Center, Inc., Legacy Emmanuel Hospital and Health Center, Oregon Health and Sciences University, and Providence Health System. Life Flight provides services, including both air and ground ambulance services, in the Pacific Northwest with bases in Oregon, Washington, Idaho and Montana. The Corporation accounts for Life Flight under the equity method of accounting. As of June 30, 2024 and 2023, the Corporation's investment in Life Flight totaled $83.9 million and $70.5 million, respectively.

Mercy Health Network – The Corporation held a 50% interest in Mercy Health Network, dba MercyOne, ("MHN"), a nonstock-basis membership corporation with CommonSpirit Health ("CSH"), holding the remaining 50% interest. MHN was the sole member of Wheaton Franciscan Services, Inc. ("WFSI") that operates three hospitals in Iowa: Covenant Medical Center located in Waterloo, Sartori Memorial Hospital located in Cedar Falls and Mercy Hospital of Franciscan Sisters located in Oelwein. MHN is also the sole member of Central Community Hospital ("CCH"), a critical access hospital located in Elkader, Iowa.

On September 1, 2022, the Corporation completed a transaction with CSH through which the Corporation acquired CSH's 50% interest in MHN, and now wholly owns MHN. See "Acquisitions" subsequently in Note 3 for further information regarding this transaction. As of June 30, 2024 and 2023, the Corporation's investment in MHN totaled $0.

Condensed consolidated balance sheets of BayCare, EH/SJHS, and Life Flight as of June 30 are as follows (in thousands):

	2024	
	EH/SJHS	**Life Flight**
Total assets	$ 975,769	$ 424,497
Total liabilities	$ 690,501	$ 60,909

	2023		
	EH/SJHS	**Life Flight**	**BayCare**
Total assets	$ 878,549	$ 371,904	$ 11,526,730
Total liabilities	$ 603,076	$ 61,758	$ 2,616,025

Condensed consolidated statements of operations of BayCare, EH/SJHS, Life Flight and MHN for the years ended June 30 are as follows (in thousands).

	2024		
	BayCare[(1)]	EH/SJHS	Life Flight
Revenue, net	$ 5,389,138	$ 1,034,575	$ 277,669
Excess of revenue over expenses	$ 1,244,269	$ 85,182	$ 53,442

	2023			
	BayCare[(1)]	EH/SJHS	Life Flight	MHN[(2)]
Revenue, net	$ 4,908,652	$ 901,845	$ 221,935	$ 64,186
Excess (deficiency) of revenue over expenses	$ 812,195	$ 44,791	$ 24,052	$ (4,236)

(1) BayCare results are prior to the disaffiliation date of June 27, 2024, and for the twelve months ended June 30, 2023.

(2) MHN results are prior to the acquisition date of September 1, 2022, and for the two months ended August 31, 2022.

The following amounts have been recognized in the accompanying consolidated statements of operations and changes in net assets related to the investments in BayCare, EH/SJHS, Life Flight, and MHN for the years ended June 30 (in thousands):

	2024		
	BayCare[(1)]	EH/SJHS	Life Flight
Other revenue	$ -	$ -	$ 13,360
Equity in earnings of unconsolidated affiliates and other loss	(366,800)	57,400	-
Other changes in net assets without donor restrictions	(3,642)	-	-
Total	$ (370,442)	$ 57,400	$ 13,360

	2023			
	BayCare[(1)]	EH/SJHS	Life Flight	MHN[(2)]
Other revenue	$ -	$ -	$ -	$ (2,077)
Equity in earnings of unconsolidated affiliates and other loss	409,428	11,316	6,013	-
Other changes in net assets without donor restrictions	15,549	-	-	-
Total	$ 424,977	$ 11,316	$ 6,013	$ (2,077)

(1) BayCare results are prior to the disaffiliation date of June 27, 2024, and for the twelve months ended June 30, 2023.

(2) MHN results are prior to the acquisition date of September 1, 2022, and for the two months ended August 31, 2022.

The unaudited summarized financial position and results of operations for the entities accounted for under the equity method excluding BayCare, EH/SJHS, Life Flight, and MHN as of and for the years ended June 30 are as follows (in thousands):

	2024					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 34,698	$ 295,703	$ 189,740	$ 153,565	$ 960,902	$ 1,634,608
Total liabilities	$ 28,040	$ 112,843	$ 137,888	$ 75,606	$ 495,320	$ 849,697
Revenue, net	$ 14,739	$ 222,761	$ 190,778	$ 76,762	$ 1,832,714	$ 2,337,754
Excess of revenue over expenses	$ 7,096	$ 13,050	$ 51,562	$ 12,563	$ 62,893	$ 147,164

	2023					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Hospital Organizations	Other Investees	Total
Total assets	$ 39,534	$ 291,618	$ 131,611	$ 146,731	$ 1,264,763	$ 1,874,257
Total liabilities	$ 28,502	$ 130,075	$ 101,784	$ 64,649	$ 484,695	$ 809,705
Revenue, net	$ 9,263	$ 270,238	$ 108,482	$ 31,799	$ 2,036,344	$ 2,456,126
Excess of revenue over expenses	$ 2,137	$ 9,993	$ 29,389	$ 2,359	$ 90,237	$ 134,115

Acquisitions:

MercyOne & MHN – On September 1, 2022, the Corporation completed a transaction with CSH through which (i) the Corporation acquired CSH's 50% interest in MHN, which is the sole member of WFSI and the MHN subsidiary that owns and controls CCH, thereby becoming the sole corporate member of MHN, (ii) 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, and (iii) Trinity Home Health Services d/b/a Trinity Health At Home, a subsidiary of the Corporation, acquired certain home care, hospice, and home infusion pharmacy operations from an affiliate of CSH located in the vicinity of Des Moines ("Iowa Home Care Assets", and collectively with (i) and (ii), the "MercyOne Acquisition"). The completion of the acquisition marks a shared commitment to ensuring access to health care across Iowa. Operating as a part of Trinity Health, MercyOne will retain its name and brand while enhancing more integrated and unified care in the communities it serves.

The cash paid to CSH in consideration for the MercyOne Acquisition totaled $633.9 million. Based on final purchase price allocations, goodwill of $27.1 million was recorded on the consolidated balance sheet as of June 30, 2023.

For the years ended June 30, 2024 and 2023, the Corporation's consolidated statements of operations and changes in net assets included operating revenue of $1,739.3 million and $1,274.2 million, operating losses of $48.5 million and $126.3 million, and deficiency of revenue over expenses of $40.6 million and $104.7 million, respectively, related to the operations of 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. The transaction will provide improved access to specialists, primary care and health care services, while improving care delivery and access close to home in the Corporation's West Michigan market. The fair value of identifiable assets acquired exceeded the fair value of liabilities assumed by $15.4 million which was recorded as an inherent contribution in nonoperating items in the consolidated statement of operations and changes in net assets for the year ended June 30, 2023.

For the years ended June 30, 2024 and 2023, the Corporation's consolidated statements of operations and changes in net assets included operating revenue of $71.2 million and $48.0 million, operating income of $3.8 million and $0.1 million, and excess (deficiency) of revenue over expenses of $3.8 million and ($0.1) million, respectively, related to the operations of Grand Haven.

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 and acquired substantially all assets and liabilities except for certain foundation assets, liabilities and net assets. 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 fair value of identifiable assets acquired exceeded the fair value of liabilities assumed by $468.1 million that was recorded as an inherent contribution in nonoperating items in the consolidated statement of operations and changes in net assets for the year ended June 30, 2023. Based on a revised assessment of assets and liabilities, a $3.3 million reduction to inherent contributions was recorded during the second quarter of fiscal year 2024 resulting in an inherent contribution of $464.8 million. As part of the transaction the Corporation also agreed to a capital commitment as further disclosed in Note 5.

For the years ended June 30, 2024 and 2023, the Corporation's consolidated statements of operations and changes in net assets included operating revenue of $881.0 million and $262.4 million, operating income (losses) of $43.9 million and ($7.6) million, and excess (deficiency) of revenue over expenses of $55.0 million and ($1.5) million, respectively, related to the operations of Genesis.

Based on final purchase price allocations the summarized balance sheet information is shown below as of the respective acquisition dates (in thousands):

	MercyOne Acquisition	Grand Haven	Genesis
Estimated fair value of net tangible assets acquired:			
Cash	$ 58,987	$ 5,665	$ 43,112
Investments, current	90,277	-	2,064
Patient accounts receivable	174,100	5,620	91,254
Other current assets	56,324	2,972	51,957
Assets limited or restricted as to use - noncurrent portion	56,158	2,320	324,487
Property and equipment - net	436,682	22,864	210,292
Operating lease right-of-use assets	95,707	-	47,704
Investments in unconsolidated affiliates	60,783	-	49,079
Other long-term assets	16,630	1,761	19,139
Goodwill	27,064	-	-
Previously held investments in unconsolidated affiliates	(111,151)	-	-
Medicare cash advances	(19,648)	-	-
Other current liabilities	(156,811)	(11,877)	(123,015)
Long-term debt	-	(11,702)	(127,415)
Long-term portion of operating lease liabilities	(83,570)	-	(42,429)
Other long-term liabilities	(32,218)	(2,001)	(47,565)
Noncontrolling ownership interest in subsidiaries	-	-	(433)
Net assets with donor restrictions	(35,439)	(202)	(33,434)
Cash paid	$ 633,875	-	-
Inherent contribution		$ 15,420	$ 464,797

The amount of the Corporation's pro forma revenue, earnings and changes in net assets, had the MercyOne, Grand Haven and Genesis acquisitions occurred on July 1, 2022 are as follows for the year ended June 30 (in thousands):

	2023
Total operating revenue	$ 22,325,938
Excess of revenue over expenses net of noncontrolling interest	1,003,389
Change in net assets without donor restrictions	1,130,560
Change in net assets with donor restrictions	(1,043)

Divestiture:

St. Francis Medical Center ("SFMC") Trenton, N.J. – On December 22, 2022, the Corporation, through its subsidiary Maxis Health System ("Maxis"), 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. ("Capital"). As a result of this transaction, restructuring costs of $82.3 million were incurred as further described in Note 13.

For the year ended June 30, 2023, the Corporation's consolidated statements of operations and changes in net assets included operating revenue of $63.9 million, operating losses of $94.1 million and deficiency of revenue over expenses of $98.2 million (inclusive of restructuring costs), related to the operations of SFMC.

4. OPERATING REVENUE

Operating revenue consists primarily of net patient service revenue, premium and capitation revenue, and retail pharmacy revenue. Revenue from patient's deductibles and coinsurance are included in the categories presented below based on the primary payer. Premium revenue primarily results from the Corporation's health plans, which sell Medicare Advantage products, under several separate contracts with the Centers for Medicare and Medicaid Services ("CMS"). Capitation revenue primarily results from the Corporation's Program of All-Inclusive Care for the Elderly ("PACE") that provides comprehensive medical and social services to participants, most of whom are dually eligible for both Medicare and Medicaid. The table below shows sources of net patient service revenue by primary payer for the years ended June 30 (in thousands):

	2024	2023
Net patient service revenue, by payer:		
Medicare Advantage plans	$ 4,526,190	$ 3,633,505
Medicare	4,079,539	4,030,681
Blue Cross plans	4,077,175	3,712,146
Commercial and other plans	4,039,956	3,817,683
Medicaid HMO plans	2,544,786	1,935,684
Medicaid plans	987,789	1,047,252
Uninsured	312,825	344,743
Net patient service revenue	$ 20,568,260	$ 18,521,694

The composition of net patient service revenue and other revenue based on service lines for the years ended June 30 (in thousands) are as follows:

	2024	2023
Net patient service revenue, by service line:		
Acute care - inpatient	$ 8,664,006	$ 7,761,621
Acute care - outpatient	8,619,726	7,746,966
Physician services	2,617,982	2,422,079
Home health care	444,090	392,911
Long term care	222,456	198,117
Net patient service revenue	20,568,260	18,521,694
Retail pharmacy revenue	729,219	597,945
Premium revenue	644,941	636,785
Capitation revenue	472,271	475,848
Grant revenue	151,425	200,878
Revenue from other sources	1,290,520	1,153,568
Total operating revenue	$ 23,856,636	$ 21,586,718

For the year ended June 30, 2024, the Corporation received $121.5 million for the 340B remedy lump sum settlement under the CMS November 8, 2023 Final Rule related to underpayments in the drug discount program for calendar years 2018 to 2022 that is included in net patient service revenue from Medicare and Acute care in the above tables.

5. LONG-LIVED ASSETS

Property and Equipment:

A summary of property and equipment as of June 30 is as follows (in thousands):

	2024	2023
Land	$ 436,763	$ 428,858
Buildings and improvements	11,548,755	11,287,425
Equipment	7,575,356	7,524,260
Finance lease right-of-use assets	96,519	95,329
Total	19,657,393	19,335,872
Accumulated depreciation and amortization	(11,531,483)	(11,168,290)
Construction in progress	653,763	678,915
Property and equipment - net	$ 8,779,673	$ 8,846,497

As of June 30, 2024, commitments for capital projects totaled approximately $367.5 million. The outstanding commitments are primarily for new facility construction, expansion at existing campuses and related infrastructure updates.

In conjunction with the acquisition of Genesis as described in Note 3, the Corporation and MHN committed to allocate not less than $450 million of capital to Genesis over seven years with the commitment period ending March 1, 2030. The capital commitment period may be extended up to 18 months under certain circumstances. The Corporation's related capital spending for Genesis through June 30, 2024 is $60.9 million.

Leases:

The following table presents the components of the Corporation's right-of-use assets and liabilities related to finance leases and their classification in the consolidated balance sheets as of June 30 (in thousands):

Component of Finance Lease Balances	Classification in Consolidated Balance Sheets	2024	2023
Assets:			
Finance lease right-of-use assets - net	Property and equipment	$ 64,640	$ 72,369
Liabilities:			
Current portion of finance lease liability	Current portion of long-term debt	9,497	12,310
Long-term portion of finance lease liability	Long-term debt	77,348	85,482

The components of lease expense and their classification in the consolidated statements of operations and changes in net assets for the years ended June 30 were as follows (in thousands):

Component of Lease Expenses	Classification in Statements of Operations and Changes in Net Assets	2024	2023
Operating lease expense	Occupancy	$ 162,100	$ 165,562
Finance lease expense:			
Amortization of right-of-use assets	Depreciation and amortization	9,806	9,457
Interest on lease liabilities	Interest	5,080	2,432
Total finance lease expense		14,886	11,889
Short-term lease expense	Occupancy	62,469	50,484
Total lease expense		$ 239,455	$ 227,935

The weighted average remaining lease term and weighted average discount rate as of and for the years ended June 30 were as follows:

Weighted average remaining lease term (years)	2024	2023
Operating leases	7.38	7.48
Finance leases	9.17	9.84

Weighted average discount rate	2024	2023
Operating leases	4.36 %	3.61%
Finance leases	5.64 %	5.50%

Supplemental cash flow information related to leases for the years ended June 30 was as follows (in thousands):

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 178,847	$ 189,561
Operating cash outflows from finance leases	5,080	2,432
Financing cash outflows from finance leases	12,106	11,628
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	136,164	96,164
Finance leases	1,731	5,433

Future maturities of lease liabilities as of June 30, 2024 are presented in the following table (in thousands):

	Operating Leases	Finance Leases
2025	$ 168,680	$ 14,067
2026	143,572	12,896
2027	115,779	12,265
2028	88,771	11,488
2029	68,281	10,818
Thereafter	230,219	53,727
Total lease payments	815,302	115,261
Less: Imputed interest	(143,917)	(28,417)
Total lease obligations	671,385	86,844
Less: Current obligations	(143,620)	(9,497)
Long-term lease obligations	$ 527,765	$ 77,347

Goodwill:

The following table provides information on changes in the carrying amount of goodwill, which is included in the accompanying consolidated financial statements of the Corporation as of June 30 (in thousands):

	2024	2023
As of July 1:		
Goodwill	$ 895,156	$ 860,686
Accumulated impairment loss	(47,078)	(46,555)
Total	848,078	814,131
Goodwill acquired during the year	117,699	34,470
Goodwill divested during the year	(22,523)	-
Impairment loss	(2,200)	(523)
Total	941,054	848,078
As of June 30:		
Goodwill	990,332	895,156
Accumulated impairment loss	(49,278)	(47,078)
Total	$ 941,054	$ 848,078

Impairments:

During the year ended June 30, 2024, the Corporation recorded impairment charges of $134.4 million in the consolidated statement of operations and changes in net assets. Included in total impairment charges was $95.4 million related to acute care facilities at two of the Health Ministries of the Corporation where material adverse trends in the most recent estimates of future undiscounted cash flows indicated that the carrying value of the long-lived assets were not recoverable from estimated future cash flows. The Corporation believes the most significant factors contributing to the continuing adverse financial trends at these locations were a reduction in numerous volume indicators, changes in demographics and increased cost of staffing and other operating expenses. The total impairments were comprised of $100.5 million of property and equipment for aged buildings and structures, $29.2 million of operating leased space and related furniture and equipment to be vacated or no longer used, and $4.7 million of other assets.

During the year ended June 30, 2023, the Corporation recorded impairment charges of $83.3 million in the consolidated statement of operations and changes in net assets. Included in the total impairment charges was $41.9 million related to an acute care facility at one of the Health Ministries of the Corporation where material adverse trends in the most recent estimates of future undiscounted cash flows indicated that the carrying value of the long-lived assets were not recoverable from estimated future cash flows. The Corporation believes the most significant factor contributing to the continuing adverse financial trend at this location was a reduction in numerous volume indicators, combined with increased cost of staffing and other operating expenses. The total impairments were comprised of $52.2 million of property and equipment for aged buildings and structures, operating leased space and related furniture and equipment to be vacated or no longer used, $13.5 million related to unconsolidated equity method investments and $17.6 million of other assets.

6. LONG-TERM DEBT AND OTHER FINANCING ARRANGEMENTS

A summary of short-term borrowings and long-term debt as of June 30 is as follows (in thousands):

	2024	2023
Short-term borrowings:		
Variable rate demand bonds with contractual maturities through 2049. Interest payable monthly at rates ranging from 1.80% to 5.01% during 2024 and 0.64% to 4.46% during 2023	$ 599,415	$ 616,335
Long-term debt:		
Tax-exempt revenue bonds and refunding bonds:		
Fixed-rate term and serial bonds, payable at various dates through 2053. Interest rates ranging from 1.25% to 5.00% during 2024 and 2023	$ 3,852,190	$ 3,966,150
Variable-rate term bonds, payable at various dates through 2051. Interest rates ranging from 2.65% to 5.45% during 2024 and 1.10% to 5.83% during 2023	336,525	337,460
Taxable revenue bonds:		
Fixed-rate term, payable through 2049. Interest rates ranging from 2.21% to 4.13% during 2024 and 2.14% to 4.13% during 2023	2,134,840	2,144,780
Variable-rate term, payable through 2051. Interest rates ranging from 5.81% to 6.05% during 2024 and 5.27% to 5.83% during 2023	54,680	54,680
Notes payable to banks. Interest payable at rates ranging from 2.78% to 7.00% during 2024 and 1.00% to 7.50% during 2023, fixed and variable, payable in varying monthly installments through 2031	60,923	40,761
Financing lease obligations (excluding imputed interest of $28.4 million at June 30, 2024 and $30.4 million at June 30, 2023)	86,845	97,792
Other	65,667	60,267
Total long-term debt	6,591,670	6,701,890
Less current portion - net of current discounts	(464,535)	(245,326)
Unamortized debt issuance costs	(35,635)	(37,001)
Unamortized premiums - net	313,670	337,596
Long-term debt - net of current portion	$ 6,405,170	$ 6,757,159

Contractually obligated principal repayments on short-term borrowings and long-term debt are as follows (in thousands):

	Short-Term Borrowings	Long-Term Debt
Years ending June 30:		
2025	$ 22,120	$ 468,378
2026	22,995	153,927
2027	23,920	152,860
2028	24,755	163,674
2029	25,760	180,502
Thereafter	479,865	5,472,329
Total	$ 599,415	$ 6,591,670

A summary of interest costs on borrowed funds primarily under the revenue bond indentures during the years ended June 30 is as follows (in thousands):

	2024	2023
Interest costs incurred	$ 288,483	$ 264,877
Less capitalized interest	(9,452)	(2,966)
Interest expense included in operations	$ 279,031	$ 261,911

Obligated Group and Other Requirements – The Corporation has debt outstanding under a master trust indenture dated October 3, 2013, as amended and supplemented, the amended and restated master indenture ("ARMI"). The ARMI permits the Corporation to issue obligations to finance certain activities. Obligations issued under the ARMI are joint and several obligations of the obligated group established thereunder (the "Obligated Group," which currently consists of the Corporation). Proceeds from tax-exempt bonds and refunding bonds are to be used to finance the construction, acquisition and equipping of capital improvements. Proceeds from taxable bonds are to be used to finance corporate purposes or advance refund tax-exempt bonds. Certain Health Ministries of the Corporation constitute designated affiliates and the Corporation covenants to cause each designated affiliate to pay, loan or otherwise transfer to the Obligated Group such amounts necessary to pay the amounts due on all obligations issued under the ARMI. The Obligated Group and the designated affiliates are referred to as the Trinity Health Credit Group.

Pursuant to the ARMI, the Obligated Group agent (which is the Corporation) has caused the designated affiliates representing, when combined with the Obligated Group members, at least 85% of the consolidated net revenues of the Trinity Health Credit Group to grant to the master trustee security interests in their pledged property which security interests secure all obligations issued under the ARMI. There are several conditions and covenants required by the ARMI with which the Corporation must comply, including covenants that require the Corporation to maintain a minimum historical debt-service coverage and limitations on liens or security interests in property, except for certain permitted encumbrances, affecting the property of the Corporation or any material designated affiliate (a designated affiliate whose total revenues for the most recent fiscal year exceed 5% of the combined total revenues of the Corporation for the most recent fiscal year). Long-term debt outstanding as of June 30, 2024 and 2023, that has not been secured under the ARMI is generally collateralized by certain property and equipment.

Commercial Paper – The Corporation's commercial paper program is authorized for borrowings up to $600 million. As of June 30, 2024 and 2023, the total amount of commercial paper outstanding was $99.1 million and $99.5 million, respectively. Proceeds from this program are to be used for general purposes of the Corporation. The notes are payable from the proceeds of subsequently issued notes and from other funds available to the Corporation, including funds derived from the liquidation of securities held by the Corporation in its investment portfolio. The interest rate charged on borrowings outstanding during the years ended June 30, 2024 and 2023, ranged from 5.04% to 5.52% and 1.28% to 5.30%, respectively.

Liquidity Facilities – On September 29, 2022, the Corporation renewed and amended its revolving credit agreement ("RCAI"), by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAI. RCAI establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under RCAI can only be used to support the Corporation's obligation to pay the purchase price of bonds that are subject to tender and that have not been successfully remarketed, and the maturing principal of and interest on commercial paper notes. Of the $600 million available balance, the first tranche of $300 million expires on September 26, 2025 and the second tranche of $300 million expires on September 28, 2026. As of June 30, 2024 and 2023, there were no amounts outstanding under RCAI.

On September 29, 2022, the Corporation renewed its three-year general-purpose credit facility ("RCAII") of $600 million, with a maturity date of September 26, 2025. The agreement is by and among the Corporation and U.S. Bank National Association, which acts as an administrative agent for a group of lenders under RCAII and establishes a revolving credit facility for the Corporation, under which that group of lenders agree to lend to the Corporation amounts that may fluctuate from time to time. Amounts drawn under RCAII can be used for general corporate purposes and working capital needs. During the third and fourth quarters of fiscal year 2024, the Corporation temporarily expanded its general-purpose credit facility RCAII by $200 million and executed draws totaling $800 million as a result of a cyberattack on Change Healthcare, one of the Corporation's vendors for revenue cycle services and pharmacy operations, which affected the Corporation's ability to bill medical and pharmacy claims. The $800 million balance drawn was fully repaid and the requested expansion was canceled during May and June of 2024. As of June 30, 2024 and 2023, there were no amounts outstanding under RCAII.

Each financial institution providing liquidity support under RCAI and RCAII is secured by an obligation under the ARMI.

Standby Letters of Credit – The Corporation maintains an arrangement for multiple standby letters of credit with a financial institution with a capacity available of $90 million as of June 30, 2024 and 2023. The arrangement supports multiple insurance, unemployment, and other risk liabilities that total $52.7 million and $63.8 million as of June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, there were no draws on the letters of credit.

In addition, the Corporation maintains a two-year arrangement for standby letters of credit with an additional financial institution in the amount of $50 million. The arrangement is for letters of credit that can be used to support insurance, unemployment, and other risk liabilities. There were no letters of credit issued under this arrangement as of June 30, 2024 and 2023. As of June 30, 2024 and 2023 there were no draws on the letters of credit.

The banks providing standby letters of credit are not secured by an obligation under the ARMI.

Transactions – In December 2022, the Corporation issued $329.7 million par value in tax-exempt fixed rate private placement bonds. Proceeds were used to retire $300 million of outstanding taxable commercial paper obligations issued in connection with the acquisition of MercyOne & MHN as described in Note 3, and to refinance $29.7 million of outstanding taxable commercial paper obligations in connection with certain tax-exempt fixed rate hospital revenue bonds.

In January 2023, the Corporation renewed $50.0 million direct placement bonds that were scheduled for mandatory put in February 2023. In addition, during February 2023, the Corporation renewed $54.7 million taxable fixed-rate direct placement bonds and converted them to taxable variable-rate direct placement bonds. This debt obligation was scheduled for mandatory put in February 2023.

On March 1, 2023, the acquisition of Genesis, as described in Note 3, resulted in the assumption of revenue bonds that totaled $140.7 million. On the acquisition date, Trinity Health issued replacement obligations under the ARMI in exchange for obligations securing bonds previously issued under the Genesis Master Indenture ("GMI"). The replacement obligations were accepted by banks previously holding Genesis revenue bonds. Furthermore, all obligations under the GMI were cancelled and the GMI was discharged. On June 30, 2023, the Corporation converted the $125.6 million taxable revenue bonds to tax-exempt fixed-rate bonds.

In September 2023, the Corporation renewed $75.0 million direct placement bonds that were scheduled for mandatory put in September 2023.

Each series of the referenced bonds is secured by an obligation issued under the ARMI.

7. PROFESSIONAL AND GENERAL LIABILITY PROGRAMS

The Corporation operates a wholly owned insurance company, Trinity Assurance, Ltd. ("TAL"). TAL qualifies as a captive insurance company and provides certain insurance coverage to the Corporation's Health Ministries under a centralized program. The Corporation is self-insured for certain levels of general and professional liability, workers' compensation, and certain other claims. The Corporation has limited its liability by purchasing other coverages from unrelated third-party commercial insurers. TAL has also limited its liability through commercial reinsurance arrangements.

As discussed in Note 3, on March 1, 2023, the Corporation acquired Genesis Health System, an Iowa nonprofit corporation, which was the sole member and shareholder of Misericordia Assurance Company, LTD ("MAC"), a captive insurance company domiciled in the Cayman Islands. Effective March 1, 2023, TAL policies included the facilities and individuals that were previously insured with MAC. Policies issued and reinsurance purchased by MAC prior to March 1, 2023, and all losses previous to March 1, 2023, were assumed by TAL through the merger of MAC into TAL effective as of December 1, 2023.

The Corporation's current self-insurance program includes $25 million per occurrence with an additional $5 million ($10 million aggregate) layer for professional liability and $15 million per occurrence for general liability as well as $10 million per occurrence for hospital government liability, $5 million per occurrence for miscellaneous errors and omissions liability and network security and privacy liability, and $1 million per occurrence for management liability (directors' and officers' and employment practices), and certain other coverages. In addition, through TAL and its various commercial reinsurers, the Corporation maintains integrated excess liability coverage with separate annual aggregate limits for professional/general liability and management liability. The Corporation self-insures $750,000 per occurrence for workers' compensation in most states, with commercial insurance providing coverage up to the statutory limits and self-insures up to $500,000 per occurrence for first-party property damage with commercial insurance providing additional coverage. Privacy and network security coverage in excess of the self-insurance is also commercially insured.

TAL reinsures a portion of its risks in order to limit its exposure to losses. This reinsurance coverage is in excess of various attachment points. Reinsurance contracts do not relieve TAL from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to TAL. Consequently, TAL evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the reinsurers to minimize exposure to significant losses from reinsurer insolvencies. TAL's reinsurance contracts are placed with 21 commercial third party reinsurers with A.M. Best ratings of A- or better. Credit risk is minimized by TAL by monitoring counterparty creditworthiness. TAL manages credit risk on the reinsurance recoverable by dealing only with reinsurers with good credit ratings.

The liability for self-insurance reserves represents estimates of the ultimate net cost of all losses and loss adjustment expenses, which are incurred but unpaid at the consolidated balance sheet date. The reserves are based on the loss and loss adjustment expense factors inherent in the Corporation's premium structure. Independent consulting actuaries determined these factors from estimates of the Corporation's expenses and available industry-wide data. The Corporation discounts the reserves to their present value and used a discount rate of 3.0% as of both June 30, 2024 and 2023. The reserves include estimates of future trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the liability for unpaid claims and related adjustment expenses is adequate based on the loss experience of the Corporation. The estimates are continually reviewed and adjusted as necessary. The changes to the estimated self-insurance reserves were determined based upon the annual independent actuarial analyses.

Claims in excess of certain insurance coverage and the recorded self-insurance liability have been asserted against the Corporation by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are known incidents occurring through June 30, 2024, that may result in the assertion of additional claims and other claims may be asserted arising from services provided in the past. While it is possible that settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the Corporation has provided, management, based upon the advice of legal counsel, believes that the excess liability, if any, should not materially affect the consolidated financial statements of the Corporation.

8. PENSION AND OTHER BENEFIT PLANS

Deferred Compensation – The Corporation has nonqualified deferred compensation plans at certain Health Ministries that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of June 30, 2024 and 2023, the assets under these plans totaled \$472.1 million and \$380.2 million, respectively, and liabilities totaled \$480.3 million and \$385.6 million, respectively, which are included in self-insurance, benefit plans and other assets and other long-term liabilities in the consolidated balance sheets.

Defined Contribution Benefits – The Corporation sponsors defined contribution pension plans covering substantially all of its employees. These programs are funded by employee voluntary contributions, subject to legal limitations. Prior to January 1, 2024, employer contributions to the majority of these plans included a nonelective contribution of 3% for participants who satisfied certain eligibility requirements, with a minimum nonelective contribution for certain participants, and varying levels of matching contributions based on employee service. Effective January 1, 2024, the nonelective contribution was eliminated and the matching contribution formula changed for most of the plans. The new formula provides 100% match on the first 3% of eligible compensation plus a 50% match on the next 7%, regardless of employee service. Eligibility requirements to receive the matching contribution did not change. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the plans totaled \$399.5 million and \$365.1 million for the years ended June 30, 2024 and 2023, respectively, which is included in employee benefits in the consolidated statements of operations and changes in net assets.

Noncontributory Defined Benefit Pension Plans ("Pension Plans") – The Corporation maintains qualified Pension Plans that are closed to new participants, and under which benefit accruals are frozen. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants. One of the plans is subject to the provisions of ERISA. The remainder of the plans sponsored by the Corporation are intended to be "Church Plans," as defined in the Code Section 414(e) and Section 3(33) of the ERISA, as amended, which have not made an election under Section 410(d) of the Code to be subject to ERISA. The Corporation's adopted funding policy for its qualified church plans, which is reviewed annually, is to fund the current service cost based on the accumulated benefit obligations and amortization of any under or over funding.

Plan Termination – Effective December 31, 2021, the Board approved the termination of the Trinity Health ERISA Pension Plan ("ERISA Plan"). The ERISA Plan termination included the provision of a pension lump sum election window that ran from January to March 2023. The ERISA Plan paid \$82.5 million in lump sum payments to participants who elected such payments within that voluntary lump sum window. In May 2023, the ERISA Plan irrevocably transferred all future obligations to a third-party insurance company through the purchase of a group annuity contract. The purchase price of the group annuity contract was \$195.9 million. The plan termination process concluded in fiscal year 2023 resulting in a one-time settlement charge of \$88.4 million which is included in nonoperating items in the consolidated statements of operations and changes in net assets. Additionally, a \$13.0 million contribution was paid in fiscal year 2023 with an additional contribution of \$2.8 million paid in fiscal year 2024 related to final plan termination costs.

Postretirement Health Care and Life Insurance Benefits ("Postretirement Plans") – The Corporation sponsors both funded and unfunded contributory plans to provide health care benefits to certain of its retirees. All of the Postretirement Plans are closed to new participants. The Postretirement Plans cover certain hourly and salaried employees who retire from certain Health Ministries. Medical benefits for these retirees are subject to deductibles and cost sharing provisions. The funded plans provide benefits to certain retirees at fixed dollar amounts in health reimbursement account arrangements for Medicare eligible participants.

The following table sets forth the changes in projected benefit obligations, accumulated postretirement obligations and changes in plan assets and funded status of the plans for both the Pension Plans and Postretirement Plans for the years ended June 30 (in thousands):

	Pension Plans		Postretirement Plans	
	2024	2023	2024	2023
Change in Benefit Obligations:				
Benefit obligation, beginning of year	$ 5,222,778	$ 6,076,344	$ 67,798	$ 79,176
Service cost	-	-	-	1
Interest cost	294,553	295,525	3,766	3,775
Actuarial gain	(30,187)	(373,780)	(4,236)	(9,814)
Benefits paid	(431,583)	(486,424)	(5,045)	(5,353)
Plan amendments	35	-	-	(19)
Settlements	-	(288,887)	-	-
Medicare Part D reimbursement	-	-	-	32
Benefit obligation, end of year	5,055,596	5,222,778	62,283	67,798
Change in Plan Assets:				
Fair value of plan assets, beginning of year	5,271,429	5,939,531	163,013	142,252
Actual return on plan assets	205,905	66,884	29,142	24,865
Employer contributions	15,434	40,325	1,401	1,249
Benefits paid	(431,583)	(486,424)	(5,045)	(5,353)
Settlements	-	(288,887)	-	-
Fair value of plan assets, end of year	5,061,185	5,271,429	188,511	163,013
Funded amount recognized June 30	$ 5,589	$ 48,651	$ 126,228	$ 95,215
Recognized in other long-term assets	$ 66,993	$ 125,342	$ 137,329	$ 107,383
Recognized in accrued pension and retiree health costs	$ (61,404)	$ (76,691)	$ (11,101)	$ (12,168)

The benefit obligation actuarial gain in 2024 and 2023 was due primarily to increases in the discount rates to measure plan liabilities.

The accumulated benefit obligations equaled the projected benefit obligations for all defined benefit pension and postretirement plans as of June 30, 2024 and 2023, respectively.

The information for pension plans with projected and accumulated benefit obligations in excess of plan assets as of June 30, 2024, and 2023 are as follows (in thousands):

	2024	2023
Projected and accumulated benefit obligations	$ 550,361	$ 570,140
Fair value of plan assets	488,957	493,449
Funded status	$ (61,404)	$ (76,691)

The information for postretirement plans with projected and accumulated benefit obligations in excess of plan assets as of June 30, 2024, and 2023 are as follows (in thousands):

	2024	2023
Projected and accumulated benefit obligations	$ 11,101	$ 12,168
Fair value of plan assets	-	-
Funded status	$ (11,101)	$ (12,168)

Components of net periodic benefit expense (income) for the years ended June 30 consisted of the following (in thousands):

	Pension Plans		Postretirement Plans	
	2024	2023	2024	2023
Service cost	$ -	$ -	$ -	$ 1
Interest cost	294,552	295,525	3,764	3,775
Expected return on assets	(297,488)	(285,027)	(10,421)	(9,071)
Amortization of prior service credit	(4,811)	(4,111)	(349)	(549)
Recognized net actuarial loss (gain)	69,062	77,797	(5,660)	(3,708)
Net periodic benefit expense (income) before settlements	61,315	84,184	(12,666)	(9,552)
Settlements	-	88,392	-	-
Net periodic benefit expense (income)	$ 61,315	$ 172,576	$ (12,666)	$ (9,552)

The deferred losses (gains) included in net assets without donor restrictions, including amounts arising during the year and amounts reclassified into net periodic benefit cost, are as follows (in thousands):

	Pension Plans		
	Net Loss (Gain)	Prior Service Credit	Total
Balance at July 1, 2022	$ 2,248,028	$ (95,120)	$ 2,152,908
Reclassified into net periodic benefit cost	(77,797)	4,111	(73,686)
Arising during the year	(155,634)	-	(155,634)
Settlements	(88,392)	-	(88,392)
Balance at June 30, 2023	1,926,205	(91,009)	1,835,196
Reclassified into net periodic benefit cost	(69,062)	4,811	(64,251)
Arising during the year	61,398	35	61,433
Balance at June 30, 2024	$ 1,918,541	$ (86,163)	$ 1,832,378

	Postretirement Plans			All Plans
	Net Loss (Gain)	Prior Service Credit	Total	Grand Total
Balance at July 1, 2022	$ (54,522)	$ (2,229)	$ (56,751)	$ 2,096,157
Reclassified into net periodic benefit cost	3,708	549	4,257	(69,429)
Arising during the year	(25,398)	(19)	(25,417)	(181,051)
Settlements	-	-	-	(88,392)
Balance at June 30, 2023	(76,212)	(1,699)	(77,911)	1,757,285
Reclassified into net periodic benefit cost	5,660	349	6,009	(58,242)
Arising during the year	(22,930)	-	(22,930)	38,503
Balance at June 30, 2024	$ (93,482)	$ (1,350)	$ (94,832)	$ 1,737,546

Assumptions used to determine benefit obligations and net periodic benefit cost as of and for the years ended June 30 were as follows:

	Pension Plans		Postretirement Plans	
	2024	2023	2024	2023
Benefit Obligations:				
Discount rate	5.85% - 6.05%	5.90% - 5.95%	5.80% - 5.90%	5.85% - 5.95%
Weighted average interest crediting rate	4.94%	4.89%	N/A	N/A
Net Periodic Benefit Cost:				
Discount rate	5.90% - 5.95%	4.20% - 5.25%	5.85% - 5.95%	4.80% - 5.10%
Weighted average interest crediting rate	4.89%	4.13%	N/A	N/A
Expected long-term return on plan assets	4.50% - 6.60%	2.00% - 6.25%	6.50%	6.50%

Approximately 74% of the Corporation's pension plan liabilities were measured using a 5.95% discount rate as of June 30, 2024. Approximately 77% of the Corporation's pension plan liabilities were measured using a 5.90% discount rate as of June 30, 2023.

The Corporation utilizes a pension liability driven investment ("LDI") strategy in determining its asset allocation and long-term rate of return for plan assets. This risk management strategy uses a glide path methodology based on funded status, which was further refined during fiscal year 2021 to protect the funded status of the Pension Plans. The revised glidepath was developed in alignment of an improving hedging ratio, which measures the percentage of hedging assets to Pension Plan liabilities. The glidepath methodology is used to initiate asset allocation changes across the efficient frontier. Efficient frontier analysis models the risk and return trade-offs among asset classes while taking into consideration the correlation among the asset classes. Historical market returns and risks are examined as part of this process, but risk-based adjustments are made to correspond with modern portfolio theory. Long-term historical correlations between asset classes are used, consistent with widely accepted capital markets principles. Current market factors, such as inflation and interest rates, are evaluated before long-term capital market assumptions are determined. The long-term rate of return is established using the efficient frontier analysis approach with proper consideration of asset class diversification and rebalancing. Peer data and historical returns are reviewed to check for reasonableness and appropriateness.

Health Care Cost Trend Rates – Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement plans. The postretirement benefit obligation includes assumed health care cost trend rates as of June 30 as follows:

	2024	2023
Medical and drugs, pre-age 65	6.50%	6.75%
Medical and drugs, post-age 65	6.50%	6.75%
Ultimate trend rate	5.00%	5.00%
Year rate reaches the ultimate rate	2030	2030

The Corporation's investment allocations as of June 30 by investment category are as follows:

	Pension Plans		Postretirement Plans	
	2024	2023	2024	2023
Investment Category:				
Cash and cash equivalents	2%	2%	2%	-
Marketable securities:				
U.S. and non-U.S. equity securities	3%	7%	-	-
Equity mutual funds	1%	2%	-	-
Debt securities	61%	59%	36%	7%
Other investments:				
Commingled funds	28%	25%	62%	93%
Hedge funds	3%	3%	-	-
Private equity funds	2%	2%	-	-
Total	100%	100%	100%	100%

The LDI investment strategy focuses on maintaining an appropriate liability hedging ratio along the glidepath. It utilizes a mix of equities, hedge funds and fixed-income investments for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalizations. Other investments, such as hedge funds, interest rate swaps and private equity are used judiciously to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through monthly investment portfolio reviews, annual liability measurements and periodic asset/liability studies. For the majority of the Corporation's pension plan investments, the combined target investment allocation as of June 30, 2024, was fixed-income obligations 75%; global and traditional equity securities 19%; hedge funds 5%; and cash 1%.

The following table summarizes the Pension Plans' and Postretirement Plans' assets measured at fair value as of June 30, 2024 (in thousands). See Note 10 for definitions of Levels 1, 2 and 3 of the fair value hierarchy.

	2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total Fair Value**
Pension Plans:			
Cash and cash equivalents	$ 114,077	$ 11,573	$ 125,650
Equity securities	129,169	37	129,206
Debt securities			
Government and government agency obligations	-	704,400	704,400
Corporate bonds	-	2,356,158	2,356,158
Exchange traded/mutual funds			
Equity funds	65,487	-	65,487
Other	2,868	-	2,868
Subtotal	$ 311,601	$ 3,072,168	$ 3,383,769
Investments measured at net asset value:			
Commingled funds			
Equity funds			777,847
Fixed-income funds			632,188
Hedge funds			150,144
Private equity			86,317
Total financial assets			5,030,265
Accrued income and other			30,920
Fair value of plan assets			$ 5,061,185
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	$ 2,289	$ -	$ 2,289
Fixed-income funds	68,646	-	68,646
Subtotal	$ 70,935	$ -	$ 70,935
Investment measured at net asset value:			
Equity commingled fund			117,576
Fair value of plan assets			$ 188,511

The following table summarizes the Pension Plans' and Postretirement Plans' assets measured at fair value as of June 30, 2023 (in thousands).

	2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total Fair Value**
Pension Plans:			
Cash and cash equivalents	$ 123,355	$ -	$ 123,355
Equity securities	347,485	36	347,521
Debt securities			
Government and government agency obligations	-	679,505	679,505
Corporate bonds	-	2,425,577	2,425,577
Exchange traded/mutual funds			
Equity funds	84,071	-	84,071
Other	4,425	-	4,425
Subtotal	$ 559,336	$ 3,105,118	$ 3,664,454
Investments measured at net asset value:			
Commingled funds			
Equity funds			680,240
Fixed-income funds			644,111
Hedge funds			142,215
Private equity			110,473
Total financial assets			5,241,493
Accrued income and other			29,936
Fair value of plan assets			$ 5,271,429
Postretirement Plans:			
Exchange traded/mutual funds			
Short-term investment funds	$ 891	$ -	$ 891
Fixed-income funds	11,150	-	11,150
Subtotal	$ 12,041	$ -	$ 12,041
Investment measured at net asset value:			
Equity commingled fund			150,972
Fair value of plan assets			$ 163,013

Unfunded capital commitments related to private equity investments totaled $20.2 million and $20.7 million as of June 30, 2024 and 2023, respectively. The private equity investments are in harvest mode and the anticipated amount of capital to be called is less than 15% of the unfunded amount.

See Note 10 for the Corporation's methods and assumptions to estimate the fair value of equity and debt securities, mutual funds, commingled funds, and hedge funds.

Private Equity – These assets include several private equity funds that invest primarily in the United States, Asia, and Europe, both directly and on the secondary market, pursuing distressed opportunities and natural resources, primarily energy. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

Derivatives – The fair value of the derivatives is estimated utilizing the terms of the derivative instruments and publicly available market yield curves. The Pension Plans' investment policies specifically prohibit the use of derivatives for speculative purposes.

Other – Represents unsettled transactions relating primarily to purchases and sales of plan assets. Due to the short maturity of these assets and liabilities, the fair value approximates the carrying amounts.

There were no Level 3 assets in the Pension Plan portfolios as of June 30, 2024 or 2023.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes the valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Expected Contributions – The Corporation expects to contribute approximately $13.8 million to its Pension Plans and $2.0 million to its Postretirement Plans during the year ended June 30, 2025, under the Corporation's stated funding policies.

Expected Benefit Payments – The Corporation expects to pay the following for pension benefits and postretirement benefits for the years ending June 30:

	Pension Plans	Postretirement Plans
Years ending June 30:		
2025	$ 503,363	$ 6,946
2026	442,115	6,707
2027	436,999	6,485
2028	432,019	6,258
2029	426,387	6,024
Years 2030 – 2033	1,948,926	26,145

9. COMMITMENTS AND CONTINGENCIES

Litigation and Settlements – The Corporation is involved, from time to time, in other litigation and regulatory investigations that may result in litigation or settlement, arising in the ordinary course of doing business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the Corporation's future consolidated financial position or results of operations.

Health Care Regulatory Environment – The health care industry is subject to numerous and complex federal, state and local government laws and regulations. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, data privacy and security, government health care program participation requirements, government reimbursement rules for patient services, government rules for receipt and use of Coronavirus funding programs, fraud and abuse prevention requirements, and requirements for tax-exempt organizations. Laws and regulations concerning government programs, including Medicare, Medicaid, Medicare Advantage, Coronavirus Aid, Relief and Economic Security Act ("CARES Act") and Paycheck Protection Program and Health Care Enhancement Act ("PPPHCE Act"), are subject to varying interpretation. Compliance with such laws and regulations is nuanced and can be subject to future government review and interpretation as well as significant regulatory enforcement actions, including fines, penalties, and potential exclusion from government health care programs such as Medicare and Medicaid.

The Corporation and its Health Ministries periodically receive requests for information and notices of investigations regarding potential noncompliance with those laws and regulations, billing, payment, or other reimbursement matters; or indicating the existence of whistleblower litigation which, in some instances, have resulted in the Corporation entering into significant settlement agreements. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims. The health care industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs and tools designed to identify potential irregularities in reimbursement or quality of patient care. Based on the information received to date, management does not believe the ultimate resolution of these matters will have a material adverse effect on the Corporation's future consolidated financial position or results of operations. Trinity Health monitors its business activities for compliance with applicable laws and regulations and operates a values-based ethics and compliance program that is designed to meet or exceed applicable federal guidelines and industry standards.

10. LIQUIDITY AND FAIR VALUE MEASUREMENTS

Liquidity and Availability – The following financial assets are not subject to donor or other contractual restrictions and are available for expenditure generally within one year of the balance sheet date. Board-designated funds have been established in which the Board has the objective of setting funds aside that can be drawn upon for current needs. Also, as more fully described in Note 6, the Corporation has a commercial paper program authorized for borrowings of up to $600 million and a general-purpose credit facility of $600 million as of June 30, 2024. As of both June 30, 2024 and 2023, there were no amounts outstanding under the existing general purpose credit facility.

The Corporation monitors liquidity position through days cash on hand, which is defined as total unrestricted cash and investments without donor or contractual restrictions, divided by total operating expenses minus depreciation and amortization, divided by the number of days in the period.

The following table depicts the liquidity position of the Corporation as of June 30, but does not include cash or securities provided to the Corporation as collateral under its securities lending program (in thousands):

	2024	2023
Cash and cash equivalents	$ 404,959	$ 576,308
Investment securities classified as current assets	5,822,925	5,266,635
Board-designated funds	8,651,133	4,372,991
Total unrestricted cash and investments	$ 14,879,017	$ 10,215,934
Days cash on hand	238	178

For the years ended June 30, 2024 and 2023, days cash on hand increased 60 days and decreased 33 days, respectively. The increase in fiscal year 2024 was primarily related to the disaffiliation from BayCare (see Note 3) and to a lesser extent investment earnings and operating cash flows, partially offset by capital expenditures and a 14 day increase in expenses per day driven by the acquisitions discussed in Note 3. The decrease in fiscal year 2023 was related to capital expenditures, cash paid for the MercyOne & MHN acquisition (see Note 3), recoupment of remaining Medicare cash advances which were provided through the CARES Act during fiscal year 2020, and increase in expense per day, partially offset by investment earnings, operating cash flows and net cash acquired from the Genesis acquisition as discussed in Note 3.

Approximately 7.8% of the Board-designated funds include private equity investments that may not be as readily available depending on market conditions. The Corporation has other assets limited or restricted as to use for donor-restricted purposes, debt service and for future capital improvements. Additionally, certain other Board-designated assets are designated for future capital expenditures and operating reserves. These assets limited as to use, which are more fully described in Note 12, are not available for general expenditure within the next year. However, the Board-designated amounts could be made available, if necessary and are thus reflected in the amounts above.

In addition, as of June 30, 2024 and 2023 the Corporation had a working capital surplus of $6.0 billion and $5.8 billion, respectively.

Fair Value Measurements – The Corporation's consolidated financial statements reflect certain assets and liabilities recorded at fair value. Assets and liabilities measured at fair value on a recurring basis in the Corporation's consolidated balance sheets include cash, cash equivalents, securities lending collateral, equity securities, debt securities, mutual funds, commingled funds, hedge funds and derivatives. Defined benefit retirement plan assets are measured at fair value on an annual basis; see Note 8 for further details.

Fair value is 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. The fair value should be based on assumptions that market participants would use, including a consideration of nonperformance risk.

To determine fair value, the Corporation uses various valuation methodologies based on market inputs. For many instruments, pricing inputs are readily observable in the market; the valuation methodology is widely accepted by market participants and involves little to no judgment. For other instruments, pricing inputs are less observable in the marketplace. These inputs can be subjective in nature and involve uncertainties and matters of considerable judgment. The use of different assumptions, judgments and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Corporation assesses the inputs used to measure fair value using a three-level hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical instruments in active markets

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar instruments in active markets
- Quoted prices for identical or similar instruments in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the instrument (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 – Unobservable inputs that cannot be corroborated by observable market data

Valuation Methodologies – Exchange-traded securities whose fair value is derived using quoted prices in active markets are classified as Level 1. In instances where quoted market prices are not readily available, fair value is estimated using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures. The inputs to these models depend on the type of security being priced, but are typically benchmark yields, credit spreads, prepayment spreads, reported trades and broker-dealer quotes, all with reasonable levels of transparency. Generally, significant changes in any of those inputs in isolation would result in a significantly different fair value measurement. The Corporation classifies these securities as Level 2 within the fair value hierarchy. There were no Level 3 investments as of June 30, 2024 and 2023.

The Corporation maintains policies and procedures to value instruments using the best and most relevant data available. The Corporation has not adjusted the prices obtained. Third-party administrators do not provide access to their proprietary valuation models, inputs and assumptions. Accordingly, the Corporation reviews the independent reports of internal controls for these service providers. In addition, on a quarterly basis, the Corporation performs reviews of investment consultant industry peer group benchmarking and supporting relevant market data. Finally, all of the fund managers have an annual independent audit performed by an accredited accounting firm. The Corporation reviews these audited financials for ongoing validation of pricing used. Based on the information available, the Corporation believes that the fair values provided by the third-party administrators and investment fund managers are representative of prices that would be received to sell the assets.

In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest-level input that is significant to the fair value measurement in its entirety. The Corporation's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset.

Following is a description of the valuation methodologies the Corporation used for instruments recorded at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Cash and Cash Equivalents – The carrying amounts reported in the consolidated balance sheets approximate their fair value. Certain cash and cash equivalents are included in investments and assets limited or restricted as to use in the consolidated balance sheet. Included in this category is commercial paper. The fair value of commercial paper is based on amortized cost. Commercial paper is designated as Level 2 investments with significant observable inputs, including security cost, maturity and credit rating.

Securities Lending Collateral – The securities lending collateral is invested in a Northern Trust sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value amounts of the commingled collateral fund are determined using the calculated net asset value per share (or its equivalent) for the fund with the underlying investments valued using techniques similar to those used for instruments noted below.

Equity Securities – Equity securities are valued at the closing price reported on the applicable exchange on which the security is traded or are estimated using quoted market prices for similar securities.

Debt Securities – Debt securities are valued using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures.

Exchange-Traded/Mutual Funds – Exchange-traded funds are valued at the closing price reported on the applicable exchange on which the fund is traded or estimated using quoted market prices for similar securities. Mutual funds are valued using the net asset value based on the value of the underlying assets owned by the fund, minus liabilities, divided by the number of shares outstanding and multiplied by the number of shares owned.

Commingled Funds – Commingled funds are developed for investment by institutional investors only and, therefore, do not require registration with the Securities and Exchange Commission. Commingled funds are recorded at fair value based on net asset value, which is calculated using the most recent fund financial statements.

Hedge Funds – Hedge funds utilize either a direct or a “fund-of-funds” approach resulting in diversified multistrategy, multimanager investments. Underlying investments in these funds may include equity securities, debt securities, commodities, currencies and derivatives. These funds are valued at net asset value, which is calculated using the most recent fund financial statements.

The Corporation classifies its equity and debt securities, mutual funds, commingled funds and hedge funds as trading securities. The amount of holding gains included in the excess of revenue over expenses related to securities still held as of June 30, 2024 and 2023, were $1,959.2 million and $1,456.3 million, respectively.

Equity Method Investments – Certain other investments are accounted for using the equity method. These investments are structured as limited liability corporations and partnerships and are designed to produce stable investment returns regardless of market activity. These investments utilize a combination of "fund-of-funds" and direct fund investment strategies resulting in a diversified multistrategy, multimanager investment approach. Some of these funds are developed by investment managers specifically for the Corporation's use and are similar to mutual funds but are not traded on a public exchange. Underlying investments in these funds may include other funds, equity securities, debt securities, commodities, currencies and derivatives. Audited information is only available annually based on the limited liability corporations, partnerships or funds' year-end. Management's estimates of the fair values of these investments are based on information provided by the third-party administrators and fund managers or the general partners. Management obtains and considers the audited financial statements of these investments when evaluating the overall reasonableness of the recorded value. In addition to a review of external information provided, management's internal procedures include such things as review of returns against benchmarks and discussions with fund managers on performance, changes in personnel or process, along with evaluations of current market conditions for these investments. Because of the inherent uncertainty of valuations, values may differ materially from the values that would have been used had a ready market existed. Unfunded capital commitments related to equity method investments totaled $644.0 million and $689.5 million as of June 30, 2024 and 2023, respectively.

Interest Rate Swaps – The fair value of the Corporation's derivatives, which are mainly interest rate swaps, are estimated utilizing the terms of the swaps and publicly available market yield curves along with the Corporation's nonperformance risk as observed through the credit default swap market and bond market and based on prices for recent trades. These swap agreements are classified as Level 2 within the fair value hierarchy.

The following table presents information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded as of June 30, 2024 (in thousands):

	2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total Fair Value**
Assets:			
Cash and cash equivalents	$ 4,639,842	$ 8,805	$ 4,648,647
Security lending collateral	-	330,662	330,662
Equity securities	3,475,866	123	3,475,989
Debt securities:			
Government and government agency obligations	-	934,525	934,525
Corporate bonds	-	1,146,787	1,146,787
Asset backed securities	-	339,852	339,852
Bank loans	-	23,191	23,191
Other	-	2,553	2,553
Exchange traded/mutual funds:			
Equity funds	743,743	-	743,743
Fixed income funds	681,582	-	681,582
Real estate investment funds	67,202	-	67,202
Other	21,993	-	21,993
Subtotal	$ 9,630,228	$ 2,786,498	$ 12,416,726
Equity method investments			2,868,748
Investments measured at net asset value:			
Commingled funds			1,245,673
Hedge funds			555,069
Total financial assets			17,086,216
Accrued income			34,737
Fair value of assets			$ 17,120,953
Liabilities:			
Interest rate swaps	$ -	$ 35,460	$ 35,460

The following table presents information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis and recorded as of June 30, 2023 (in thousands):

	2023		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Assets:			
Cash and cash equivalents	$ 1,093,410	$ 6,235	$ 1,099,645
Security lending collateral	-	349,985	349,985
Equity securities	3,155,639	458	3,156,097
Debt securities:			
Government and government agency obligations	-	845,135	845,135
Corporate bonds	-	1,099,702	1,099,702
Asset backed securities	-	335,547	335,547
Bank loans	-	2,494	2,494
Other	-	5,665	5,665
Exchange traded/mutual funds:			
Equity funds	620,670	-	620,670
Fixed income funds	350,679	-	350,679
Real estate investment funds	65,431	-	65,431
Other	20,747	-	20,747
Subtotal	$ 5,306,576	$ 2,645,221	$ 7,951,797
Equity method investments			2,730,957
Investments measured at net asset value:			
Commingled funds			1,037,930
Hedge funds			573,523
Total assets			$ 12,294,207
Liabilities:			
Interest rate swaps	$ -	$ 49,119	$ 49,119

The following table reconciles the information about the fair value of the Corporation's financial instruments measured at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of June 30 (in thousands):

	2024	2023
Assets:		
Cash and cash equivalents	$ 404,959	$ 576,308
Investments	5,822,925	5,266,635
Security lending collateral	330,662	349,985
Assets limited or restricted as to use - current portion	453,062	430,985
Assets limited or restricted as to use - noncurrent portion:		
Self-insurance, benefit plans and other	1,157,778	1,052,049
By Board	8,454,359	4,160,166
By donor	629,104	598,003
Less items not recorded at fair value:		
Unconditional promises to give - net	(36,576)	(43,232)
Reinsurance recovery receivable	(83,025)	(85,329)
Other, primarily beneficial interests in trusts	(12,295)	(11,363)
Total assets	$ 17,120,953	$ 12,294,207

Investments in Entities that Calculate Net Asset Value per Share – The Corporation holds shares or interests in investment companies at year-end, included in commingled funds and hedge funds, where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. There were no unfunded commitments as of June 30, 2024 and 2023. The fair value and redemption rules of these investments are as follows as of June 30 (in thousands):

2024	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	$ 1,245,673	Daily, weekly, thrice-monthly	2 - 10 days
Hedge funds	555,069	Monthly, quarterly, semi-annually	15 - 95 days
Total	$ 1,800,742		

2023	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled funds	$ 1,037,930	Daily, thrice-monthly, monthly	2 - 10 days
Hedge funds	573,523	Daily, monthly, quarterly, semi-annually, annually	30 - 90 days
Total	$ 1,611,453		

The hedge fund category includes equity long/short hedge funds, multistrategy hedge funds and relative value hedge funds. Equity long/short hedge funds invest both long and short, primarily in U.S. common stocks. Management of the fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and from a net long position to a net short position. Multistrategy hedge funds pursue multiple strategies to diversify risks and reduce volatility.

The relative value hedge fund strategy is to exploit structural and technical inefficiencies in the market by investing in financial instruments that are perceived to be inefficiently priced as a result of business, financial or legal uncertainties. Investments representing approximately 0.3% and 0.6% of the value of the investments in this category as of June 30, 2024 and 2023, respectively, can only be redeemed semi-annually, bi-annually, or annually subsequent to the initial investment date. Investments representing 66.6% and 61.5% of the investments in this category as of June 30, 2024 and 2023, respectively, can only be redeemed at the rate of 25% per quarter.

The commingled fund category primarily includes investments in funds that invest in financial instruments of U.S. and non-U.S. entities, primarily bonds, notes, bills, debentures, currencies and interest rate and derivative products.

The composition of investment returns included in the consolidated statements of operations and changes in net assets for the years ended June 30 is as follows (in thousands):

	2024	2023
Dividend, interest income and other	$ 264,595	$ 208,213
Realized gain - net	141,719	129,253
Realized equity earnings, other investments	70,758	38,834
Change in net unrealized (loss) gain on investments	696,733	461,624
Total investment return	$ 1,173,805	$ 837,924
Included in:		
Operating income	$ 141,335	$ 94,903
Nonoperating items	979,982	715,572
Changes in net assets with donor restrictions	52,488	27,449
Total investment return	$ 1,173,805	$ 837,924

In addition to investments, assets restricted as to use include receivables for unconditional promises to give cash and other assets, net of allowances for uncollectible promises to give. Unconditional promises to give consist of the following as of June 30 (in thousands):

	2024	2023
Amounts expected to be collected in:		
Less than one year	$ 21,105	$ 16,372
One to five years	18,726	26,613
More than five years	1,979	6,867
	41,810	49,852
Discount to present value of future cash flows	(2,960)	(3,927)
Allowance for uncollectible amounts	(2,274)	(2,693)
Total unconditional promises to give - net	$ 36,576	$ 43,232

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative Financial Instruments – In the normal course of business, the Corporation is exposed to market risks, including the effect of changes in interest rates and equity market volatility. To manage these risks, the Corporation maintains various derivative contracts, primarily interest rate swaps. Interest rate swaps are used to manage the effect of interest rate fluctuations. The Corporation did not enter into any derivative contracts during the years ended June 30, 2024 and 2023.

Management reviews the Corporation's hedging program, derivative position and overall risk management on a regular basis. The Corporation only enters into transactions it believes will be highly effective at offsetting the underlying risk.

Interest Rate Swaps – The Corporation utilizes interest rate swaps to manage interest rate risk related to the Corporation's variable interest rate debt. Cash payments on interest rate swaps totaled $0.8 million and $7.9 million for the years ended June 30, 2024 and 2023, respectively, and are included in nonoperating items.

Certain of the Corporation's interest rate swaps contain provisions that give certain counterparties the right to terminate the interest rate swap if a rating is downgraded below specified thresholds. If a ratings downgrade threshold is breached, the counterparties to the derivative instruments could demand immediate termination of the swaps. Such termination could result in a payment from the Corporation or a payment to the Corporation depending on the market value of the interest rate swap.

Effect of Derivative Instruments on Excess of Revenue over Expenses – The Corporation has interest rate swaps not designated as hedging instruments which are included in the excess of revenue over expenses in the statement of operations. Net gains included in the change in market value and cash payments of interest rate swaps totaled $12.9 million and $29.8 million for the years ended June 30, 2024 and 2023, respectively.

Balance Sheet Effect of Derivative Instruments – The following table summarizes the estimated fair value of the Corporation's derivative financial instruments as of June 30 (in thousands):

Derivatives Not Designated as Hedging Instruments	Consolidated Balance Sheet Location	Fair Value 2024	Fair Value 2023
Liability Derivatives:			
Interest rate swaps	Other long-term liabilities	$ 35,460	$ 49,119

The counterparties to the interest rate swaps expose the Corporation to credit loss in the event of nonperformance. As of June 30, 2024 and 2023, an adjustment for nonperformance risk reduced derivative liabilities by $0.7 million and $2.1 million, respectively.

12. NET ASSETS WITHOUT DONOR RESTRICTIONS AND WITH DONOR RESTRICTIONS

Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific program or time period. In addition, certain restricted assets have been restricted by donors to be maintained by the Corporation in perpetuity. Net assets with donor restrictions as of June 30 are restricted for the following programs or periods (in thousands):

	2024	2023
Subject to expenditure for specified program		
Education and research	$ 46,284	$ 50,364
Building and equipment	89,892	82,107
Patient care	65,408	68,237
Cancer center/research	24,467	17,539
Services for elderly care	47,867	43,865
Other	98,879	107,688
Total subject to expenditure for specified program	372,797	369,800
Subject to the passage of time		
For periods after June 30	36,576	43,232
Total subject to expenditure for specified program and passage of time	$ 409,373	$ 413,032
Subject to organization spending policy and appropriation		
Investment in perpetuity, which, once appropriated, is expendable to support:		
Hospital operations	145,168	134,260
Medical programs	14,809	14,391
Scholarship funds	17,737	15,256
Research funds	13,693	13,636
Community service funds	18,695	21,581
Other	44,887	43,858
Total subject to organization spending policy and appropriation	254,989	242,982
Total net assets with donor restrictions	$ 664,362	$ 656,014

The Corporation's endowments consist of funds established for a variety of purposes. Endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Corporation considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

The Corporation employs a total return investment approach whereby a mix of equities and fixed-income investments are used to maximize the long-term return of endowment funds for a prudent level of risk. The Corporation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Corporation can appropriate each year all available earnings in accordance with donor restrictions. The endowment corpus is to be maintained in perpetuity. Certain donor-restricted endowments require a portion of annual earnings to be maintained in perpetuity along with the corpus. Only amounts exceeding the amounts required to be maintained in perpetuity are expended.

The changes in endowment net assets and composition by type of fund for the years ended June 30 are as follows (in thousands):

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, July 1, 2022	$ 91,660	$ 276,289	$ 367,949
Investment return:			
Investment income	2,744	4,390	7,134
Change in net realized and unrealized gains (losses)	5,869	9,967	15,836
Total investment return	8,613	14,357	22,970
Contributions	716	2,909	3,625
Appropriation of endowment assets for expenditures	(1,763)	(2,115)	(3,878)
Acquistions	1,228	21,590	22,818
Other	976	(12,751)	(11,775)
Endowment net assets, June 30, 2023	101,430	300,279	401,709
Investment return:			
Investment income	4,163	5,810	9,973
Change in net realized and unrealized gains (losses)	8,599	14,297	22,896
Total investment return	12,762	20,107	32,869
Contributions	1,002	4,216	5,218
Appropriation of endowment assets for expenditures	(2,973)	(2,946)	(5,919)
Other	(4,365)	(2,659)	(7,024)
Endowment net assets, June 30, 2024	$ 107,856	$ 318,997	$ 426,853

The table below describes the restrictions for endowment amounts classified as net assets with donor restrictions as of June 30 (in thousands):

	2024	2023
Net assets with donor restrictions:		
Endowments requiring income to be added to the original gift	$ 10,970	$ 10,868
Term endowment funds	11,693	10,253
Accumulated investment gains on endowment funds:		
Without purpose restrictions	204,779	190,569
With purpose restrictions	91,555	88,589
Total endowment funds classified as net assets with donor restrictions	$ 318,997	$ 300,279

Underwater Endowments – Periodically, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Corporation to retain as a fund of perpetual duration. The Corporation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. However, the Corporation's policy for all endowments is the investment returns released into income during the year may not exceed 5% of the total investment pool balance. This policy also applies to underwater endowments.

Governing Board Designations – At times, the Corporation's governing Board may make designations or appropriations that result in self-imposed limits on the use of resources without donor restrictions, known as Board-designated net assets. The Corporation's governing Board has designated, from net assets without donor restrictions amounts for the following purposes as of June 30 (in thousands):

	2024	2023
Quasi-endowment funds	$ 107,856	$ 101,430
Future capital improvements	1,048,207	1,046,782
Ministry strategic development funds	4,537,256	330,755
Insurance and retirement programs	1,145,316	1,012,875
Retirement of debt/intercompany loan program	1,348,675	1,478,302
Program/mission	314,856	288,068
Other	148,967	114,779
Total governing Board designations	8,651,133	4,372,991
Less current portion	(196,774)	(212,825)
Total governing Board designations - net of current portion	$ 8,454,359	$ 4,160,166

13. RESTRUCTURING CHARGES

For the year ended June 30, 2023, $82.3 million of restructuring charges, primarily related to loss on sale, asset retirement obligations and transition benefits for colleagues were recorded in the consolidated statement of operations and changes in net assets as a result of the SFMC divestiture as described further in Note 3.

In addition, during fiscal year 2023, the Corporation undertook actions to reduce administrative costs in response to financial challenges spurred by the COVID-19 pandemic. As a result of these actions, restructuring charges, primarily for severance and termination benefits, of $40.0 million for the year ended June 30, 2023, were recorded in the consolidated statement of operations and changes in net assets.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2024, the date the consolidated financial statements were issued. There were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements.

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