

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northside Hospital, Inc. and Subsidiaries:

Report on Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Northside Hospital, Inc. (a Georgia not-for-profit corporation and a subsidiary of Northside Health Services, Inc.) and its subsidiaries ("Northside") which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northside Hospital, Inc. and its subsidiaries as of September 30, 2025 and 2024, and the results of its operations, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 Northside 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 Northside's ability to continue as a going concern for one year after the date that the financial statements are available to be 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Northside'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 Northside's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2026 on our consideration of Northside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northside's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northside's internal control over financial reporting and compliance.

Deloitte + Touche LLP

January 14, 2026

NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2025 AND 2024 (In thousands)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 701,013	\$ 604,489
Patient accounts receivable—net	623,701	580,659
Inventories	119,845	117,116
Prepaid expenses and other assets	<u>140,008</u>	<u>117,323</u>
Total current assets	<u>1,584,567</u>	<u>1,419,587</u>
ASSETS WHOSE USE IS LIMITED—At fair value	<u>1,117,839</u>	<u>988,164</u>
PROPERTY AND EQUIPMENT—net	<u>2,840,329</u>	<u>2,584,875</u>
OTHER ASSETS:		
Right-of-use assets (Note 10)	326,752	341,559
Goodwill	218,011	211,064
Other intangible assets—net	164,402	122,568
Pension plan assets	419,733	267,593
Due from affiliates	32,052	30,305
Other	<u>7,489</u>	<u>2,971</u>
Total other assets	<u>1,168,439</u>	<u>976,060</u>
TOTAL	<u><u>\$ 6,711,174</u></u>	<u><u>\$ 5,968,686</u></u>

(Continued)

NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2025 AND 2024 (In thousands)

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of finance lease obligations (Note 10)	\$ 5,540	\$ 4,348
Current portion of operating lease obligations (Note 10)	49,271	48,723
Accounts payable	380,776	350,996
Accrued salaries and employee benefits	336,010	305,696
Other accrued liabilities	156,665	157,719
Current portion of self-insurance liabilities	<u>155,978</u>	<u>120,919</u>
Total current liabilities	<u>1,084,240</u>	<u>988,401</u>
OTHER LONG-TERM LIABILITIES:		
Long-term self-insurance liabilities	565,447	441,940
Operating lease obligations (Note 10)	287,047	295,377
Real estate financing obligations	136,401	140,442
Finance lease obligations—net of current portion (Note 10)	71,006	50,463
Other long-term liabilities	<u>18,210</u>	<u>12,425</u>
Total other long-term liabilities	<u>1,078,111</u>	<u>940,647</u>
Total liabilities	<u>2,162,351</u>	<u>1,929,048</u>
COMMITMENTS AND CONTINGENCIES (Notes 10 and 13)		
NET ASSETS:		
Without donor restrictions	4,513,171	4,001,656
With donor restrictions	4,725	4,176
Noncontrolling interest	<u>30,927</u>	<u>33,806</u>
Total net assets	<u>4,548,823</u>	<u>4,039,638</u>
TOTAL	<u><u>\$ 6,711,174</u></u>	<u><u>\$ 5,968,686</u></u>

See notes to consolidated financial statements.

(Concluded)

NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands)

	2025	2024
REVENUES:		
Net patient service revenue	\$ 7,162,699	\$ 6,607,292
Other operating revenues	<u>724,885</u>	<u>564,253</u>
Total revenues	<u>7,887,584</u>	<u>7,171,545</u>
EXPENSES:		
Salaries and benefits	3,710,780	3,322,778
Supplies	1,954,045	1,729,699
Professional fees	654,779	594,188
Depreciation and amortization	255,439	250,139
Other (Note 1)	<u>1,091,407</u>	<u>1,045,995</u>
Total expenses	<u>7,666,450</u>	<u>6,942,799</u>
OPERATING INCOME	221,134	228,746
INVESTMENT INCOME (Note 3)	139,723	218,345
OTHER COMPONENTS OF NET PERIODIC PENSION COSTS	<u>47,109</u>	<u>23,950</u>
REVENUES IN EXCESS OF EXPENSES	407,966	471,041
INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(20,412)</u>	<u>(18,625)</u>
REVENUES IN EXCESS OF EXPENSES ATTRIBUTABLE TO NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES	<u>\$ 387,554</u>	<u>\$ 452,416</u>

See notes to consolidated financial statements.

NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands)

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Noncontrolling Interest	Total
NET ASSETS—September 30, 2023	<u>\$ 3,510,347</u>	<u>\$ 5,482</u>	<u>\$ 27,875</u>	<u>\$ 3,543,704</u>
Revenues in excess of expenses	452,416	-	18,625	471,041
Other	-	(1,306)	(12,694)	(14,000)
Change in unrecognized pension costs	<u>38,893</u>	<u>-</u>	<u>-</u>	<u>38,893</u>
Change in net assets	<u>491,309</u>	<u>(1,306)</u>	<u>5,931</u>	<u>495,934</u>
NET ASSETS—September 30, 2024	<u>4,001,656</u>	<u>4,176</u>	<u>33,806</u>	<u>4,039,638</u>
Revenues in excess of expenses	387,554	-	20,412	407,966
Other	856	549	(23,291)	(21,886)
Change in unrecognized pension costs	<u>123,105</u>	<u>-</u>	<u>-</u>	<u>123,105</u>
Change in net assets	<u>511,515</u>	<u>549</u>	<u>(2,879)</u>	<u>509,185</u>
NET ASSETS—September 30, 2025	<u>\$ 4,513,171</u>	<u>\$ 4,725</u>	<u>\$ 30,927</u>	<u>\$ 4,548,823</u>

See notes to consolidated financial statements.

NORTHSIDE HOSPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024 (In thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 509,185</u>	<u>\$ 495,934</u>
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	255,439	250,139
Income on equity-method investments	(3,958)	(513)
Distributions from equity-method investments	2,661	314
Net realized and unrealized gains on investments	(106,023)	(190,557)
Change in unrecognized pension costs	(123,105)	(38,893)
Retirement plan expense in excess of current-year funding	(29,035)	(29,666)
Loss on impairment of intangible assets	-	53,922
Other	25,470	13,307
Changes in assets and liabilities:		
Patient accounts receivable	(42,182)	(14,686)
Inventories	(2,729)	(4,078)
Prepaid expenses and other assets	24,602	41,431
Accounts payable	17,618	77,190
Accrued liabilities	(14,687)	(9,251)
Self-insurance liabilities	<u>158,566</u>	<u>71,994</u>
Total adjustments	<u>162,637</u>	<u>220,653</u>
Net cash provided by operating activities	<u>671,822</u>	<u>716,587</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of assets whose use is limited	(353,650)	(365,532)
Proceeds from disposal of assets whose use is limited	329,656	345,657
Acquisitions (Note 2)	(67,516)	(12,070)
Purchase of property and equipment	(452,964)	(512,149)
Transactions with affiliates—net	-	(2,055)
Other	<u>(2,215)</u>	<u>(605)</u>
Net cash used in investing activities	<u>(546,689)</u>	<u>(546,754)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayment of current and long-term debt and capital leases	(4,031)	(4,376)
Other—net	<u>(24,578)</u>	<u>(12,694)</u>
Net cash used in financing activities	<u>(28,609)</u>	<u>(17,070)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	96,524	152,763
CASH AND CASH EQUIVALENTS—Beginning of year	<u>604,489</u>	<u>451,726</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 701,013</u>	<u>\$ 604,489</u>

See notes to consolidated financial statements.