MUNICIPAL SECONDARY MARKET DISCLOSURE
INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board and Nationally Recognized Municipal Securities Information Repositories (NRMSIRS) pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

Issuers' and/or Other Obligated Person's Names: California Health Facilities Financing Authority, California Adventist Health System/West (CHFFA)
California Statewide Communities Development Authority
Adventist Health System/West (CSCDA)
Multnomah County Hospital Facilities Authority
Roseville Finance Authority

CUSIP Numbers:

CSCDA AHS/W 2007A		**CSCDA 2015A – cont.**		**Roseville Finance Authority**		**CSCDA 2018A – cont.**	
13080SYC2		13080SJD7	13080SJK1	**2017 Series B**		13080SWA8	13080SWF7
CHFFA AHS/W 2009 Series B		13080SJE5	13080SJN5	77781PDH7	77781PDQ7	13080SWB6	13080SWG5
13033LBC0		13080SJF2	13080SJL9	77781PDJ3	77781PDR5	13080SWC4	13080SWH3
CHFFA AHS/W 2011A		13080SJG0	13080SJP0	77781PDK0	77781PDS3	13080SWD2	13080SWJ9
13032UUX4		13080SJH8	13080SJM7	77781PDL8	77781PDT1	13080SWE0	13080SWK6
CHFFA AHS/W 2013 Series A		13080SJJ4		77781PDM6	77781PDU8	**AHS/W Taxable 2019**	
13033LR66	13033LS24	**CHFFA AHS/W 2016 Series A**		77781PDX2	77781PDV6	007944AE1	007944AG6
13033LR74	13033LS32	13032UFW3	13032UGE2	77781PDN4	77781PDW4	007944AF8	
13033LR82	13033LS40	13032UFX1	13032UGF9	77781PDP9		**Multnomah County, OR 2019**	
13033LS73	13033LS65	13032UFY9	13032UGG7	**CSCDA AHS/W 2018 Series A**		62551PCX3	
13033LR90	13033LS57	13032UFZ6	13032UGH5	13080SVS0	13080SVW1	**CHFFA AHS/W 2022 Series A**	
CSCDA AHS/W 2015 Series A		13032UGA0	13032UGJ1	13080SVT8	13080SVX9	13032UG93	
13080SHZ0	13080SJB1	13032UGB8	13032UGK8	13080SVU5	13080SVY7		
13080SJA3	13080SJC9	13032UGC6	13032UGL6	13080SVV3	130808VZ4		
		13032UGD4					

Description of Material Event Notice/Financial Information (Check One):

1. _____ Principal and interest payment delinquencies
2. _____ Non-payment related defaults
3. _____ Unscheduled draws on debt service reserves reflecting financial difficulties
4. _____ Unscheduled draws on credit enhancements reflecting financial difficulties
5. _____ Substitution of credit or liquidity providers, or their failure to perform
6. _____ Adverse tax opinions or events affecting the tax-exempt status of the security
7. _____ Modifications to rights of security holders
8. _____ Bond calls
9. _____ Defeasances
10. _____ Release, substitution or sale of property securing repayment of the securities
11. _____ Rating changes
12. _____ Failure to provide annual financial information as required
13. _____ Other material event notice
14. X Financial information (**not** to be filed with the MSRB): Please check all appropriate boxes

CAFR [1]: a. X includes Annual Financial Information __ does not include Annual Information

b. Audited? **Yes** X **No** __

Operating Data

Period Covered: 12 months ended December 31, 2022

I hereby represent that I am authorized by the Obligated Person to distribute this information publicly:

Signature: _____

Name: John Beaman Title: CFO
Employer: Adventist Health System/West
Address: ONE Adventist Health Way
City, State, and Zip Code: Roseville, CA 95661
Voice Telephone Number: 916.406.1372

Adventist Health System/West
Annual Report: December 31, 2022
Per Continuing Disclosure Certificates:

CSCDA 2007 Series A
CHFFA 2009 Series B
CHFFA 2013 Series A
CSCDA 2015 Series A
CHFFA 2016 Series A
Roseville Finance Authority 2017 Series B
CSCDA 2018 Series A
Multnomah County, OR 2019 Series A
Adventist Health System/West Taxable Bonds 2019
CHFFA 2022 Series A

Certificate Reference	**Requirement**	**Location**
Section 3(b)(2)*	Long-term debt disclosure	Tab "Financial Ratios"
Section 3(b)(3)*	Statement regarding accounts receivable liens	Tab "Financial Ratios"
Section 4(a)	Audited combined financial statement	Tab "AH 2022 Audited Financials"
Section 4(b)(1)	Summary Listing of Hospitals	Tab "Operating/Utilization Statistics"
(2)	Combined Summary of Revenues & Expenses **Note that 20.8% of Revenues are from entities outside of the Obligated Group**	Tab "AH 2022 Audited Financials"
(3)	Combined Balance Sheet **Note that 12.7% of Assets and (0.5%) of Unrestricted Net Assets are from entities outside of the Obligated Group**	Tab "AH 2022 Audited Financials"
(4)	Debt Service Coverage, Capitalization and Days Cash on Hand	Tab "Financial Ratios"
(5)	Payor Mix – Obligated Group	Tab "Operating/Utilization Statistics"
(6)	Utilization Statistics – Obligated Group	Tab "Operating/Utilization Statistics"
(7)	Operating Statistics – Obligated Group	Tab "Operating/Utilization Statistics"
Section 4(c)	Combining financial statements	Tab "AH 2022 Audited Financials"

* Does not apply for CSCDA 2007A, CSCDA 2015A, CHFFA 2016A, Multnomah 2019A and CHFFA 2022A

Consolidated Financial Statements and Supplementary Information

Adventist Health System/West

Years Ended December 31, 2022 and 2021 with Report of Independent Auditors

Audited Consolidated Financial Statements
and Supplementary Information

Adventist Health System/West

Years Ended December 31, 2022 and 2021

Audited Consolidated Financial Statements

Supplementary Information

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Sacramento, CA 95814

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Report of Independent Auditors

The Board of Directors
Adventist Health System/West

Opinion

We have audited the consolidated financial statements of Adventist Health System/West (Adventist Health), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Adventist Health at December 31, 2022 and 2021, and the results of its operations, 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). 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 Adventist Health 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 of 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 Adventist Health's ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 of 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 Adventist Health'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 Adventist Health'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.

Ernst & Young LLP

March 22, 2023

Adventist Health

Consolidated Balance Sheets
(In millions of dollars)

	December 31	
	2022	**2021**
Assets		
Cash and cash equivalents	**$ 379**	$ 304
Short-term investments	**51**	157
Patient accounts receivable	**693**	689
Receivables from third-party payors	**486**	379
Other current assets	**261**	227
Total current assets	**1,870**	1,756
Noncurrent investments	**1,924**	2,291
Other assets	**445**	432
Property and equipment, net	**2,123**	2,185
Total assets	**$ 6,362**	$ 6,664
Liabilities and net assets		
Accounts payable	**$ 441**	$ 370
Accrued compensation and related payables	**327**	325
Liabilities to third-party payors	**97**	209
Other current liabilities	**186**	242
Short-term financing	**–**	30
Current maturities of long-term debt	**38**	36
Total current liabilities	**1,089**	1,212
Long-term debt, net of current maturities	**2,362**	2,000
Other noncurrent liabilities	**330**	323
Total liabilities	**3,781**	3,535
Net assets without donor restrictions:		
Controlling	**2,485**	3,044
Noncontrolling	**15**	15
Net assets with donor restrictions	**81**	70
Total net assets	**2,581**	3,129
Total liabilities and net assets	**$ 6,362**	$ 6,664

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets
(In millions of dollars)

	Year Ended December 31	
	2022	**2021**
Revenues and support		
Patient service revenue	**$ 4,688**	$ 4,660
Premium revenue	**216**	189
Other revenue	**468**	348
Net assets released from restrictions for operations	**33**	18
Total revenues and support	**5,405**	5,215
Expenses		
Employee compensation	**2,565**	2,308
Professional fees	**802**	782
Supplies	**786**	785
Purchased services and other	**1,235**	1,231
Interest	**68**	65
Depreciation and amortization	**190**	193
Total expenses	**5,646**	5,364
Loss from operations	**(241)**	(149)
Nonoperating income		
Net realized and unrealized (losses) gains on investments	**(319)**	163
Other nonoperating gain (loss)	**3**	(5)
Total nonoperating (loss) income	**(316)**	158
Excess (deficit) of revenues over expenses	**(557)**	9
Less excess (deficit) of revenues over expenses from noncontrolling interests	**–**	(1)
Excess (deficit) of revenues over expenses from controlling interests	**(557)**	8

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Operations and Changes in Net Assets (continued)
(In millions of dollars)

	Year Ended December 31	
	2022	**2021**
Net assets without donor restrictions		
Controlling		
Excess (deficit) of revenues over expenses from controlling interests	**$ (557)**	$ 8
Net change in unrealized gains and losses on other-than-trading securities	**(11)**	(10)
Net assets released from restrictions for capital additions	**9**	5
Other	**–**	1
(Decrease) increase in net assets without donor restrictions – controlling	**(559)**	4
Noncontrolling		
Excess of revenues over expenses from noncontrolling interests	**–**	1
Increase in net assets without donor restrictions – noncontrolling	**–**	1
Net assets with donor restrictions		
Restricted gifts and grants	**53**	32
Net assets released from restrictions	**(42)**	(23)
Increase in net assets with donor restrictions	**11**	9
(Decrease) increase in net assets	**(548)**	14
Net assets, beginning of year	**3,129**	3,115
Net assets, end of year	**$ 2,581**	$ 3,129

See notes to consolidated financial statements.

Adventist Health

Consolidated Statements of Cash Flows
(In millions of dollars)

	Year Ended December 31	
	2022	**2021**
Operating activities		
(Decrease) increase in net assets	**$ (548)**	$ 14
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**190**	193
Amortization of bond issuance costs and discount/premium	**(7)**	(7)
Noncash operating lease expense	**38**	38
Loss on note receivable	**–**	1
Net unrealized loss (gain) on investments	**430**	(71)
Net (gain) loss on sale of property and equipment	**(3)**	19
Net changes in operating assets and liabilities:		
Patient accounts receivable	**(4)**	(77)
Other assets	**(67)**	3
Net payables to third-party payors and other liabilities	**(212)**	32
Net cash (used in) provided by operating activities	**(183)**	145
Investing activities		
Purchases of property and equipment	**(129)**	(136)
Proceeds from sale of property and equipment	**4**	13
Proceeds of insurance for property and equipment	**–**	29
Purchase of investments	**(1,156)**	(2,520)
Proceeds from sale of investments	**1,199**	2,555
Net cash provided by (used in) investing activities	**(82)**	(59)
Financing activities		
Proceeds from issuance of short-term financing	**151**	–
Payments on short-term financing	**(181)**	(30)
Proceeds from lines of credit	**270**	–
Payments on lines of credit	**(270)**	–
Payments on long-term debt	**(81)**	(13)
Proceeds from bond issuance	**451**	–
Net cash provided by (used in) financing activities	**340**	(43)
Increase in cash and cash equivalents	**75**	43
Cash and cash equivalents, beginning of year	**304**	261
Cash and cash equivalents, end of year	**$ 379**	$ 304

See notes to consolidated financial statements.

Adventist Health

Notes to Consolidated Financial Statements
(In millions of dollars)

Note A – Summary of Significant Accounting Policies

Reporting Entity and Principles of Consolidation: Adventist Health System/West (Adventist Health) is a California not-for-profit religious corporation that controls and operates hospitals and other healthcare facilities, and wellness promoting operations in the western United States and beyond (collectively, the "System"). Many of the hospitals now controlled and operated by Adventist Health were formerly operated by various conferences of the Seventh-day Adventist Church (the "Church"). The obligations and liabilities of Adventist Health and its hospitals and other healthcare facilities are neither obligations nor liabilities of the Church or any of its other affiliated organizations. Adventist Health maintains close ties to our heritage through connection to our Sponsor, the Church. Church leaders serve on the Adventist Health Membership and the Board of Directors (the "Board") but the Church does not control or have ownership in the System.

The consolidated financial statements include the accounts of the following entities:

Adventist Health System/West dba Adventist Health – Roseville, California
San Joaquin Community Hospital dba Adventist Health Bakersfield – Bakersfield, California
Adventist Health Care Network – Roseville, CA
Castle Medical Center dba Adventist Health Castle – Kailua, Hawaii
Adventist Health Clearlake Hospital, Inc., dba Adventist Health Clear Lake – Clearlake, California
Adventist Health Delano – Delano, California
Feather River Hospital dba Adventist Health Feather River – Paradise, California
Glendale Adventist Medical Center dba Adventist Health Glendale – Glendale, California
Hanford Community Hospital dba Adventist Health Hanford, Adventist Health Selma – Hanford, California and Selma, California
Willits Hospital, Inc., dba Adventist Health Howard Memorial – Willits, California
Lodi Memorial Hospital Association, Inc., dba Adventist Health Lodi Memorial – Lodi, California
Adventist Health Mendocino Coast – Fort Bragg, California
Adventist Health Plan, Inc – Roseville, California
Adventist Health Physicians Network – Roseville, California
Portland Adventist Medical Center dba Adventist Health Portland – Portland, Oregon
Reedley Community Hospital dba Adventist Health Reedley – Reedley, California
Rideout Memorial Hospital dba Adventist Health and Rideout – Marysville, California
Simi Valley Hospital and Health Care Services dba Adventist Health Simi Valley – Simi Valley, California
Sonora Community Hospital dba Adventist Health Sonora – Sonora, California
St. Helena Hospital dba Adventist Health St. Helena, Adventist Health Vallejo – St. Helena, California and Vallejo, California
Adventist Health Medical Center Tehachapi dba Adventist Health Tehachapi Valley – Tehachapi, California
Northwest Medical Foundation of Tillamook dba Adventist Health Tillamook – Tillamook, Oregon
Adventist Health Tulare – Tulare, California
Ukiah Adventist Hospital dba Adventist Health Ukiah Valley – Ukiah, California
White Memorial Medical Center dba Adventist Health White Memorial – Los Angeles, California
Western Health Resources dba Adventist Health Home Care – Roseville, California

The Board of Adventist Health or Stone Point Health serves as the legal board for each individual hospital corporation. Adventist Health management serves as the legal board of the non-hospital corporations. All material intercompany transactions have been eliminated in consolidation.

Note A – Summary of Significant Accounting Policies (continued)

Basis of Accounting: The financial statements are prepared in conformity with United States generally accepted accounting principles (U.S. GAAP).

Cash and Cash Equivalents: Cash and cash equivalents consist primarily of unrestricted readily marketable securities with original maturities not in excess of three months when purchased and net deposits in demand accounts. Cash deposits are federally insured in limited amounts.

Marketable Securities: Marketable securities, stated at fair value, consist primarily of U.S. government treasury, U.S. agency securities, corporate notes, exchange-traded funds, open-end mutual funds comprised of fixed-income securities and domestic and international equities, and alternative investments comprised of commingled funds and hedge funds. Investment income or loss (including realized gains and losses on investments and unrealized gains and losses on trading investments) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Interest and dividends are included in other revenue. Securities with remaining maturity dates of one year or less as of the consolidated balance sheet date are classified as current.

Investments and Assets Whose Use is Limited: Certain System investments are limited as to use through Board resolution, provisions of contractual arrangements with third parties, terms of indentures, self-insurance trust arrangements, or donors who restrict the use of specific assets. Assets that are expected to be expended within one year are classified as current, including board-designated assets that are available and periodically borrowed for working capital needs.

Goodwill: The System records goodwill as the excess of purchase price and related costs over the fair value of identifiable net assets acquired. These amounts are evaluated for impairment annually or when there is an indicator of impairment. If it is determined that goodwill is impaired, the carrying value is reduced. The System had goodwill of $73 and $75 at December 31, 2022 and 2021, respectively, which is included in other long-term assets with additions of $0 and $10 in 2022 and 2021, respectively.

Property and Equipment: Property and equipment are reported on the basis of cost, except for donated items, which are recorded as an increase in net assets without donor restrictions based on fair market value at the date of the donation. During the period of construction, the System capitalizes expenditures and interest costs, net of earnings on invested bond proceeds that materially increase values, change capacities, and extend useful lives.

Management periodically evaluates the carrying amounts of long-lived assets for impairment. The System estimates that it will recover the carrying value of long-lived assets from the estimated future undiscounted cash flows; however, considering the regulatory environment, competition, and other factors affecting the industry, there is at least a reasonable possibility this estimate might change in the near term. The effect of any change could be material.

Depreciation is computed using the straight-line method over the expected useful lives of the assets, which range from 3 to 40 years. Amortization of equipment is included in depreciation expense.

Note A – Summary of Significant Accounting Policies (continued)

Short Term Financing: In December 2020, the System initiated a taxable commercial paper program supported by self-liquidity for general corporate purposes. Under the program, the System is registered to issue up to $150. There was $0 and $30 of commercial paper outstanding at December 31, 2022 and 2021, respectively.

Debt Issuance Costs: Debt issuance costs are reported as a reduction of long-term debt and are deferred and amortized over the life of the financings using the effective interest method.

Bond Discounts/Premiums: Bonds payable are included in long-term debt, net of unamortized original issue discounts or premiums. Such discounts or premiums are amortized using the effective interest method based on outstanding principal over the life of the bonds.

Other Noncurrent Liabilities: Other noncurrent liabilities are comprised primarily of accruals for workers' compensation claims, professional and general liability claims, deferred revenue, lease liabilities, and long-term charitable gift annuity obligations.

Net Assets: All resources not restricted by donors are included in net assets without donor restrictions. Resources restricted by donors for specific operating purposes, or for a period of time greater than one year, are reported as net assets with donor restrictions. When the restrictions have been met, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Resources restricted by donors for additions to property and equipment are initially reported as net assets with donor restrictions and are transferred to net assets without donor restrictions when expended. Investment income is classified as net assets without donor restrictions or net assets with donor restrictions based on the intent of the donor. Gifts of future interests are reported as net assets with donor restrictions. Gifts, grants, and bequests not restricted by donors are reported as other revenue.

Charity Care: The System provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. In assessing a patient's ability to pay, the System uses federal poverty income levels and evaluates the relationship between the charges and the patient's income. The System did not materially change its charity care policy during 2022 or 2021. The estimated cost of charity care was $26 and $19 in 2022 and 2021, respectively. The costs were determined using cost-to-charge ratios.

Premium Revenue: The System has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants, regardless of the services actually performed by the System.

Other Revenue: Other revenue is comprised primarily of contributions received related to the Public Health and Social Services Emergency Fund and other programs (collectively, "Provider Relief Funds" and "Federal Emergency Management Agency"), insurance payments, rental income, retail pharmacy, interest, and other miscellaneous income.

Note A – Summary of Significant Accounting Policies (continued)

Income Tax: The principal operations of the System are exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and related state provisions. The System recognizes tax benefits from any uncertain tax positions only if it is more likely than not the tax position will be sustained, based solely on its technical merits, with the taxing authority having full knowledge of all relevant information. The System records a liability for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first interim period the more likely than not threshold is not met. The System recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities, along with net operating loss and tax credit carryovers only for tax positions that meet the more likely than not recognition criteria. At December 31, 2022 and 2021, no such assets or liabilities were recorded.

The System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U.S. federal jurisdiction and the state of California. The System is not subject to income tax examinations prior to 2019 in major tax jurisdictions.

Loss from Operations: The System's consolidated statements of operations and changes in net assets include an intermediate measure of operations, labeled "Loss from operations." Items that are considered nonoperating are excluded from loss from operations and include investment income and losses, gains and losses on acquisitions and divestitures, and gains and losses on debt refinancing.

(Deficit) Excess of Revenues Over Expenses: The consolidated statements of operations and changes in net assets include excess of revenues over expenses as a performance indicator. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses include unrealized gains and losses on investments in other-than-trading debt securities, contributions of long-lived assets, use of net assets with donor restricted funds for capital additions.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. Actual results could differ from these estimates.

Note B – Fair Value of Financial Instruments

The System accounts for certain assets at fair value. A fair value hierarchy for valuation inputs has been established to prioritize the valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels determined by the lowest level of input considered significant to the fair value measurement in its entirety. These levels are defined as follows:

Level 1: Quoted prices are available in active markets for identical assets as of the measurement date. Financial assets in this category generally include U.S. treasury securities, U.S. and foreign equities, and exchange-traded mutual funds.

Level 2: Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Financial assets in this category generally include U.S. government agencies and municipal bonds, asset-backed securities, and U.S. corporate bonds.

Level 3: Pricing inputs are generally unobservable for the assets and include situations where there is little, if any, market activity for the investment. The System had no Level 3 investments at December 31, 2022 or 2021.

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value or at net asset value (NAV) as a practical expedient on a recurring basis at December 31, 2022:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	**$ 379**	**$ –**	**$ 379**
Money market funds	**109**	**–**	**109**
Fixed income:			
U.S. government treasury obligations	**43**	**–**	**43**
U.S. corporation and agency debentures	**–**	**40**	**40**
U.S. agency mortgage-backed securities	**–**	**5**	**5**
U.S. corporate debt securities	**–**	**199**	**199**
Municipal bonds	**–**	**5**	**5**
Mutual funds	**139**	**141**	**280**
Equities:			
Equities	**6**	**–**	**6**
Mutual funds	**737**	**–**	**737**
Total financial assets stated at fair value	**$ 1,413**	**$ 390**	**1,803**
Commercial real estate			**21**
Investments measured at NAV			**530**
Other investments			**119**
Total cash and investments			**$ 2,473**

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

The following represents assets measured at fair value or at NAV as a practical expedient on a recurring basis at December 31, 2021:

	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Observable Inputs (Level 2)	Totals
Cash and cash equivalents	$ 304	$ –	$ 304
Money market funds	38	–	38
Fixed income:			
U.S. government treasury obligations	50	–	50
U.S. corporation and agency debentures	–	47	47
U.S. agency mortgage-backed securities	–	6	6
U.S. corporate debt securities	–	429	429
Municipal bonds	–	8	8
Mutual funds	217	164	381
Equities:			
Equities	9	–	9
Mutual funds	929	–	929
Total financial assets stated at fair value	$ 1,547	$ 654	2,201
Commercial real estate			23
Investments measured at NAV			528
Other investments			86
Total cash and investments			$ 2,838

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

As of December 31, 2022 and 2021, the Level 2 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

U.S. corporation and agency debentures: The fair value of investments in U.S. corporation and agency debentures is primarily determined using consensus pricing methods of observable market-based data. Significant observable inputs include dealer quotes, spreads, and data points for yield curves.

U.S. agency mortgage-backed securities: The fair value of U.S. agency mortgage-backed securities is primarily determined using matrices. These matrices utilize observable market data of bonds with similar features, prepayment speeds, credit ratings, and discounted cash flows. Additionally, observed market movements, tranche cash flows, and benchmark yields are incorporated in the pricing models.

U.S. corporate debt securities: The fair value of investments in U.S. corporate debt securities is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades, dealer quotes, security-specific characteristics, and multiple sources of spread data points in developing yield curves.

Municipal bonds: The fair value of municipal bonds is determined using a market approach. The inputs include yield benchmark curves, prepayment speeds, and observable market data, such as institutional bids and dealer quotes.

Certain of the investments are reported using a calculated NAV or its equivalent. These investments are not expected to be sold at amounts that are different from NAV. The following table and explanations identify attributes relating to the nature of the risk of such investments:

	December 31, 2022			
	NAV	**Unfunded Commitments**	**Redemption Frequency (if Currently Eligible)**	**Redemption Notice Period (if Currently Eligible)**
Commingled funds – equity securities	**$ 83**	**$ –**	Weekly/Monthly	4-30 days
Hedge funds	**302**	**22**	Daily/Weekly/ Monthly/Quarterly	1-65 days
Private equity funds	**145**	**169**	None	None
Total	**$ 530**	**$ 191**		

(In millions of dollars)

Note B – Fair Value of Financial Instruments (continued)

	December 31, 2021			
	NAV	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Currently Eligible)
Commingled funds – equity securities	$ 107	$ –	Weekly/Monthly	4-30 days
Hedge funds	313	10	Monthly/Quarterly	45-60 days
Private equity funds	108	100	None	None
Total	$ 528	$ 110		

Commingled funds – equity securities: This class includes investments in commingled funds that invest primarily in U.S. or foreign equity securities and attempt to match the returns of specific equity indices.

Hedge funds: This class includes investments in hedge funds that expand the universe of potential investment approaches available by employing a variety of strategies and techniques within and across various asset classes. The primary objective for these funds is to balance returns while limiting volatility by allocating capital to external portfolio managers selected for expertise in one or more investment strategies, which may include, but are not limited to, equity long/short, event driven, relative value, and directional. The following summarizes the redemption criteria for the hedge fund portfolio as of December 31, 2022:

% of Hedge Funds	Redemption Criteria	Notice Period
8%	Redeemable daily	1 day
18%	Redeemable weekly	30 days
15%	Redeemable monthly	60 days
46%	Redeemable quarterly	45-65 days
13%	Up to 12.5% redeemable quarterly on non-consecutive quarters	60 days

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

(In millions of dollars)

Note C – Investments and Assets Whose Use is Limited

The following is a summary of unrestricted investments and assets whose use is limited:

	December 31	
	2022	**2021**
Total unrestricted investments	**$ 1,806**	$ 2,352
Assets designated by the Board, primarily for property and equipment	**29**	24
Investments held by trustees for:		
Future capital projects	**73**	–
Self-insurance programs	**53**	55
Charitable annuities and other	**2**	2
Total investments held by trustees	**128**	57
Donor-restricted investments for:		
Charitable trusts and life estate tenancies	**5**	6
Other purposes	**7**	9
Total donor-restricted investments	**12**	15
Total investments	**1,975**	2,448
Less short-term investments	**51**	157
Total noncurrent investments	**$ 1,924**	$ 2,291

Total investments and assets whose use is limited above excludes other investments of $119 and $86 at December 31, 2022 and 2021, respectively, which includes retirement plan assets, joint ventures, and partnerships and are included in other assets.

Liquidity Management: As part of its liquidity management, the System's strategy is to structure its financial assets to be available to satisfy general operating expenses, current liabilities, and other obligations as they come due. The System invests cash in excess of daily requirements in short-term investments and has a committed syndicated line of credit and a commercial paper program to help manage unanticipated liquidity needs. Additionally, other unrestricted noncurrent investments of $1,818 at December 31, 2022 may be utilized if necessary. Total cash and unrestricted investments was $2,214 at December 31, 2022.

(In millions of dollars)

Note C – Investments and Assets Whose Use is Limited (continued)

The System's financial assets available for general operating expenses within one year are as follows:

	December 31 2022
Cash and cash equivalents	$ 379
Short-term investments	51
Patient accounts receivable	693
Receivables from third-party payors	486
Other current assets	99
	$ 1,708

Note D – Investment Income

Net realized and unrealized investment income, including capital gains on unrestricted, board designated, and trustee-held funds, includes the following:

	Year Ended December 31	
	2022	**2021**
Realized gains, net	**$ 111**	$ 87
Unrealized (losses) gains, net	**(430)**	76
	(319)	163
Interest and dividend income	**52**	48
	$ (267)	$ 211

Interest and dividend income are included in other revenue. For purposes of performance evaluation, management considers interest and dividend earnings to be components of operating income. Realized and unrealized gains and losses are components of nonoperating income and are reported in investment (loss) income on the accompanying consolidated financial statements.

Changes in net unrealized gains and losses on other-than-trading debt securities, reported at fair value, are separately disclosed in the consolidated statements of operations and changes in net assets. Unrealized gains and losses associated with these securities relate principally to market changes in interest rates for similar types of securities. Since the System has the intent and ability to hold these securities for the foreseeable future, and it is more likely than not that the System will not be required to sell the investments before their recovery, the declines are not reported as realized unless they are deemed to be other than temporary. In determining whether the losses are other than temporary, the System considers the length of time and extent to which the fair value has been less than cost or carrying value, the financial strength of the issuer, and the intent and ability of the System to retain the security for a period of time sufficient to allow for anticipated recovery or maturity.

(In millions of dollars)

Note E – Patient Accounts Receivable

The System's primary concentration of credit risk is patient accounts receivable, which consists of amounts owed by various governmental agencies, insurance companies, and self-pay patients. The System manages its receivables by regularly reviewing its patient accounts and contracts and by providing appropriate price concessions for contractual reimbursement, policy discounts, and charity. These price concessions are estimated based upon an evaluation of governmental reimbursements, negotiated contracts, and historical payments.

The following is a summary of significant concentrations of net patient accounts receivable:

	December 31	
	2022	**2021**
Medicare	**35%**	31%
Medicaid	**21**	20
Other third-party payors	**42**	47
Self-pay	**2**	2
	100%	100%

(In millions of dollars)

Note F – Property and Equipment

The following is a summary of property and equipment:

	December 31	
	2022	**2021**
Land	**$ 180**	$ 178
Land improvements	**92**	92
Buildings and improvements	**3,065**	3,009
Equipment	**1,384**	1,328
	4,721	4,607
Less accumulated depreciation	**(2,671)**	(2,492)
	2,050	2,115
Construction-in-progress	**73**	70
	$ 2,123	$ 2,185

The System has commitments to complete certain construction projects approximating $46 (unaudited) at December 31, 2022.

The System is in the process of developing internal use software for clinical and financial operations. Amounts capitalized are included in property and equipment as follows:

	December 31	
	2022	**2021**
Equipment	**$ 288**	$ 281
Less accumulated depreciation	**(217)**	(198)
	71	83
Construction-in-progress	**10**	4
	$ 81	$ 87

(In millions of dollars)

Note G – Long-Term Debt

The following is a summary of long-term debt:

	December 31	
	2022	**2021**
Non-taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 3.00% to 5.00%, payable in installments through 2048	**$ 1,118**	$ 1,049
Long-term bonds payable, with rates that vary with market conditions, payable in installments through 2038	**44**	47
Taxable debt:		
Long-term bonds payable, with fixed rates currently ranging from 2.43% to 5.43%, payable in installments through 2049	**1,105**	802
Long-term notes payable, with fixed rates currently ranging from 3.00% to 6.50%, payable in installments through 2045	**71**	76
Net unamortized debt issuance costs and net original issue premium	**62**	62
	2,400	2,036
Less current maturities	**(38)**	(36)
	$ 2,362	$ 2,000

A master note under the master bond indenture provides security for substantially all long-term debt. Under the terms of the master bond indenture, substantially all System consolidated entities are jointly and severally obligated for the payments to be made under the master note. In addition, security is provided by bank letters of credit aggregating to $45 at December 31, 2022. Bonds are not secured by any property of the System.

The System has a syndicate line of credit to meet temporary capital requirements and to provide flexibility in meeting the System's capital needs of $400. There were no draws outstanding under this line of credit at December 31, 2022 and 2021.

(In millions of dollars)

Note G – Long-Term Debt (continued)

The System is obligated under variable-rate demand instruments, which are subject to certain market risks. The letters of credit, which the System intends to renew on a long-term basis, expire between 2024 and 2025, with the arrangements converting any unpaid amounts to term loans due within three years after conversion. The term loans would bear interest based on prime, the London Interbank Offered Rate, or the Secured Overnight Financing Rate.

Certain financing agreements impose limitations on the issuance of new debt by the System and require it to maintain specified financial ratios. The System was in compliance with its debt covenants at December 31, 2022.

Interest paid, net of amounts capitalized, totaled $68 and $66 in 2022 and 2021, respectively.

In December 2022, the System issued $353 of Adventist Health System/West Taxable Bonds for the purpose of retiring $50 of 2013 Adventist Health System/West Taxable Bonds, other notes payable, and general operating use.

In December 2022, the System issued $92 of bonds through the California Health Facilities Financing Authority (CHFFA) for the purpose of financing costs of construction and equipping health facilities of the System.

Scheduled maturities of long-term debt are as follows as of December 31, 2022:

	Long-Term Debt
2023	$ 30
2024	184
2025	31
2026	31
2027	33

Note H – Leases

The System leases certain locations, office space, land, and equipment. The System determines whether an arrangement contains a lease at inception. Assets held under finance leases are included in property and equipment. Operating leases are expensed on a straight-line basis over the life of the lease beginning on the commencement date. Any direct and indirect costs for the leases are expensed and are immaterial for the System.

At lease commencement, the System determines the lease term by assuming the exercise of the renewal options that are reasonably certain to be exercised. The exercise of lease renewal or termination options is at the System's sole discretion. The depreciable life of assets and leasehold improvements is limited by the expected lease terms, unless there is a transfer of title or purchase option reasonably certain of exercise.

(In millions of dollars)

Note H – Leases (continued)

Some lease agreements include rental payments based on annual percentage increases, and others include rental payments adjusted periodically for inflation. Certain leases require the System to pay real estate taxes, insurance, maintenance, and other operating expenses associated with the leased premises.

The System's lease agreements do not contain any material residual value guarantees or material restricted covenants.

The System uses the incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments.

The System elected the package of practical expedients within the lease transitional guidance, which allow it to carry forward its historical assessments of 1) whether contracts are or contain leases; 2) lease classification; and 3) initial direct costs, where applicable. The System also elected the practical expedient to not separate lease components from non-lease components for all existing lease classes. The System implemented a policy of not recording leases on its balance sheets when the leases have a term of 12 months or less. The System did not elect the practical expedient allowing the use of hindsight, which would require the System to reassess the term of its leases based on all facts and circumstances through the effective date.

		December 31	
	Classification	**2022**	**2021**
Right-of-use Assets			
Operating	Other assets	**$ 166**	$ 186
Finance	Other assets	**7**	7
		$ 173	$ 193
Current Lease liabilities			
Operating	Other current liabilities	**$ 27**	$ 30
Finance	Other current liabilities	**2**	2
Noncurrent Lease liabilities			
Operating	Other noncurrent liabilities	**144**	162
Finance	Other noncurrent liabilities	**5**	5
Total lease liabilities		**$ 178**	$ 199

		December 31	
	Classification	**2022**	**2021**
Operating lease expense			
Operating lease cost	Purchased services and other	**$ 38**	$ 38
Finance lease cost:			
Amortization of leased assets	Depreciation and amortization	**$ 2**	$ 1
Interest on lease liabilities	Interest	**$ –**	$ –

(In millions of dollars)

Note H – Leases (continued)

Cash paid for amounts not included in the measurement of lease liabilities	**December 31**	
	2022	**2021**
Operating cash outflows for operating leases	**$ 38**	$ 38

Right-of-use assets obtained in exchange for lease obligations	**December 31**	
	2022	**2021**
Operating	**$ 17**	$ 39
Finance	**$ –**	$ 7

Operating lease payments include payments relating to options to extend lease terms that are reasonably certain of being exercised. Excluded are any legally binding lease payments for signed leases not yet commenced, which are immaterial for the System. Minimum lease payments for operating and finance leases with initial terms in excess of one year are as follows for the period ended December 31, 2021:

Maturity of Lease Liabilities	**Operating Leases**	**Finance Leases**
2023	$ 33	$ 2
2024	28	2
2025	23	2
2026	19	1
2027	16	–
Thereafter	89	–
Total lease payments	208	7
Less imputed interest	(37)	–
	$ 171	$ 7

Lease Term and Discount Rate	**December 31 2022**
Weighted average operating remaining lease term (years)	9.90
Weighted average finance remaining lease term (years)	3.66
Weighted average operating lease discount rate	3.56%
Weighted average finance lease discount rate	2.71%

(In millions of dollars)

Note I – Net Assets with Donor Restrictions

The System receives donations from generous individuals and organizations that support certain programs and services. Donations included in net assets with donor restrictions were maintained for the following purposes:

	December 31	
	2022	**2021**
Subject to expenditure for specified purpose:		
Capital projects and medical equipment	**$ 24**	$ 27
Research and education	**44**	27
	68	54
Subject to passage of time	**3**	4
Investment in perpetuity – endowment	**10**	12
	$ 81	$ 70

The Board has designated certain net assets without donor restrictions funds to be used in the future for specific projects. Board-designated funds included in net assets without donor restrictions are held for the following purposes:

	December 31	
	2022	**2021**
Capital	**$ 17**	$ 15
Subject to expenditures for patient care, education, and other	**6**	4
Board designated – endowments	**6**	5
	$ 29	$ 24

Note J – Patient Service Revenue and Premium Revenue

Patient service revenue is reported at the amount the System expects to be paid for providing patient care. These amounts are due from patients and third-party payors (including health insurers and government programs) and include variable consideration for retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors soon after the services are performed.

Patient service revenue is recognized as performance obligations are satisfied based on the nature of the services provided by the System. Revenue for performance obligations that are satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The System 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 receiving inpatient services. The System measures the performance obligation for inpatient services from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. The System measures the performance obligations for outpatient services over a period of less than one day when goods or services are provided and the System does not believe it is required to provide additional goods or services to the patient.

Note J – Patient Service Revenue and Premium Revenue (continued)

Because all its performance obligations relate to contracts with a duration of less than one year, the System has elected to apply the optional exemption provided in ASC 606. Under this exemption, the System 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. Since the unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient services at the end of the reporting period, the performance obligations for these contracts are generally completed within days or weeks of the end of the reporting period.

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

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain services are paid at prospectively determined rates based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies (subject to certain limits) with final settlement determined after Medicare Administrative Contractors have audited annual cost reports submitted by the System. Physician services are paid based upon established fee schedules based on services provided.

- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. Supplemental funding is generally provided by the various states in which the System operates for Medicaid Disproportionate Share and hospital fee programs.

- **Other:** Payment agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The healthcare industry is subject to laws and regulations concerning government programs, including Medicare and Medicaid, which are complex and subject to varying interpretation. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. While the System operates a compliance program, which reviews its compliance with these laws and regulations, there can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

(In millions of dollars)

Note J – Patient Service Revenue and Premium Revenue (continued)

Settlements with third-party payors for retroactive 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 payor, correspondence from the payor, and the System's 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. Adjustments arising from a change in the transaction price and from the finalization of prior-year settlements were immaterial for the years ended December 31, 2022 and 2021, respectively.

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). For uninsured patients, the System applies a policy discount from standard charges to determine amounts billed to those patients. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with that class of patients.

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 patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2022 and 2021 was not significant.

The composition of net patient service revenues by payor is as follows:

	Year Ended December 31	
	2022	**2021**
Medicare	**$ 1,316**	$ 1,649
Medicaid	**1,803**	1,428
Other payors	**1,569**	1,583
	$ 4,688	$ 4,660

(In millions of dollars)

Note J – Patient Service Revenue and Premium Revenue (continued)

The composition of patient service revenues by area of operation and business type is as follows:

	Year Ended December 31, 2022					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Inpatient	**$ 274**	**$ 667**	**$ 1,004**	**$ 736**	**$ (9)**	**$ 2,672**
Outpatient and other	**219**	**304**	**280**	**251**	**53**	**1,107**
Emergency	**67**	**103**	**231**	**94**	**–**	**495**
Physician services	**86**	**113**	**193**	**12**	**119**	**523**
Eliminations	**(10)**	**(25)**	**(26)**	**(17)**	**(31)**	**(109)**
Grand total	**$ 636**	**$ 1,162**	**$ 1,682**	**$ 1,076**	**$ 132**	**$ 4,688**

	Year Ended December 31, 2021					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Inpatient	$ 261	$ 728	$ 1,098	$ 851	$ (21)	$ 2,917
Outpatient and other	209	226	275	158	54	922
Emergency	60	89	205	83	–	437
Physician services	75	96	182	11	106	470
Eliminations	(11)	(18)	(26)	(15)	(16)	(86)
Grand total	$ 594	$ 1,121	$ 1,734	$ 1,088	$ 123	$ 4,660

Premium revenues: The System has entered into payment agreements with certain HMOs to provide medical services to subscribing participants. Under these agreements, the System receives monthly capitation payments based on the number of each HMO's covered participants regardless of the services actually provided by the System. The transaction price may be adjusted for stop loss recoveries, ceded premiums, and risk adjustment factors. Performance obligations are satisfied over the passage of time by standing ready to provide services.

(In millions of dollars)

Note J – Patient Service Revenue and Premium Revenue (continued)

The composition of premium revenues based on area of operation and payor class is as follows:

	Year Ended December 31, 2022					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Medicaid managed care	**$ –**	**$ 78**	**$ 1**	**$ 65**	**$ 46**	**$ 190**
Other managed care	**7**	**9**	**1**	**(3)**	**12**	**26**
	$ 7	**$ 87**	**$ 2**	**$ 62**	**$ 58**	**$ 216**

	Year Ended December 31, 2021					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Medicaid managed care	$ 6	$ 79	$ 1	$ 52	$ 40	$ 178
Other managed care	1	–	–	(6)	16	11
	$ 7	$ 79	$ 1	$ 46	$ 56	$ 189

The composition of premium revenues based on type of service and area of operation is as follows:

	Year Ended December 31, 2022					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Institutional services	**$ 2**	**$ 78**	**$ –**	**$ 62**	**$ 39**	**$ 181**
Professional services	**5**	**9**	**1**	**–**	**20**	**35**
	$ 7	**$ 87**	**$ 1**	**$ 62**	**$ 59**	**$ 216**

	Year Ended December 31, 2021					
	Pacific Northwest	**Northern California**	**Central California**	**Southern California**	**Other**	**Total**
Institutional services	$ –	$ 37	$ (1)	$ 46	$ 36	$ 118
Professional services	7	42	1	–	21	71
	$ 7	$ 79	$ –	$ 46	$ 57	$ 189

The System recorded variable consideration from state programs for serving a disproportionate share of Medicaid and low-income patients in the amount of $66 and $65 in 2022 and 2021, respectively, including final settlements on prior years.

The State of California enacted legislation for a hospital fee program to fund certain Medi-Cal program coverage expansions. The program charges hospitals a quality assurance fee that is used to obtain federal matching funds for Medi-Cal with the proceeds redistributed as supplemental payments to California hospitals that treat Medi-Cal patients. There was one hospital fee program active in 2022: a 12-month program covering the period from January 1, 2022 to December 31, 2022. On September 29, 2022, CMS approved the 7th HQAF program covering services between January 1, 2022 and December 31, 2022. Accordingly, all related supplemental payments have been recognized as variable consideration and related quality assurance fees recognized as expense as of December 31, 2022.

(In millions of dollars)

Note J – Patient Service Revenue and Premium Revenue (continued)

Federal and state payments received from these programs are included in patient service revenue, and fees paid or payable to the state and California Health Foundation and Trust (CHFT) are included in purchased services and other expenses, as follows:

	Year Ended December 31	
	2022	**2021**
Patient service revenue	**$ 401**	$ 486
Purchased services:		
Quality assurance fees	**148**	186
CHFT payments	**3**	4
Total purchased services and other expenses	**151**	190
Income from operations	**$ 250**	$ 296

Accrued net receivables related to the hospital fee programs are included in receivables from third-party payors, and amount to $415 and $419 as of December 31, 2022 and 2021, respectively.

Note K – COVID-19

On March 11, 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic. Following this, the Centers for Disease Control and Prevention declared a national public health emergency, followed by state emergency declarations, and the Centers for Medicare & Medicaid Services (CMS) issued guidance regarding elective procedures. Several national restrictions were put in place and the governors in the states in which the System has operations issued shelter-in-place orders and executive orders postponing nonessential or elective surgeries.

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted on March 27, 2020 and the American Rescue Plan (ARP) was enacted on March 11, 2021. The CARES Act and the ARP authorize funding to hospitals and other healthcare providers through Provider Relief Funds. Grant payments from the Provider Relief Fund are intended to reimburse healthcare providers for lost revenue and increased expenses due to the pandemic. The System received approximately $174 during the year ended December 31, 2021 and an additional $11 through December 31, 2022. The consolidated statements of operations and changes in net assets recognized contributions in other revenue in the amount of $71 and $105 for the years ended 2022 and 2021, respectively.

On March 28, 2020, CMS expanded the existing Accelerated and Advance Payments Program to a broader group of Medicare Part A providers and Part B suppliers. At the end of April 2020, the System received approximately $358 of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program. Repayments commenced in April 2021 and were completed in December 2022. In other current liabilities, the System has recorded $180 for the year ended 2021.

(In millions of dollars)

Note K – COVID-19 (continued)

The CARES Act also allowed for deferred payment of the employer portion of certain payroll taxes between March 27, 2020 and December 31, 2020, with half due December 31, 2021 and the remaining half due December 31, 2022. The System had deferred payroll tax payments of approximately $37.5 for the year ended 2021 included in accrued compensation and related payables.

The System has submitted requests for public assistance to the Federal Emergency Management Agency (FEMA) for the cost of various expenses that resulted from the COVID-19 pandemic. For the year ended December 31, 2022, the System received approval for $50 of grant requests which are included in Other Revenue. $30 of these grants are recorded as Other Current Receivables as of December 31, 2022.

Future impacts to the System and its consolidated financial condition resulting from the COVID-19 pandemic and related relief and public assistance grants are presently unknown.

Note L – Functional Classification of Expenses

The System groups like expenses into financial statement lines and classifies programmatic expenses by business line. Expenses that are attributable to one or more programs or supporting functions are allocated based on operating expenses, square footage, and other criteria.

The following is a functional classification of the System's expenses:

	Year Ended December 31, 2022		
	Program Services	**General and Administrative**	**Total**
Employee compensation	**$ 2,023**	**$ 542**	**$ 2,565**
Professional fees	**717**	**85**	**802**
Supplies	**780**	**6**	**786**
Purchased services and other	**1,029**	**206**	**1,235**
Interest	**68**	**–**	**68**
Depreciation and amortization	**180**	**10**	**190**
Total expenses	**$ 4,797**	**$ 849**	**$ 5,646**

(In millions of dollars)

Note L – Functional Classification of Expenses (continued)

	Year Ended December 31, 2021		
	Program Services	General and Administrative	Total
Employee compensation	$ 1,837	$ 471	$ 2,308
Professional fees	689	93	782
Supplies	777	8	785
Purchased services and other	1,013	218	1,231
Interest	65	–	65
Depreciation and amortization	182	11	193
Total expenses	$ 4,563	$ 801	$ 5,364

Note M – Retirement Plan

Most of the System's operating entities participate in a single defined contribution plan (the "Plan"). The Plan is exempt from the Employee Retirement Income Security Act of 1974. The Plan provides, among other things, that the employer will contribute 3% of wages plus additional amounts for employees earning more than the Social Security wage base capped by the IRS compensation limit for the Plan year. Additionally, the Plan provides that the employer will match 50% of the employee's contributions up to 4% of the contributing employee's wages. Substantially all full-time employees who are at least 18 years of age are eligible for coverage in the Plan. The cost to the System for the Plan is included in employee compensation in the amount of $74 for both years ended December 31, 2022 and 2021.

Note N – Self-Insurance Liability Programs

The System has established a separate self-insurance program (the "System Program") that covers the System's entities for professional and general liability claims up to $9 per occurrence and $25 in the aggregate for the years ended December 31, 2022 and 2021. The System contracts with Adhealth, Limited (Adhealth), a Bermuda company, to provide excess coverage for professional and general liability claims that exceed the System Program limits. Adhealth provided excess coverage with aggregate and per claim limits of $120 and $125 for professional and general liability claims for the years ended December 31, 2022 and 2021, respectively, which brought total coverage per claim and aggregate limits to $129 and $134 for the years ended December 31, 2022 and 2021, respectively. Adhealth has purchased reinsurance through commercial insurers for 100% of the excess limits of coverage.

Claim liabilities (reserves) for future losses and related loss adjustment expenses for professional liability claims have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2022 and 2021. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term. The System Program's accrued liability for professional and general liability claims is included in the consolidated balance sheets in the amount of $128 and $115 at December 31, 2022 and 2021, respectively.

Note N – Self-Insurance Liability Programs (continued)

The System has a 50% ownership position in Adhealth at December 31, 2022 and 2021, and accounts for its investment using the equity method of accounting. The cost of acquiring commercial insurance by Adhealth is reflected as an expense in the consolidated statements of operations and changes in net assets.

The System maintains a self-insured workers' compensation plan to pay for the cost of workers' compensation claims. The System has entered into an excess insurance agreement with an insurance company to limit its losses on claims. The cost of workers' compensation claims is accrued using actuarially determined estimates that are based on historical factors. Such claim reserves are based on the best data available to the System; however, these estimates are subject to a significant degree of inherent variability. Accordingly, there is at least a reasonable possibility that a material change to the estimated reserves will occur in the near term.

Workers' compensation claim liabilities have been determined by an actuary at the present value of future claim payments using a 2% discount rate for program years 2022 and 2021. The System's accrued liability for workers' compensation claims is recorded in the consolidated balance sheets in the amount of $85 and $78 at December 31, 2022 and 2021, respectively.

Note O – Commitments and Contingencies

Certain member organizations are involved in litigation and investigations arising in the ordinary course of business. In addition, certain member organizations in the ordinary course of business identified matters that they have reported to CMS, CMS contractors, or Medicaid/Medi-Cal contractors. Such disclosures typically involve simple repayment of affected claims; however, federal and state contractors may refer these matters to the Department of Health and Human Services' Office of Inspector General to investigate whether certain member organizations have submitted false claims to the Medicare and Medicaid programs or have violated other laws. Submission of false claims or violation of other laws can result in substantial civil and/or criminal penalties and fines, including treble damages and/or possible debarment from future participation in such programs. The System is committed to cooperating in such investigations as they arise. Although management does not believe these matters will have a material adverse effect on the System's consolidated financial position, there can be no assurance that this will be the case.

Note P – Camp Fire Impact

In November 2018, the System's Adventist Health Feather River (AHFR) facilities in Paradise, California, and neighboring communities incurred extensive damage as a result of the Camp Fire; most of the AHFR properties, including the 100-bed acute care hospital, remain closed.

At the time of the Camp Fire, the System maintained an insurance policy with an insurance company providing for total per occurrence aggregate coverage of $1,000 subject to a one hundred twenty-five thousand dollars per-occurrence deductible with other limitations. The System also filed a claim against Pacific Gas and Electric (PG&E), which has accepted responsibility for the Camp Fire and filed for bankruptcy protection in January 2019.

Note P – Camp Fire Impact (continued)

For the year ended December 31, 2022, the system received insurance payments of $10M and an initial payment of $90M from the PG&E bankruptcy trust, all of which is applicable to business interruption losses.

For the year ended December 31, 2021, the System received insurance payments of $68. $30 of this payment was applied to a casualty loss receivable and $29 was applied against the net book value of the impaired assets at December 31, 2021. The remaining $9 was recorded in other revenue.

Note Q – Subsequent Events

The System has evaluated subsequent events and disclosed all material events through March 22, 2023, the date the accompanying consolidated financial statements were issued.

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Report of Independent Auditors on Supplementary Information

The Board of Directors
Adventist Health System/West

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating financial statement schedules for Adventist Health System/West 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

March 22, 2023

Adventist Health
Consolidating Balance Sheets
(In millions of dollars)
December 31, 2022

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Assets													
Cash and cash equivalents	$ 379	$ (1,657)	$ 20	$ 37	$ 3	$ 79	$ 46	$ 88	$ 184	$ –	$ 401	$ 51	$ 11
Short-term investments	51	–	49	–	–	–	–	–	–	1	–	–	1
Patient accounts receivable	693	(14)	–	60	–	30	30	8	–	82	40	13	39
Receivables from third-party payors	486	–	–	61	–	3	18	21	6	23	84	10	23
Other current assets	261	(542)	558	29	–	13	6	2	–	31	15	2	22
Total current assets	1,870	(2,213)	627	187	3	125	100	119	190	137	540	76	96
Noncurrent investments	1,924	(9)	1,903	–	–	13	–	–	2	3	–	–	–
Other assets	445	13	185	10	–	20	4	–	–	31	23	10	7
Property and equipment, net	2,123	–	273	129	–	130	36	44	10	161	159	41	117
Total assets	$ 6,362	$ (2,209)	$ 2,988	$ 326	$ 3	$ 288	$ 140	$ 163	$ 202	$ 332	$ 722	$ 127	$ 220
Liabilities and net assets													
Accounts payable	$ 441	$ –	$ 243	$ 20	$ –	$ 10	$ 5	$ 4	$ –	$ 20	$ 12	$ 4	$ 14
Accrued compensation and related payables	327	(14)	194	12	–	6	5	4	–	15	10	3	8
Liabilities to third-party payors	97	(1)	28	–	–	–	14	3	2	4	6	6	3
Other current liabilities	186	(477)	202	31	2	19	18	6	1	44	26	4	29
Short-term financing	–	(404)	3	–	–	–	–	–	–	66	–	–	–
Current maturities of long-term debt	38	–	12	3	–	1	1	–	–	5	3	1	4
Total current liabilities	1,089	(896)	682	66	2	36	43	17	3	154	57	18	58
Long-term debt, net of current maturities	2,362	(74)	808	93	1	72	65	17	18	175	233	27	132
Other noncurrent liabilities	330	(1,239)	1,390	7	–	11	4	–	–	22	2	9	5
Total liabilities	3,781	(2,209)	2,880	166	3	119	112	34	21	351	292	54	195
Net assets (deficit) without donor restrictions:													
Controlling	2,485	–	105	157	–	162	26	129	179	(29)	429	72	24
Noncontrolling	15	–	–	–	–	–	–	–	–	–	–	–	–
Net assets with donor restrictions	81	–	3	3	–	7	2	–	2	10	1	1	1
Total net assets	2,581	–	108	160	–	169	28	129	181	(19)	430	73	25
Total liabilities and net assets	$ 6,362	$ (2,209)	$ 2,988	$ 326	$ 3	$ 288	$ 140	$ 163	$ 202	$ 332	$ 722	$ 127	$ 220

See accompanying auditors' report on supplementary information.

Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	Western Health Resources
$ –	$ 19	$ 8	$ 97	$ 164	$ –	$ –	$ 185	$ –	$ 15	$ 55	$ –	$ 111	$ 462	$ –
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
26	12	–	49	23	80	31	34	29	8	16	16	21	51	9
11	–	1	1	32	39	10	26	12	5	–	8	22	70	–
4	8	–	10	2	17	10	9	14	3	2	3	8	35	–
41	39	9	157	221	136	51	254	55	31	73	27	162	618	9
–	–	–	–	–	–	–	–	12	–	–	–	–	–	–
6	–	–	30	39	11	14	11	10	1	2	5	10	1	2
4	–	–	126	40	324	109	77	104	40	9	8	72	109	1
$ 51	$ 39	$ 9	$ 313	$ 300	$ 471	$ 174	$ 342	$ 181	$ 72	$ 84	$ 40	$ 244	$ 728	$ 12
$ 4	$ 2	$ –	$ 16	$ 3	$ 20	$ 7	$ 10	$ 9	$ 4	$ 5	$ 5	$ 9	$ 13	$ 2
2	2	–	10	5	17	7	7	7	1	2	2	5	14	3
–	–	1	–	16	7	1	–	3	–	1	–	1	2	–
12	20	6	38	18	26	17	19	25	3	6	7	22	55	7
37	–	–	–	–	93	39	–	74	–	–	78	–	–	14
–	–	–	–	–	2	2	2	1	–	–	–	1	–	–
55	24	7	64	42	165	73	38	119	8	14	92	38	84	26
1	–	–	92	53	166	101	84	59	63	6	42	55	72	1
4	1	–	28	27	12	8	9	8	1	1	2	8	9	1
60	25	7	184	122	343	182	131	186	72	21	136	101	165	28
(10)	14	2	124	177	113	(9)	210	(30)	(2)	63	(96)	138	553	(16)
–	–	–	–	–	15	–	–	–	–	–	–	–	–	–
1	–	–	5	1	–	1	1	25	2	–	–	5	10	–
(9)	14	2	129	178	128	(8)	211	(5)	–	63	(96)	143	563	(16)
$ 51	$ 39	$ 9	$ 313	$ 300	$ 471	$ 174	$ 342	$ 181	$ 72	$ 84	$ 40	$ 244	$ 728	$ 12

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets
(In millions of dollars)
Year Ended December 31, 2022

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Revenues and support													
Patient service revenue	$ 4,688	$ (109)	$ (9)	$ 471	$ –	$ 200	$ 160	$ 79	$ 1	$ 490	$ 341	$ 83	$ 251
Premium revenue	216	(24)	–	–	7	2	8	–	–	–	23	3	–
Other revenue	468	(760)	824	20	–	19	15	5	102	33	13	2	16
Net assets released from restrictions for operations	33	–	2	1	–	–	5	–	–	1	1	1	1
Total unrestricted revenues and support	5,405	(893)	817	492	7	221	188	84	103	524	378	89	268
Expenses													
Employee compensation	2,565	(119)	489	183	–	103	72	48	–	221	135	37	105
Professional fees	802	–	70	71	–	8	35	19	–	44	42	13	35
Supplies	786	–	(5)	94	–	42	12	13	–	85	47	13	39
Purchased services and other	1,235	(774)	378	150	7	60	45	29	1	190	114	22	86
Interest	68	(16)	16	3	–	2	2	–	1	8	8	1	5
Depreciation and amortization	190	–	33	12	–	8	4	6	–	16	13	4	10
Total expenses	5,646	(909)	981	513	7	223	170	115	2	564	359	90	280
(Loss) income from operations	(241)	16	(164)	(21)	–	(2)	18	(31)	101	(40)	19	(1)	(12)
Nonoperating income													
Investment income (loss)	(319)	(16)	(258)	(1)	–	(5)	(2)	(2)	(2)	–	(8)	(1)	–
Other nonoperating gains	3	–	4	–	–	–	–	–	–	–	–	–	–
Total nonoperating income (loss)	(316)	(16)	(254)	(1)	–	(5)	(2)	(2)	(2)	–	(8)	(1)	–
(Deficit) excess of revenues over expenses	(557)	–	(418)	(22)	–	(7)	16	(33)	99	(40)	11	(2)	(12)
Less: excess of revenues over expenses from noncontrolling interests	–	–	–	–	–	–	–	–	–	–	–	–	–
(Deficit) excess of revenues over expense from controlling interests	(557)	–	(418)	(22)	–	(7)	16	(33)	99	(40)	11	(2)	(12)

See accompanying auditors' report on supplementary information.

Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	Western Health Resources
$ 77	$ 121	$ –	$ 339	$ 187	$ 460	$ 200	$ 274	$ 234	$ 54	$ 107	$ 50	$ 173	$ 403	$ 51
–	14	39	5	2	–	–	–	30	–	–	–	45	62	–
–	7	–	21	37	10	7	16	21	1	1	2	25	30	1
–	–	–	–	4	–	–	1	3	2	2	–	3	6	–
77	142	39	365	230	470	207	291	288	57	110	52	246	501	52
32	61	–	187	75	214	94	114	101	23	45	31	75	196	43
22	106	–	33	40	53	13	44	32	8	15	15	40	43	1
10	20	–	53	14	67	32	57	57	5	13	10	41	65	2
14	(45)	39	94	49	170	69	70	107	13	29	25	79	204	10
1	–	–	3	2	11	5	2	5	2	–	4	1	2	–
–	–	–	12	3	17	9	7	10	3	1	2	6	14	–
79	142	39	382	183	532	222	294	312	54	103	87	242	524	56
(2)	–	–	(17)	47	(62)	(15)	(3)	(24)	3	7	(35)	4	(23)	(4)
–	–	–	(2)	(3)	(2)	–	(3)	(1)	–	(2)	–	(2)	(9)	–
–	–	–	–	–	–	(1)	–	–	–	–	–	–	–	–
–	–	–	(2)	(3)	(2)	(1)	(3)	(1)	–	(2)	–	(2)	(9)	–
(2)	–	–	(19)	44	(64)	(16)	(6)	(25)	3	5	(35)	2	(32)	(4)
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(2)	–	–	(19)	44	(64)	(16)	(6)	(25)	3	5	(35)	2	(32)	(4)

Adventist Health
Consolidating Statements of Operations and Changes in Net Assets (continued)
(In millions of dollars)
Year Ended December 31, 2022

	Consolidated Balances	Adjustments and Eliminations	Adventist Health System Office	Adventist Health Bakersfield	Adventist Health Care Network	Adventist Health Castle	Adventist Health Clear Lake	Adventist Health Delano	Adventist Health Feather River	Adventist Health Glendale	Adventist Health Hanford	Adventist Health Howard Memorial	Adventist Health Lodi Memorial
Net assets without donor restrictions													
Controlling													
(Deficit) excess of revenues over expenses from controlling interests	$ (557)	$ –	$ (418)	$ (22)	$ –	$ (7)	$ 16	$ (33)	$ 99	$ (40)	$ 11	$ (2)	$ (12)
Net change in unrealized (losses) on other-than-trading securities	(11)	–	(11)	–	–	–	–	–	–	–	–	–	–
Net assets released from restrictions for capital additions	9	–	–	–	–	–	1	–	–	1	–	–	3
Transfers from (to) related parties	–	–	273	(27)	–	(12)	2	(6)	–	(32)	(21)	(5)	(15)
(Decrease) increase in net assets without donor restrictions – controlling	(559)	–	(156)	(49)	–	(19)	19	(39)	99	(71)	(10)	(7)	(24)
Noncontrolling													
Excess of revenues over expenses from noncontrolling interests	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase in net assets without donor restrictions – noncontrolling	–	–	–	–	–	–	–	–	–	–	–	–	–
Net assets with donor restrictions													
Restricted gifts and grants	53	–	2	2	–	2	7	–	–	3	1	1	1
Net assets released from restrictions	(42)	–	(1)	(1)	–	–	(6)	–	–	(2)	(1)	(1)	(4)
Increase (decrease) in net assets with donor restrictions	11	–	1	1	–	2	1	–	–	1	–	–	(3)
(Decrease) increase in net assets	(548)	–	(155)	(48)	–	(17)	20	(39)	99	(70)	(10)	(7)	(27)
Net assets, beginning of year	3,129	–	263	208	–	186	8	168	82	51	440	80	52
Net assets, end of year	$ 2,581	$ –	$ 108	$ 160	$ –	$ 169	$ 28	$ 129	$ 181	$ (19)	$ 430	$ 73	$ 25

See accompanying auditors' report on supplementary information.

Adventist Health Mendocino Coast	Adventist Health Physicians Network	Adventist Health Plan	Adventist Health Portland	Adventist Health Reedley	Adventist Health and Rideout	Adventist Health Simi Valley	Adventist Health Sonora	Adventist Health St. Helena	Adventist Health Tehachapi Valley	Adventist Health Tillamook	Adventist Health Tulare	Adventist Health Ukiah Valley	Adventist Health White Memorial	Western Health Resources
$ (2)	$ –	$ –	$ (19)	$ 44	$ (64)	$ (16)	$ (6)	$ (25)	$ 3	$ 5	$ (35)	$ 2	$ (32)	$ (4)
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	1	1	1	–	–	–	–	–	–	1	–
(1)	–	–	(21)	(12)	(29)	(13)	(15)	(15)	(3)	(5)	(4)	(13)	(29)	3
(3)	–	–	(40)	33	(92)	(28)	(21)	(40)	–	–	(39)	(11)	(60)	(1)
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(1)	–	–	–	7	1	1	1	3	2	2	–	7	11	–
–	–	–	–	(6)	(1)	(1)	(1)	(3)	(2)	(2)	–	(3)	(7)	–
(1)	–	–	–	1	–	–	–	–	–	–	–	4	4	–
(4)	–	–	(40)	34	(92)	(28)	(21)	(40)	–	–	(39)	(7)	(56)	(1)
(5)	14	2	169	144	220	20	232	35	–	63	(57)	150	619	(15)
$ (9)	$ 14	$ 2	$ 129	$ 178	$ 128	$ (8)	$ 211	$ (5)	$ –	$ 63	$ (96)	$ 143	$ 563	$ (16)

Section 4(b)(4)
Includes all members of the Obligated Group

Debt Service Coverage	**2022**
Excess of Revenues over Expenses from Continuing Operations	$ (446)
Net unrealized (gains) losses on investments	428
Depreciation, amortization, interest expense and other exluded items	241
Income available for debt service	223
Maximum annual debt service	136
Debt service coverage ratio	1.6

Capitalization	**2022**
Long-term Debt (including current maturities)	$ 2,396
Unrestricted Net Assets	2,513
Total Capitalization	4,909
Total Long-term Debt as a Percentage of Total Capitalization	48.8%

Days Cash on Hand	**2022**
Unrestricted Cash and Investments	$ 2,480
Expenses per Day	11.6
Days Cash on Hand	213.8

Adventist Health System/West
Municipal Secondary Market Disclosure
December 31, 2022
(In millions of dollars)

The following information is provided pursuant to Section 3(b) of the Continuing Disclosure Certificate executed by the System in connection with the issuance of:

California Health Facilities Financing Authority Revenue Bonds, 2009 Series B
California Health Facilities Financing Authority Revenue Bonds, 2013 Series A

Section 3(b)(2) Long-term debt disclosure:

On December 31, 2022, the long-term debt of the Members of the Obligated Group (including current maturities) totaled $2,396. Of that amount, $45 was variable interest rate debt, with the remaining $2,351 being fixed interest rate debt.

Section 3(b)(3) Statement regarding accounts receivable liens:

During the twelve months ended December 31, 2022 no Member of the Obligated Group has granted a Lien on accounts receivable nor sold any accounts receivable as permitted under the Master Indenture.

Section 4(b)(1). Below is a listing of the System's hospital facilities, grouped by state, and sorted within each state alphabetically.

Summary Listing of the System's Hospitals

Obligated Group Hospital Name	Location	Number of Licensed Beds at December 31, 2022	2022 Patient Service Revenue (in millions)
Adventist Health Bakersfield	Bakersfield, CA	254	$471
Adventist Health Clear Lake[(1)]	Clearlake, CA	25	160
Adventist Health Delano	Delano, CA	156	79
Adventist Health Hanford	Hanford, CA	235	341
Adventist Health Feather River	Paradise, CA	-	1
Adventist Health Glendale	Glendale, CA	515	490
Adventist Health Howard Memorial[(1)]	Willits, CA	25	83
Adventist Health Lodi Memorial	Lodi, CA	194	251
Adventist Health Reedley	Reedley, CA	49	187
Adventist Health Simi Valley	Simi Valley, CA	144	200
Adventist Health Sonora	Sonora, CA	152	274
Adventist Health Tehachapi Valley[(1)]	Tehachapi, CA	25	54
Adventist Health Ukiah Valley	Ukiah, CA	68	173
Adventist Health White Memorial	Los Angeles, CA	353	403
Adventist Health Castle	Kailua, HI	160	200
Adventist Health Portland	Portland, OR	302	339
Adventist Health Tillamook[(1)]	Tillamook, OR	25	107
Non-Obligated Group Hospital Name			
Adventist Health Mendocino Coast[(1)]	Fort Bragg, CA	25	77
Adventist Health and Rideout	Marysville, CA	366	460
Adventist Health St Helena	Deer Park, CA	212	234
Adventist Health Tulare	Tulare, CA	108	50

[(1)] Critical Access Hospital.

Source: The Corporation.

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(5)

	Payor Mix		
	2020	2021	2022
Medicare	44.4%	43.9%	45.0%
Medicaid	30.3%	30.4%	30.0%
HMO/PPO	20.7%	21.2%	17.8%
Commercial	2.4%	2.5%	5.0%
Self-Pay and Other	2.2%	1.9%	2.2%

Section 4(b)(6)

	Patient Days (Including Sub-Acute)		
Hospital	2020	2021	2022
Adventist Health Hanford	49,201	52,475	44,025
Adventist Health Portland	28,492	30,810	35,095
Adventist Health Reedley	6,016	7,703	7,176
Adventist Health Castle	25,561	25,679	25,662
Adventist Health Feather River	-	-	-
Adventist Health Glendale	90,374	91,885	86,884
Adventist Health Howard Memorial	7,389	8,067	6,982
Adventist Health Lodi Memorial	27,152	30,723	32,567
Adventist Health Clearlake	5,273	6,064	5,841
Adventist Health Bakersfield	60,037	70,154	65,669
Adventist Health Delano	24,913	25,737	23,412
Adventist Health Tehachapi Valley	4,027	6,017	3,486
Adventist Health Sonora	35,794	34,809	32,453
Adventist Health Simi Valley	29,128	34,047	31,948
Tillamook Regional Medical Center	3,780	4,160	3,969
Adventist Health Ukiah Valley	12,719	13,797	13,262
Adventist Health White Memorial	81,513	79,272	80,667
	491,369	521,399	499,098

	Average Length of Stay		
Hospital	2020	2021	2022
Adventist Health Hanford	4.56	4.90	4.64
Adventist Health Portland	3.69	4.13	4.60
Adventist Health Reedley	3.46	4.36	3.99
Adventist Health Castle	3.92	4.04	4.12
Adventist Health Feather River	-	-	-
Adventist Health Glendale	5.42	5.44	5.15
Adventist Health Howard Memorial	4.20	4.33	4.12
Adventist Health Lodi Memorial	3.91	4.45	4.53
Adventist Health Clearlake	3.94	4.46	4.92
Adventist Health Bakersfield	4.07	4.46	4.13
Adventist Health Delano	12.76	12.03	11.01
Adventist Health Tehachapi Valley	5.62	5.34	3.54
Adventist Health Sonora	7.50	7.14	7.29
Adventist Health Simi Valley	4.41	4.57	4.51
Tillamook Regional Medical Center	3.17	3.86	3.99
Adventist Health Ukiah Valley	3.55	3.95	4.01
Adventist Health White Memorial	4.56	4.56	4.52
	4.68	4.89	4.76

Adventist Health System/West
Obligated Group Operating Statistics

Section 4(b)(6)

Hospital	Discharges (Including Sub-Acute) 2020	2021	2022
Adventist Health Hanford	10,784	10,709	9,495
Adventist Health Portland	7,722	7,465	7,628
Adventist Health Reedley	1,738	1,768	1,799
Adventist Health Castle	6,513	6,350	6,232
Adventist Health Feather River	-	-	-
Adventist Health Glendale	16,687	16,884	16,887
Adventist Health Howard Memorial	1,761	1,865	1,696
Adventist Health Lodi Memorial	6,945	6,898	7,194
Adventist Health Clearlake	1,337	1,360	1,186
Adventist Health Bakersfield	14,766	15,743	15,906
Adventist Health Delano	1,952	2,139	2,127
Adventist Health Tehachapi Valley	716	1,126	985
Adventist Health Sonora	4,775	4,872	4,449
Adventist Health Simi Valley	6,606	7,447	7,090
Tillamook Regional Medical Center	1,192	1,078	994
Adventist Health Ukiah Valley	3,585	3,496	3,304
Adventist Health White Memorial	17,869	17,385	17,848
	104,948	106,585	104,820

Section 4(b)(7)

	Other Key Volume Indicators 2020	2021	2022
Number of Licensed Beds	2,682	2,682	2,682
Discharges	104,948	106,585	104,820
Patient Days	491,369	521,399	499,098
Occupancy - Licensed Beds	50.2%	53.3%	51.0%
Average Length of Stay	4.68	4.89	4.76
Outpatient Revenues as % of Gross Pt. Revenues	45.3%	46.6%	50.3%

Management Discussion and Analysis of Financial Condition and Results of Operations

Year End: December 31, 2022

AdventistHealth

Adventist Health Overview

Adventist Health System/West, doing business as Adventist Health, is a faith-based, nonprofit organization. The health system serves more than 80 communities in California, Hawaii, Oregon and Washington along with more than 60 others nationwide through its Blue Zones organization. With a workforce of approximately 37,000 associates including physicians, allied health professionals, and support services, this transformational organization realizes its mission by providing health, wholeness, and hope. Teams of clinical staff provide coordinated care across networks, utilizing advanced medical technology, innovative models of health transformation, and compassionate care to revolutionize the delivery of health. Adventist Health owns or operates 23 hospitals, approximately 370 clinics (physician clinics, hospital-based clinics, and the largest rural health clinic network in California), 14 home care agencies, eight hospice agencies, one fully owned continuing care retirement community, and three joint-venture retirement centers.

Adventist Health is a Care Delivery Company with an emphasis on well-being and prevention of disease rooted in the Adventist healthcare legacy and focused on caring for mind, body, and spirit. Adventist Health is dedicated to the integration of hospitals, physicians, and other providers in a manner that best serves and cooperates with its communities, both in terms of commitment to quality and a demonstrated ability to provide cost-effective care in an environment increasingly driven by competitive market forces.

Adventist Health's vision is to provide exceptional care at every stage of life, inspiring community transformation through health and well-being for all. Through our five pillars: People; Growth; Quality; Experience; and Finances, we have developed a mission-aligned strategy that shapes our present and future trajectory.

Adventist Health's brand is woven throughout the Western United States. The map on page three of this analysis shows the location of the corporation's headquarters and the system's owned or leased hospital facilities. The corporate office is centrally located in Roseville, California. Outside of California, Adventist Health includes Hawaii medical services, two medical centers in Oregon, and a joint-venture retirement center in Washington. While the map does not show the location of each of the system's approximately 370 clinics, the geographic area served by the system's clinics and its hospital facilities is depicted on the map.

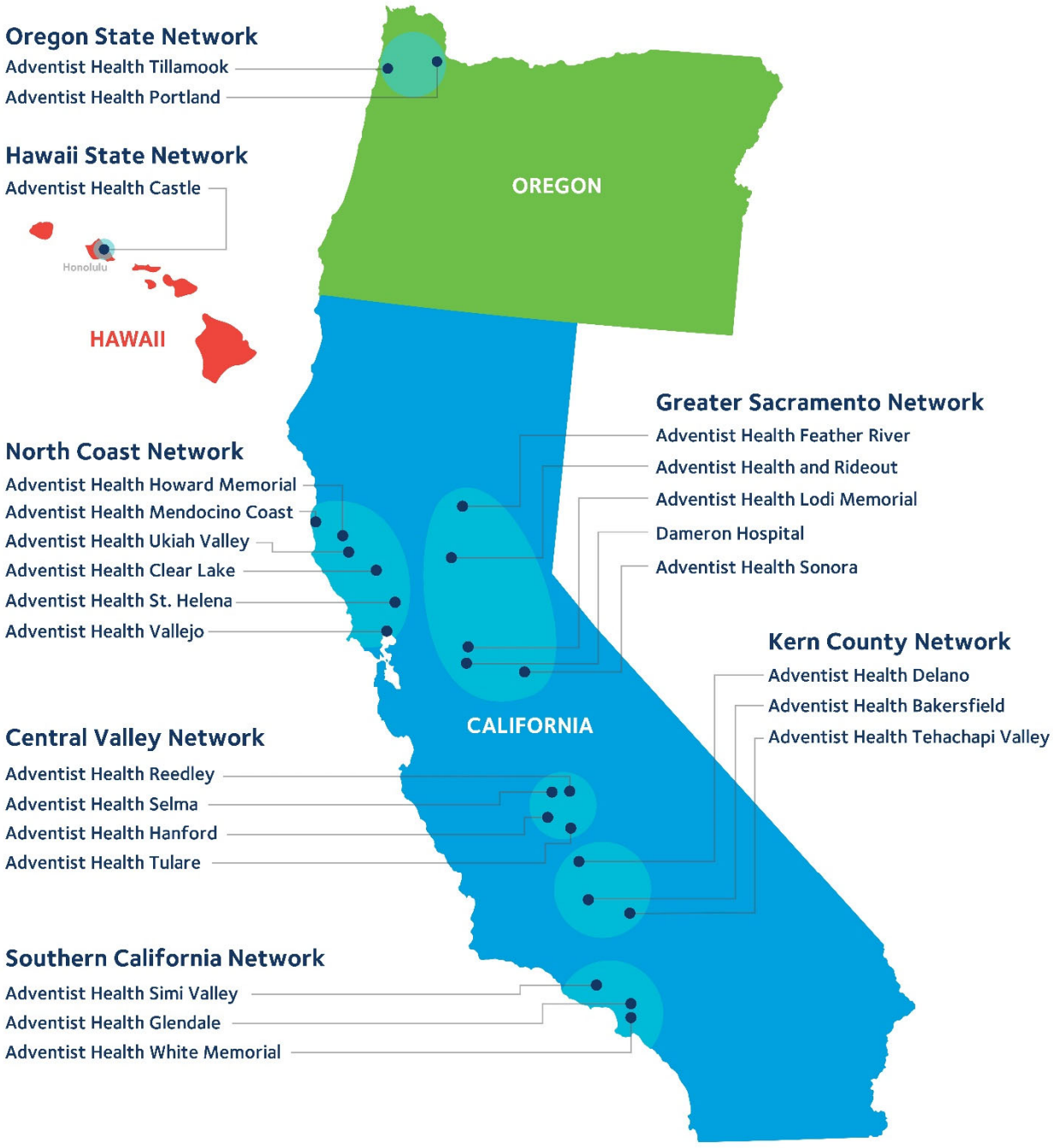
Strategy and Mission

Adventist Health has laid out an aspirational plan based on the calling of our mission of living God's love by inspiring health, wholeness, and hope. The diversified, growth-oriented strategy focuses on building an organization that will bring **"affordable consumer health and well-being within reach"** for everyone we serve.

Embedded within the Adventist Health strategy are several key themes:

- Becoming a consumer-oriented company by using **consumer insights** and segmentation to **develop products and service**s to better serve individuals on their **personal well-being** path.
- **Transforming costs and pricing** to improve the **affordability of health** services for individuals, employers, communities, and payers.
- **Integrating with payers** to **manage the health** of populations, lower costs, and **improve market share**.
- Innovating and integrating around **early-intervention behavioral health** services.
- Developing standalone **community well-being** businesses that can be implemented in and beyond communities where Adventist Health has care delivery services.
- Elevating and **uniting philanthropic efforts** in support of both community care services and large-scale well-being initiatives.

Organization Structure (Continued)



AdventistHealth

Affiliation and Other Activities

Dameron Hospital

In December 2019, Adventist Health entered into an 18-month agreement to manage Dameron Hospital in Stockton, California. This agreement was subsequently extended to March 31, 2027. Extending the service area of Adventist Health Lodi Memorial in neighboring Lodi, California, Dameron Hospital adds more than 200 inpatient beds to Adventist Health's footprint and ensures ongoing access to a population of more than 310,000. At the conclusion of the management services agreement, the organization will have the option to pursue a membership transfer.

Mid-Columbia Medical Center

On March 1, 2023, Mid-Columbia Medical Center (MCMC) and Adventist Health executed a definitive agreement for affiliation of MCMC with Adventist Health, with regulatory approvals granted on April 13, 2023. MCMC is located 80 miles east of Adventist Health Portland in the Dalles, OR. The parties are currently working on determining a closing date.

Adventist Health Feather River: Camp Fire

In November 2018, the system's Adventist Health Feather River (AHFR) facilities in Paradise, California, and neighboring communities incurred extensive damage as a result of the most destructive wildfire in California's history. The fire destroyed the majority of homes and businesses throughout the community. Most of the AHFR properties, including the 100-bed acute care hospital, remain temporarily closed and non-operational as the system completes damage assessments.

COVID-19 Update

As revenues have declined due to the impact of COVID-19, our expense structure has increased. The system has served its communities in innovative but costly new ways throughout the pandemic. Facilities were reconfigured and expanded in anticipation of volume surges. Virtual care capabilities were expanded. Resources were redirected to public health initiatives including patient education and COVID-19 screening and vaccination initiatives. Ongoing operating costs have also climbed. Labor costs have increased as a result of shortages in nurses and support teams. Supply shortages have increased cost per unit, and changes in treatment protocol have increased the quantity of supplies required. These factors have caused a rapid acceleration in the ongoing cost of labor and supplies.

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted on March 27, 2020, and the American Rescue Plan was enacted on March 11, 2021. These acts authorize funding to hospitals and other healthcare providers through the Public Health and Social Services Emergency Fund (Provider Relief Fund) and other mechanisms. Grant payments from these acts are intended to reimburse healthcare providers for lost revenue and increased expenses due to the pandemic and to fund treatment and mitigation of the impacts of COVID-19. As of December 31, 2022, Adventist Health has received approximately $473 of provider relief funds from various provisions in these acts, of which $71 and $105 have been recognized in 2022 and 2021, respectively, as contributions in other revenue in the consolidated statement of operations and changes in net assets.

As of December 31, 2022, the system has filed claims with FEMA of $190 for pandemic-related expenses. $50 of these claims have been approved by FEMA and have been recognized as contributions in other revenue in the consolidated statement of operations and changes in net assets. The amount and timing of further FEMA approvals, if any, cannot be predicted.

On March 28, 2020, CMS expanded the existing Accelerated and Advance Payments Program to a broader group of Medicare Part A providers and Part B suppliers. At the end of April 2020, Adventist Health received approximately $358 of Medicare advance payments as part of the CMS Accelerated and Advance Payments Program. The system has recorded $0 and $180 in other current liabilities in the consolidated balance sheet as of December 31, 2022 and 2021, respectively.

The CARES Act also allowed for deferred payment of the employer portion of certain payroll taxes between March 27, 2020, and December 31, 2020, with half due December 31, 2021, and the remaining half due December 31, 2022. As of December 31, 2022, all deferred payroll tax payments had been paid.

Ratings and Outlook Updates

In November 2022, Fitch Ratings affirmed its A long-term rating and revised the outlook from Stable to Negative, and S&P Global Ratings downgraded its long-term rating from A to A- and revised the outlook from Negative to Stable on Adventist Health's bonds. The Fitch rating affirmation reflects management's sharp focus on improving operations from current levels while continuing to lead market positions throughout its three-state hospital footprint through a reasonable and accretive strategic plan that addresses negative operational pressure caused by a series of unfavorable events including wildfires, the novel coronavirus, and acute labor pressures affecting the entire healthcare industry. The S&P outlook revision reflects a multi-year trend of negative operating performance that has pressured the financial profile. S&P's view of Adventist Health includes solid operating liquidity, a conservative debt profile, and improving integration and centralization of administrative processes over the past several years, generating consistent operating and strategy execution.

Key Operating Metrics: Volume Trends

Total surgeries increased by 3.8% from the same period in the previous year with inpatient surgeries decreasing by 4.3% and outpatient surgeries increasing by 7.4%, along with a substantial increase of 13.6% for emergency department visits.

During the twelve months ended December 31, 2022, the System's inpatient discharges decreased by 2.5%. Observation patients increased by 10.8%. On combined inpatient and observation stays, total admissions declined by 0.7% from the same period in the previous year.

UTILIZATION STATISTICS

Twelve Months Ended December 31,	2022	2021
Discharges	124,498	127,678
Patient days	657,112	688,119
Observation stays	21,576	19,480
Outpatient procedures	4,154,780	3,977,724
Emergency department visits	775,083	682,364
Inpatient surgeries	21,577	22,541
Outpatient surgeries	55,122	51,327
Capitated lives	259,635	224,912
Average length of stay (in days)	5.3	5.4
Outpatient revenues as % of gross patient revenue	50.1%	46.3%

Key Operating Metrics: Total Operating Revenue and Income from Operations

Total operating revenue increased by 3.6% for the twelve months ended December 31, 2022, as compared to the previous year. The increase in operating revenue was the result of stronger outpatient volume compared to the prior year. Observation stays, Emergency Department Visits, Outpatient Procedures and Outpatient Surgeries were all higher compared to the prior year. Outpatient revenues have grown to half the System's gross patient revenue. Operating Revenue in 2022 includes $100 for insurance for business interruption and shared service cost reimbursement.

Total operating expenses increased 5.3% for the twelve months ended December 31, 2022, as compared to the previous year. The current year includes $51 of expenses related to organizational restructuring. Salaries and benefits expenses increased 11.1% for the twelve months ended December 31, 2022, as compared to the previous year. This increase was primarily due to challenges from retaining and recruiting staff during the peak of the COVID-19 pandemic and significant increases in the rate of wage inflation that has followed. Staff shortages also drove an increase in contract labor which is reported as Professional Fees and was 4.1% below the previous year. Paid FTEs have increased by 2.1% for the twelve months ended December 31, 2022, compared to the twelve months ended December 31, 2021. The average Hourly Rate paid (including contract labor) has increased by 7.6% over the same time frame and is up 21.3% compared to the pre-pandemic year ended December 31, 2019. The organization has seen substantial improvement in contract labor expense, reducing contract FTEs by nearly 300 since January 2022. This has been driven through recruiting and retention efforts with nearly the same number of nurses onboarded as contract FTEs reduced. The investment in staff wages has also had very favorable impacts on turnover, with reductions in overall and RN turnover every quarter since Q4 2021.

Supplies have seen favorable performance through 2022, only increasing by 0.1% from the previous year against a backdrop of significantly higher inflation and increased volume. This has been accomplished through procurement programs and the standardization of formularies.

Purchased services and other increased by 0.3% from the previous year due to rapidly increasing costs of property insurance, increased purchased services under capitated contracts, and restructuring costs of $7.5.

Loss from operations as a percent of total operating revenue was (4.5%) and (2.9%) for the twelve months ended December 31, 2022 and December 31, 2021, respectively.

Lost revenue and incremental expenses attributed to the COVID-19 pandemic exceeded relief funds by $157 in the year ended December 31, 2020, and by $160 in the year ended December 31, 2021. The System is pursuing additional opportunities to fund these losses, most notably FEMA. $121 and $105 of pandemic relief and FEMA funding were recognized in the twelve months ended December 31, 2022 and 2021 respectively. The system has applied for $190 of FEMA grants, but the amount and timing of further relief payments is uncertain.

The organization has seen continued improvement throughout 2022 quarter over quarter, with the most recent quarter's EBIDA at $86 and 5.8% for the three months ended December 31, 2022. This is a result of actions taken across labor and benefits as described and in the administrative cost structure and shared service functions. Additional actions are underway, which will continue to impact these areas in addition to the nine areas of focus: growth, revenue optimization, labor and benefits, length of stay, administrative cost structure, program review, focused markets, purchased services and supplies and professional fees. Additionally, efforts to minimize COVID-19-related volume declines, specifically in surgery and clinics, are underway, along with yield enhancement through revenue cycle initiatives. Capital deployment is focused on critical and high-return projects.

TOTAL OPERATING REVENUE AND INCOME FROM OPERATIONS

Twelve Months Ended December 31,	2022	2021
Total operating revenue	$5,405	$5,215
Total EBIDA expenses	$5,388	$5,106
EBIDA	$17	$109
EBIDA as a percentage of total operating revenue	0.3%	2.1%
Depreciation and interest expense	$258	$258
Loss from operations	($241)	($149)
Loss from operations as a percentage of total operating revenue	(4.5%)	(2.9%)

EBIDA Expenses for the twelve months ended December 31, 2022, include $51 of one-time costs associated with organizational restructuring. Excluding these items, EBIDA as a percentage of total operating revenue would have been 1.3% and Loss from operations as a percentage of total operating revenue would have been (3.5%).

Key Operating Metrics: Total Nonoperating Income

Investment income decreased for the twelve months ended December 31, 2022, as compared to the previous year. Realized gains of $111 and $87 are included in Investment Income at December 31, 2022 and December 31, 2021, respectively. Management maintains a long-term asset allocation strategy.

NONOPERATING INCOME

Twelve Months Ended December 31,	2022	2021
Investment (loss) income	($319)	$163
Other nonoperating gains (losses)	$3	($5)
Nonoperating (loss) income before gain on acquisition and divestitures	($316)	$158
Gain (Loss) on acquisition and divestitures	$0	$0
Nonoperating (loss) income	($316)	$158

Balance Sheet Ratios

Cash and unrestricted investments decreased by $466 for the twelve months ended December 31, 2022. Days cash on hand decreased to 148.1 on December 31, 2022 from 189.2 at December 31, 2021. Long-term debt to capitalization increased to 48.6% on December 31, 2022, from 39.5% at December 31, 2021. Adventist Health is able to maintain lower cash-to-debt and long-term debt-to-capitalization ratios as the system has no pension liability and operates under a defined contribution plan.

BALANCE SHEET RATIOS

Period Ended	Dec 31, 2022	Dec 31, 2021
Total cash and unrestricted investments	$2,214	$2,680
Days cash on hand	148.1	189.2
Cash-to-debt	93.7%	134.0%
Long-term debt-to-capitalization	48.6%	39.5%
Debt service coverage (Obligated Group)	1.6	2.0
Capital expenditures as a percentage of depreciation expense	67.9%	70.5%

Adventist Health Hospitals

OBLIGATED GROUP MEMBERS

Adventist Health System Office
Adventist Health Bakersfield
Adventist Health Castle
Adventist Health Clear Lake
Adventist Health Delano
Adventist Health Feather River
Adventist Health Glendale
Adventist Health Hanford
Adventist Health Selma
Adventist Health Howard Memorial
Adventist Health Lodi Memorial
Adventist Health Portland
Adventist Health Reedley
Adventist Health Simi Valley
Adventist Health Sonora
Adventist Health Tehachapi Valley
Adventist Health Tillamook
Adventist Health Ukiah Valley
Adventist Health White Memorial

NON-MEMBER ENTITIES

Adventist Health Care Network
Adventist Health Plan, Inc.
Adventist Health Physicians Network
Adventist Health Mendocino Coast
Adventist Health and Rideout
United Com-Serve
Adventist Health St. Helena
St. Helena Center for Behavioral Health
Adventist Health Tulare
Western Health Resources

Entities in italics are consolidated with their respective parent entities