

# SSM Health

Consolidated Financial Statements as of and for the  
Years Ended December 31, 2025 and 2024,  
Supplementary Consolidating Schedules as of and for the  
Years Ended December 31, 2025 and 2024, and  
Independent Auditor's Report

# SSM HEALTH

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
SSM Health Care Corporation  
St. Louis, Missouri

### **Opinion**

We have audited the consolidated financial statements of SSM Health Care Corporation and subsidiaries (doing business as SSM Health) (SSMH), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SSMH as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 SSMH and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*Deloitte & Touche LLP*

March 20, 2026

# SSM HEALTH

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,133,690	\$ 561,546
Investments	1,776	760
Current portion of assets limited as to use or restricted	654,270	637,292
Patient accounts receivable	1,078,308	915,510
Pharmacy claims and rebates receivable	1,581,906	1,256,300
Other receivables	156,759	135,142
Inventories, prepaid expenses, and other	350,198	321,413
Estimated third-party payor settlements	2,153	6,827
Assets held for sale	-	25,650
	<u>4,959,060</u>	<u>3,860,440</u>
Total current assets		
ASSETS LIMITED AS TO USE OR RESTRICTED—Excluding current portion	<u>3,677,205</u>	<u>3,684,012</u>
PROPERTY AND EQUIPMENT—Net	<u>3,169,852</u>	<u>2,947,195</u>
OPERATING RIGHT-OF-USE ASSETS	<u>380,653</u>	<u>241,536</u>
OTHER ASSETS:		
Goodwill	534,415	528,949
Intangible assets—net	316,139	320,683
Investments in unconsolidated entities	607,289	583,172
Other	<u>123,258</u>	<u>110,513</u>
Total other assets	<u>1,581,101</u>	<u>1,543,317</u>
TOTAL	<u>\$ 13,767,871</u>	<u>\$ 12,276,500</u>

(Continued)

# SSM HEALTH

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Revolving line of credit	\$ 300,000	\$ 100,000
Current portion of long-term debt and finance lease obligations	18,582	33,709
Accounts payable and accrued expenses	4,123,166	3,220,047
Short-term borrowings	856,025	1,008,635
Deferred revenue	21,730	24,971
Estimated third-party payor settlements	101,425	102,172
Other current liabilities	62,080	138,665
	<u>5,483,008</u>	<u>4,628,199</u>
Total current liabilities	5,483,008	4,628,199
LONG-TERM DEBT—Excluding current portion	1,517,400	1,553,294
ESTIMATED SELF-INSURANCE OBLIGATIONS	140,104	121,225
OPERATING LEASE OBLIGATIONS—Excluding current portion	382,487	244,180
FINANCE LEASE OBLIGATIONS—Excluding current portion	-	13,378
PENSION LIABILITY	75,261	114,606
OTHER LIABILITIES	469,569	429,579
	<u>8,067,829</u>	<u>7,104,461</u>
Total liabilities	8,067,829	7,104,461
NET ASSETS:		
Without donor restrictions:		
SSM Health net assets without donor restrictions	5,285,111	4,780,192
Noncontrolling interest in subsidiaries	165,748	155,951
	<u>5,450,859</u>	<u>4,936,143</u>
Total net assets without donor restrictions	5,450,859	4,936,143
With donor restrictions	249,183	235,896
	<u>249,183</u>	<u>235,896</u>
Total net assets	5,700,042	5,172,039
TOTAL	<u>\$ 13,767,871</u>	<u>\$ 12,276,500</u>

See notes to consolidated financial statements.

(Concluded)

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
OPERATING REVENUES AND OTHER SUPPORT:		
Net patient service revenues	\$ 7,275,371	\$ 6,829,931
Capitation revenues	1,304,823	1,303,479
Pharmacy benefit manager revenue	2,598,895	2,232,244
Investment income	79,949	53,150
Income from unconsolidated entities—net	29,624	34,474
Other revenue	1,352,804	946,007
Net assets released from restrictions	25,793	9,519
	<u>12,667,259</u>	<u>11,408,804</u>
OPERATING EXPENSES:		
Salaries and benefits	5,065,911	4,793,095
Medical claims	594,487	556,017
Supplies	1,982,291	1,799,859
Pharmacy benefit manager supplies	2,216,368	1,923,306
Professional fees and other	2,277,113	2,050,094
Interest	73,114	76,261
Depreciation and amortization	307,870	280,144
	<u>12,517,154</u>	<u>11,478,776</u>
GAIN (LOSS) FROM OPERATIONS BEFORE OTHER ITEMS	150,105	(69,972)
OTHER ITEMS—Long-lived asset impairment	(1,569)	-
OPERATING GAIN (LOSS) AFTER OTHER ITEMS	148,536	(69,972)
NONOPERATING GAINS AND (LOSSES):		
Investment income	331,750	273,782
Net periodic pension income	22,777	30,038
Change in fair value of interest rate swaps	18,198	52,610
Other—net	(22,374)	(22,217)
	<u>350,351</u>	<u>334,213</u>
EXCESS OF REVENUES OVER EXPENSES	498,887	264,241
EXCESS OF REVENUES OVER EXPENSES ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>15,319</u>	<u>14,983</u>
EXCESS OF REVENUES OVER EXPENSES—Net of noncontrolling interest	<u>\$ 483,568</u>	<u>\$ 249,258</u>

(Continued)

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SSM Health net assets without donor restrictions:		
Excess of revenues over expenses	\$ 483,568	\$ 249,258
Pension-related changes other than net periodic pension cost	12,443	24,726
Net assets released from restrictions for property acquisitions	2,461	4,937
Purchase (distribution) of interest in subsidiaries	(670)	9,223
Other—net	<u>7,117</u>	<u>(5,143)</u>
Increase in SSM Health net assets without donor restrictions	<u>504,919</u>	<u>283,001</u>
Noncontrolling interest in subsidiaries net assets without donor restrictions:		
Excess of revenues over expenses	15,319	14,983
Contributions from noncontrolling owners	2,108	48,564
Distributions to noncontrolling owners	(7,630)	(8,141)
Increase in ownership of subsidiary	<u>-</u>	<u>(84,943)</u>
Increase (Decrease) in noncontrolling interest in subsidiaries net assets without donor restrictions	<u>9,797</u>	<u>(29,537)</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions for charity care, property acquisitions, and other programs	32,074	55,809
Gains on investments—net	9,684	6,355
Net assets with donor restrictions released from restrictions for operations	(25,793)	(9,519)
Net assets with donor restrictions released from restrictions for property acquisitions	(2,461)	(4,937)
Other—net	<u>(217)</u>	<u>45</u>
Increase in net assets with donor restrictions	<u>13,287</u>	<u>47,753</u>
CHANGE IN NET ASSETS	528,003	301,217
NET ASSETS—Beginning of year	<u>5,172,039</u>	<u>4,870,822</u>
NET ASSETS—End of year	<u>\$ 5,700,042</u>	<u>\$ 5,172,039</u>

See notes to consolidated financial statements.

(Concluded)

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 528,003	\$ 301,217
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension-related changes other than net periodic pension cost	(12,443)	(24,726)
Depreciation and amortization	307,870	280,144
Loss on impairment	1,569	-
Amortization of debt premium	(4,435)	(4,191)
Contributions restricted for purchase of property and equipment—net	(11,514)	(6,581)
Distributions to noncontrolling owners—net	7,630	8,141
Gains on investments—net	(411,699)	(333,287)
Income from unconsolidated entities—net	(29,624)	(34,474)
Change in fair value of interest rate swaps	(18,198)	(52,611)
Loss (Gain) on disposal of assets	24,480	(4,169)
Gain on sale leaseback	(40,556)	
Contribution income for shares in unconsolidated entities	-	(20,511)
Distributions from unconsolidated entities	19,623	21,918
Payments for acquisition of noncontrolling interest in subsidiary	-	75,150
Changes in assets and liabilities:		
Patient accounts receivable	(162,798)	18,901
Pharmacy claims and rebates receivable	(325,605)	(59,302)
Other receivables, inventories, prepaid expenses, and other	38,966	(143,759)
Operating right-of-use assets	(4,959)	21,811
Accounts payable, accrued expenses, and other liabilities	895,667	219,784
Other changes to pension liability	(26,902)	(33,838)
Operating lease obligations	6,837	(21,737)
Estimated self-insurance obligations	13,976	(32)
Net cash provided by operating activities	<u>795,888</u>	<u>207,848</u>

(Continued)

# SSM HEALTH

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In thousands)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	\$ (685,885)	\$ (339,185)
Proceeds from disposal of property and equipment and sales of other assets	273,008	10,739
Purchase of assets limited as to use or restricted and short-term investments	(3,385,461)	(2,699,077)
Proceeds from sales of assets limited as to use or restricted and short-term investments	3,635,531	2,856,553
Contributions to unconsolidated entities	(11,450)	(116,788)
Acquisitions, net of cash acquired	(5,466)	-
Purchases of other assets	<u>(48,395)</u>	<u>(34,753)</u>
Net cash used in investing activities	<u>(228,118)</u>	<u>(322,511)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments for acquisition of noncontrolling interest in subsidiary	-	(75,150)
Proceeds from issuance of long-term debt	-	198,370
Payments on long-term debt	(47,253)	(259,344)
Contributions for long-term investment	11,514	6,581
Distributions to noncontrolling owners—net	(7,630)	(8,141)
Debt issuance costs	-	(428)
Proceeds from patient loans	9,496	9,365
Payments on patient loans	(9,143)	(8,966)
Proceeds from short-term borrowings	-	173,501
Payments on short-term borrowings	(152,610)	(2,985)
Proceeds from revolving line of credit	<u>200,000</u>	<u>2,590</u>
Net cash provided by financing activities	<u>4,374</u>	<u>35,393</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	572,144	(79,270)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>561,546</u>	<u>640,816</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,133,690</u>	<u>\$ 561,546</u>

See notes to consolidated financial statements.

(Concluded)

# SSM HEALTH

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (Dollars in thousands)

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### 1. ORGANIZATION

SSM Health Care Corporation (SSMHCC), a Missouri nonprofit corporation, is the ultimate parent entity of a fully integrated health system with its headquarters based in St. Louis, Missouri. SSMHCC and its consolidated subsidiaries (doing business as SSM Health (SSMH)) owns and operates 23 acute care hospitals, one of which specializes in pediatrics, eleven post-acute care facilities, a national pharmacy benefit management company (PBM), an extensive network of physician practice operations, other health care businesses and several foundations. SSMH's hospital operations are located primarily in Missouri, Wisconsin, Oklahoma and Illinois, and its related businesses provide health related services in 50 states. SSMH's mission statement is as follows:

*Through our exceptional health care services, we reveal the healing presence of God.*

SSMHCC and most of its affiliated subsidiary corporations have been granted exemption from federal income tax as charitable organizations under Section 501(c)(3) of the Internal Revenue Code (IRC). Certain subsidiaries of SSMH are for-profit entities that are taxable under the IRC.

SSMH is sponsored by SSM Health Ministries, a ministerial juridic person, which is currently composed of one Franciscan Sister of Mary (FSM), one Sister of St. Agnes, one Jesuit priest, one Franciscan priest, and four lay persons who collectively hold certain reserved powers over SSMH.

### 2. SSMH SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation**—The accompanying consolidated financial statements include the accounts of SSMH and its subsidiaries. Intercompany accounts and transactions are eliminated in consolidation.

**Use of Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**—Cash and cash equivalents consist primarily of cash and liquid marketable securities with an original maturity of three months or less and carrying amounts approximate their fair value.

**Inventories**—Inventories, primarily consisting of supplies and pharmaceuticals, are stated at the lower of cost or net realizable value, determined principally using the first-in, first-out method. SSMH held inventories in the amount of \$246,926 and \$196,956 at December 31, 2025 and 2024, respectively. These amounts are included in inventories, prepaid expenses, and other on the consolidated balance sheets.

**Investments**—Investments with original maturities at time of purchase between three and twelve months are measured at fair value and included in investments on the consolidated balance sheets.

**Financial Instruments**—Management's estimates of the fair value of financial instruments are described elsewhere (See Note 7—Fair Value Measurements for additional information).

**Assets Held for Sale**—SSMH classifies certain assets as assets held for sale in the consolidated balance sheets when the assets have met applicable criteria for this classification (See Note 11—Ministry Activities for additional information).

**Assets Limited as to Use or Restricted**—Assets limited as to use include investments and other assets set aside by the Board of Directors or management at their discretion for future long-term purposes, including capital improvements, medical insurance claims or for other purposes, and assets held in trust under bond indentures and self-insurance agreements. Assets restricted as to use include investments and other assets whose use is restricted by donors. Additionally, under the terms of the indentures for various bond issues, funds held by trustees have been established and legally designated for debt service.

**Securities Lending Program**—SSMH participates in securities lending transactions with its custodian whereby SSMH lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. SSMH maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Collateral received from brokers must equal at least 102% of the market value of the securities on loan and is subsequently adjusted daily for market fluctuations. SSMH must return to the borrower the value of collateral received regardless of the impact of market fluctuations. All collateral is in the form of United States Treasury securities, which can be re-invested in a pool maintained by the custodian. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed.

The securities on loan under this program are recorded within assets limited as to use (See Note 6—Assets Limited As To Use for additional information). The market value of collateral held for loaned securities is reported as collateral held under a securities lending program and an obligation is recorded within other current liabilities and is for repayment of collateral upon settlement of the lending transaction. The fees received for these transactions are recorded in investment income.

**Comprehensive Investment Program**—SSMH holds the majority of its investments in a Comprehensive Investment Program (CIP), which also includes the investments of SSMH's defined benefit plans. The earnings are allocated proportionately according to ownership percentages as defined in CIP agreements.

SSMH has elected the fair value option for financial investments in limited partnerships and limited liability corporations made through its CIP that would otherwise be recorded using the equity method. SSMH made this election to ensure that the accounting treatment of these investments was comparable between categories, regardless of the current organizational structure of the various investments.

Alternative investments are generally not marketable and many alternative investments have underlying investments that may not have quoted market values. The estimated value of such investments is subject to uncertainty. SSMH's risk is limited to its capital investment in each investment and capital call commitments (See Note 7—Fair Value Measurements for additional information).

**Derivative Instruments**—SSMH's policy seeks to provide sound stewardship of financial resources by effectively managing both the level of outstanding debt and the proportion of variable to fixed rate debt. Accordingly, SSMH periodically enters into derivative arrangements to manage interest rate risk. SSMH may also enter into various exchange-traded and over-the-counter derivative contracts for economic hedging purposes, including futures, options, swaps and forward contracts.

SSMH records derivative instruments as either an asset or liability measured at its fair value (See Note 7—Fair Value Measurements for additional information). The estimated fair value of all derivative instruments has been determined using available market information and valuation methodologies, primarily discounted cash flows. Interest rate swap derivatives are reported in other noncurrent assets or other noncurrent liabilities and investment asset derivatives are disclosed within assets limited as to use or restricted. SSMH does not offset fair value amounts recognized for derivative instruments and fair value amounts recognized for cash collateral posted.

The net change in the fair value of interest rate swap derivatives is recorded as a nonoperating gain or loss. The difference between the actual amount paid and the actual amount received on all interest rate swap derivatives is accrued and recognized as an adjustment to interest expense (See Note 17—Derivative Instruments for additional information).

**Investments in Unconsolidated Entities**—Investments in unconsolidated entities, other than limited partnerships and limited liability corporations in CIP, are accounted for under the equity method of accounting, as appropriate. If SSMH has at least 20%, but not more than 50%, or has the ability to exercise significant influence over the investee, the investment is accounted for under the equity method, and the income, loss and any gain related to equity method investments are reflected in income from unconsolidated entities—net (See Note 10—Investments in Unconsolidated Entities for additional information).

**Investment Income**—Investment income on the statements of operations and changes in net assets includes realized and unrealized gains or losses and dividends and interest from investment holdings. Most investment income is reported as nonoperating gains or losses. Investment income on funds held in trust for self-insurance purposes and funds without donor restrictions held by foundations is included in operating investment income. The cost of investments sold is based on the specific-identification method.

Investment income on investments of donor-restricted funds, other than endowments, is included in excess of revenues over expenses unless the income or loss is restricted by donors. Investment income that is restricted by the donor is recorded directly to net assets with donor restrictions, in accordance with the donor-imposed restrictions. See Note 6—Assets Limited as to Use or Restricted for additional information.

**Property and Equipment**—Property and equipment acquisitions are recorded at cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation expense is determined using the straight-line method over the estimated useful life of the asset: 3 to 45 years for land improvements, 5 to 50 years for buildings, and 3 to 30 years for equipment. The remaining useful lives of assets are reviewed and may be adjusted by management from time to time. Equipment under finance leases is amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization expense. Interest costs incurred on borrowed funds during construction periods are capitalized as a component of the asset cost.

SSMH periodically evaluates property and equipment to determine whether assets may have been impaired. Such analyses include comparing the estimates of undiscounted future cash flows to the carrying values of the related assets. (See Note 8—Property and Equipment for additional information).

**Leases**—SSMH records the rights and obligations arising from lease contracts with durations greater than twelve months on the balance sheet (See Note 15—Leases for additional information). Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. SSMH uses an estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. The discount rate is based on a collateralized basis for similar terms and economic environments.

SSMH's leases typically contain rent escalations over the lease term. These costs are expensed on a straight-line basis over the lease term. Additionally, certain leases contain incentives, such as tenant improvement allowances from landlords and/or rent abatements after taking possession of the leased property. These incentives reduce SSMH's right-of-use asset related to the lease and are amortized through the right-of-use asset as reductions of expense over the lease term.

SSMH accounts for all fixed lease and non-lease components as a single component for certain classes of assets. Therefore, the lease payments used to measure the lease liability for these leases include fixed minimum rentals along with fixed operating costs such as common area maintenance and utilities. Certain lease agreements include payments based on actual common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in professional fees and other on the consolidated statements of operations and changes in net assets, but are not included in the right-of-use asset or liability balances.

SSMH's leases relate primarily to medical and office spaces. Most office leases have a five to ten-year base period and include renewal options to extend the lease term beyond the initial base period. The renewal options are not included in the measurement of the right-of-use assets and lease liabilities unless SSMH is reasonably certain to exercise the optional renewal periods. SSMH's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Goodwill**—Goodwill represents the future economic benefits arising from assets acquired in business combinations that are not individually identified and separately recognized. Goodwill is evaluated for possible impairment at the reporting unit level at least annually or whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Fair value of a reporting unit is estimated using a combination of income-based and market-based valuation methodologies. An impairment is recorded if the carrying value of the goodwill exceeds its implied fair value. There were no goodwill impairments identified during 2025 or 2024.

**Intangible Assets—Net**—Intangible assets include capitalized computer software costs, tradenames, noncompete agreements, and other intangible assets acquired from independent parties. Intangible assets with a definite life are amortized on a straight-line basis, with estimated useful lives ranging from one to 20 years. Amortization of intangible assets is included in depreciation and amortization expense. SSMH reviews the carrying value of its amortizable intangible assets only when impairment indicators are present. SSMH evaluates intangible assets for impairment by comparing the estimates of undiscounted future cash flows to the carrying values of the related assets. Indefinite-lived intangible assets are evaluated for possible impairment at least annually or whenever events or changes in circumstances indicate the asset might be impaired. There were no material intangible asset impairments identified during 2025 or 2024.

**Software Costs**—Capitalized computer software costs include internally developed software. Costs incurred in developing and installing internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post implementation stage. Capitalized software costs and related accumulated amortization expenses are included in intangible assets—net on the consolidated balance sheets (See Note 9—Goodwill and Other Intangible Assets for additional information).

**Pension Liability**—Pension liability represents the value of the projected benefit obligation of SSMH's pension plans over the fair value of the plans' assets. The pension plan obligations and plan assets are measured annually as of December 31 (See Note 13—Pension and Other Postretirement Benefit Plans for additional information).

**Other Liabilities**—Other liabilities include various deferred compensation plans, the fair value of interest rate swaps, and various other noncurrent liabilities.

**Net Patient Service Revenues and Patient Accounts Receivable**—Net patient service revenues relate to contracts with patients and in most cases involves a third-party payor (e.g. managed care insurance companies, Medicare and Medicaid) in which SSMH's performance obligations are to provide patient care. Net patient service revenues are recorded at expected collectible amounts over the time in which obligations to provide patient care are satisfied. Revenues are accrued to estimate the amount earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. Substantially all of SSMH's performance obligations are satisfied within one year.

SSMH determines the transaction price based on gross charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured and underinsured patients in accordance with SSMH's policies, and implicit price concessions provided to patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. SSMH determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience using the portfolio approach. SSMH determines its estimate of implicit price concessions based on its historical collection experience with classes of

patients using a portfolio approach and records these as a direct reduction to net patient service revenue. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in managed care and commercial contractual terms resulting from contract negotiations and renewals.

A significant portion of SSMH's revenue is generated under agreements with Medicare and Medicaid. Payments for services covered by Medicare are based on federal regulations specific to the type of service provided. Medicaid pays for most services at prospective rates which are determined by the regulations of the state in which the beneficiaries reside. Hospital facilities that meet certain requirements receive additional funds in partial payment for the cost of medical education and caring for the indigent. Laws and regulations governing Medicare and Medicaid programs are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Included in net patient service revenues are Medicaid supplemental payments which are funded through state financial arrangements commonly referred to as provider taxes. Under provider tax arrangements, states collect taxes from healthcare providers and then use the revenue to pay the providers as a Medicaid expenditure, which allows the states to then claim additional federal matching funds. SSMH participates in these arrangements in the four states in which it operates. Current federal law provides for a cap on the maximum allowable provider tax as a percentage of the provider's total revenue. There can be no assurance that federal law will continue to provide matching federal funds on state Medicaid expenditures funded through provider taxes, or that the current caps on provider taxes will not be reduced. For the year ended December 31, 2025, SSMH recognized \$306,358 in revenue and \$219,592 in expenses relating to these programs. For the year ended December 31, 2024, SSMH recognized \$302,844 in revenue and \$199,843 in expenses relating to these programs.

Further, SSMH has negotiated contracts with certain other third-party payors. Revenues under these contracts are based primarily on payment terms involving predetermined rates per admission, per diem rates, discounted fee-for-service rates, value-based payments and other similar contractual arrangements. SSMH estimates the discounts for contractual allowances at the individual hospital level utilizing billing data on an individual patient basis. In addition, the contracts SSMH has with commercial payors also provide for retroactive audit and review of claims.

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. SSMH uses the expected value method of calculating estimated revenue, receivables and liabilities as it relates to third-party settlements. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and SSMH'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 (i.e. new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. In 2025 and 2024, net patient service revenues increased by \$34,069 and \$31,581, respectively, relating to changes in estimates for prior years' settlements from Medicare, Medicaid and other programs.

SSMH also provides services to uninsured patients and offers discounts from standard charges. The discount varies by geographical location, primarily based on the discounts negotiated with the local private third-party payors.

Consistent with SSMH's mission, care is provided to patients regardless of their ability to pay. Therefore, SSMH has determined it will provide implicit price concessions to uninsured patients and patients with other balances (e.g. copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts SSMH expects to collect based on its collection history with those patients.

After all payments, discounts, and reasonable collection efforts have been exhausted, SSMH follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by SSMH. Accounts placed with collection agencies are written off and excluded from patient accounts receivable.

**Estimated Third-Party Payor Receivable and Payable Settlements**—SSMH has agreements with payors that provide for payments at amounts different from established charges. These estimated amounts are subject to further adjustments upon review by third-party payors (See Note 20—Commitments and Contingent Liabilities for additional information).

**Capitation Revenue**—SSMH receives capitation insurance premiums based on the demographic characteristics of covered members in exchange for providing comprehensive medical services for those members. Most of this revenue is from Medica, a health insurance plan provider, which SSMH has a 45% interest in and therefore is a related party. SSMH recorded capitated revenue from Medica on the consolidated statement of operations in the amount of \$1,301,770 and \$1,298,510 for the years ended December 31, 2025 and 2024, respectively.

**Pharmacy Benefit Manager Revenue and Pharmacy Claims and Rebates Receivable**—Pharmacy product revenue and other revenues are recognized by SSMH's national PBM company, Navitus Health Solutions, LLC (NHS), which provides pharmacy benefit administration services to a variety of clients. Revenue is recognized when the product is shipped. The related pharmacy claims and rebates payable is included in accounts payable and accrued expenses on the consolidated balance sheets.

Pharmacy claims and rebates receivable consist of amounts due from clients for pharmacy and member claims and rebates receivable from pharmaceutical manufacturers. SSMH assumes no risk for payment of the claims and considers these accounts to be fully collectible.

**Other Revenue and Other Receivables**—Other revenue is recorded at amounts SSMH expects to collect in exchange for providing goods or services not directly associated with patient care and recorded over time in which obligations are satisfied. Other revenue consists primarily of retail pharmacy revenue, 340B revenue, FEMA funding and CARES Act funding. Other receivables consist primarily of amounts due from retail pharmacies, premium receivables, and accrued interest receivable.

**Deferred Revenue**—Deferred revenue on the consolidated balance sheets primarily consists of insurance premiums billed and due in advance of a coverage period.

**Medical Claims**—Medical claims consist of payments to health care providers and are accrued as of the date of service and reported net of recoveries. The recovery amounts are \$87,470 and \$95,006 for the years ended December 31, 2025 and 2024, respectively. Recoveries consist mainly of drug company volume discounts, reinsurance, and government program risk-sharing and subsidies.

Changes in estimates of claims costs resulting from an ongoing review process and differences between estimates and payments for claims are recognized in the period in which the change in estimate is identified or payments are made. The liability for unpaid medical claims for medical services purchased, which is included in accounts payable and accrued expenses on the consolidated balance sheets, is based on known amounts of reported claims and an estimate of incurred but not reported claims using past experience adjusted for current trends.

**Contributions**—Contributions, including unconditional promises to give, are recognized at their fair value at the time of receipt. Certain contributions have restrictions placed on their use by the donors. For example, if the gift is restricted to property and equipment purchases, it is recorded initially within net assets with donor restrictions. When the restrictions have been met, these restricted contributions are recorded as net assets released from restrictions for property acquisitions. Contributions for which donors have not stipulated restrictions are reported as other revenue on the consolidated statements of operations and changes in net assets.

Endowment assets include donor-restricted funds that SSMH must hold in perpetuity or for a donor-specified period. SSMH retains in perpetuity the original value of initial and subsequent gift amounts donated to the endowment and any accumulations to the endowment made in accordance with the applicable donor gift instrument. Donor-restricted amounts not retained in perpetuity are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the SSMH ministry that received the donation. SSMH considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- a. State law;
- b. The duration and preservation of the fund;
- c. The purposes of the donor-restricted endowment funds within SSMH's communities;
- d. General economic conditions, including the possible effects of inflation and deflation;
- e. The expected total return from income and the appreciation of investments;
- f. The investment policies of the ministry; and
- g. Other resources available to the ministry and its beneficiary, if applicable.

**Performance Indicator**—The performance indicator is excess of revenues over expenses. Changes in net assets without donor restrictions that are excluded from the performance indicator include: permanent transfers of assets to and from affiliates for other than goods and services; contributions of long-lived assets (including assets acquired using contributions that by donor restriction were to be used for the purpose of acquiring such assets); noncontrolling interests related to acquisitions and changes in ownership while retaining controlling financial interests; distributions to noncontrolling owners; and pension-related changes other than the net periodic pension cost.

**Net Assets**—Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for future use (See Note 6—Assets Limited As to Use or Restricted for additional information). Net assets with donor restrictions are those assets, including contributions and accumulated investment returns, whose use has been limited by donors for a specific purpose or time period or are those for which donors require the principal of the gifts to be maintained in perpetuity to provide a permanent source of income.

**Noncontrolling Interests**—The consolidated financial statements include all assets, liabilities, revenues and expenses of entities, controlled by SSMH and less than 100% owned, and therefore consolidated. Accordingly, SSMH has reflected a noncontrolling interest for the portion of net assets not owned or controlled by SSMH separately on the consolidated balance sheets.

**Operating revenues and other support and operating expenses** - Operating revenues and other support consist of revenues related to ongoing health care delivery activities, primarily including net patient service revenue, capitation revenues, pharmacy benefit manager revenues, and other revenues from services and activities that support the System's mission. Operating expenses include salaries and benefits, medical claims, supplies, pharmacy benefit manager supplies, professional fees and other, depreciation and amortization, interest expense, and other costs incurred in the delivery of patient care and supporting services.

**Nonoperating gains and (losses)** - Nonoperating gains and (losses) include, but are not limited to, investment income (including realized and unrealized gains and losses, interest and dividends), net periodic pension income, changes in the fair value of interest rate swaps, and other items that are not related to ongoing health care delivery.

**Other Items**—Other items includes certain non-recurring items, primarily long-lived asset impairment pertaining to the sale of three long-term care facilities and after an evaluation of certain assets, which were then adjusted to their net realizable value for the year ended December 31, 2025. There were no other items for the year ended December 31, 2024.

**Advertising Costs**—SSMH expenses advertising costs as they are incurred. Advertising expenses were \$19,533 and \$17,917 for the years ended December 31, 2025 and 2024, respectively, and are included in professional fees and other on the consolidated statements of operations and changes in net assets.

**Income Taxes**—SSMH is generally not subject to federal or state income taxes. However, SSMH is subject to income taxes on net income derived from a trade or business, regularly carried on, which does not further the organization’s exempt purpose. For the years ended December 31, 2025 and 2024, management has determined that no significant income tax provisions are required and as such none have been recorded in the consolidated financial statements.

SSMH’s for-profit subsidiaries recognize deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of their assets and liabilities along with net operating losses that meet the more likely than not recognition criteria. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Penalties and interest incurred on income tax liabilities, if any, are included in nonoperating gains and (losses) other—net on the consolidated statements of operations and changes in net assets.

A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. SSMH did not record uncertain tax positions in 2025 or 2024.

**Reclassifications**—In 2025 SSM changed the classification of commercial paper from other current liabilities to short-term borrowings. As a result, the presentation of other current liabilities and short-term borrowings for 2024 has been updated to be consistent with the current presentation.

**Non-Cash Transactions**—During the years ended December 31, 2025 and 2024, SSMH had the following non-cash transactions:

	<b>2025</b>	<b>2024</b>
(Increase) Decrease in securities lending program	\$ 76,548	\$(77,427)
Property and equipment purchases financed through accounts payable and other purchases	73,914	36,956
Operating right-of-use assets obtained in exchange for new operating lease obligations net of terminations	134,158	35,671
Finance leases (terminations) additions	(12,711)	1,224
Donated shares of joint venture	-	(20,511)

### **3. COMMUNITY BENEFIT MINISTRY**

In line with its mission, SSMH provides health care services to patients without regard to their ability to pay for those services. For some of its patient services, SSMH receives no payment or payment that is less than the full cost of providing the care. SSMH voluntarily provides free or discounted care (charity care) to patients who are unable to pay for all or part of their health care expenses as determined by SSMH’s criteria for financial assistance. In addition to the free or discounted care provided to patients who meet the criteria, financial assistance also includes services for which the patient may not participate in the financial assistance process but is otherwise deemed to meet the criteria for financial assistance under SSMH’s policy.

Because SSMH does not pursue the collection of amounts determined to qualify as charity care, they are not reported as patient service revenues. The cost of charity care was \$67,668 and \$74,774 in 2025 and 2024, respectively. These estimated costs are calculated using a cost to charge ratio approach. The cost to charge ratio is determined by dividing the total costs of providing patient care by gross patient service revenue. This cost-to-charge ratio is then applied to the gross charity charges.

SSMH provides community benefit activities that address significant health priorities within its geographic service areas. These activities include Medicaid and Medicare shortfalls, community health services, health professions education and direct cash and in-kind charitable contributions.

#### 4. NET PATIENT SERVICE REVENUES

The composition of net patient service revenues by payor and service line for the years ended December 31, 2025 and 2024, is as follows:

	<b>2025</b>	<b>2024</b>
Medicare	18 %	19 %
Medicare managed care	17	16
Medicaid	5	5
Medicaid managed care	10	10
Managed care	39	44
Commercial, self-pay and other	<u>11</u>	<u>6</u>
Total net patient service revenues percentage by payor	<u>100 %</u>	<u>100 %</u>

	<b>2025</b>	<b>2024</b>
Hospital operations	\$ 6,169,773	\$ 5,764,068
Physician operations	940,538	899,413
Home health	83,729	94,328
Skilled nursing	<u>81,331</u>	<u>72,122</u>
Total net patient service revenues by service line	<u>\$ 7,275,371</u>	<u>\$ 6,829,931</u>

Net patient service revenues does not include payment for services provided to patients covered under SSMH's claims pools. These revenues are eliminated upon consolidation and have been excluded from the above tables. Revenues from services provided to SSMH's claims pools amounted to \$828,195 and \$828,730 for the years ended December 31, 2025 and 2024, respectively.

#### 5. CONCENTRATION OF CREDIT RISK

SSMH provides health care services through its inpatient and outpatient care facilities located in its respective communities. SSMH attempts to collect amounts due from patients, including co-payments and deductibles for patients with insurance, at the time of service, while complying with all federal and state laws and regulations, including the Emergency Medical Treatment and Active Labor Act (EMTALA). Generally, as required by EMTALA, patients may not be denied emergency treatment due to the inability to pay. In nonemergency circumstances or for elective procedures, SSMH's policy is to verify insurance prior to treatment; however, exceptions can occur. SSMH generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, managed care, and commercial insurance policies).

SSMH reviews its financial assistance and billing policies on a regular basis to ensure compliance with IRS 501(r) regulations in accordance with the Affordable Care Act.

The mix of net receivables from patients and third-party payors as of December 31, 2025 and 2024, is as follows:

	<b>2025</b>	<b>2024</b>
Medicare	16 %	19 %
Medicare managed care	20	17
Medicaid	5	4
Medicaid managed care	9	7
Managed care	32	30
Commercial and other	<u>18</u>	<u>23</u>
Total net receivables from patients and third-party payors percentage	<u>100 %</u>	<u>100 %</u>

#### 6. ASSETS LIMITED AS TO USE OR RESTRICTED

A summary of assets limited as to use or restricted as of December 31, 2025 and 2024, is as follows:

	<b>2025</b>	<b>2024</b>
Board and management designated:		
Unrestricted assets	\$ 3,378,475	\$ 3,370,044
Other restricted board designated assets	<u>392,694</u>	<u>347,433</u>
Held by trustee:		
Project and bond funds	1,898	2,128
Self-insurance (Note 14)	227,488	208,797
Collateral held under securities lending agreements	<u>62,273</u>	<u>138,821</u>
Total held by trustee	<u>291,659</u>	<u>349,746</u>
Assets restricted by donor as to use	<u>268,647</u>	<u>254,081</u>
Total assets limited as to use or restricted	4,331,475	4,321,304
Less current portion	<u>654,270</u>	<u>637,292</u>
Noncurrent portion	<u>\$ 3,677,205</u>	<u>\$ 3,684,012</u>

A summary of investment income for the years ended December 31, 2025 and 2024, is as follows:

	<b>2025</b>	<b>2024</b>
Interest and dividends—net of investment fees	\$ 118,259	\$ 98,211
Net realized gains on investments	128,706	176,699
Net unrealized gains on investments	<u>174,418</u>	<u>58,377</u>
Total income	<u>\$ 421,383</u>	<u>\$ 333,287</u>

Investment income is reported as follows:

	2025	2024
Operating investment income	\$ 79,949	\$ 53,150
Nonoperating investment income	331,750	273,782
Gains on investments—net—net assets with donor restrictions	<u>9,684</u>	<u>6,355</u>
Total income	<u>\$ 421,383</u>	<u>\$ 333,287</u>

The loaned amounts in the security lending program are included in the following classifications:

	2025	2024
Equity securities	\$ 20,928	\$ 41,014
Government securities	2,351	28,250
Corporate obligations	<u>36,841</u>	<u>32,679</u>
Total	<u>\$ 60,120</u>	<u>\$ 101,943</u>

## 7. FAIR VALUE MEASUREMENTS

SSMH defines fair value as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the ministry. In addition, the fair value of liabilities should include consideration of nonperformance risk, including SSMH's own credit risk.

The fair value of all assets and liabilities recognized or disclosed at fair value are classified based on the lowest level of significant inputs. SSMH used the following methods to determine fair value:

**Level 1**—Quoted prices (unadjusted) in active markets for identical assets or liabilities that SSMH has the ability to access on the report date.

**Level 2**—Inputs (financial matrices, models, valuation techniques) other than quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Such observable inputs include benchmarking prices for similar assets in active, liquid markets, quoted prices in markets that are not active and observable yields, and spreads in the market.

**Level 3**—Inputs (such as professional appraisals, quoted prices from inactive markets that require adjustment based on significant assumptions or data that is not current, or data from independent sources) that are unobservable for the asset or liability.

Assets and liabilities measured at fair value on a recurring basis as listed in the following tables use the following valuation methodologies:

**Cash and Cash Equivalents**—Cash equivalents that trade on a regular basis in active markets are classified as Level 1 in the fair value hierarchy. Those that do not meet these criteria are classified as Level 2.

**Corporate Obligations**—Corporate obligations are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash

flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, corporate obligations are classified as Level 2 within the fair value hierarchy.

**Government Securities**—Government securities are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, government securities are classified as Level 2 within the fair value hierarchy.

**Mutual Funds**—Mutual funds are valued using the underlying net assets owned by the fund and are classified as Level 1 within the fair value hierarchy.

**Equities**—Equity securities are valued at the closing price reported on the applicable exchange on which the security is traded and are classified as Level 1 within the fair value hierarchy.

**Trading Derivatives and Interest Rate Swaps**—Trading derivatives consist of interest rate swaps and options, credit default swaps, and futures, for which fair values are estimated based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices. These derivatives are classified as Level 2 within the fair value hierarchy. Trading derivatives in active markets are classified as Level 1 in the fair value hierarchy.

**Guaranteed Fixed Funds**—Guaranteed fixed funds are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, guaranteed fixed funds are classified as Level 2 within the fair value hierarchy.

**Hedge Funds**—Hedge funds are valued primarily using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals. As investments in hedge funds are measured at net asset value, they are included separately from the fair value hierarchy in the table below.

**Limited Liability Companies (LLC), Limited Partnerships (LP) and Real Estate Investment Trust (REIT) Interests**—LLC, LP and REIT interests are primarily valued based on the most current financial statements issued by each fund adjusted for cash flow to and from the fund subsequent to the financial statement reporting date. The underlying investments are valued in accordance with the corresponding valuation method for the investments held. The prices used to generate these valuations are unobservable and therefore are classified as Level 3 within the fair value hierarchy. Limited liability companies and limited partnership interests whose underlying securities are publicly traded are valued at the closing price reported on the applicable exchange on which the underlying securities are traded and are classified as Level 2 within the fair value hierarchy. A portion of LLC, LP and REIT interests are valued using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth and other business and market sector fundamentals. As these LLC, LP and REIT interests are measured at net asset value, they are included separately from the fair value hierarchy in the table below.

**Commingled Funds**—Commingled funds are valued using the net asset value based on the value of the underlying assets owned by the fund, minus liabilities, multiplied by the current percentage ownership of the fund. The underlying investments are valued in accordance with the corresponding valuation method for the investments held. As commingled funds are measured at net asset value, which approximates fair value, they are included separately from the fair value hierarchy in the table below.

**Securities Lending**—The security lending collateral is invested in a Northern Trust-sponsored commingled collateral fund, which is composed primarily of short-term securities. The fair value of the commingled collateral fund is determined using the calculated net asset value per share (or its equivalent) for the fund with the underlying securities valued using techniques similar to those used for marketable securities. As security lending is measured at net asset value, which approximates fair value, it is included separately from the fair value hierarchy in the table below.

SSMH may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. The following describes assets measured at fair value on a nonrecurring basis:

**Assets Held for Sale**—The fair value of assets held for sale is determined based on valuation methodologies using management assumptions, including estimates of future cash flows and would generally be considered Level 3 inputs (See Note 11—Ministry Activities for additional information).

**Impaired Property and Equipment**—The fair value of impaired property and equipment is determined based on valuation methodologies as described in Note 2—SSMH Summary of Significant Accounting Policies which would generally be considered Level 3 inputs (See Note 8—Property and Equipment for additional information).

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

SSMH holds the majority of its financial assets in CIP, which also includes the investments of its defined benefit plans. The values below represent SSMH's allocated non-pension share of CIP as well as investments in assets not held in CIP.

The following tables summarize assets and liabilities measured at fair value on a recurring basis and nonrecurring basis by the level of significant input:

<b>December 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Recurring fair value measurements:				
Assets:				
Cash and cash equivalents	\$ 81,065	\$ 126,381	\$ -	\$ 207,446
Corporate obligations	-	396,130	-	396,130
Government securities	-	708,245	-	708,245
Mutual funds:				
Domestic	116,901	-	-	116,901
International	77,600	-	-	77,600
Fixed income	41,595	-	-	41,595
Equities:				
Domestic	691,798	-	-	691,798
International	2,402	-	-	2,402
Trading derivative financial instruments	-	1,331	-	1,331
Interest rate swaps	-	87,636	-	87,636
Limited partnership and REIT interests	-	-	1,172,418	1,172,418
Guaranteed fixed funds	-	349	-	349
Cash surrender value of life insurance	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>\$ 1,011,361</u>	<u>\$ 1,320,071</u>	<u>\$ 1,172,418</u>	3,503,849
Investments at NAV				
Commingled funds:				
Securities lending				62,273
Collective trust funds				97,354
Domestic				4,215
International				270,936
Fixed income				222
Hedge funds				168,243
Limited partnership and REIT interests				<u>179,575</u>
Total assets				<u>\$ 4,286,667</u>
Liabilities—interest rate swaps	\$ -	\$ 48	\$ -	\$ 48
Liabilities—trading derivatives	<u>2,109</u>	<u>-</u>	<u>-</u>	<u>2,109</u>
Total Liabilities	<u>\$ 2,109</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 2,157</u>

<b>December 31, 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Recurring fair value measurements:				
Assets:				
Cash and cash equivalents	\$ 65,918	\$ 95,340	\$ -	\$ 161,258
Corporate obligations	-	402,550	-	402,550
Government securities	-	734,588	-	734,588
Mutual funds:				
Domestic equities	102,292	-	-	102,292
International equities	60,589	-	-	60,589
Fixed income	63,814	-	-	63,814
Equities—domestic	711,723	-	-	711,723
Trading derivatives	-	1,017	-	1,017
Interest rate swaps	-	72,012	-	72,012
LLC and LP interests	-	-	1,184,951	1,184,951
Guaranteed fixed funds	-	458	-	458
	<u>-</u>	<u>458</u>	<u>-</u>	<u>458</u>
Subtotal	<u>\$ 1,004,336</u>	<u>\$ 1,305,965</u>	<u>\$ 1,184,951</u>	3,495,252
Investments measured at net asset value:				
Commingled funds:				
Securities lending collateral				138,821
Domestic equities				3,840
International equities				236,176
Fixed income				1,155
Collective trust funds				80,717
Hedge funds				134,227
LLC, LP, and REIT interests				<u>173,105</u>
Total assets				<u>\$ 4,263,293</u>
Liabilities—interest rate swaps	\$ -	\$ 2,622	\$ -	\$ 2,622
Liabilities—trading derivatives	<u>4,587</u>	<u>-</u>	<u>-</u>	<u>4,587</u>
Total liabilities	<u>\$ 4,587</u>	<u>\$ 2,622</u>	<u>\$ -</u>	<u>\$ 7,209</u>

The following table reconciles the information about the fair value of SSMH's financial instruments measured at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Assets:		
Investments	\$ 1,776	\$ 760
Assets limited as to use or restricted—current portion	654,270	637,292
Assets limited as to use or restricted—excluding current portion	3,677,205	3,684,012
Interest rate swaps recorded as other assets—other	87,636	72,012
Less items not recorded at fair value:		
Unconditional promises to give—net	(42,450)	(44,172)
Other	<u>(91,770)</u>	<u>(86,611)</u>
Total assets	<u>\$ 4,286,667</u>	<u>\$ 4,263,293</u>

The values below represent SSMH's defined benefit plan's allocated proportionate share of CIP by the level of significant input:

<b>December 31, 2025</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:				
Cash equivalents	\$ 57,898	\$ 36,369	\$ -	\$ 94,267
Corporate obligations	-	230,864	-	230,864
Government securities	-	320,844	-	320,844
Mutual funds—international equities	13,081	-	-	13,081
Equities—domestic	227,375	-	-	227,375
LLC and LP interests	-	-	322,045	322,045
	<u>-</u>	<u>-</u>	<u>322,045</u>	<u>322,045</u>
Subtotal	<u>\$ 298,354</u>	<u>\$ 588,077</u>	<u>\$ 322,045</u>	1,208,476
Investments measured at net asset value:				
Commingled funds:				
Securities lending collateral				46,257
International equities				77,346
Hedge funds				77,571
LLC, LP and REIT interests				154,634
Total assets				1,564,284
Accrued income				6,350
Payable under security lending agreement				<u>(46,257)</u>
Fair value of plan assets				<u>\$ 1,524,377</u>
Liabilities—trading derivatives	<u>\$ 607</u>	<u>\$ 864</u>	<u>\$ -</u>	<u>\$ 1,471</u>

<b>December 31, 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:				
Cash equivalents	\$ 40,372	\$ 28,095	\$ -	\$ 68,467
Corporate obligations	-	222,932	-	222,932
Government securities	-	313,997	-	313,997
Mutual funds—international equities	12,704	-	-	12,704
Equities—domestic	207,817	-	-	207,817
LLC and LP interests	-	-	351,385	351,385
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Subtotal	<u>\$ 260,893</u>	<u>\$ 565,024</u>	<u>\$ 351,385</u>	1,177,302
Investments measured at net asset value:				
Commingled funds:				
Securities lending collateral				11,742
International equities				77,000
Hedge funds				77,326
LLC, LP and REIT interests				154,541
Total assets				1,497,911
Accrued income				7,348
Payable under security lending agreement				<u>(11,742)</u>
Fair value of plan assets				<u>\$ 1,493,517</u>
Liabilities—trading derivatives	<u>\$ 1,367</u>	<u>\$ 1,138</u>	<u>\$ -</u>	<u>\$ 2,505</u>

The following disclosures for Level 3 investments and assets measured at net asset value, which approximates fair value, include SSMH investments and the investments of its defined benefit plans.

It is SSMH's policy that transfers between levels will occur when revised information regarding the lowest level of significant inputs becomes available. There were no transfers between levels during 2025 or 2024.

Changes related to the fair value of Level 3 investments for the years ended December 31, 2025 and 2024, are summarized as follows:

	<b>LLC and LP Interests</b>
Ending balance as of December 31, 2023	\$ 1,453,048
Realized gains	74,955
Unrealized gains	27,140
Purchases	212,557
Sales	<u>(231,364)</u>
Ending balance as of December 31, 2024	1,536,336
Realized gains	71,008
Unrealized gains	53,251
Purchases	116,564
Sales	<u>(282,697)</u>
Ending balance as of December 31, 2025	<u><u>\$ 1,494,462</u></u>

The commingled funds, hedge funds, and certain LLC, LP, and REIT interests are redeemable at net asset value under the original terms of the agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Redemption provisions associated with assets recorded at net asset value at December 31, 2025 and 2024, are as follows:

<b>December 31, 2025</b>	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Commingled funds <sup>(a)</sup>	\$ 561,703	Daily, semi-monthly, monthly	0–10 days
Hedge funds <sup>(b)</sup>	245,814	Monthly, quarterly, semi-annual	30–90 days
LLC, LP and REIT interests <sup>(c)</sup>	<u>334,209</u>	Quarterly	45–90 days
Total	<u><u>\$ 1,141,726</u></u>		
<b>December 31, 2024</b>	<b>Fair Value</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Commingled funds <sup>(a)</sup>	\$ 549,451	Daily, semi-monthly, monthly	0–10 days
Hedge funds <sup>(b)</sup>	211,553	Monthly, quarterly, semi-annual	30–90 days
LLC, LP and REIT interests <sup>(c)</sup>	<u>327,646</u>	Quarterly	45–90 days
Total	<u><u>\$ 1,088,650</u></u>		

<sup>(a)</sup> This category includes investments in commingled funds that primarily invest in financial instruments of US and non-US entities, bonds, notes, bills, currencies, and interest rate and derivative products.

- (b) This category includes investments in hedge funds that maintain positions in long-short equity, credit, currency and derivative securities.
- (c) This category includes investments in certain limited liability companies, limited partnerships and REIT interests that invest in the following: high-quality properties in major metropolitan areas; participating mortgages secured by core real estate properties; and core infrastructure investments. Investments in this category are primarily valued based upon independent appraisals using a cost approach, market approach, or income approach, as well as consideration of other third-party evidence.

SSMH's unfunded commitments to purchase limited partnership interests is reported as follows:

	<b>Unfunded Commitments</b>	<b>SSMH Investments</b>	<b>SSMH's Defined Benefit Plan Assets</b>
December 31, 2025	\$ 532,773	77 %	23 %
December 31, 2024	444,173	74	26

#### 8. PROPERTY AND EQUIPMENT - NET

A summary of property and equipment - net at December 31, 2025 and 2024, is as follows:

	<b>2025</b>	<b>2024</b>
Land and improvements	\$ 271,331	\$ 246,072
Buildings	4,072,384	3,913,308
Equipment	<u>1,958,558</u>	<u>1,832,115</u>
Total gross depreciable property and equipment	6,302,273	5,991,495
Less accumulated depreciation	<u>3,548,131</u>	<u>3,348,603</u>
Total net depreciable property and equipment	2,754,142	2,642,892
Real estate held for future development	592	3,992
Construction in process	<u>415,118</u>	<u>300,311</u>
Total	<u><u>\$ 3,169,852</u></u>	<u><u>\$ 2,947,195</u></u>

Depreciation expense for the years ended December 31, 2025 and 2024, totaled \$244,391 and \$237,166, respectively.

The book value of equipment under finance lease obligations at both December 31, 2025 and 2024, totaled \$5,155 and \$27,205, respectively. The related accumulated depreciation totaled \$5,069 and \$18,908 at December 31, 2025 and 2024, respectively. These amounts are included in the above summary of property and equipment.

SSMH determined that indicators existed that there was potential impairment of certain property and equipment totaling \$1,569 for the year ended December 31, 2025. There were no indicators that any property or equipment were impaired for the year ended December 31, 2024.

## 9. GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of goodwill at December 31, 2025 and 2024, is as follows:

	Gross	Accumulated Impairment Loss	Net
Balance at December 31, 2023	\$ 567,252	\$ (38,303)	\$ 528,949
Acquired	-	-	-
Balance at December 31, 2024	567,252	(38,303)	528,949
Acquired	<u>5,466</u>	<u>-</u>	<u>5,466</u>
Balance at December 31, 2025	<u>\$ 572,718</u>	<u>\$ (38,303)</u>	<u>\$ 534,415</u>

The following table provides information regarding other intangible assets for the years ended December 31, 2025 and 2024:

	2025			2024		
	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Amortized intangible assets:						
Software	\$ 560,377	\$ 348,380	\$ 211,997	\$ 466,721	\$ 286,492	\$ 180,229
Trade name	107,000	87,540	19,460	108,562	79,511	29,051
Customer contracts	125,900	57,513	68,387	151,889	45,804	106,085
Other	<u>24,596</u>	<u>8,301</u>	<u>16,295</u>	<u>9,310</u>	<u>3,992</u>	<u>5,318</u>
Total	<u>\$ 817,873</u>	<u>\$ 501,734</u>	<u>\$ 316,139</u>	<u>\$ 736,482</u>	<u>\$ 415,799</u>	<u>\$ 320,683</u>

The weighted-average amortization period for the intangible assets subject to amortization acquired during the year ended December 31, 2025, is approximately 3.7 years. There are no expected residual values related to these intangible assets.

Amortization expense on these intangible assets was \$63,479 and \$42,977 during the years ended December 31, 2025 and 2024, respectively.

The estimated future amortization of intangible assets with finite useful lives as of December 31, 2025, is as follows:

### December 31

2026	\$ 61,269
2027	49,840
2028	29,729
2029	19,398
2030	13,624
Thereafter	<u>142,279</u>
Total	<u>\$ 316,139</u>

## 10. INVESTMENTS IN UNCONSOLIDATED ENTITIES

Investments in entities where SSMH does not have operating control, but is considered to be able to exert influence, are recorded under the equity method of accounting. SSMH included its share of income from operations of equity method investments for the years ended December 31, 2025 and 2024, as operating revenues:

	2025	2024
Income and gain from operations	\$ 39,145	\$ 35,485
Losses from operations	<u>(9,521)</u>	<u>(1,011)</u>
Income from unconsolidated entities—net	<u>\$ 29,624</u>	<u>\$ 34,474</u>

In 2025 and 2024, SSMH increased its existing investments in unconsolidated entities and as a result, investments in unconsolidated entities increased by \$24,117 and \$171,789, respectively.

## 11. MINISTRY ACTIVITIES

SSMH entered into the following significant activities during the years ended December 31, 2025 and 2024:

**Assets held for sale**—As of December 31, 2024 the assets pertaining to three long-term care centers in Wisconsin were classified as assets held for sale on the consolidated balance sheets in the amount of \$25,650. Effective February 28, 2025 SSMH sold these facilities and recorded an impairment loss of \$1,323 on the consolidated statements of operations. As of December 31, 2025 there were no assets held for sale.

**Asset sale-leaseback transaction** – As of December 31, 2025, SSMH entered into a sale-leaseback transaction for six medical office buildings. The buildings were sold for \$216,956 and had a carrying value of \$176,400 resulting in a gain of \$40,556 that is recorded in other operating revenue on the consolidated statement of operations. The new lease was accounted for as an operating lease. The initial term of the new lease is 10 years with two 10-year renewal options. SSMH is not reasonably certain to exercise the renewal options given the dependence on future market rates and contingency surrounding SSMH’s credit rate at the end of each renewal period. Each lease has a residual value guarantee based on a percentage of the counter party’s purchase price; however, SSMH concluded that it is not probable an amount will be owed at the end of each lease term as the fair values of the property are not expected to fall below the residual value guarantee associated with the leasing arrangement. As such, the lease obligation is recorded excluding the associated residual value guarantee.

## 12. DEBT AND FINANCE LEASE OBLIGATIONS

Debt as of December 31, 2025 and 2024, consists of the following:

	2025	2024
Fixed rate:		
Series 2023A bonds fixed rate debt, due 2039 with a put option December 2027, plus net unamortized premium of \$3,961 and \$5,465 5.00% interest rate, at December 31, 2025 and 2024, respectively	\$ 85,946	\$ 87,450
2016 Sarah Community, 2017A, 2017 Agnesian, 2018A, 2019 Sarah Community, 2022A, 2023A, 2024A, 2024B bonds fixed rate debt, due through 2052, interest rates from 2.65% to 6.05% unamortized premium of \$26,238 and \$30,510 at December 31, 2025 and 2024, respectively	<u>1,457,132</u>	<u>1,478,380</u>
Total fixed rate debt	<u>1,543,078</u>	<u>1,565,830</u>
Variable rate:		
Series 2019C variable rate direct loans issued July 2019, 3.91% at December 31, 2024, with put option July 2025, and maturing June 2029.	-	16,835
Series 2014B-G, Series 2018D-F, and 2023B variable rate demand bonds, 2.35% to 3.83% at December 31, 2025, due serially through 2053	<u>658,060</u>	<u>662,195</u>
Total variable rate debt	<u>658,060</u>	<u>679,030</u>
Commercial paper at 4.00% and 4.61% at December 31, 2025 and 2024 respectively	197,965	346,440
Revolving line of credit	300,000	100,000
Deferred financing costs	(7,191)	(8,533)
Unsecured note payable due through 2025	-	10,921
Notes payable, due at various dates through 2032, interest at 4.25% to 9.5%, unsecured	81	113
Finance lease obligations, at varying rates from 3.00% to 13.31% collateralized by leased equipment and property	<u>14</u>	<u>15,215</u>
Total debt and finance lease obligations	<u>2,692,007</u>	<u>2,709,016</u>
Less revolving line of credit	300,000	100,000
Less finance lease obligations, excluding current portion	-	13,378
Less short-term borrowings	856,025	1,008,635
Less current portion of long-term debt and finance lease obligations	<u>18,582</u>	<u>33,709</u>
Total long-term debt	<u>\$ 1,517,400</u>	<u>\$ 1,553,294</u>

**SSM Health Master Indenture**—SSMHCC is a member of the SSM Health Credit Group (Credit Group) and the only obligated group member pursuant to a master trust indenture (amended and restated) dated May 15, 1998. The Credit Group also includes certain SSMH’s affiliates referred to as “Designated Affiliates” under the master trust indenture. SSMH corporations not included in the Credit Group include NHS and Lumicera Health Services, as well as a variety of entities consisting primarily of foundations, medical office building corporations, employed physician practices, and various other corporations involved in activities supporting SSMH. The net assets of the Designated Affiliates are available to SSMHCC to service all obligations under the master indenture. Various issuing authorities have issued tax-exempt revenue bonds under the master trust indenture. All debt under the master trust indenture is uninsured, but is subject to certain debt covenants, including the maintenance of a minimum debt service coverage ratio. SSMH was in compliance with the master trust indenture debt covenants at December 31, 2025 and December 31, 2024.

In July 2024, SSMH issued \$198.4 million in principal of new tax-exempt fixed rate debt through the Series 2024A&B bonds. The proceeds were used to refinance \$199.5 million of outstanding debt related to the Series 2019A&B tax-exempt fixed rate bonds. No new long term debt was issued in 2025.

**Variable Rate Bonds**—The interest rates on these bonds are reset at daily or longer intervals. The Series 2014B-G, Series 2018D-F, and 2023B variable rate demand bonds are supported through self-liquidity. The remaining variable rate bonds were issued as funded direct placements that do not require liquidity support. These series are classified as short-term borrowings based upon these accelerated terms. The contingent payments in the Contractual and Contingent Principal Repayments table below reflect these accelerated terms. However, SSMH’s contractual payments do not reflect these accelerated terms. If any of these agreements are terminated and not replaced, extended, or renewed, SSMH can be required to purchase the tendered bonds at the specified bank rate in a specified period.

**Contractual and Contingent Principal Repayments**—Contractual and contingent principal repayments on debt and finance lease obligations of SSMH are as follows:

	<b>Debt Contractual Payments</b>	<b>Contingent Payments</b>	<b>Finance Lease Obligations</b>
2026	26,013	676,628	\$ 14
2027	526,655	519,190	-
2028	327,035	401,530	-
2029	30,980	21,200	-
2030	35,232	25,407	-
Thereafter	<u>1,225,105</u>	<u>527,065</u>	-
	2,171,020	2,171,020	14
Plus amount representing net premium	30,199	30,199	-
Less amount representing interest under finance lease obligations			<u>-</u>
Plus finance lease principal payments	14	14	<u>\$ 14</u>
Plus commercial paper	197,965	197,965	
Plus revolving line of credit	300,000	300,000	
Less deferred financing costs	<u>(7,191)</u>	<u>(7,191)</u>	
Total debt and finance lease obligations	<u><u>2,692,007</u></u>	<u><u>2,692,007</u></u>	

**Other Notes Payable Collateralized by Certain Real Estate**—In 2022, SSMH purchased a group of real estate properties that were partially financed with a \$48.3 million promissory note due to the seller of the properties. The note is secured by the properties and was payable in equal installments with the final payment made during 2024.

**Commercial Paper**—SSMH utilizes commercial paper supported by self-liquidity for general corporate purposes. Under the program, SSMH is registered to issue up to \$400,000. At December 31, 2025 and 2024, \$197,965 and \$346,440, respectively, of commercial paper was outstanding, which is included in short-term borrowings on the consolidated balance sheets.

**Revolving Line of Credit**—SSMH utilizes revolving lines of credit for general corporate purposes. The SSMH revolving line of credit agreement, which expires June 17, 2026, has a \$700,000 capacity and carries an interest rate based upon the secured overnight financing rate (SOFR) plus a spread. The revolver is secured under SSMH’s existing master trust indenture. NHS also maintains an unsecured \$100,000 364-day revolving line of credit. As of December 31, 2025, no balance was outstanding on NHS’s line of credit, while

SSMH's revolving line of credit had a balance outstanding of \$300,000. As of December 31, 2024, no balance was outstanding on NHS's line of credit, while SSMH's revolving line of credit had a balance outstanding of \$100,000.

**Deferred Financing Costs, Debt Premiums, and Discounts**—Deferred financing costs and any premium or discount are amortized using the effective interest rate method over the term of the related obligation (or call date when applicable).

**Cash Paid for Interest**—Cash paid for interest totaled \$85,589 and \$84,715 for the years ended December 31, 2025 and 2024, respectively. SSMH capitalized interest costs in the amounts of \$6,226 and \$1,831 for the years ended December 31, 2025 and 2024, respectively.

### 13. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

SSMH administers several qualified and nonqualified pension plans for its employees. As of January 1, 2021, all benefits of the pension plans are frozen.

The following table summarizes the benefit obligations, the fair value of plan assets, and the funded status at December 31, 2025 and 2024:

	2025	2024
Change in projected benefit obligation:		
Projected benefit obligation—beginning of period	\$ 1,609,616	\$ 1,725,192
Interest costs on projected benefit obligation	87,152	87,114
Actuarial loss (gain)	43,018	(61,730)
Benefits paid	<u>(137,836)</u>	<u>(140,960)</u>
Projected benefit obligation—end of period	<u>1,601,950</u>	<u>1,609,616</u>
Change in plan assets:		
Fair value of plan assets—beginning of period	1,491,012	1,548,025
Actual return on plan assets	165,389	80,146
Employer contributions	474	474
Benefits paid	<u>(133,969)</u>	<u>(137,634)</u>
Fair value of plan assets—end of period	<u>1,522,906</u>	<u>1,491,011</u>
Net amount recognized at end of period and funded status	<u>\$ (79,044)</u>	<u>\$ (118,605)</u>
Accumulated benefit obligation—end of period	<u>\$ 1,601,950</u>	<u>\$ 1,609,616</u>

The actuarial loss on the benefit obligation for the year ended December 31, 2025, was primarily attributable to the decrease in discount rate from 5.65% to 5.30%. The actuarial gain on the benefit obligation for the year ended December 31, 2024, was primarily attributable to the increase in discount rate from 5.25% to 5.65%.

SSMH holds the majority of the plans' financial assets in CIP. For a summary of the plans' allocated proportionate share of CIP, including fair value leveling see Note 7—Fair Value Measurements.

Under GAAP non-qualified pension plan liabilities are included as plan liabilities, but the investments are not considered to be plan assets. Accordingly, the table above does not include investments with a fair value of \$42,223 and \$41,516 as of December 31, 2025 and 2024, respectively, which are included as assets limited as to use or restricted on SSMH's consolidated balance sheets.

The following is a summary of the amounts recognized in the consolidated balance sheets for the years ended December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Amounts recognized in the consolidated balance sheets consist of:		
Accounts payable and accrued expenses	\$ (3,783)	\$ (3,999)
Long-term pension liability	<u>(75,261)</u>	<u>(114,606)</u>
Net amount recognized	<u>(79,044)</u>	<u>(118,605)</u>
Amounts recognized in net assets without donor restriction consist of:		
Beginning balance	202,183	226,909
Net actuarial gain	(11,742)	(24,016)
Reclassified into net periodic benefit cost:		
Net actuarial loss	(107)	(116)
Prior service credit	<u>(594)</u>	<u>(594)</u>
Ending balance	<u>\$ 189,740</u>	<u>\$ 202,183</u>

The following is a summary of the components of net periodic pension income recognized in Nonoperating Gains and (Losses) for the years ended December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Interest costs on projected benefit obligation	\$ 87,152	\$ 87,114
Expected return on plan assets	(110,629)	(117,862)
Amortization of unrecognized:		
Prior service cost	594	594
Net loss (gain)	<u>107</u>	<u>116</u>
Net periodic pension income	<u>(22,776)</u>	<u>(30,038)</u>
Total income	<u>\$ (22,776)</u>	<u>\$ (30,038)</u>

The following are the actuarial assumptions used by the pension plans to develop the components of pension expense for the years ended December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Discount rates	5.65 %	5.25 %
Return on plan assets	7.25	7.50

The following are the actuarial assumptions used by the pension plans to develop the components of the pension projected benefit obligation as of December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Weighted average discount rates	<u>5.30 %</u>	<u>5.65 %</u>

SSMH expects to contribute \$954 to its pension plans in 2026.

**Estimated Future Benefit Payments**—The following benefit payments are expected to be paid:

	<b>Benefits</b>
2026	\$ 133,859
2027	134,087
2028	137,239
2029	137,732
2030	127,834
Years 2031–2035	598,328

The actual plan asset allocations and the allocation goals comprise the following investment classifications at December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>	<b>Allocation Goals</b>
Cash, cash equivalents, and short-term investments	2 %	1 %	1 %
Equities	23	22	23
Fixed income	36	35	35
Core real estate	7	7	7
Real asset investments	4	6	6
Private credit	6	6	6
Hedge funds	5	5	5
Volatility risk premium	5	5	5
Private equity	<u>12</u>	<u>13</u>	<u>12</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

SSMH’s investment objective with respect to pension plans is to produce sufficient current income and capital growth through a portfolio of diversified public and private investments, which together with appropriate employer contributions is sufficient to provide for the pension benefit obligations. Within the real asset, private credit, and private equity categories are investments in LLCs, LPs and REIT interests. The assumed return on plan assets is intended to be a long-term rate expected on funds invested or to be invested in accordance with SSMH’s asset allocation policy to provide for benefits reflected in the plans’ projected benefit obligation. In developing the assumptions, SSMH evaluates input from its actuary and pension fund investment advisors. Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, geographical location, and maturity. Pension assets are rebalanced each quarter per the plan’s asset allocation guidelines. SSMH anticipates that its investment managers will continue to generate long-term returns equal to or in excess of its assumed rates.

**Defined Contribution Plans**—SSMH contributes to a defined contribution plan for eligible employees based upon a percentage of employee compensation. The expense for this plan was \$84,126 and \$92,341 for 2025 and 2024, respectively, and is included in salaries and benefits on the consolidated statements of operations and changes in net assets. SSMH also sponsors defined contribution plans covering employees who participate in the voluntary tax deferred annuity program and other defined contribution plans and who meet age and service requirements. SSMH’s contributions to these plans are based on a percentage of employee compensation or employee contributions. The expense for these plans was \$85,474 and \$78,297 for 2025 and 2024, respectively, and is included in salaries and benefits on the consolidated statements of operations and changes in net assets.

#### 14. SELF-INSURANCE

**Professional and General Liability Insurance**—A majority of the entities constituting SSMH participate in SSMHC Liability Trust I or SSMHC Liability Trust II (the “Trusts”). Both Trusts are revocable grantor trusts. These Trusts, which cover primary limits of professional and general liability, require annual contributions by participating entities at actuarially determined amounts.

SSMH’s underlying self-insured retention for professional liability claims is as follows:

	<b>January 1, 2025 to</b>
Per occurrence limits—Missouri, Oklahoma and Illinois	\$ 10,000
Per occurrence limits—Missouri, (select locations)	15,000
Annual aggregate—Missouri, Oklahoma and Illinois	None

SSMH’s hospitals and physicians located in Wisconsin are qualified health care providers as defined by Wisconsin state statutes regarding professional liability coverage and participate in the State of Wisconsin Injured Patients and Families Compensation Fund (PCF). As defined by Wisconsin state statute, these hospitals and physicians have separate professional liability limits of \$1,000 per claim and a \$3,000 annual aggregate applied to each qualified provider. Losses in excess of these amounts are fully covered through mandatory participation in the PCF. Effective July 20, 2025, SSMH moved to a program of self-insurance through a fronting arrangement with a commercial carrier up to these limits for these hospitals and physicians. For any Wisconsin operation not qualified to participate in the PCF, SSMH provides coverage within the Wisconsin self-insured program; limits and coverages are evaluated annually.

SSMH’s underlying self-insured retention for general liability claims is as follows:

	<b>2025</b>
Per occurrence limits—Missouri, Oklahoma, Wisconsin and Illinois	\$ 3,000
Annual aggregate—Missouri, Oklahoma, Wisconsin and Illinois	None

SSMH maintains reinsurance through a wholly owned captive for professional and general liability claims exceeding the underlying self-insured retention. The reinsurance provides coverage (based on specific policy terms, conditions and limitations) up to the limits in the following table. The sublimits that apply are part of and not in addition to the overall policy aggregate limits.

<b>All Locations</b>	<b>January 1, 2025 to</b>
Each loss event	\$ 145,000
Annual aggregate	145,000

The estimated professional and general liability obligation is recorded in the consolidated financial statements at the present value of future cash payments for both asserted and unasserted claims, using a discount rate of 3% at December 31, 2025 and 2024. The liability for self-insured reserves represents estimates of the ultimate net cost of all losses and related expenses, which are incurred but not paid at the balance sheet date based on an actuarial valuation. This estimated obligation is \$150,411 and \$140,203 at December 31, 2025 and 2024, respectively, of which \$35,273 and \$40,050 is recorded in accounts payable and accrued expenses on the consolidated balance sheets at December 31, 2025 and 2024, respectively.

The accumulated assets of the Trusts, which are recorded in assets limited as to use or restricted in the consolidated balance sheets, are not available to participating entities except to pay covered professional liability claims or to reduce future contributions when warranted by claims experience. In the event the Trusts are ever depleted, the participating entities would be required to fund deficiencies based on future actuarial determinations.

Dean Health Services (DHS) retains deductible levels with respect to its professional liability program. For professional liability claims reported on or after July 1, 2004, the per-occurrence deductible level is \$1,000 per defendant, and the annual aggregate deductible level is \$3,000. DHS is contractually obligated to reimburse its insurance carriers for all claims paid under the professional liability policies. The PCF also provides unlimited insurance for amounts in excess of the deductibles. DHS recognized a liability of \$8,635 and \$9,197 at December 31, 2025 and 2024, respectively, of which \$298 and \$3,147 is recorded in accounts payable and accrued expenses on the consolidated balance sheets at December 31, 2025 and 2024, respectively.

**Workers' Compensation**—A majority of the entities constituting SSMH participate in SSMH's self-insured workers' compensation program. Claims in excess of certain liability limitations are covered by commercial insurance. The estimated workers' compensation liability obligation is actuarially determined and is \$28,287 and \$25,322 at December 31, 2025 and 2024, respectively, of which \$11,658 and \$10,300 is recorded in accounts payable and accrued expenses on the consolidated balance sheets at December 31, 2025 and 2024, respectively. SSMH records these amounts at the present value of future cash payments for both asserted and unasserted claims, using a discount rate of 1% at December 31, 2025 and 2024.

**Employee Health Insurance**—Effective January 1, 2020, all members of SSMH participate in the SSM Employee Health Care Plan as well as other self-funded plans (the Plans). Each participating member funds an actuarially determined amount for payment of covered benefits and related expenses, which are subject to certain limitations. Claims paid by the Plans are included in salaries and benefits expense on the consolidated statements of operations and changes in net assets and include claims paid by the Plans to SSMH ministries of \$290,238 and \$273,980 for the years ended December 31, 2025 and 2024, respectively. SSMH recorded on the consolidated balance sheets, in accounts payable and accrued expenses, a reserve for incurred but not reported claims of \$47,773 and \$45,312 for the years ended December 31, 2025 and 2024, respectively.

## 15. LEASES

As of December 31, 2025, SSMH has \$51,105 of current operating lease obligations included in accounts payable and accrued expenses and \$382,487 of long-term operating lease obligations on the consolidated balance sheet. As of December 31, 2024, SSMH has \$44,650 of current operating lease obligations included in accounts payable and accrued expenses and \$244,180 of long-term operating lease obligations on the consolidated balance sheet.

The following table presents certain information related to the lease costs for operating leases for the years ended December 31, 2025 and 2024.

	2025	2024
Operating lease costs	\$ 80,972	\$ 80,794
Short-term lease costs	15,683	13,160
Variable lease costs	<u>17,355</u>	<u>17,061</u>
Total operating lease costs	<u>\$ 114,010</u>	<u>\$ 111,015</u>

As of December 31, 2025 and 2024, the weighted average remaining operating lease term was 9.2 years and 7.6 years with a weighted average discount rate of 5.1% and 4.7%, respectively.

Commitments related to noncancelable operating lease obligations for each of the next five years and thereafter are as follows:

2026	\$ 70,789
2027	65,681
2028	59,969
2029	52,687
2030	46,607
Thereafter	<u>254,271</u>
 Total undiscounted minimum lease payments	 550,004
 Less amount of lease payments representing interest	 <u>116,412</u>
 Present value of future minimum lease payments	 433,592
 Less current obligations under accounts payable and accrued expenses	 <u>51,105</u>
 Long-term lease obligations	 <u><u>\$ 382,487</u></u>

#### 16. NET ASSETS AND ENDOWMENTS

Net assets with donor restrictions were available for the following purposes for the years ended December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Subject to expenditure for healthcare operations	\$ 166,585	\$ 161,994
Endowments subject to the SSMH Foundations' endowment spending policies and appropriation	<u>82,598</u>	<u>73,902</u>
Net assets with donor restrictions	<u><u>\$ 249,183</u></u>	<u><u>\$ 235,896</u></u>

Net assets without donor restrictions were as follows for the years ended December 31, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
Undesignated	<u>\$ 5,025,669</u>	<u>\$ 4,562,379</u>
Board-designated for:		
Foundation assets designated for hospital operations and other	215,862	186,791
Endowments	<u>43,580</u>	<u>31,022</u>
	<u>259,442</u>	<u>217,813</u>
Net assets without donor restrictions	<u><u>\$ 5,285,111</u></u>	<u><u>\$ 4,780,192</u></u>

Endowments consist of approximately 160 individual funds established for a variety of purposes. They include both donor-restricted endowment funds and funds designated by the boards of trustees or governors of each of its foundations to function as endowments (board-designated endowment funds).

<b>Changes in Endowment Net Assets</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets—January 1, 2024	\$ 27,934	\$ 67,824	\$ 95,758
Investment return—net gain	3,560	9,631	13,191
Contributions	409	871	1,280
Appropriation of endowment assets for expenditure	<u>(881)</u>	<u>(4,424)</u>	<u>(5,305)</u>
Endowment net assets—December 31, 2024	31,022	73,902	104,924
Investment return—net gain	7,104	8,539	15,643
Contributions	6,584	2,778	9,362
Appropriation of endowment assets for expenditure	<u>(1,130)</u>	<u>(2,621)</u>	<u>(3,751)</u>
Endowment net assets—December 31, 2025	<u>\$ 43,580</u>	<u>\$ 82,598</u>	<u>\$ 126,178</u>

**Funds with Deficiencies**—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or current law requires SSMH to retain as a fund of perpetual duration (underwater endowments). SSMH has interpreted applicable law to permit spending from underwater funds in accordance with the prudent measures required under the law. SSMH Foundations’ policies allows spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations. As of December 31, 2025 and 2024, an immaterial deficiency existed in two endowments across the system.

**Return Objectives and Risk Parameters**—SSMH Foundations have investment and spending practices for endowment assets that intend to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SSMH Foundations must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The policy allows the endowment assets to be invested in a manner that is intended to produce results that exceed the price and yield results of the allocation index while assuming a moderate level of investment risk. SSMH expects its endowment funds to provide a rate of return that preserves the gift and generates earnings to achieve the endowment purpose.

**Strategies Employed for Achieving Objectives**—To satisfy its long-term rate-of-return objectives, SSMH relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and interest and dividend income. SSMH uses a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints to preserve capital.

**Spending Policy and Investment Objectives**—SSMH Foundations have a practice of distributing the major portion of current-year earnings on the endowment funds, if the restrictions have been met. Some of the donor-restricted endowments require a portion of the earnings to increase the corpus of the endowment. This is consistent with the organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

## 17. DERIVATIVE INSTRUMENTS

SSMH utilizes various interest rate swap contracts to manage interest cost and debt duration. None of these swaps have been designated as hedges of the interest payments on outstanding debt obligations for accounting purposes.

At December 31, 2025, SSMH had seven floating-to-fixed interest rate swaps, one fixed-to-floating interest rate swap, five fixed spread basis swaps and two total return swaps.

At December 31, 2024, SSMH had seven floating-to-fixed interest rate swaps, two fixed-to-floating interest rate swaps, four fixed spread basis swaps and two total return swaps.

Under all the outstanding floating-to-fixed interest rate swaps with the exception of two, SSMH receives LIBOR or a percentage of LIBOR plus a spread of 0.12% and pays a fixed rate. LIBOR was officially removed as an official index on June 20, 2023, at which time SSMH's counterparties converted to utilizing a one-month lookback rate for existing LIBOR-based swaps. Under the remaining floating-to-fixed interest rate swaps, SSMH receives SOFR or a percentage of SOFR and pays a fixed rate. Under the fixed-to-floating interest rate swap, SSMH receives a fixed rate and pays based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). Under the fixed spread basis swaps, SSMH pays a rate based on SIFMA and receives a percentage of LIBOR plus a spread ranging from 0.40% and 0.89%. Under the total return swaps, SSMH pays both a fixed rate equal to the coupon interest rate on the underlying bond or direct placement loan, as well as a variable rate based on SIFMA plus a spread, then receives the same fixed rate equal to the coupon interest rate on the underlying bond or direct placement loan. Counterparties to SSMH's swaps are diversified and include JP Morgan, Citibank, Wells Fargo, BNY Mellon, Barclays, RBC, and PNC Bank.

Certain swap agreements require SSMH to provide collateral if SSMH's liability, determined on a mark-to-market basis, exceeds a specified threshold. SSMH's interest rate swap agreements allow for net settlements of payment in the normal course of business as well as offsetting of all contracts with a given counterparty in the event of default or bankruptcy of one of the two parties of the transaction. As of December 31, 2025 and 2024, SSMH had posted \$0 in collateral for the benefit of the counterparties.

As part of CIP, SSMH holds investments in options and futures. This economic hedging is based on investment portfolio exposure to long-only equities, foreign exchange and fixed income. No leverage is utilized for this hedging activity.

The following table shows the outstanding notional amount of derivative instruments measured at fair value as reported in other liabilities and assets whose use is limited in the consolidated balance sheets as of December 31, 2025 and 2024:

<b>December 31, 2025</b>	<b>Recorded on Balance Sheet</b>	<b>Maturity Date of Derivatives</b>	<b>Fixed Rate</b>	<b>Notional Amount Outstanding</b>	<b>Fair Value</b>
Derivatives not designated as hedges—interest rate swaps	Other assets	2028-2053	2.17%-3.17%	<u>\$ 1,455,870</u>	<u>\$ 87,636</u>
Derivatives not designated as hedges—interest rate swaps	Other liabilities	2034–2044	3.00%	<u>129,600</u>	<u>(48)</u>
Derivatives not designated as hedges—trading derivatives:	Assets limited as to use or restricted				
Futures		2026		60,994	1,331
Options		2026		<u>270,424</u>	<u>(2,109)</u>
				<u>331,418</u>	<u>(778)</u>
Total				<u>\$ 1,916,888</u>	<u>\$ 86,810</u>

<b>December 31, 2024</b>	<b>Recorded on Balance Sheet</b>	<b>Maturity Date of Derivatives</b>	<b>Fixed Rate</b>	<b>Notional Amount Outstanding</b>	<b>Fair Value</b>
Derivatives not designated as hedges—interest rate swaps	Other assets	2030–2053	2.17%–3.17%	<u>\$ 1,210,020</u>	<u>\$ 72,012</u>
Derivatives not designated as hedges—interest rate swaps	Other liabilities	2034–2045		<u>375,450</u>	<u>(2,622)</u>
Derivatives not designated as hedges—trading derivatives:	Assets limited as to use or restricted				
Futures		2025		23,372	1,017
Options		2025		<u>258,991</u>	<u>(4,587)</u>
				<u>282,363</u>	<u>(3,570)</u>
Total				<u>\$ 1,867,833</u>	<u>\$ 65,820</u>

Fair value is based on instruments trading in active markets (Level 1) and significant other observable inputs (Level 2) at December 31, 2025 and 2024. The gains and losses related to trading derivative instruments have been included in Note 6—Assets Limited as to Use or Restricted.

SSMH’s credit derivative instruments are under a master agreement that provides the ability to close out and net the total exposure to a counterparty in the event of a default or other termination events. Counterparty risk is managed by requiring high credit standards for SSMH’s counterparties as well as collateral posting requirements. As of December 31, 2025 and 2024, SSMH posted \$271,231 and \$260,022, respectively, of collateral for the credit and equity trading derivative instruments allocated to SSMH from CIP.

The net presentation of SSMH’s financial instruments subject to rights of offset are summarized as follows:

**Offsetting of Financial and Derivative Assets**

<b>Description</b>	<b>Gross Amounts of Recognized Assets</b>	<b>Gross Amounts Offset in the Consolidated Balance Sheets</b>	<b>Net Amounts Presented in the Consolidated Balance Sheets</b>	<b>Gross Amounts not Offset in the Consolidated Balance Sheets</b>	<b>Net Amount</b>
As of December 31, 2025—					
Asset derivatives:					
Interest rate swaps	<u>\$ 87,636</u>	<u>\$ -</u>	<u>\$ 87,636</u>	<u>\$ (48)</u>	<u>\$ 87,588</u>
Trading derivatives:					
Futures	<u>\$ 1,723</u>	<u>\$ (392)</u>	<u>\$ 1,331</u>	<u>\$ -</u>	<u>\$ 1,331</u>
As of December 31, 2024—					
Asset derivatives:					
Interest rate swaps	<u>\$ 72,012</u>	<u>\$ -</u>	<u>\$ 72,012</u>	<u>\$ (2,622)</u>	<u>\$ 69,390</u>
Trading derivatives:					
Futures	<u>\$ 1,248</u>	<u>\$ (231)</u>	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 1,017</u>

**Offsetting of Financial and Derivative Liabilities**

Description	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Net Amounts Presented in the Consolidated Balance Sheets	Gross Amounts not Offset in the Consolidated Balance Sheets	Net Amount
As of December 31, 2025—					
Asset derivatives—					
Trading derivatives:					
Options	<u>\$ (2,109)</u>	<u>\$ -</u>	<u>\$ (2,109)</u>	<u>\$ -</u>	<u>\$ (2,109)</u>
Liability derivatives—interest rate swaps	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 48</u>
As of December 31, 2024—					
Asset derivatives—					
Trading derivatives:					
Options	<u>\$ (4,662)</u>	<u>\$ 75</u>	<u>\$ (4,587)</u>	<u>\$ -</u>	<u>\$ (4,587)</u>
Liability derivatives—interest rate swaps	<u>\$ 2,622</u>	<u>\$ -</u>	<u>\$ 2,622</u>	<u>\$ -</u>	<u>\$ 2,622</u>

**18. INCOME TAXES**

The components of income tax expense included in other-net nonoperating gains and (losses) on the consolidated statements of operations and changes in net assets for the years ended December 31, 2025 and 2024, are as follows:

	2025	2024
Current tax expense:		
Federal	\$ 467	\$ 184
State	<u>1,633</u>	<u>(62)</u>
Income tax expense	<u>\$ 2,100</u>	<u>\$ 122</u>

The components of deferred taxes are as follows:

	2025	2024
Assets:		
Net operating loss and credit carryforwards	\$ 413,788	\$ 359,735
Accrued employee compensation	1,494	3,724
Other nondeductible liabilities	2,450	2,565
Uncollectible accounts	54,848	62,412
Other	<u>742</u>	<u>1,584</u>
 Total assets	 <u>473,322</u>	 <u>430,020</u>
Liabilities:		
Depreciable and amortizable assets	(18,171)	(41,473)
Investment in subsidiaries	(10,347)	(19,965)
Other	<u>(2,758)</u>	<u>(3,481)</u>
 Total liabilities	 <u>(31,276)</u>	 <u>(64,919)</u>
 Valuation allowance	 <u>(442,046)</u>	 <u>(365,101)</u>
 Net deferred income tax assets	 <u>\$ -</u>	 <u>\$ -</u>

As of December 31, 2025 and 2024, the deferred income tax benefits were recorded net of a valuation allowance of \$442,046 and \$365,101, respectively, primarily due to net operating loss carryforwards available related to its for-profit subsidiaries. The net operating losses related to tax years 2013 through 2017 expire between 2033 and 2037, while the net operating losses related to tax years 2018 and beyond do not expire and can be carried forward indefinitely. A valuation allowance was provided because it is more likely than not that the net operating losses will expire unutilized. During the year ended December 31, 2025, SSMH increased the valuation allowance by \$76,945 based on 2025 net income. During the year ended December 31, 2024, SSMH increased the valuation allowance by \$137,743 based on 2024 net income.

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 21% to net income before taxes. The significant items causing this difference are the net income of tax-exempt subsidiaries, changes in valuation allowances on deferred tax assets, and nondeductible compensation.

SSMH files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions. SSMH is no longer subject to U.S. or state income tax examinations by tax authorities for the years before 2017.

**Cash Paid for Income Taxes**—Cash paid for income taxes totaled \$4,117 and \$3,354 for the years ended December 31, 2025 and 2024, respectively.

## 19. FUNCTIONAL EXPENSES

SSMH provides general health care services to residents within its geographic locations. Expenses by functional classification for the year ended December 31, 2025, are as follows:

	<b>Health Care Services</b>	<b>General/ Administrative</b>	<b>Pharmacy Benefit Mgmt</b>	<b>Total</b>
Salaries and benefits	\$ 3,795,832	\$ 981,749	\$ 288,330	\$ 5,065,911
Medical claims	594,487	-	-	594,487
Supplies	1,981,325	966	-	1,982,291
PBM Supplies	-	-	2,216,368	2,216,368
Professional fees and other	1,683,193	462,743	131,177	2,277,113
Interest	(115)	95,402	(22,173)	73,114
Depreciation and amortization	<u>173,323</u>	<u>104,858</u>	<u>29,689</u>	<u>307,870</u>
	<u>\$ 8,228,045</u>	<u>\$ 1,645,718</u>	<u>\$ 2,643,391</u>	<u>\$ 12,517,154</u>

Expenses by functional classification for the year ended December 31, 2024, are as follows:

	<b>Health Care Services</b>	<b>General/ Administrative</b>	<b>Pharmacy Benefit Mgmt</b>	<b>Total</b>
Salaries and benefits	\$ 3,661,147	\$ 889,916	\$ 242,032	\$ 4,793,095
Medical claims	556,017	-	-	556,017
Supplies	1,794,447	5,412	-	1,799,859
PBM Supplies	-	-	1,923,306	1,923,306
Professional fees and other	1,547,496	394,885	107,713	2,050,094
Interest	1,486	91,184	(16,409)	76,261
Depreciation and amortization	<u>172,973</u>	<u>83,290</u>	<u>23,881</u>	<u>280,144</u>
	<u>\$ 7,733,566</u>	<u>\$ 1,464,687</u>	<u>\$ 2,280,523</u>	<u>\$ 11,478,776</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include human resources, finance, treasury, legal, technology services and other functions. These expenses are allocated to healthcare services and general and administrative services based on the functional department for which they are incurred. Departmental expenses may include allocations of costs based on direct assignment, expenses or other methods.

## 20. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2025 and 2024, letters of credit had been issued for \$36,903 and \$26,145, respectively. There were no outstanding draws on these letters of credit.

As of December 31, 2025, SSMH has entered into construction projects for new facilities and capital improvements to existing facilities. As of December 31, 2025, SSMH has unmet commitments of approximately \$337,520, which will be financed with board-designated assets, project funds, or cash generated from operations. As part of acquisition agreements in Wisconsin, SSMH has an outstanding commitment of approximately \$50,000 for strategic and routine capital to be paid through 2028.

During a periodic cost report audit performed by the Medicare Administrative Contractor (MAC) in Oklahoma, the MAC identified potential issues with the calculation of the disproportionate share hospital (DSH) payments paid to SSMH's Oklahoma facility (the Hospital). In 2013, the CMS rendered a ruling for full

repayment of the DSH payments attributable to the adolescent psychiatric program for the year ended December 31, 2006. As of December 31, 2025 and 2024, \$12,900 and \$15,200, respectively, was included in estimated third-party payor settlements payables other on the consolidated balance sheets related to this ruling. SSMH appealed to the Provider Reimbursement Review Board (PRRB). In January 2018, PRRB ruled in favor of the Hospital for the 2006 DSH settlement, which was remanded back to the PRRB for further review. In 2022, the final PRRB determination was not ruled in favor of the Hospital. SSMH is continuing the litigation process.

See Notes 7—Fair Value Measurements, 12—Debt and Finance Lease Obligations, and 15—Leases for additional information regarding commitments.

Outside of the matters described above, SSMH is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, it is management’s opinion that these matters will be resolved without a material adverse effect on SSMH’s consolidated financial position or consolidated results of operations.

## 21. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2025, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt and capital expenditures not financed with debt were as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,133,690
Investments	1,776
Patient accounts receivable	1,078,308
Pharmacy claims and rebates receivable	1,581,906
Other receivables	156,759
Assets limited as to use	<u>3,254,634</u>
Total financial assets	7,207,073
Liquidity resources:	
Unused commercial paper	202,035
Unused line of credit	<u>500,000</u>
Total financial assets and liquidity resources available within one year	<u><u>\$ 7,909,108</u></u>

SSMH considers board designated assets limited as to use to be available within one year for general expenditure except for those assets designated for pharmacy benefit claims, long-term employee benefit plans and board designated endowments.

SSMH utilizes an internally managed investment fund to meet cash needs for general expenditures of the organization. On a daily basis, either (i) excess funds generated from SSMH’s operations are transferred to the internally managed investment fund, or (ii) liquidity needs for general expenditures are sourced from the investment fund. The level of cash kept in the fund is based on management’s determination of future working capital needs, debt service requirements, fixed capital needs, and other cash outflows of the organization.

On a quarterly basis, SSMH calculates the amount of its cash and investments that are available within certain time frames. As of December 31, 2025, the majority of SSMH’s cash and short-term investments was available in three days or less. Of the remainder availability to receive proceeds ranges from one month or less to a year.

## **22. SUBSEQUENT EVENTS**

For the year ended December 31, 2025, SSMH has evaluated subsequent events for potential recognition and disclosure through March 20, 2026, the date the financial statements were issued, noting no such events occurred.

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