

Astria Health and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Report

December 31, 2024 and 2023

Astria Health and Subsidiaries
Table of Contents

	Page
<i>INDEPENDENT AUDITORS' REPORT</i>	1-3
<i>CONSOLIDATED FINANCIAL STATEMENTS:</i>	
Consolidated statements of financial position	4
Consolidated statements of operations and changes in net deficit	5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-26
<i>SUPPLEMENTAL INFORMATION:</i>	
Consolidating statements of financial position	27-28
Consolidating statements of operations and changes in net assets (deficit)	29-30



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Astria Health and Subsidiaries
Sunnyside, Washington

Qualified Opinion

We have audited the accompanying consolidated financial statements of Astria Health and Subsidiaries (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of operations and changes in net deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects on the 2024 consolidated financial statements of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in its net deficit and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As of the date of our 2024 audit report, there are uncertainties surrounding the amounts of grant revenue recognized from Provider Relief Funds in prior years. As a result of this matter, we were unable to determine whether any adjustments might have been necessary with respect to recorded or unrecorded net deficit without donor restrictions and deferred revenue reported in the consolidated statement of financial position as of December 31, 2024.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Emphasis of Matter – Restatement of 2023 Financial Statements

Net assets as of December 31, 2023, have been restated for the correction of material misstatements related to patient refunds payable and third-party payor settlements. See Note 2 for the disclosure of the correction of the material misstatements.

Other Matter – Predecessor Auditor

The financial statements of the Organization for the year ended December 31, 2023, were audited by Moss Adams LLP, whose report, dated April 30, 2024, expressed a qualified opinion on those statements.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

D3A PLLC

Spokane Valley, Washington
April 25, 2025

Astria Health and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2024 and 2023

ASSETS	2024	2023
<i>Current assets</i>		
Cash and cash equivalents	\$ 14,024,872	\$ 8,825,313
Receivables:		
Patient accounts	39,532,538	39,923,839
Less allowance for credit losses	(6,602,766)	(8,224,465)
Patient accounts, net	32,929,772	31,699,374
Other	1,168,226	828,487
Inventories	6,078,084	5,731,801
Prepaid expenses and other assets	1,367,681	1,081,378
Total current assets	55,568,635	48,166,353
<i>Noncurrent assets</i>		
Property and equipment, net	23,012,571	24,354,416
Operating lease right-of-use assets	6,106,356	6,649,556
Finance lease right-of-use assets	3,183,284	393,300
Other assets	907,244	935,958
Total noncurrent assets	33,209,455	32,333,230
Total assets	\$ 88,778,090	\$ 80,499,583
LIABILITIES AND NET DEFICIT		
<i>Current liabilities</i>		
Accounts payable	\$ 12,384,708	\$ 11,210,423
Accrued compensation and related liabilities	6,770,973	9,251,879
Third-party payor settlements	6,881,000	4,198,065
Patient refunds payable	4,203,000	3,316,000
Payable to Change Healthcare	2,300,000	-
Deferred revenue	1,194,055	495,947
Current portion of operating lease liabilities	1,414,688	1,251,922
Current portion of finance lease liabilities	600,078	94,816
Current portion of long-term debt	12,892	11,904
Total current liabilities	35,761,394	29,830,956
<i>Noncurrent liabilities</i>		
Operating lease liabilities, net of current portion	4,787,900	5,464,524
Finance lease liabilities, net of current portion	2,610,037	303,244
Long-term debt, net of current portion	75,122,928	75,135,857
Total noncurrent liabilities	82,520,865	80,903,625
<i>Net deficit without donor restrictions, restated</i>	<i>(29,504,169)</i>	<i>(30,234,998)</i>
Total liabilities and net deficit	\$ 88,778,090	\$ 80,499,583

See accompanying notes to consolidated financial statements.

Astria Health and Subsidiaries
Consolidated Statements of Operations and Changes in Net Deficit
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Operating revenues</i>		
Patient care service revenue	\$ 174,860,519	\$ 165,971,990
Other operating revenue	2,867,702	3,014,346
Grants	1,625,776	4,785,443
Total operating revenues	179,353,997	173,771,779
<i>Operating expenses</i>		
Salaries and wages	71,459,057	66,722,653
Employee benefits	15,388,455	15,151,953
Professional fees	9,878,542	12,011,887
Supplies	25,882,566	21,914,765
Utilities	1,786,018	1,767,142
Leases and rents	1,988,746	2,322,178
Purchased services	31,593,909	27,992,728
Maintenance and repairs	830,117	705,344
Interest	7,233,054	7,254,659
Insurance	3,822,766	3,200,624
Depreciation and amortization	3,100,845	2,976,415
Other	8,474,761	8,182,183
Total operating expenses	181,438,836	170,202,531
<i>Operating income (loss)</i>	(2,084,839)	3,569,248
<i>Other income (loss)</i>		
Loss on bankruptcy settlements	(66,845)	(451,703)
Other income	106,622	35,382
Total other income	39,777	(416,321)
<i>Change in net deficit from continuing operations</i>	(2,045,062)	3,152,927
<i>Discontinued operations</i>		
Income from discontinued operations	1,725,891	2,925,833
Gain on sale of certificate of need	1,050,000	-
Total discontinued operations	2,775,891	2,925,833
Total change in net deficit	730,829	6,078,760
Net deficit, beginning of year, restated	(30,234,998)	(36,313,758)
Net deficit, end of year, restated	\$ (29,504,169)	\$ (30,234,998)

See accompanying notes to consolidated financial statements.

Astria Health and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 181,626,265	\$ 169,438,921
Receipts from other operating revenue	2,931,285	2,434,041
Cash received from grant revenue	2,323,884	5,281,390
Payments to or on behalf of employees	(91,295,960)	(80,095,604)
Payments to suppliers and contractors	(84,775,802)	(83,648,943)
Payments for interest	(7,233,054)	(7,254,659)
Net cash from operating activities	3,576,618	6,155,146
<i>Cash flows from financing activities</i>		
Proceeds from Change Healthcare advance	2,300,000	-
Principal payments on finance lease liabilities	(301,101)	(54,107)
Principal payments on long-term debt	(11,941)	(11,104)
Net cash from financing activities	1,986,958	(65,211)
<i>Cash flows from investing activities</i>		
Purchase of property and equipment	(1,871,017)	(1,763,937)
Proceeds from sale of certificate of need	1,050,000	-
Proceeds from sale of property and equipment	457,000	-
Net cash from investing activities	(364,017)	(1,763,937)
Net change in cash and cash equivalents	5,199,559	4,325,998
Cash and cash equivalents, beginning of year	8,825,313	4,499,315
Cash and cash equivalents, end of year	\$ 14,024,872	\$ 8,825,313

See accompanying notes to consolidated financial statements.

Astria Health and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Reconciliation of Change in Net Deficit to Net Cash from Operating Activities</i>		
Change in net deficit	\$ 730,829	\$ 6,078,760
<i>Adjustments to reconcile change in net deficit to net cash from operating activities</i>		
Depreciation and amortization	3,100,845	2,976,415
Gain on sale of certificate of need	(1,050,000)	-
Gain on sale of property and equipment	63,583	480,829
Income from discontinued operations	(1,725,891)	(2,925,833)
Change in assets:		
Patient accounts receivable	(1,230,398)	(4,983,532)
Other receivables	(339,739)	(802,484)
Inventories	(346,283)	(172,713)
Prepaid expenses and other assets	(257,589)	546,755
Operating lease right-of-use assets	1,424,520	1,275,273
Change in liabilities:		
Accounts payable	1,088,891	(1,412,666)
Accrued compensation and related liabilities	(755,015)	5,178,850
Third-party payor settlements payable	2,682,935	947,250
Patient refunds payable	887,000	(357,000)
Deferred revenue	698,108	495,947
Operating lease liabilities	(1,395,178)	(1,170,705)
Net cash from operating activities	\$ 3,576,618	\$ 6,155,146

During the years ended December 31, 2024 and 2023, the Organization recognized operating lease right-of-use assets and related operating lease liabilities of \$881,320 and \$1,147,644, respectively. During the years ended December 31, 2024 and 2023, the Organization recognized finance lease right-of-use assets and related finance lease liabilities of \$3,113,156 and \$135,022, respectively.

See accompanying notes to consolidated financial statements.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Astria Health (the Organization) is a nonprofit corporation operating hospitals, health clinics, home health services, and other healthcare services in Yakima, Toppenish, and Sunnyside, Washington, and the surrounding areas. The organization is exempt under Section 501(c)(3) of the Internal Revenue Code (IRC) from federal income taxes except for unrelated business income.

Sunnyside Community Hospital Association doing business as Astria Sunnyside Hospital consists of the following entities:

1. Astria Sunnyside Hospital (Sunnyside) is a critical access hospital with 25 set-up beds. Services offered at the hospital include medical, surgical, labor/delivery and nursery care, 24-hour emergency, laboratory, imaging services, physical therapy, urgent care, oncology, and clinics. Members of the medical staff include specialists in emergency medicine, family practice, internal medicine, general surgery, pediatrics, obstetrics/gynecology, orthopedics, otolaryngology, radiology, and inpatient hospitalization. Astria Health is the sole member of Sunnyside.
2. A wholly owned subsidiary of Sunnyside, Sunnyside Professional Services, LLC (SPS), a for-profit limited liability corporation, has an investment in a corporation that owns two medical office buildings. It manages these buildings for Sunnyside.
3. Sunnyside Community Hospital Foundation (the Foundation) is a nonprofit organization that provides contributions to Sunnyside. The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code from federal income taxes except for unrelated business income. The foundation is an affiliated organization, and its activity is consolidated with the Organization.
4. Sunnyside Home Health doing business as Astria Home Health is a nonprofit organization in Sunnyside and currently provides patient care services. Astria Home Health is exempt under Section 501(c)(3) of the Internal Revenue Code from federal income taxes except for unrelated business income. Astria Home Health is a wholly owned subsidiary of Sunnyside.

SHC Holdco, LLC, whose sole member is Astria Health, consists of the following entities:

1. SCH Medical Center – Toppenish doing business as Astria Toppenish Hospital (Toppenish) is a 78-bed facility located in Toppenish, Washington. Toppenish has an expanded surgery capability and pediatrics area. In August 2024, the certificate of need for the ambulatory surgery center was sold (see Note 13).
2. A wholly owned subsidiary, Yakima Home Care Holdings, LLC (YHCH), a for-profit limited liability corporation, owns and operates Yakima HMA Home Health, LLC (YHHH), which provides home health and hospice services throughout Yakima County, Washington.
3. SCH Medical Center – Yakima doing business as Astria Regional Medical Center (ARMC) was closed in January 2020 (see Note 13).

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued):

a. Organization (continued)

Principles of consolidation – The consolidated financial statements reflect the consolidated operations of Astria Health, Sunnyside, and SHC Holdco, LLC, collectively referred to herein as the “Organization.” All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

b. Summary of Significant Accounting Policies

Basis of presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net (deficit) assets: with and without donor restrictions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less.

Inventories – Inventories are stated at the lower of cost using the first-in, first-out method or market price. Inventories consist of surgical, medical and pharmaceutical supplies used in patient care.

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses to be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Property and equipment – It is the Organization’s policy to capitalize buildings, improvements, and equipment over \$5,000 having more than one-year useful life; lesser amounts are expensed. Property and equipment are recorded at cost. The cost of property and equipment, and the related accumulated depreciation and amortization, are removed from the accounts when sold or retired, and any resulting gain or loss is recorded. Depreciation and amortization are provided over the estimated useful life of each class of depreciable asset. Depreciation and amortization are computed using the straight-line method over the longer of the lease term or the following estimated useful service lives:

Land improvements	15 years
Buildings and improvements	3 to 40 years
Equipment	1 to 15 years

The Organization assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the assets unlikely.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Property and equipment (continued) – Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted capital contributions. Absent explicit donor stipulations about how long those long-lived capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Accrued leave – The Organization’s policy is to permit employees to accumulate earned but unused vacation, paid time off, and sick pay benefits. The sick pay benefits are expensed when taken. Vacation time and paid time off is accrued and expensed when earned.

Patient refunds payable – The Organization may receive overpayments from patients and their health insurance providers in error that need to be refunded. The Organization accrues these payables when the payments are received and repays them when the error is resolved.

Payable to Change Healthcare – In 2024, a cyberattack occurred at Change Healthcare, a major health claims processor, that resulted in significant delays in collection of payments for patient services for the Organization. Change Healthcare paid approximately \$2,600,000 in refundable advance payments to the Organization in 2024. As of December 31, 2024, the Organization had a remaining balance due to Change Healthcare of \$2,300,000.

Hospital safety net assessment – The state of Washington has a safety net assessment program involving Washington State hospitals to increase funding from other sources and obtain additional federal funds to support increased payments to providers for Medicaid services. In connection with this program, the Organization recorded increases in patient service revenue of approximately \$10,071,000 and \$3,002,000 for 2024 and 2023, respectively, and incurred assessments of approximately \$2,694,000 and \$1,784,000, respectively, which were recorded in other operating expenses in the accompanying consolidated statements of operations and changes in net deficit. The Organization has outstanding receivables of approximately \$-0- and \$714,000 associated with this program as of December 31, 2024 and 2023, respectively, which are included with other receivables on the consolidated statements of financial position.

Grant income – Under the provisions of Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958-605, *Not-for-Profit Entities—Revenue Recognition*, grant income reflects nonexchange expenditures in accordance with the grant award. Amounts awarded but not expended as of the end of the year are reported as deferred revenue.

Performance indicator – Change in net deficit from continuing operations, as reflected in the accompanying consolidated statements of operations and change in net deficit, is the performance indicator. Change in net deficit from continuing operations includes all changes in net deficit except for the activity of discontinued operations.

Income taxes – The Organization comprises several corporations that have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of IRC. The Organization is annually required to file a Return of Organization Exempt from Income Tax, Form 990, with the IRS. In addition, they are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Income taxes (continued) – The Organization believes that they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements.

Reclassifications – Certain amounts have been reclassified in the 2023 consolidated financial statements in order to be consistent with the 2024 consolidated financial statements presentation. Those reclassifications had no effect on the previously reported change in net deficit without donor restrictions.

Subsequent events – Subsequent events have been reviewed through April 25, 2025, the date on which the consolidated financial statements were available to be issued.

2. Prior Period Adjustment:

The Organization has restated its financial statements as of and for the year ended December 31, 2023, for the correction of errors. The Organization previously recorded patient refunds payable as a reduction to patient accounts receivable and as a reduction to the allowance for uncollectible accounts. The patient refunds payable should have been recorded as a liability, and the allowance for uncollectible accounts should have been higher, which would also result in an increase in contractual adjustments. In addition, the Organization previously recorded third-party payor settlements that were based on Medicare cost reports that included overstatement of expenses. As a result of corrections for these errors, the Organization's net assets have been restated and decreased by \$5,190,002 to reflect these changes.

The effects of the restatements are as follows:

Net deficit at December 31, 2023, as previously reported	\$	(25,044,996)
Adjustment to beginning net assets for patient refunds payable		(3,673,001)
Adjustment to beginning net assets for third-party payor settlements		(1,874,000)
Adjustment to patient refunds payable		356,999

Net deficit without donor restrictions at December 31, 2023, as restated	\$	(30,234,998)
---	-----------	---------------------

Change in net assets without donor restrictions for the year ended December 31, 2023, as previously reported	\$	5,721,761
Adjustment to patient care service revenue		356,999

Change in net deficit without donor restrictions for the year ended December 31, 2023, as restated	\$	6,078,760
---	-----------	------------------

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

3. Liquidity and Availability of Financial Assets:

The Organization's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	\$ 14,024,872	\$ 8,825,313
Receivables:		
Patient accounts	32,929,772	31,699,374
Other	1,168,226	828,487
Financial assets available to meet cash needs for general expenditures within one year	\$ 48,122,870	\$ 41,353,174

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has \$14,024,872 and \$8,825,313 of cash and equivalents available within one year of the statements of financial position date at December 31, 2024 and 2023, respectively, to meet cash needs for general expenditures. Those cash and cash equivalents represent 29 days and 19 days of normal operating expenses, which are, on average, approximately \$489,000 and \$458,000 per day for the years ended December 31, 2024 and 2023, respectively. There are certain debt covenant compliances that the Organization must adhere to per its debt agreements, and as of December 31, 2024 and 2023, the Organization was not in compliance with its debt covenants and received a waiver (see Note 6).

4. Patient Accounts Receivable:

The Organization operates in the healthcare industry, and patient accounts receivables are primarily derived from Medicare, Medicaid, commercial insurance, and uninsured patients. At each statement of financial position date, the entity recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the patient accounts receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses estimate is derived from a review of the Organization's historical losses based on the aging of patient accounts receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the entity. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the entity's payor mix has remained reasonably consistent from year to year.

The Organization writes off patient accounts receivable when there is information that indicates the patient is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

4. Patient Accounts Receivable (continued):

The allowance for credit losses for patient accounts receivable and the related activity are as follows:

Patient accounts receivable reported as current assets by the Organization consisted of these amounts:

	2024	2023
Patients and their insurance carriers	\$ 22,704,064	\$ 22,875,892
Medicare	10,799,337	10,495,468
Medicaid	6,029,137	6,552,479
	39,532,538	39,923,839
Allowance for credit losses	(6,602,766)	(8,224,465)
Patient accounts receivable	\$ 32,929,772	\$ 31,699,374

Patient accounts receivable at January 1, 2023, was \$28,141,842.

5. Property and Equipment:

Property and equipment consisted of the following:

	2024	2023
Land	\$ 5,113,309	\$ 5,622,349
Land improvements	1,498,430	1,457,863
Buildings and improvements	34,434,493	34,202,603
Equipment	35,350,842	35,368,226
	76,397,074	76,651,041
<i>Less accumulated depreciation</i>	(55,741,901)	(53,229,696)
	20,655,173	23,421,345
Construction in progress	2,357,398	933,071
Net property and equipment	\$ 23,012,571	\$ 24,354,416

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

5. Property and Equipment (continued):

At December 31, 2024, construction in progress relates primarily to costs for a behavioral health unit expansion and renovation, construction of a dialysis clinic, and remodel of a dental clinic. Estimated costs to complete these projects is approximately \$21,500,000, \$2,900,000, and \$900,000 respectively, with estimated completion dates of December 2026, June 2027, and December 2025, respectively. The behavioral health project is funded by loans from the Washington Department of Commerce and a loan from the United States Department of Agriculture.

During the years ended December 31, 2024 and 2023, the Organization incurred \$698,108 and \$495,947, respectively, in costs related to the behavioral health unit expansion and renovation project under a direct loan from the State of Washington Department of Commerce. Repayment of the noninterest-bearing loan principal shall be deferred until sale, refinance, change of use or ownership, destruction of the property, or January 12, 2037, whichever occurs first. The loan will be forgiven on January 12, 2037. Since the probability of repayment is remote, loan proceeds will be recorded as grant revenue when project construction is complete. The potential liability for the unpaid balance on December 31, 2024, was \$1,194,055.

In total, the Organization has received commitments for \$17,967,702 in direct loans from the State of Washington Department of Commerce through December 31, 2024, that will be used for the construction of the behavioral health unit. Each loan has similar terms to the one described above. An additional loan commitment for \$1,950,000 was received in 2025.

The Organization also received a commitment for \$2,750,000 in 2024 for a direct loan from the United States Department of Agriculture that is also for the behavioral health unit project and will also be forgiven if the Organization meets the loan requirements.

6. Long-term Debt:

A summary of long-term debt follows:

	2024	2023
MultiCare note payable	\$ 75,000,000	\$ 75,000,000
Note payable	135,820	147,761
Total	75,135,820	75,147,761
Less current maturities	(12,892)	(11,904)
Total long-term debt	\$ 75,122,928	\$ 75,135,857

MultiCare note payable – In January 2021, the Organization entered into a \$75,000,000 note payable to MultiCare, a Washington nonprofit corporation (MultiCare Note), which was amended in June 2024 to extend the maturity date. The MultiCare Note bears a fixed interest rate of 9.5 percent with payments due on June 30 and December 31 of each year, secured by all assets of the Organization, and matures in December 2027. MultiCare has an option to acquire all of the assets and operations and assume the liabilities arising after the effective date of the note payable (Purchase Option). The Purchase Option may be exercised at any time up to the later of (i) the maturity date, and (ii) the date on which the MultiCare Note is satisfied in full (Option Period).

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

6. Long-term Debt (continued):

The Purchase Option can be exercised by MultiCare providing written notice to the Organization prior to the expiration of the Option Period. MultiCare has not exercised the Purchase Option as of April 25, 2025, which is the date the consolidated financial statements are available to be issued.

The note payable to MultiCare is subject to certain covenants regarding certain financial statement amounts, ratios, and activities of the Organization. As of December 31, 2024, the Organization did not meet the requirements of having Unrestricted Cash in the Astria Health System Accounts of not less than 30 Days Cash on Hand, as per Section 6.18(c) of the Credit Agreement or having the amounts of Days of Trade Accounts Payable not exceed 45 days. The Organization has received a waiver from MultiCare Health System to comply with this obligation for December 31, 2024.

Note payable – In 2022, the Organization entered into a note payable totaling \$160,000 with a third party. The note is secured by real property and bears interest at 8 percent with monthly payments of \$1,941 and matures in November 2032.

Long-term debt maturities at December 31, 2024, were as follows:

Years Ending December 31,	Amount
2025	\$ 12,892
2026	13,962
2027	75,015,121
2028	16,376
2029	17,735
Thereafter	59,734
Total long-term debt	\$ 75,135,820

7. Leases:

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the rate implicit in the lease when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

7. Leases (continued):

The Organization has operating leases for real estate and equipment and finance leases for equipment. The Organization also has certain leases for equipment and real estate with terms less than 12 months. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Organization has certain leases that include one or more options to renew, with renewal terms that can extend the lease term from 1 to 20 years. Only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. ROU assets are amortized/depreciated over the term of the lease unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used.

The Organization has lease agreements with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and nonlease components based on stand-alone prices.

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

The following summarizes the line items in the statements of operations and changes in net deficit which include the components of lease expense:

	2024	2023
Operating:		
Operating leases, included in leases and rent expenses	\$ 1,558,744	\$ 1,398,020
Short-term leases, included in leases and rent expenses	430,002	924,158
	1,988,746	2,322,178
Finance:		
Amortization of assets, included in depreciation and amortization	332,928	56,156
Interest, included in interest expense	48,534	5,587
Total lease cost	\$ 2,370,208	\$ 2,383,921

The following summarizes the weighted average remaining lease term (in years) and discount rate as of December 31:

	2024	2023
Weighted Average Remaining Lease Term (in years)		
Operating leases	4.9	5.8
Finance leases	5.5	4.3
Weighted Average Discount Rate		
Operating leases	2.18%	2.00%
Finance leases	6.07%	2.50%

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

7. Leases (continued):

Schedule of minimum future lease payments under lease obligations is as follows:

Years Ending	Operating	Finance
2025	\$ 1,532,863	\$ 789,961
2026	1,399,333	784,236
2027	1,152,249	641,838
2028	1,070,153	569,557
2029	693,932	409,029
Thereafter	671,195	706,039
Total lease payments	6,519,725	3,900,660
Less: portion representing interest	(317,137)	(690,545)
Present value of lease liabilities	\$ 6,202,588	\$ 3,210,115

8. Patient Care Service Revenue:

Patient care service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third-party payors several days after the services are performed or when the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the hospital receiving inpatient acute care services or patients receiving services in the outpatient centers or in their homes (home care). The Organization measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

8. Patient Care Service Revenue (continued):

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 608-10-50-14(a); therefore, it is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

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

The Organization has agreements with third-party payors that provide payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Astria Sunnyside Hospital –

- *Medicare* – Sunnyside has been designated a critical access hospital by Medicare and is reimbursed for inpatient, skilled swing bed, outpatient services, and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Sunnyside is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Sunnyside and audits thereof by the Medicare administrative contractor.
- *Medicaid* – Medicaid beneficiaries receive coverage through either the Washington State Health Care Authority (HCA) or Medicaid managed care organizations (MCOs). Sunnyside is reimbursed for MCO covered inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses of Sunnyside. Sunnyside is reimbursed by the HCA for inpatient and outpatient services under a cost reimbursement methodology. Sunnyside is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by Sunnyside and review by HCA. Rural health clinic services are paid on a prospectively set rate per visit.
- *Other* – The Organization has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates and fee schedules.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

8. Patient Care Service Revenue (continued):

All other entities –

- *Medicare* – Inpatient acute services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge, which provides for reimbursement based on Medicare Severity Diagnosis Related Groups (MS-DRGs). These rates vary according to a patient classification system that is based on clinical diagnosis, acuity, and expected use of hospital resources. The majority of Medicare outpatient services is reimbursed under a prospective payment methodology, the Ambulatory Payment Classification System (APCs).
- *Medicaid* – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system similar to Medicare; however, Medicaid utilizes All Payor Refined Diagnosis Related Groups (APR-DRGs) as opposed to Medicare’s MS-DRGs. The majority of Medicaid outpatient services are reimbursed under a prospective payment methodology, the Enhanced Ambulatory Patient Groups (EAPG), or fee schedules.

All other entities (continued) –

- *Other* – The Organization has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates and fee schedules.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization’s compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization 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. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. No significant changes to net patient service revenue were recognized for the years ended December 31, 2024 and 2023, due to differences between original estimates and final settlements.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

8. Patient Care Service Revenue (continued):

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as changes in the Organization's estimates of implicit price concessions.

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

The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately \$3,574,000 and \$1,975,000 for the years ended December 31, 2024 and 2023, respectively.

Patients who meet the Organization's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: primary payors, geography, service lines, and timing of when revenue is recognized.

The composition of patient care service revenue by primary payor is as follows:

	2024	2023
Medicare	\$ 54,591,447	\$ 60,823,854
Medicaid	44,523,724	44,321,237
Other third-party payors	68,544,286	59,772,686
Patients	7,201,062	1,054,213
Patient care service revenue	\$ 174,860,519	\$ 165,971,990

Revenue from the patient's deductible and coinsurance are included in the preceding categories based on the primary payor.

All patient care service revenue is recognized as healthcare services are provided over time.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

9. Retirement Plans:

The Organization sponsors the Astria Health 401(k) Plan (the 401(k) Plan), a defined contribution plan that covers all employees with a minimum of three months' service. Employees are 100 percent vested upon entering the 401(k) Plan. The Organization makes matching contributions to the 401(k) Plan up to 3 percent of employee compensation plus additional matching of 50 percent of employee contributions between 3 percent and 5 percent of compensation. Total expenses for the years ended December 31, 2024 and 2023, were approximately \$2,170,000 and \$2,121,000, respectively.

10. Functional Expenses:

The cost of providing various program services and other activities have been summarized on a functional basis below. 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 salaries and wages, employee benefits, depreciation, professional fees, supplies, rents and leases, insurance, repairs and maintenance, utilities, interest, and other expenses. The expenses are allocated based on department or on a square-footage basis.

Following is a summary of functional expenses:

	2024			
	Total Program Services Expense	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 61,786,751	\$ 9,672,306	\$ -	\$ 71,459,057
Employee benefits	13,918,896	1,469,559	-	15,388,455
Professional fees	8,257,969	1,620,573	-	9,878,542
Supplies	25,319,521	520,295	42,750	25,882,566
Utilities	1,313,192	472,826	-	1,786,018
Leases and rents	1,740,820	247,926	-	1,988,746
Purchased services	23,067,858	8,526,051	-	31,593,909
Maintenance and repairs	770,088	60,029	-	830,117
Interest	91,656	7,141,398	-	7,233,054
Insurance	2,443,221	1,379,545	-	3,822,766
Depreciation and amortization	1,893,521	1,207,324	-	3,100,845
Other	4,070,632	4,404,129	-	8,474,761
	\$ 144,674,125	\$ 36,721,961	\$ 42,750	\$ 181,438,836

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

10. Functional Expenses (continued):

	2023			
	Total Program Services Expense	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 55,779,680	\$ 10,942,973	\$ -	\$ 66,722,653
Employee benefits	13,365,825	1,786,128	-	15,151,953
Professional fees	10,696,005	1,315,882	-	12,011,887
Supplies	20,895,233	981,588	37,944	21,914,765
Utilities	1,236,238	530,904	-	1,767,142
Leases and rents	1,974,774	347,115	289	2,322,178
Purchased services	21,568,384	6,424,344	-	27,992,728
Maintenance and repairs	612,087	93,257	-	705,344
Interest	112,268	7,142,391	-	7,254,659
Insurance	2,264,627	935,997	-	3,200,624
Depreciation and amortization	1,375,314	1,601,101	-	2,976,415
Other	3,590,584	4,591,599	-	8,182,183
	\$ 133,471,019	\$ 36,693,279	\$ 38,233	\$ 170,202,531

11. Risk Concentrations:

Patient accounts receivable – The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31 were as follows:

	2024	2023
Medicare	32 %	30 %
Medicaid	26	28
Other third-party payors	36	36
Patients	6	6
	100 %	100 %

Physicians – The Organization is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

11. Risk Concentrations (continued):

Cash and cash equivalents – At times, deposits with financial institutions exceed Federal Deposit Insurance Corporation insured limits.

Collective bargaining units – Sunnyside and Toppenish both have agreements with the Washington State Nurses Association (WSNA). The nurses assigned to YHHH are covered by the Toppenish WSNA agreement. At December 31, 2024 and 2023, approximately 10 percent and 17 percent, respectively, of total employees of the Organization were covered by WSNA agreements.

12. Commitments and Contingencies:

Professional liability – The Organization has professional liability insurance coverage with Physicians Insurance Mutual Group. The policy provides coverage on a claims-made basis. Claims filed in the current year are covered by the current policy. If there are unreported incidents that result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Organization purchases claims-made coverage in that year or if the Organization purchases insurance to cover prior acts.

Physicians Insurance Mutual Group (PIMG) malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$3,000,000 to the Organization. The Organization's policies have deductibles of \$250,000 per claim. In addition, Sunnyside and Toppenish each have excess liability coverage with PIMG with limits of \$5,000,000 per claim and \$5,000,000 aggregate limits, for each policy.

Management is not aware of any pending claims that exceed the coverage limitations provided by their policies. Management is of the opinion that the impact, if any, is immaterial, and any settlement would not have a material adverse effect on the Organization's consolidated statements of financial position.

Workers' compensation – The Organization, except for Sunnyside, participates in the Washington State Department of Labor & Industries Workers' Compensation Trust (the Trust). Sunnyside participates in a group purchasing pool with Washington State Hospital Association (WSHA) for workers' compensation. The Organization pays monthly premiums to the Trust and WSHA based on the number of employee hours by risk class as defined by the Trust and WSHA. Management is not aware of any pending claims that exceed the coverage limitations provided by their policy. Management is of the opinion that the impact, if any, is immaterial, and any settlement would not have a material adverse effect on the Organization's consolidated statements of financial position.

Settlement liability – In 2023, the Organization finalized a settlement agreement with GUC Distribution Trustee in the amount of \$480,000. The Organization began making principal payments on August 1, 2023. The agreement includes 23 monthly installments of \$15,833 and a final balloon payment of \$115,833 due on June 1, 2025.

In 2021, the Organization entered into a forbearance agreement with its affiliated Reorganized Debtors and Steven D Sass LLC, as GUC Distribution Trustee. The Reorganized Debtors filed for bankruptcy in May 2019 and the Bankruptcy Court confirmed the Plan in December 2020. The Plan requires the Reorganized Debtors to pay the Supplemental GUC Distribution Amount to the GUC Distribution Trust. The Supplemental GUC Distribution Amount is \$600,000 and was paid in three equal annual installments of \$200,000.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

12. Commitments and Contingencies (continued):

Settlement liability (continued) – The Organization accrued settlement liabilities of \$195,000 and \$585,000 at December 31, 2024 and 2023, respectively, in accounts payable. The Organization paid settlement liabilities of \$390,000 and \$295,000 as of December 31, 2024 and 2023, respectively.

Employee health plan – The Organization partially self-insures the cost of employee healthcare benefits, as it purchases annual stop-loss insurance coverage for all claims in excess of \$250,000 per claim.

Liabilities on the consolidated statements of financial position include an accrual for claims that have been incurred but not reported of approximately \$902,000 and \$2,021,000 at December 31, 2024 and 2023, respectively, which are included in accrued compensation and related liabilities in the consolidated statements of financial position. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Receivables on the consolidated statements of financial position include an accrual for stop-loss insurance recoveries for claims that exceeded \$250,000 per claim. As of December 31, 2024, the total stop-loss insurance receivable was approximately \$1,061,000. This was included in other receivables in the consolidated statements of financial position.

Litigation, claims, and disputes – The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the consolidated statements of financial position of the Organization.

Industry regulations – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims. Management believes that the Organization is in substantial compliance with current laws and regulations.

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

13. Discontinued Operations:

In January 2020, the Organization ceased providing patient services at ARMC.

Effective September 1, 2024, the Organization ceased operating its ambulatory surgery facility located in Yakima, Washington, Astria Ambulatory Surgery Center (AASC), and sold the Certificate of Need and all operating rights relating to the facility's operations.

The assets and liabilities of the discontinued operation included in the consolidated statements of financial position were as follows:

Assets

	2024		
	ARMC	AASC	Total
Due from (to) intercompany	\$ 1,004,016	\$ -	\$ 1,004,016

	2023		
	ARMC	AASC	Total
Due from (to) intercompany	\$ 1,004,016	\$ -	\$ 1,004,016

The operating results of the discontinued operations consists of the following:

Operating results

	2024		
	ARMC	AASC	Total
Net patient service revenue	\$ -	\$ 4,426,209	\$ 4,426,209
Expenses:			
Salaries and wages	-	(801,372)	(801,372)
Employee benefits	-	(112,072)	(112,072)
Supplies	-	(1,339,063)	(1,339,063)
Utilities	-	(13,368)	(13,368)
Leases and rents	-	(270,895)	(270,895)
Purchased services	-	(126,146)	(126,146)
Maintenance and repairs	-	(36,307)	(36,307)
Interest and other	-	(1,095)	(1,095)
	\$ -	\$ 1,725,891	\$ 1,725,891

Astria Health and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

13. Discontinued Operations (continued):

		2023		
		ARMC	AASC	Total
Operating results				
Net patient service revenue	\$	-	\$ 8,118,863	\$ 8,118,863
Other operating revenue		(258,650)	-	(258,650)
Expenses:				
Salaries and wages		-	(1,323,807)	(1,323,807)
Employee benefits		-	(180,489)	(180,489)
Supplies		-	(2,727,297)	(2,727,297)
Utilities		-	(15,831)	(15,831)
Leases and rents		-	(435,998)	(435,998)
Purchased services		-	(161,394)	(161,394)
Maintenance and repairs		-	(81,972)	(81,972)
Interest and other		-	(7,592)	(7,592)
	\$	(258,650)	\$ 3,184,483	\$ 2,925,833

During the periods ended December 31, 2024 and 2023, there was no significant non-cash operating or investing activity from discontinued operations. Operating cash flows were approximately equal to the operating results above as there were no significant changes to assets and liabilities that would have affected the cash flows.

SUPPLEMENTAL INFORMATION

Astria Health and Subsidiaries
Consolidating Statement of Financial Position
December 31, 2024

ASSETS	Astria Health	Sunnyside	Astria Regional Medical Center	Toppenish	Astria Home Health	YHCH	Foundation	Eliminations	Total
<i>Current assets</i>									
Cash and cash equivalents	\$ 6,455,906	\$ 6,693,322	\$ -	\$ 145,752	\$ -	\$ -	\$ 729,892	\$ -	\$ 14,024,872
Receivables:									
Patient accounts	-	27,239,776	-	11,844,257	270,990	177,515	-	-	39,532,538
Less allowance for credit losses	-	(3,266,185)	-	(3,336,581)	-	-	-	-	(6,602,766)
Patient accounts, net	-	23,973,591	-	8,507,676	270,990	177,515	-	-	32,929,772
Other	31,404	1,110,089	-	5,233	-	-	21,500	-	1,168,226
Inventories	-	3,031,921	-	3,046,163	-	-	-	-	6,078,084
Prepaid expenses and other assets	639,542	395,510	-	319,825	-	12,804	-	-	1,367,681
Due from (to) intercompany	7,295,117	28,882,790	1,004,015	(36,492,656)	809,650	(1,498,916)	-	-	-
Total current assets	14,421,969	64,087,223	1,004,015	(24,468,007)	1,080,640	(1,308,597)	751,392	-	55,568,635
<i>Noncurrent assets</i>									
Property and equipment, net	1,179,635	13,237,462	-	8,589,000	-	6,474	-	-	23,012,571
Operating lease right-of-use assets	260,288	3,081,438	-	2,764,630	-	-	-	-	6,106,356
Finance lease right-of-use assets	-	2,932,845	-	250,439	-	-	-	-	3,183,284
Other assets	-	631,460	-	-	-	-	275,784	-	907,244
Total noncurrent assets	1,439,923	19,883,205	-	11,604,069	-	6,474	275,784	-	33,209,455
Total assets	\$ 15,861,892	\$ 83,970,428	\$ 1,004,015	\$ (12,863,938)	\$ 1,080,640	\$ (1,302,123)	\$ 1,027,176	\$ -	\$ 88,778,090
LIABILITIES AND NET ASSETS									
<i>Current liabilities</i>									
Accounts payable	\$ 4,110,700	\$ 5,713,181	\$ -	\$ 2,371,894	\$ 5,143	\$ 183,790	\$ -	\$ -	\$ 12,384,708
Accrued compensation and related liabilities	1,300,712	3,448,976	-	1,863,784	-	157,501	-	-	6,770,973
Third-party payor settlements	-	5,851,000	-	1,030,000	-	-	-	-	6,881,000
Patient refunds payable	-	2,934,000	-	1,269,000	-	-	-	-	4,203,000
Payable to Change Healthcare	-	2,000,000	-	300,000	-	-	-	-	2,300,000
Deferred revenue	-	-	-	1,194,055	-	-	-	-	1,194,055
Current portion of operating lease liabilities	120,458	743,562	-	550,668	-	-	-	-	1,414,688
Current portion of finance lease liabilities	-	540,182	-	59,896	-	-	-	-	600,078
Current portion of long-term debt	-	-	-	12,892	-	-	-	-	12,892
Total current liabilities	5,531,870	21,230,901	-	8,652,189	5,143	341,291	-	-	35,761,394
<i>Noncurrent liabilities</i>									
Operating lease liabilities, net of current portion	140,914	2,385,105	-	2,261,881	-	-	-	-	4,787,900
Finance lease liabilities, net of current portion	-	2,414,503	-	195,534	-	-	-	-	2,610,037
Long-term debt, net of current position	75,000,000	-	-	122,928	-	-	-	-	75,122,928
Total noncurrent liabilities	75,140,914	4,799,608	-	2,580,343	-	-	-	-	82,520,865
<i>Net assets (deficit) without donor restrictions</i>	(64,810,892)	57,939,919	1,004,015	(24,096,470)	1,075,497	(1,643,414)	1,027,176	-	(29,504,169)
Total liabilities and net assets (deficit)	\$ 15,861,892	\$ 83,970,428	\$ 1,004,015	\$ (12,863,938)	\$ 1,080,640	\$ (1,302,123)	\$ 1,027,176	\$ -	\$ 88,778,090

See accompanying independent auditors' report.

Astria Health and Subsidiaries
Consolidating Statement of Financial Position
December 31, 2023 (Restated)

ASSETS	Astria Health	Sunnyside	Astria Regional Medical Center	Toppenish	Astria Home Health	YHCH	Foundation	Eliminations	Total
<i>Current assets</i>									
Cash and cash equivalents	\$ 230,721	\$ 7,667,004	\$ -	\$ 174,047	\$ -	\$ -	\$ 753,541	\$ -	\$ 8,825,313
Receivables:									
Patient accounts	-	25,690,498	-	13,422,076	305,632	505,633	-	-	39,923,839
Less allowance for credit losses	-	(4,354,659)	-	(3,869,806)	-	-	-	-	(8,224,465)
Patient accounts, net	-	21,335,839	-	9,552,270	305,632	505,633	-	-	31,699,374
Other	-	114,128	-	714,359	-	-	-	-	828,487
Inventories	-	2,982,615	-	2,749,186	-	-	-	-	5,731,801
Prepaid expenses and other assets	505,737	245,610	-	307,478	-	22,553	-	-	1,081,378
Due from (to) intercompany	10,613,357	19,764,593	1,004,015	(31,139,329)	765,730	(1,008,366)	-	-	-
Total current assets	11,349,815	52,109,789	1,004,015	(17,641,989)	1,071,362	(480,180)	753,541	-	48,166,353
<i>Noncurrent assets</i>									
Property and equipment, net	1,158,784	15,373,144	-	7,814,164	-	8,324	-	-	24,354,416
Operating lease right-of-use assets	378,616	2,948,758	-	3,322,182	-	-	-	-	6,649,556
Finance lease right-of-use assets	-	338,515	-	54,785	-	-	-	-	393,300
Other assets	-	711,179	-	-	-	-	224,779	-	935,958
Total noncurrent assets	1,537,400	19,371,596	-	11,191,131	-	8,324	224,779	-	32,333,230
Total assets	\$ 12,887,215	\$ 71,481,385	\$ 1,004,015	\$ (6,450,858)	\$ 1,071,362	\$ (471,856)	\$ 978,320	\$ -	\$ 80,499,583
LIABILITIES AND NET ASSETS									
<i>Current liabilities</i>									
Accounts payable	\$ 2,626,761	\$ 5,644,465	\$ -	\$ 2,881,942	\$ 4,461	\$ 51,844	\$ 950	\$ -	\$ 11,210,423
Accrued compensation and related liabilities	1,567,584	5,652,607	-	1,895,206	-	136,482	-	-	9,251,879
Third-party payor settlements	-	3,908,154	-	289,911	-	-	-	-	4,198,065
Patient refunds payable	-	2,262,000	-	1,054,000	-	-	-	-	3,316,000
Deferred revenue	-	-	-	495,947	-	-	-	-	495,947
Current portion of operating lease liabilities	118,810	591,533	-	541,579	-	-	-	-	1,251,922
Current portion of finance lease liabilities	-	84,043	-	10,773	-	-	-	-	94,816
Current portion of long-term debt	-	-	-	11,904	-	-	-	-	11,904
Total current liabilities	4,313,155	18,142,802	-	7,181,262	4,461	188,326	950	-	29,830,956
<i>Noncurrent liabilities</i>									
Operating lease liabilities, net of current portion	261,372	2,390,603	-	2,812,549	-	-	-	-	5,464,524
Finance lease liabilities, net of current portion	-	258,342	-	44,902	-	-	-	-	303,244
Long-term debt, net of current portion	75,000,000	-	-	135,857	-	-	-	-	75,135,857
Total noncurrent liabilities	75,261,372	2,648,945	-	2,993,308	-	-	-	-	80,903,625
<i>Net assets (deficit) without donor restrictions, restated</i>	(66,687,312)	50,689,638	1,004,015	(16,625,428)	1,066,901	(660,182)	977,370	-	(30,234,998)
Total liabilities and net assets (deficit)	\$ 12,887,215	\$ 71,481,385	\$ 1,004,015	\$ (6,450,858)	\$ 1,071,362	\$ (471,856)	\$ 978,320	\$ -	\$ 80,499,583

See accompanying independent auditors' report.

Astria Health and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2024

	Astria Health	Sunnyside	Astria Regional Medical Center	Toppenish	Astria Home Health	YHCH	Foundation	Eliminations	Total
<i>Operating revenues</i>									
Patient service revenue, net	\$ -	\$ 123,673,665	\$ -	\$ 47,822,018	\$ 940,682	\$ 2,424,154	\$ -	\$ -	\$ 174,860,519
Other operating revenue	42,503,355	658,747	-	331,974	-	88	-	(40,626,462)	2,867,702
Grants	-	98,710	-	1,527,066	-	-	-	-	1,625,776
Total operating revenues	42,503,355	124,431,122	-	49,681,058	940,682	2,424,242	-	(40,626,462)	179,353,997
<i>Operating expenses</i>									
Salaries and wages	8,982,083	36,602,180	-	23,567,705	609,223	1,697,866	-	-	71,459,057
Employee benefits	9,268,911	9,188,423	-	4,869,099	73,586	297,881	-	(8,309,445)	15,388,455
Professional fees	1,040,482	5,730,529	-	2,786,257	106,911	214,363	-	-	9,878,542
Supplies	114,419	21,544,915	-	4,050,034	46,800	83,648	42,750	-	25,882,566
Utilities	277,659	856,409	-	630,422	5,963	15,565	-	-	1,786,018
Leases and rents	133,333	1,088,032	-	727,594	-	39,787	-	-	1,988,746
Purchased services	11,527,670	12,392,013	-	7,265,300	5,140	403,786	-	-	31,593,909
Maintenance and repairs	2,233	567,748	-	259,451	10	675	-	-	830,117
Interest	7,140,912	4,620,689	-	2,456,467	-	143,246	-	(7,128,260)	7,233,054
Insurance	1,293,062	1,920,042	-	603,930	-	5,383	349	-	3,822,766
Depreciation and amortization	11,461	2,303,886	-	783,648	-	1,850	-	-	3,100,845
Other	844,886	20,249,728	-	11,928,084	84,453	503,424	52,943	(25,188,757)	8,474,761
Total operating expenses	40,637,111	117,064,594	-	59,927,991	932,086	3,407,474	96,042	(40,626,462)	181,438,836
<i>Operating income (loss)</i>	1,866,244	7,366,528	-	(10,246,933)	8,596	(983,232)	(96,042)	-	(2,084,839)
<i>Other income (loss)</i>									
Loss on bankruptcy settlements	(66,845)	-	-	-	-	-	-	-	(66,845)
Other income	77,021	(116,247)	-	-	-	-	145,848	-	106,622
Total other income	10,176	(116,247)	-	-	-	-	145,848	-	39,777
<i>Change in net deficit from continuing operations</i>	1,876,420	7,250,281	-	(10,246,933)	8,596	(983,232)	49,806	-	(2,045,062)
<i>Discontinued operations</i>									
Income from discontinued operations	-	-	-	1,725,891	-	-	-	-	1,725,891
Gain on sale of certificate of need	-	-	-	1,050,000	-	-	-	-	1,050,000
Total discontinued operations	-	-	-	2,775,891	-	-	-	-	2,775,891
Total change in net deficit	1,876,420	7,250,281	-	(7,471,042)	8,596	(983,232)	49,806	-	730,829
Net assets (deficit), beginning of year, restated	(66,687,312)	50,689,638	1,004,015	(16,625,428)	1,066,901	(660,182)	977,370	-	(30,234,998)
Net assets (deficit), end of year	\$ (64,810,892)	\$ 57,939,919	\$ 1,004,015	\$ (24,096,470)	\$ 1,075,497	\$ (1,643,414)	\$ 1,027,176	\$ -	\$ (29,504,169)

See accompanying independent auditors' report.

Astria Health and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2023

	Astria Health	Sunnyside	Astria Regional Medical Center	Toppenish	Astria Home Health	YHCH	Foundation	Eliminations	Total
<i>Operating revenues</i>									
Patient service revenue, net	\$ -	\$ 117,499,446	\$ -	\$ 45,204,381	\$ 914,844	\$ 2,353,319	\$ -	\$ -	\$ 165,971,990
Other operating revenue (loss)	38,656,555	472,411	-	292,872	-	(346,094)	-	(36,061,398)	3,014,346
Grants	-	132,175	-	4,653,268	-	-	-	-	4,785,443
Total operating revenues	38,656,555	118,104,032	-	50,150,521	914,844	2,007,225	-	(36,061,398)	173,771,779
<i>Operating expenses</i>									
Salaries and wages	9,115,378	33,676,419	-	21,749,741	359,513	1,821,602	-	-	66,722,653
Employee benefits	7,472,556	9,457,913	-	4,286,474	42,858	322,404	-	(6,430,252)	15,151,953
Professional fees	841,464	7,131,702	-	3,919,616	96,005	23,100	-	-	12,011,887
Supplies	148,362	17,771,693	-	3,858,826	23,848	74,092	37,944	-	21,914,765
Utilities	274,358	830,097	-	641,642	5,820	15,225	-	-	1,767,142
Leases and rents	248,930	1,179,413	-	854,976	-	38,859	-	-	2,322,178
Purchased services	9,189,244	11,377,524	-	7,193,163	2,009	230,788	-	-	27,992,728
Maintenance and repairs	21,702	437,484	-	245,649	26	483	-	-	705,344
Interest	7,127,936	4,471,765	-	2,663,933	-	118,803	-	(7,127,778)	7,254,659
Insurance	858,400	1,769,435	-	567,093	-	5,347	349	-	3,200,624
Depreciation and amortization	43,851	2,154,597	-	777,042	-	925	-	-	2,976,415
Other	868,070	17,070,760	-	12,274,072	59,815	407,731	5,103	(22,503,368)	8,182,183
Total operating expenses	36,210,251	107,328,802	-	59,032,227	589,894	3,059,359	43,396	(36,061,398)	170,202,531
Operating income (loss)	2,446,304	10,775,230	-	(8,881,706)	324,950	(1,052,134)	(43,396)	-	3,569,248
<i>Other income (loss)</i>									
Loss on bankruptcy settlements	(451,703)	-	-	-	-	-	-	-	(451,703)
Other income (loss)	-	(31,745)	-	-	-	-	67,127	-	35,382
Total other income (loss)	(451,703)	(31,745)	-	-	-	-	67,127	-	(416,321)
Change in net deficit from continuing operations	1,994,601	10,743,485	-	(8,881,706)	324,950	(1,052,134)	23,731	-	3,152,927
Income (loss) from discontinued operations	-	(258,650)	-	3,184,483	-	-	-	-	2,925,833
Total change in net assets (deficit)	1,994,601	10,484,835	-	(5,697,223)	324,950	(1,052,134)	23,731	-	6,078,760
Net assets (deficit), beginning of year, restated	(68,681,913)	40,204,803	1,004,015	(10,928,205)	741,951	391,952	953,639	-	(36,313,758)
Net assets (deficit), end of year, restated	\$ (66,687,312)	\$ 50,689,638	\$ 1,004,015	\$ (16,625,428)	\$ 1,066,901	\$ (660,182)	\$ 977,370	\$ -	\$ (30,234,998)

See accompanying independent auditors' report.