# Mercy Health, MO
# Security Listing

| Series | CUSIP |
|---|---|
| 2026A | 60637AC59 |
| 2026A | 60637AC67 |
| 2026A | 60637AC75 |
| 2026A | 60637AC83 |
| 2026A | 60637AC91 |
| 2026A | 60637AD25 |
| 2026A | 60637AD33 |
| 2026A | 60637AD41 |
| 2026A | 60637AD58 |
| 2026A | 60637AD66 |
| 2026B | 60637AD74 |
| 2026C | 60637AD82 |
| 2026D | 60637AD90 |
| 2023 | 60637AWE8 |
| 2023 | 60637AWF5 |
| 2023 | 60637AWG3 |
| 2023 | 60637AWH1 |
| 2023 | 60637AWJ7 |
| 2023 | 60637AWK4 |
| 2023 | 60637AWL2 |
| 2021 | 139404HR1 |
| 2021 | 139404HS9 |
| 2021 | 139404HT7 |
| 2020 | 60637ARE4 |
| 2020 | 60637ARF1 |
| 2020 | 60637ARG9 |
| 2020 | 60637ARH7 |
| 2018A | 60637AMZ2 |
| 2018A | 60637ANA6 |
| 2018A | 60637ANB4 |
| 2018A | 60637ANC2 |
| 2018A | 60637AND0 |
| 2017C | 60637AMA7 |
| 2017C | 60637AMB5 |
| 2017C | 60637AMC3 |
| 2017C | 60637AMD1 |
| 2017C | 60637AME9 |
| 2017C | 60637AMF6 |
| 2017C | 60637AMG4 |

| | |
|---|---|
| 2017C | 60637AMH2 |
| 2017C | 60637AMJ8 |
| 2017C | 60637AMK5 |
| 2017A | 139404GM3 |
| 2017A | 139404GN1 |
| 2017A | 139404GP6 |
| 2017A | 139404GQ4 |
| 2017A | 139404GR2 |
| 2017A | 139404GS0 |
| 2017A | 139404GT8 |
| 2017B | 86149UAB0 |
| 2015B | 60637AJN3 |
| 2015B | 60637AJP8 |
| 2015B | 60637AJQ6 |
| 2015B | 60637AJR4 |
| 2015B | 60637AJS2 |
| 2015B | 60637AJT0 |
| 2015B | 60637AJU7 |
| 2015B | 60637AJV5 |
| 2015B | 60637AJW3 |
| 2015B | 60637AJX1 |
| 2015B | 60637AJY9 |
| 2014F | 60637AGL0 |
| 2014F | 60637AGM8 |
| 2014F | 60637AGN6 |
| 2014F | 60637AGP1 |
| 2014F | 60637AGQ9 |
| 2014F | 60637AGR7 |
| 2012 | 60637ACW0 |
| 2012 | 60637ACX8 |




# ANNUAL REPORT

## For the fiscal year ending
## June 30, 2026

# TABLE OF CONTENTS


| | |
|---|---|
| Overview and History | 1 |
| Board Committees | 3 |
| Board of Directors | 4 |
| Organizational Structure | 5 |
| Senior Leadership | 6 |
| **HISTORICAL FINANCIAL INFORMATION** | **9** |
| Consolidated Balance Sheets | 9 |
| Consolidated Statements of Operations | 10 |
| Historical Utilization and Operational Statistics | 11 |
| Sources of Gross Patient Service Revenue | 11 |
| Management's Discussion of Financial Performance | 11 |
| Debt Service Coverage | 13 |

## Overview and History

Mercy Health ("Mercy") is an ~$11-billion-dollar healthcare system in the U.S. with hospitals, physician clinics, telehealth services, outpatient facilities, outreach ministries, and other health and human services primarily in Missouri, Oklahoma, Arkansas and Kansas. The contiguous coverage of the Mercy footprint creates a super-regional presence extending from St. Louis, Missouri into both the southeast and southwest corners of Missouri, northwest Arkansas, southeastern Kansas and Oklahoma with additional health ministries in Louisiana, Mississippi and Texas. With its multistate hospital network and approximately 6,000 providers, Mercy is one of the market leaders in each community it serves. Mercy Virtual is recognized as a leader in virtual care health technology and innovation further enabling the ministry's population health capabilities. As a ministry, Mercy serves over 2.9 million lives across its hospital, ambulatory, and virtual networks of care.

Mercy's worldview and ethos are rooted in Christian and Catholic beliefs that began in 1827 when Catherine McAuley, foundress of the Sisters of Mercy religious order, opened the House of Mercy in Dublin, Ireland. Its mission today is enduring and not negotiable, and states: "As the Sisters of Mercy before us, we bring to life the healing ministry of Jesus through our compassionate care and exceptional service." Mercy's values and charism are how we live out our mission in a Mercy way; they are our personality and define who we are, why we exist, and how we work:

- Values: Dignity, Justice, Service, Excellence & Stewardship
- Charism: Bias for Action, Entrepreneurialism, Hospitality, Right Relationship, Fullness of Life

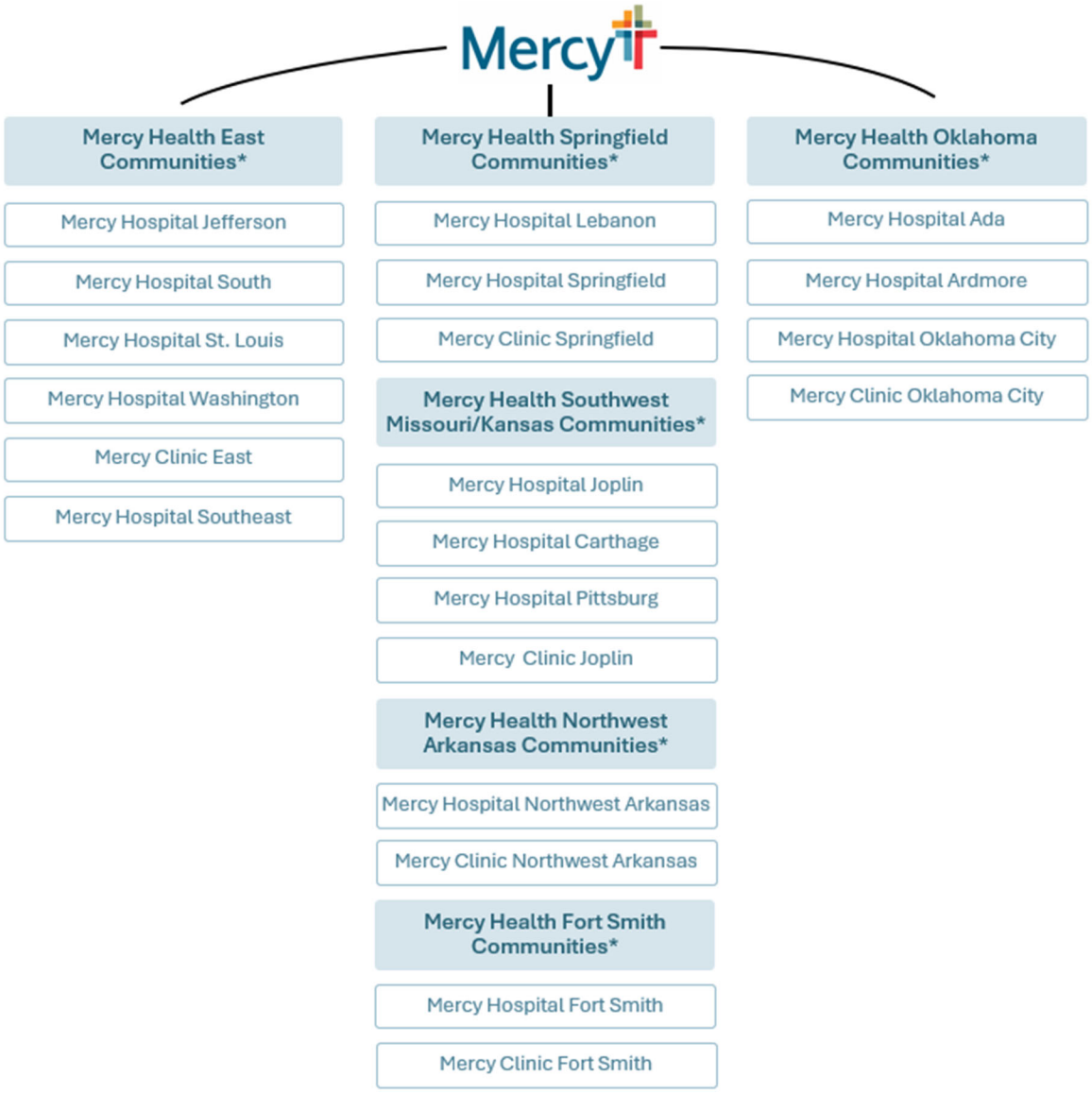
Mercy's vision is as follows, "We are the people of Mercy Health Ministry. Together, we are pioneering a new model of care. We will relentlessly pursue our goals to get health care right. Everywhere and every way that Mercy serves, we will deliver a transformative health experience."

Mercy traces its roots to 1871, when the Sisters of Mercy established a 25-bed infirmary for women and children in St. Louis, Missouri. Over the years, the health ministry has expanded to include over 140 communities and seven states (Missouri, Arkansas, Kansas, Louisiana, Mississippi, Oklahoma, and Texas), all of which joined together in 1986 under one legal entity.

**Services to the Community**

In support of its mission, Mercy sponsors and administers community outreach programs to help meet the needs of the poor, sick, and uneducated. These community benefit programs include various clinics and outreach programs, medical education and research activities, and direct cash, and in-kind charitable contributions. These programs are conducted by Mercy, Mercy Ministries of Laredo, Mercy Caritas, Catherine's Fund, Mercy Family Center, Mississippi Health Advocacy Program, and Cooper-Anthony Mercy Child Advocacy Center. In Fiscal Year 2026, Mercy provided $518.9 million in community benefits. These amounts include the cost of charity care provided, as well as, a portion of services reimbursed at amounts less than cost under government programs. This amount does not include bad debt write-offs.

Mercy is organized around the communities it serves. Listed below are the six Restricted Affiliates (denoted by *) along with certain key hospital and clinic operations.



## Board Committees

The following discussion identifies certain committees of the Mercy Board and their roles.

**Executive Committee** – The Executive Committee acts on behalf of the Board, exercising its authority over the management of the affairs of Mercy, including all authority necessary or appropriate to enter into any transactions, projects or activities previously approved by the Board and to carry out the ordinary, ongoing operations of Mercy.

**Governance Committee** – The Governance Committee assists the Board with its duties and responsibilities for the establishment and oversight of effective ministry governance consistent with the purposes of Mercy and its mission, vision and values. These duties include Board member nominating and re-nominating process and procedures, Board member formation, education and development, Board and Committee meeting effectiveness, Board Member and Board leader evaluations, Board succession planning, oversight of Mercy's overall formation programs, and oversight and review of Mercy compliance programs.

**Compensation Committee** – The Compensation Committee is authorized to act on the Board's behalf in determining and evaluating the appropriate compensation and benefit plans for executives and other disqualified persons, and oversees physician compensation.

**Stewardship (Finance) Committee** – The Stewardship Committee develops and recommends to the Board the long-range financial plan for Mercy. The Committee reviews and recommends to the Board the guidelines for and approval of the operating and capital forecasts and also monitors the financial condition and performance of Mercy, including all treasury functions. The Committee also oversees audit functions, both external and internal.

**Quality Committee** – The Quality Committee provides oversight for quality and safety across all Mercy venues of care. The Committee discusses key topics and makes recommendations related to areas that impact Mercy's ability to achieve exceptional clinical and personal service.

**Consumer Experience Committee** – The Consumer Experience Committee assists the Board in providing oversight on all aspects of fulfilling our mission to provide compassionate care and exceptional service to all those who come to us for care. The Committee oversees Mercy's overall plans and programs for delivering a best in class patient and customer service experience that is personalized, predictive and proactive across all venues of care.

**Caregiver Committee** – The Caregiver Committee assists the Board in providing oversight related to human resource matters impacting Mercy's employees (known as "caregivers") across all Mercy venues of care. The Committee reviews key topics and makes recommendations to the Board and Mercy leadership related to all aspects of delivering best in class caregiver engagement and experience consistent with our Mercy values and charism.

**Benefits Committee –** The Benefits Committee maintains and monitors employee benefit programs, retirement plans and deferred compensation plans that are considered to be ERISA-exempt church plans sponsored by Mercy, which conform to the tenets of the Roman Catholic Church and are consistent with sound business principles.

**Digital Data and Information Systems Security Committee -** The Digital Data and Information Systems Security Committee assists the Board in its oversight of cybersecurity, digital data, information systems security, and AI risks by reviewing the policies, controls, procedures, and resources used to identify, manage, mitigate, and respond to those risks. It also supports Board oversight of incident response, protection of critical technology assets, risk exposure, regulatory and best-practice developments, training, and alignment of security strategy and budget priorities with Mercy's business objectives.

**Investment Committee -** The Investment Committee is charged with developing and overseeing the investment program for Mercy's investment portfolios, including short-term operating reserves, long-term operating reserves, foundation assets, and pension plan assets. The Committee works with Mercy's investment management team to develop and monitor investment strategies and performance with sound business principles to further the mission and purpose of the ministry consistent with Mercy's values and charism.

**Community Committee** – The Community Committee assists the Board with its duties and responsibilities in overseeing Mercy's multiple dimensions focusing on community service. These duties include oversight of charity

care, community health strategies, community needs assessments, prioritizations and action plans, community collaborations and leadership involvement in the community.

## Board of Directors

The following table identifies the members of the Board of Directors of Mercy as of July 1, 2026:

| Board Member | Current Term Expires | Board Member | Current Term Expires |
|---|---|---|---|
| **Lynn Britton, Chair**<br>Executive Chairman<br>Mercy Health<br>Chesterfield, MO | 2030 | **Sister Katherine Marie Glosenger, RSM**<br>Sister of Mercy<br>St. Louis, MO | 2029 |
| **Ambar Bhattacharyya**<br>Managing Director<br>Maverick Ventures<br>Sacramento, CA | 2029 | **Walter Harris MBA, PMP**<br>Retired Executive<br>Port St. Lucie, FL | 2029 |
| **Devin Carty**<br>Chief Executive Officer<br>Martin Ventures<br>Nashville, TN | 2028 | **Patti A. Harvey, RN, MPH, CPHQ**<br>Retired Executive<br>Tucson, AZ | 2029 |
| **Richard (Dick) Clarke**<br>Retired Executive<br>Fort Lauderdale, FL | 2029 | **Stephen Mackin**<br>President & Chief Executive Officer<br>Mercy Health<br>Chesterfield, MO | Ex officio |
| **Sister Mary Ann Dillon, RSM, Ph.D.**<br>Sister of Mercy<br>Forty Fort, PA | 2029 | **Prathibha Varkey, M.B.B.S., M.B.A.**<br>President, Mayo Clinic Health System<br>Rochester, MN | 2027 |
| **Rollin Ford**<br>Retired Executive<br>Miromar Lakes, FL | 2028 | **Sister Maria Luisa Vera, RSM**<br>Sister of Mercy<br>Laredo, TX | 2030 |

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## Organizational Structure

Mercy Health provides centralized functions and services to the members of the health system. These functions and services include:

- Finance (including treasury services, financial accounting and reporting, revenue management, internal audit, accounts payable operations and payroll operations, analytics, and decision support)
- Facilities Support
- Clinical Integration
- Care Management for Value-Based Populations
- Clinical Performance Acceleration
- Clinical Engineering Services
- Clinical Quality Management
- Compliance
- Grants and Research Services
- Legal and Compliance Counsel
- Marketing and Communications
- Planning, Design and Construction
- Real Estate
- Supply Chain Management
- Managed Care
- Human Resources (including compensation, benefits and recruiting)
- Mission Services and Ethics
- Philanthropy Support
- Information Technology (including Data Analytics & Cybersecurity)
- Community Relations

As depicted on page A-2, Mercy is organized around the communities it serves. Each community has a management team, which consists of representatives from each of the community's hospitals and clinics. The hospital and clinic management teams report into the President of Community Operations, all of whom report to Mercy's Chief Operating Officer.

Local governing boards have been established for each of the communities. Each local governing board must operate in compliance with policies and guidelines established by Mercy. The local boards are subject to the decisions and actions of the Mercy Board.

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## Senior Leadership

The following are brief biographical descriptions of the principal members of the leadership of Mercy as of June 30, 2026.

**Steve Mackin, President and Chief Executive Officer (Age 50)**

Steve Mackin serves as Mercy's president and chief executive officer. He joined Mercy in 2017 and has served as executive vice president, president of Mercy's east region in Missouri, president of Mercy Hospital St. Louis and senior executive for business line development, with a focus on cancer services in the east region. Prior to Mercy, Steve spent nearly two decades with Cancer Treatment Centers of America, a national network that served adult cancer patients. During his tenure, he progressed from a management fellow to executive positions, including hospital president, chief operating officer and interim president of the organization. In support of community health and enrichment, Steve chairs the American Hospital Association's Committee on Health Care Strategy and Innovation, is a board member of Alice Walton's Heartland Whole Health Institute, serves on the Executive Committee of the Greater St. Louis, Inc. Chair's Council, leads the Finance and Audit committee for the Board of Mary Institute Country Day School, is a member of the Santa Clara University Parent Leadership Council, and serves as a Board member of the St. Louis Symphony Orchestra. Steve holds a bachelor's from Wabash College in Crawfordsville, Indiana and a master's in business administration from the University of Tulsa, Oklahoma.

**John Mohart, MD, FACC, Executive Vice President and Chief Operating Officer (Age 59)**

John Mohart, MD serves as Mercy's executive vice president and chief operating officer. He joined Mercy in 2012 as a cardiologist, serving in various local, regional and Mercy-wide leadership roles, most recently president of community operations. Prior to Mercy, he served as a physician leader of a large multi-specialty group and CPA for PricewaterhouseCoopers (PwC). Dr. Mohart attended medical school at the University of Missouri-Columbia and completed residency and fellowship at Washington University School of Medicine and Barnes-Jewish Hospital in St. Louis.

**David Argueta, Senior Vice President and President, Community Operations (Age 46)**

David Argueta serves as Mercy's senior vice president and president of community operations. He has held progressive leadership roles at Mercy for eight years, most recently as president of Mercy's East communities in Missouri. Prior to that, David served as president of Mercy's Southwest communities in Missouri and Kansas, president of Mercy's Springfield, Missouri communities and chief administrative officer at Mercy Hospital Oklahoma City. David's two-decade career in health care includes president and C-suite roles at CHI St. Luke's Health and Baylor Scott & White Health. He is a regional board member for the American Hospital Association and a board member for the Missouri Hospital Association. David is a Fellow of the American College of Healthcare Executives. He earned his bachelor's in forensic science and chemistry and master's in business administration-health care administration from Baylor University in Texas.

**Jennifer Brown, Senior Vice President and Chief Legal Officer (Age 61)**

Jennifer Brown serves as Mercy's senior vice president and chief legal officer, guiding Mercy through an increasingly complex health care regulatory landscape and optimizing existing standards across Mercy to promote local and regional compliance. Before joining Mercy in 2024, Jennifer served as chief administrative officer and general counsel at Graphite Health as well as chief legal officer at Baylor Scott & White Health in Dallas, Texas and Presbyterian Healthcare Services in Albuquerque, New Mexico. From 2011 to 2014, Jennifer served as Mercy's first in-house vice president and senior transaction counsel. Jennifer earned a bachelor's in political science and economics from Texas A&M University in College Station, Texas. She later earned her doctorate in jurisprudence from The University of Texas School of Law in Austin.

**Stephanie Clements, Senior Vice President and Chief Nurse Executive (Age 52)**

Stephanie Clements is Mercy's senior vice president and chief nurse executive. She joined Mercy in 2024 as chief nursing officer at Mercy Hospital Oklahoma City and community chief nursing officer with strategic oversight of more than 2,400 nurses at Mercy hospitals across Oklahoma. She now oversees more than 15,000 nurses across Mercy

hospitals and clinics in five states. She previously served in executive, leadership and bedside roles in a variety of disciplines in several hospitals across Texas and Colorado. Stephanie earned her associate's in nursing from Alvin (Texas) Community College. She earned a bachelor's in nursing and an MBA in health care management from Western Governors University.

**Brian Day, Executive Vice President and Chief Financial Officer (Age 47)**

Brian Day serves as Mercy's executive vice president and chief financial officer, providing strategic oversight for financial operations, revenue cycle, supply chain, outreach ministries and treasury services. Since joining Mercy in 2002, he has served in a variety of finance and leadership roles. Brian earned his bachelor's in business administration with an emphasis in finance from Truman State University in Kirksville, Missouri and his master's in business administration from Webster University in St. Louis, Missouri.

**Dan Ensell, Senior Vice President, Mission Integration (Age 43)**

Dan Ensell serves as Mercy's senior vice president of mission integration. He joined Mercy in 2021 as director of mission integration at Mercy St. Louis, followed by vice president of mission for Mercy's St. Louis communities. Dan has more than 15 years of mission work in health care and education. Dan has two master's degrees: in religious education from Fordham University in New York City and in educational leadership from the University of West Florida. He also earned his bachelor's in theology from Brescia University in Owensboro, Kentucky.

**Gavin Helton, MD – President, Primary Care (Age 57)**

Gavin Helton, MD, serves as Mercy's president of primary care, leading teams that proactively manage people's health and make them successful advocates for their own care. Dr. Helton was a Mercy internist for nearly 20 years before joining Mercy Virtual in 2015 as chief medical officer, where he helped create and expand Mercy's virtual care hospital and platform. Dr. Helton also served Mercy as president of clinical integration and works closely with Mercy's population health efforts across all communities. Dr. Helton attended medical school at the University of Alabama School of Medicine and completed his internal medicine residency at Mercy Hospital St. Louis, where he also served as chief medical resident.

**Mike Hubert, Senior Vice President and Chief Corporate Affairs Officer (Age 57)**

Mike Hubert serves as Mercy's senior vice president and chief corporate affairs officer. He joined Mercy in 2020 as vice president of communications. His role has expanded to include leadership of Mercy's business development, government relations and integrated marketing efforts. Prior to Mercy, Mike was vice president of global communications for Alexion Pharmaceuticals, where he led communications, U.S. government relations and corporate social responsibility efforts. He also led physician and provider relations communications and business development efforts for Hospital Corporation of America (HCA Inc.) and prior to that served in similar positions at Pfizer and Alpha Natural Resources. Mike has a bachelor's in communications from Emporia State University in Kansas.

**Joseph Kelly – Executive Vice President and Chief Strategy and Technology Officer (Age 52)**

Joe Kelly serves as Mercy's executive vice president and chief strategy and technology officer, leading and aligning business model transformation strategies and functions, including artificial intelligence, data management and analytics, digital transformation, information technology, platform/experience and technology partnerships. He joined Mercy in 2014 as senior vice president and chief marketing officer. Prior to Mercy, Joe served as senior vice president at CVS/Aetna as well as similar positions at Swiss Re and General Electric. Joe holds a master's in business administration from the University of Notre Dame and a bachelor's in science from DePaul University. He also studied at the Universidad de Alberto Hurtado in Santiago, Chile.

**Mark "Mo" Moir, Senior Vice President and Chief People Officer (Age 61)**

Mark "Mo" Moir serves as Mercy's chief people officer, leading the hiring, recruiting and retaining of more than 50,000 Mercy caregivers. He joined Mercy in 2021 as vice president of HR operational performance and most recently served as vice president of talent. Prior to Mercy, Mo served in senior-level roles at Centura Health, Kaiser Permanente

and Sanford Health. Mo earned his Ph.D. in leadership and organizational change from Antioch University and his master's in business administration and bachelor's degree from the University of South Dakota.

**Dave Thompson – Senior Vice President, Chief Growth Officer and President, Population Health (Age 49)**

Dave Thompson serves as Mercy's senior vice president, chief growth officer and president of population health. He joined Mercy in 2020 and has helped design many of Mercy's current value-based contracts, with their crucial combination of quality, safety and reduced cost for payers and most importantly, Mercy patients. Dave's focus is transformative growth and population health, helping to simultaneously transform the care model and payment model to meet consumer needs. Prior to Mercy, he worked for more than 20 years in various senior level financial and operational roles within the health care industry, including primary care, population health, health system and health plan payer sectors. Dave holds a bachelor's in accounting with an emphasis in management and accounting information systems from Oklahoma State University.

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## HISTORICAL FINANCIAL INFORMATION

The following tables set forth Mercy's consolidated balance sheets and consolidated statements of operations for June 30, 2026, 2025, and 2024. Mercy has a June 30 fiscal year-end.

### Consolidated Balance Sheets

**(Dollars in thousands)**

| | June 30 | | |
|---|---|---|---|
| | **2026** | **2025** | **2024** |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 647,806 | $ 446,676 | $ 614,297 |
| Accounts receivable, net | 1,276,783 | 1,189,808 | 1,087,505 |
| Inventories | 186,050 | 175,864 | 159,640 |
| Short term investments | 59,510 | 51,081 | 46,883 |
| Other current assets | 218,164 | 196,858 | 197,853 |
| Total current assets | 2,388,313 | 2,060,287 | 2,106,178 |
| Investments | 4,912,516 | 4,197,227 | 3,979,443 |
| Property and equipment, net | 3,783,526 | 3,713,925 | 3,609,138 |
| Other assets | 1,092,396 | 1,027,029 | 984,390 |
| Total assets | $ 12,176,751 | $ 10,998,468 | $ 10,679,149 |
| Liabilities and net assets | | | |
| Current liabilities: | | | |
| Current maturities of long-term obligations | $ 75,344 | $ 62,758 | $ 63,939 |
| Accounts payable | 388,229 | 399,547 | 450,597 |
| Accrued payroll and related liabilities | 529,391 | 571,960 | 572,394 |
| Accrued liabilities and other | 562,466 | 533,966 | 490,959 |
| Total current liabilities | 1,555,430 | 1,568,231 | 1,577,889 |
| Insurance reserves and other liabilities | 902,186 | 800,194 | 750,924 |
| Pension liabilities | 120,125 | 164,678 | 193,953 |
| Long-term obligations, less current maturities | 2,502,096 | 2,541,773 | 2,588,822 |
| Total liabilities | 5,079,837 | 5,074,876 | 5,111,588 |
| Net assets: | | | |
| Without donor restrictions | 6,902,678 | 5,754,306 | 5,346,005 |
| With donor restrictions | 194,236 | 169,286 | 221,556 |
| Total net assets | 7,096,914 | 5,923,592 | 5,567,561 |
| Total liabilities and net assets | $ 12,176,751 | $ 10,998,468 | $ 10,679,149 |

## Consolidated Statements of Operations

**(Dollars in thousands)**

| | Fiscal Years Ended June 30, | | |
|---|---|---|---|
| | **2026** | **2025** | **2024** |
| Operating revenues: | | | |
| Patient service revenues | 9,942,458 | 9,171,290 | 8,333,039 |
| Capitation revenues | 522,121 | 615,686 | 418,413 |
| Other operating revenues | 671,681 | 393,698 | 515,373 |
| Total operating revenues | 11,136,260 | 10,180,674 | 9,266,825 |
| Operating expenses: | | | |
| Salaries and benefits | 5,717,822 | 5,657,885 | 5,125,109 |
| Supplies and other | 4,184,944 | 3,710,528 | 3,361,308 |
| Medical claims expense | 248,524 | 331,813 | 199,199 |
| Interest | 88,905 | 98,162 | 93,726 |
| Depreciation and amortization | 395,245 | 360,862 | 330,100 |
| Total operating expenses | 10,635,440 | 10,159,250 | 9,109,442 |
| Operating income | 500,820 | 21,424 | 157,383 |
| Nonoperating gains (losses): | | | |
| Investment returns, net | 585,681 | 306,801 | 348,643 |
| Realized and unrealized (losses) gains on interest rate swaps, net | 4,195 | (3,367) | 6,288 |
| Inherent contribution of acquired entities | – | – | 21,426 |
| Other, net | (16,671) | (22,348) | (33,866) |
| Total nonoperating gains, net | 573,205 | 281,086 | 342,491 |
| Excess of revenues over expenses | 1,074,025 | 302,510 | 499,874 |
| Other changes in net assets without donor restrictions: | | | |
| Pension liability adjustments | 37,191 | 27,213 | 38,772 |
| Net assets released from restrictions for property acquisitions | 36,736 | 67,653 | 5,885 |
| Other | 420 | 10,925 | (4,830) |
| Increase in net assets without donor restrictions | $ 1,148,372 | $ 408,301 | $ 539,701 |

## Historical Utilization and Operational Statistics

The following table sets forth historical utilization and statistical data of Mercy and Restricted Affiliates only, for the fiscal years ended June 30, 2026, 2025, and 2024.

| | 2026 | 2025 | 2024 |
|---|---|---|---|
| Staffed beds – acute | 3,060 | 2,984 | 2,917 |
| Discharges – total | 243,151 | 237,434 | 222,655 |
| Discharges – acute | 226,215 | 220,175 | 206,666 |
| Patient days – acute | 953,293 | 936,025 | 902,253 |
| Length of stay (days) – acute | 4.2 | 4.3 | 4.4 |
| Provider visits | 9,710,523 | 9,102,996 | 8,175,199 |
| Outpatient visits | 5,326,333 | 4,529,572 | 3,858,313 |
| Emergency room visits | 907,252 | 872,251 | 809,550 |
| Inpatient Surgeries | 47,986 | 45,972 | 43,586 |
| Outpatient Surgeries | 206,049 | 201,175 | 165,839 |

## Sources of Gross Patient Service Revenue

The table below presents gross patient service revenue for Mercy for fiscal years ended June 30, 2026, 2025, and 2024.

| | Sources of Gross Patient Service Revenue Fiscal Years Ended June 30, | | |
|---|---|---|---|
| | **2026** | **2025** | **2024** |
| Medicare | 49.9% | 48.5% | 48.2% |
| Medicaid | 12.7% | 12.2% | 12.7% |
| Managed Care | 34.4% | 36.6% | 36.5% |
| Private/Others | 3.0% | 2.7% | 2.6% |
| | 100.0% | 100.0% | 100.0% |

## Management's Discussion of Financial Performance

Mercy has a strong commitment to exhibit good stewardship over all its resources. Mercy's financial strength enables it to carry out its mission of providing quality healthcare services to those in need, and to reinvest in its communities.

*Fiscal Year 2026 Compared to Fiscal Year 2025*. Operating income for Fiscal Year 2026 was $500.8 million, compared to prior year of $21.4 million. Mercy achieved 9.4% revenue growth over the prior year. The operating margin percentage for Fiscal Year 2026 was 4.5% compared to prior year of 0.2%. Mercy's balance sheet as of June 30, 2026 remained strong, with days cash on hand of 193.4 and a cash to debt ratio of 210.56%.

From a utilization perspective, Mercy's inpatient discharges grew by 2.4%, but length of stay dropped due to a deliberate focus on medical necessity, discharge planning and inpatient capacity. Surgeries in Fiscal Year 2026 grew by 2.8% over Fiscal Year 2025, with outpatient activity comprising 71% of the growth. Mercy's outpatient encounters grew 17.6% over the prior year, and total provider visits grew 6.7% to 9.7 million visits in Fiscal Year 2026.

Key expense indicators included: salaries and wages as a percentage of net patient service and capitation decreased from 50.5% in Fiscal Year 2025 to 47.9% in Fiscal Year 2026. The decrease in salaries and benefits expense as a percentage of net patient service and capitation revenue from the prior year was due to resetting the labor profile. Overall supplies grew from 24.4% of net patient service and capitation revenue to 25.3%, with the increase being driven primarily by an increase in drug costs. Supplies excluding drug costs increased slightly from 10.3% to 10.7% of net patient service revenue for Fiscal 2025 and 2026, respectively.

*Fiscal Year 2025 Compared to Fiscal Year 2024*. Operating income for Fiscal Year 2025 was $21.4 million, compared to prior year of $157.4 million. Mercy achieved 9.9% revenue growth over the prior year. The operating margin percentage for Fiscal Year 2025 was 0.2% compared to prior year of 1.7%. Mercy's balance sheet as of June 30, 2025 remained strong, with days cash on hand of 168.3 and a cash to debt ratio of 173.5%.

From a utilization perspective, Mercy's inpatient discharges grew by 6.6%, but length of stay dropped due to a deliberate focus on medical necessity, discharge planning and inpatient capacity. Surgeries in Fiscal Year 2025 grew by 18.7% over Fiscal Year 2024, with outpatient activity comprising 94% of the growth. Mercy's outpatient encounters grew 17.4% over the prior year, and total provider visits grew 10.5% to 9.1 million visits in Fiscal Year 2025.

Key expense indicators included: salaries and wages as a percentage of net patient service and capitation revenues decreased from 51.3% in Fiscal Year 2024 to 50.5% in Fiscal Year 2025. The decrease in salaries and benefits expense as a percentage of net patient service and capitation revenue from the prior year is due to resetting the labor profile. Overall supplies grew from 24.0% of net patient service and capitation revenue to 24.4%, with the increase being driven primarily by an increase in drug costs. Supplies excluding drug costs remained stable at 10.3% and 10.4% of net patient service and capitation revenue for Fiscal 2025 and 2024, respectively.

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## Debt Service Coverage

The following table sets forth Mercy's debt service coverage ratio for the fiscal years ended June 30, 2026, 2025 and 2024.

**Mercy Debt Service Coverage**

| | Fiscal Years Ended June 30, (Dollars in Thousands) | | |
|---|---|---|---|
| | **2026** | **2025** | **2024** |
| Excess of Revenues over Expenses | $1,074,025 | $302,510 | $499,874 |
| Adjustment for non-restricted affiliates and other non-cash items [(1)] | 20,793 | 21,319 | 22,266 |
| Plus: Depreciation, amortization, and interest expense | 484,009 | 458,887 | 423,694 |
| Plus or Minus: | | | |
| Unrealized (gain) loss on investments | (354,435) | (26,140) | (224,287) |
| Unrealized (gain) loss on interest rate swaps | (5,659) | 3,680 | (4,218) |
| Funds available for debt service coverage | $1,218,733 | $760,256 | $717,329 |
| | | | |
| Actual Debt Service [(2)] | $151,664 | $162,100 | $123,284 |
| Debt Service Coverage | 8.04 x | 4.69 x | 5.82 x |

(1) Amounts include restricted affiliates.

(2) Fiscal Year 2024 Annual Debt Service includes Series 2012 Bonds, Series 2014F Bonds, Series 2015A-B Bonds, Series 2016A-B Bonds, Series 2017A-B-C Bonds, Series 2018A Bonds, Series 2020 Bonds, Series 2021 Bonds, Series 2022A-F Bonds, Series 2023 Bonds, Other Notes, and Finance Leases.

Fiscal Year 2025 Annual Debt Service includes Series 2012 Bonds, Series 2014F Bonds, Series 2015A-B Bonds, Series 2016A-B Bonds, Series 2017A-B-C Bonds, Series 2018A Bonds, Series 2020 Bonds, Series 2021 Bonds, Series 2022A-F Bonds, Series 2023 Bonds, Other Notes, and Finance Leases.

Fiscal Year 2026 Annual Debt Service includes Series 2012 Bonds, Series 2014F Bonds, Series 2015A-B Bonds, Series 2016A-B Bonds, Series 2017A-B-C Bonds, Series 2018A Bonds, Series 2020 Bonds, Series 2021 Bonds, Series 2022A-F Bonds, Series 2023 Bonds, Other Notes, and Finance Leases.

Interest on all variable rate debt calculated at 3.50%.