

Disclosure Report for June 30, 2026

Disclosure Report

For the twelve months ended June 30, 2026

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Disclosure Report for June 30, 2026

VANDERBILT UNIVERSITY MEDICAL CENTER

**NOTICE
relating to:**

**VANDERBILT UNIVERSITY MEDICAL CENTER
TAXABLE BONDS SERIES 2017**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE REVENUE
BONDS (VANDERBILT UNIVERSITY MEDICAL
CENTER) SERIES 2017A**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE REVENUE
BONDS (VANDERBILT UNIVERSITY MEDICAL
CENTER) SERIES 2021A**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE TAXABLE
REVENUE BONDS (VANDERBILT UNIVERSITY
MEDICAL CENTER) SERIES 2021B**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE REVENUE
BONDS (VANDERBILT UNIVERSITY MEDICAL
CENTER) SERIES 2023A**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE REVENUE
BONDS (VANDERBILT UNIVERSITY MEDICAL
CENTER) SERIES 2024A**

**THE HEALTH AND EDUCATIONAL FACILITIES
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE REVENUE
BONDS (VANDERBILT UNIVERSITY MEDICAL
CENTER) SERIES 2026B**

Disclosure Report for June 30, 2026

CUSIP Nos: 921814AA7, 592041YB7, 592041YC5, 592041ZV2, 592041ZW0, 592041ZX8, 592041ZY6,
592041A23, 592041A31, 592041A49, 592041A56, 592041A64, 592041A72, 592041A80,
592041A98, 592041B22, 592041B30, 592041B48, 592041B55, 592041B63, 592041B71,
592041B89, 592041B97, 592041C21, 592041C39, 592041C47, 592041C54

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Disclosure Report for June 30, 2026

ATTENTION

This document is marked with a dated date of June 30, 2026 and reflects information only as of that date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the document that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the document. Any information contained in the portion of the document indicated to concern recent events speaks only as of its date. We expressly disclaim any duty to provide an update of any information contained in this document.

The information contained in this document may include “forward-looking statements” by using forward looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” or others. You are cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, receipt of funding grants, and various other factors which are beyond our control.

Because we cannot predict all factors that may affect future decisions, actions, events, or financial circumstances, what actually happens may be different from what we include in forward-looking statements.

ORGANIZATION

Vanderbilt University Medical Center (“VUMC”) is a Tennessee not-for-profit corporation incorporated in March of 2015 to operate an academic medical center including a comprehensive research, teaching, and patient care health system (the “Medical Center”). Until April 29, 2016, the Medical Center operated as a unit within Vanderbilt University (“the University” or “VU”), as a part of the University’s administrative structure, with the same governing board, legal, financial, and other shared services. VUMC began operations effective April 30, 2016, following the closing of the sale of the Medical Center by the University (the “Acquisition”).

VUMC owns and operates three hospitals located on the main campus (“Main Campus”) of the University in Nashville, Tennessee: Vanderbilt University Hospital (“VUH”), Monroe Carell Junior Children’s Hospital at Vanderbilt (“Monroe Carell”), and Vanderbilt Psychiatric Hospital (“VPH”). In addition, VUMC partially owns Vanderbilt Stallworth Rehabilitation Hospital (“VSRH”), also located on the main campus of the University, through a joint venture with Encompass Health Corp. in which VUMC holds a 50% interest, including a 1% interest held by Vanderbilt Health Services, LLC, (“VHS”), a VUMC wholly owned subsidiary. Effective August 1, 2019, VUMC acquired from Community Health Systems, Inc. (“CHS”): Tennova Healthcare – Lebanon, now known as Vanderbilt Wilson County Hospital (“VWCH”). Effective January 1, 2021, VUMC acquired from CHS: Tennova Healthcare - Shelbyville and Tennova Healthcare - Harton, now known as Vanderbilt Bedford Hospital (“VBCH”) and Vanderbilt Tullahoma-Harton Hospital (“VTHH”), respectively. At the same time as the acquisition of VBCH and VTHH, VUMC acquired a noncontrolling ownership interest in CHS’s affiliated Tennova Healthcare – Clarksville. Effective February 1, 2026, VUMC, through its wholly owned subsidiary Vanderbilt Montgomery Holdings, LLC (“VMH”), acquired all remaining ownership interests in Tennova Healthcare – Clarksville, now known as Vanderbilt Clarksville Hospital (“VCH”), from CHS. VUH, Monroe Carell, VPH, VCH, VWCH, VBCH, and VTHH are licensed for 2,173 beds, and VSRH is licensed for 80 beds.

VUMC consists of two major operating divisions and an administrative overhead division. The operating divisions include the Clinical Enterprise and Academic Enterprise divisions. The administrative overhead division is referred to as Medical Center Administration (“MCA”).

The Clinical Enterprise division includes the professional clinical practice revenues and related expenses of the Vanderbilt Medical Group (“VMG”), and technical revenues and associated expenses for the operation of VUMC’s hospitals and clinic facilities, including VUH, Monroe Carell, VPH, VCH, VWCH, VBCH, and VTHH. The Clinical Enterprise also includes VHS, Health Professional Solutions, LLC (“HPS”), and Nashville Biosciences, LLC (“NashBio”).

- VUH is a quaternary care teaching hospital licensed for 979 acute care and specialty beds. VUH, a Level I trauma center, provides advanced patient care and serves as a key site for medical education and clinical research conducted by physician faculty. VUH includes a comprehensive burn center, the Vanderbilt Transplant Center, the Vanderbilt Heart and Vascular Institute, and the Vanderbilt Ingram Cancer Center.
- Monroe Carell is a pediatric quaternary care teaching hospital licensed for 378 beds (182 acute and specialty, 65 pediatric intensive care, and 131 neonatal intensive care). Monroe Carell is the region’s only full-service pediatric hospital, with over 30 pediatric specialties. Monroe Carell serves as a site for medical education and clinical research conducted by pediatric physician faculty, houses the only Level IV neonatal intensive care center and the only Level I pediatric trauma center within the region, and is a regional referral center for extracorporeal membrane oxygenation (heart and lung failure).
- VPH is a psychiatric hospital licensed for 106 beds and provides inpatient care to pediatric, adolescent, adult, and geriatric patients. Also, VPH provides partial hospitalization programs to both adult and adolescent patients, psychiatric assessment services, adult intensive outpatient programs, and neuromodulation procedures through electroconvulsive therapy and transcranial magnetic stimulation.

- VCH is a 270 licensed bed Joint Commission-accredited hospital, which offers a full range of inpatient and outpatient surgical and specialty services in Clarksville, Tennessee. The hospital also features a freestanding emergency department, an accredited chest pain center, a primary stroke center, and a wound care center of distinction.
- VWCH is a 245 licensed bed Joint Commission-accredited hospital and is a substantial provider of both inpatient and outpatient medical services in Lebanon, Tennessee. VWCH, a Level III trauma center, offers an accredited chest pain center, stroke center, cancer center, comprehensive weight loss center, comprehensive total joint program for orthopedics, and interventional cardiology.
- VBCH is a 60 licensed bed Joint Commission-accredited hospital, which offers a range of inpatient and outpatient medical and surgical services, along with emergency room services in Shelbyville, Tennessee.
- VTHH is a 135 licensed bed Joint Commission-accredited hospital, which offers a full range of inpatient and outpatient surgical and specialty services including interventional cardiology, orthopedics, urology, a sleep center, cardiac rehabilitation, obstetrics, and physical rehabilitation in Tullahoma, Tennessee. The hospital also features an accredited chest pain center and advanced primary stroke center.
- VMG is the practice group of physicians and advanced practice practitioners employed by VUMC, many of whom, when appropriate and required, have faculty appointments from the University, who perform billable professional medical services. VMG is not a separate legal entity. VMG has a board which consists of the VUMC clinical service chiefs, who also serve as clinical department chairs. Under the oversight of VUMC executive leadership, VMG sets professional practice standards, bylaws, policies, and procedures. VUMC bills for services rendered by VMG clinicians in both inpatient and outpatient locations. Collected fees derive a component of each VMG clinician's compensation. VMG includes nationally recognized physicians whose expertise spans the spectrum from primary care to the most specialized quaternary discipline. VMG members are "board certified" or eligible for board certification, as required by bylaws. All VMG members are re-credentialed every three years in accordance with the Centers for Medicare and Medicaid Services, The Joint Commission, and the National Committee for Quality Assurance Standards. Most of the specialties and subspecialties currently recognized by the various national specialty boards are represented in VMG.
- VHS serves as a holding company for 17 first tier health care related subsidiaries and joint ventures owned with various entities, including, but not limited to, VSRH, Vanderbilt Integrated Providers ("VIP"), and the Vanderbilt Health Affiliated Network ("VHAN"). VHS operations primarily consist of community physician practices, walk-in and retail health clinics, imaging services, outpatient surgery centers, radiation oncology centers, a home health care agency, a home infusion and respiratory service, an affiliated health network, accountable care organizations, and a rehabilitation hospital. VIP employs providers and staff located off the main VUMC campus and affiliates with or purchases and operates physician practices in the region. VHAN contracts with other healthcare providers, including hospitals, physicians, and physician groups to jointly develop and implement a clinical integration program through a clinically integrated network of physicians and hospitals. These subsidiaries of VHS include clinics managed in multiple outpatient locations throughout middle Tennessee and southwestern Kentucky.
- HPS is a holding company that holds interest in four VUMC subsidiaries that engage in or support various health business to business activities to improve the quality and availability of health care services in the community. These subsidiaries include businesses focused on pharmacy, supply chain, and clinically integrated support services.
- NashBio deploys the biospecimens and genomic data and de-identified medical records of VUMC known as "BioVU", along with other information, to provide commercial services and products to life science industry customers in connection with pharmaceutical, biotechnology, and medical research and development activities.

The Academic Enterprise division includes all research, research-support activities, and faculty endeavors supporting post-graduate training programs. A significant funding source for VUMC's research has historically been the federal government. Federal funding is received from the Department of Health and Human Services, the Department of Defense, the National Science Foundation, and other federal agencies. Sponsored research awards, including multi-year grants and contracts from government sources, foundations, associations, and corporations signify future research commitments. Also, core activities supporting research, including advanced computing and grant administration, are included in this division.

As mentioned previously and throughout this document, VUMC acquired the Medical Center and its operations from the University in the Acquisition. VUMC entered into certain debt agreements to fund the Acquisition and other capital projects. Certain of these debt agreements contain required disclosures which outline annual and quarterly reporting requirements. In addition, certain of these debt agreements require notice of the occurrence of significant events which include but are not limited to delinquencies, bond calls, rating changes, bankruptcies, and mergers or acquisitions.

For purposes of this document, the Obligated Group includes the wholly owned hospitals located on the Main Campus along with all associated on-campus and off-campus ambulatory clinics, the Academic Enterprise, MCA, VWCH, and VMG.

The VUMC fiscal year ends June 30. The information contained in this document represents the consolidated results of operations of VUMC as of and for the twelve months ended June 30, 2026.

SUMMARY OF OPERATING AND UTILIZATION DATA

Licensed Beds

As of June 30, 2026, VUMC's facilities have 2,173 beds approved for operation, of which 1,881 were fully staffed, with 138 operating rooms. As of June 30, 2025, VUMC's facilities had 1,723 beds approved for operation, of which 1,509 were fully staffed, with 114 operating rooms. Between June 30, 2025 and June 30, 2026, VUMC has added 450 licensed beds. The acquisition of VCH drove 270 of the additional licensed beds and the remaining incremental licenses relate to the opening of the 7th through 12th floors in the new bed tower at Vanderbilt University Hospital (the "Jim Ayers Tower"). The beds presented in the table below are primarily located at VUH, Monroe Carell, VPH, VCH, VWCH, VBCH, and VTHH. VSRH is operated within a separate joint venture entity, which is currently 50% owned by VUMC. Counting VSRH beds, beds at Williamson Medical Center Inpatient Children's Unit, operated observation/extended recovery beds, and bassinet beds, total beds as of June 30, 2026 and 2025, equates to 2,450 and 1,970, respectively.

VUMC Beds (Licensed, Observation, JV, Managed, and Bassinets)

<u>Licensed Beds</u>	<u>FY 2026</u>	<u>FY 2025</u>
Licensed-Bed Category Type		
Adult Medical/Surgical	1,448	1,086
Adult Obstetric	120	79
Adult Clinical Research Center	5	5
Pediatric Medical/Surgical	186	186
Pediatric Neonatal Intensive Care	148	121
Pediatric Intensive Care	65	65
Psychiatric Care	155	155
Rehabilitation	46	26
Total Licensed Beds as of June 30, 2026 and 2025	<u>2,173</u>	<u>1,723</u>
<u>Observation, JV, Managed Beds, and Bassinets⁽³⁾</u>		
Current Observation/Extended Recovery Beds	84	77
Current Bassinets	103	74
Stallworth Rehabilitation Hospital Beds (JV) ⁽¹⁾	80	80
Vanderbilt Children's at Williamson Inpatient and Observation Unit (Managed) ⁽²⁾	<u>10</u>	<u>16</u>
Total Observation, JV, Managed Beds, and Bassinets as of June 30, 2026 and 2025	<u>277</u>	<u>247</u>
Total Licensed, Observation, JV, Managed Beds, and Bassinets as of June 30, 2026 and 2025	<u><u>2,450</u></u>	<u><u>1,970</u></u>

(1) Represents 80 beds in joint venture with VSRH.

(2) Represents 10 licensed beds as of June 30, 2026 and 12 licensed beds and 4 observation beds as of June 30, 2025 managed by VUMC within Williamson Medical Center, Franklin, TN.

(3) Excludes beds in joint venture with VMH as of June 30, 2025. Subsequent to the acquisition of the remaining 80% of this equity method investment during the third quarter of FY26, total licensed beds of 2,173 include 270 licensed beds for wholly-owned VCH as of June 30, 2026.

VUMC Research Revenues

VUMC receives revenues from research grants which are both federally and non-federally sponsored. The Department of Health and Human Services (primarily through the National Institutes of Health), the Department of Defense, the National Science Foundation, and other federal agencies supported over 70% of the research expenditures conducted by VUMC as of June 30, 2026 and 2025. The breakdown of direct research revenues, excluding facilities and administrative cost recovery, is as follows for the twelve months ended June 30, 2026 and 2025 (*\$ in thousands*):

Source	FY 2026	FY 2025
Federal	\$ 376,563	\$ 446,462
Non-Federal	139,730	114,703
Total	<u>\$ 516,293</u>	<u>\$ 561,165</u>

Utilization

Utilization statistics of the hospitals and clinics for the twelve months ended June 30, 2026 and 2025, which exclude the impact of VHS joint ventures except where noted, are as follows:

	Consolidated FY 2026	Consolidated FY 2025
Licensed beds ⁽¹⁾	2,173	1,723
Hospital inpatient days ⁽²⁾	524,753	477,858
Hospital discharges	92,912	83,841
Average length of stay in days ⁽²⁾	5.6	5.7
Average occupancy level (Main Campus) ⁽²⁾⁽³⁾	92.1%	94.4%
Average occupancy level (VCH) ⁽²⁾⁽³⁾	84.0%	—
Average occupancy level (Regional Hospitals) ⁽²⁾⁽³⁾	55.9%	57.1%
Surgical operations ⁽⁴⁾	90,750	83,317
Ambulatory visits ⁽⁵⁾	3,829,119	3,518,585
Emergency visits	261,295	218,749

	Obligated Group FY 2026	Obligated Group FY 2025
Licensed beds ⁽¹⁾	1,708	1,528
Hospital inpatient days ⁽²⁾	479,994	451,936
Hospital discharges	79,626	77,207
Average length of stay in days ⁽²⁾	6.0	5.9
Average occupancy level (Main Campus) ⁽²⁾⁽³⁾	92.1%	94.4%
Average occupancy level (VWCH) ⁽²⁾⁽³⁾	64.5%	60.4%
Surgical operations ⁽⁴⁾	83,346	78,844
Ambulatory visits	3,379,326	3,071,539
Emergency visits	168,773	168,064

(1) Excludes nursery bassinets and 80 joint venture beds at Vanderbilt-Stallworth Rehabilitation Hospital.

(2) Includes nursery and psychiatric care; does not include observation patients.

(3) Average occupancy is calculated as average daily census divided by staffed beds. Average daily census is calculated as inpatient days, excluding observation patients, divided by the number of days in the period. VWCH is the only regional hospital included in the obligated group.

(4) Excludes surgical operations performed by VUMC-employed physicians at separate surgery centers that are partially owned by a VUMC subsidiary.

(5) Includes the impact of VHS joint ventures. Excluding the impact of VHS joint ventures, approximately 70% and 68% of all ambulatory visits were provided at off-campus locations as of June 30, 2026 and 2025, respectively.

VUMC's overall functional occupancy rate for the Main Campus was 97.5% and 99.4% during the twelve months ended June 30, 2026 and 2025, respectively. Functional occupancy rate is calculated as average daily census divided by total staffed beds, less research, labor & delivery, and double occupancy rooms. Average daily census is calculated as inpatient days, excluding the impact from normal newborns, plus observation days in inpatient units divided by the number of days in the period. The average number of inpatients, excluding normal newborns, in the hospital for the Main Campus at midnight census was 1,209 and 1,135 on June 30, 2026 and 2025, respectively.

VUMC Inpatient Acuity

Across all inpatients, VUMC's inpatient acuity is measured by case mix index ("CMI"). VUMC's total CMI and CMI for Medicare patients for the twelve months ended June 30, 2026 and 2025, are presented below:

	FY 2026	FY 2025
Total CMI ⁽¹⁾	2.30	2.27
Medicare CMI ⁽¹⁾⁽²⁾	2.40	2.42

(1) Facilities owned by members of the Obligated Group only. Excludes normal newborns.

(2) Includes Medicare and Medicare Advantage.

VUMC Payor Mix

The Medical Center receives payment on behalf of most of its patients from several third parties, including Blue Cross and other private insurers, the federal government through Medicare, and the federal and state governments through Medicaid. TennCare, the State's managed care plan operating under a Section 1115 Medicaid demonstration waiver from the federal government, provides most Medicaid revenues. The remaining Medicaid revenues are from Medicaid patients who live outside of the State.

Blue Cross, one of VUMC's largest payors, represented 17% of total gross patient service revenue (based on total gross patient service revenue, including professional fee revenue) for the twelve months ended June 30, 2026 and 2025. The revenues attributable to Blue Cross are presented in the other third-party payors category in the following table, which sets forth the sources of gross amounts of patient service revenue as well as net patient service revenue for the twelve months ended June 30, 2026 and 2025, respectively:

<i>Payor Mix</i> ⁽¹⁾	6/30/26 Gross	6/30/26 Net
Other Third-Party Payors, Primarily Commercial Carriers ⁽²⁾	48.0%	60.7%
Medicare/Managed Medicare	33.9%	25.0%
TennCare/Medicaid	14.8%	13.4%
Uninsured (self-pay)	3.3%	0.9%
Total	100.0%	100.0%

(1) Facilities owned by the Obligated Group only.

(2) Includes commercial indemnity and other patient service programs provided under contractual arrangements.

<i>Payor Mix</i> ⁽¹⁾	6/30/25 Gross	6/30/25 Net
Other Third-Party Payors, Primarily Commercial Carriers ⁽²⁾	47.8%	60.0%
Medicare/Managed Medicare	33.8%	24.4%
TennCare/Medicaid	15.3%	14.5%
Uninsured (self-pay)	3.1%	1.1%
Total	100.0%	100.0%

(1) Facilities owned by the Obligated Group only.

(2) Includes commercial indemnity and other patient service programs provided under contractual arrangements.

VUMC's major commercial managed care contracts are multi-year agreements, typically three to four years with automatic annual escalators. Commercial contracts generally reimburse the facility on case rates with stop loss provisions for inpatient medical/surgical services and fee schedules for outpatient services. VPH is reimbursed on per diems. VUMC has no agreements based on full risk or capitation reimbursement. Three major commercial contracts utilize performance on quality metrics as a basis for a portion of the annual escalators. Over 84% of VUMC's payments for healthcare services are covered under contracted rates. Renewal dates for the most material contracts are presented in the table below.

The following table details payments received from VUMC's largest commercial contracts as a percentage of total technical and professional patient service revenue for the twelve months ended June 30, 2026 and 2025, as well as the respective contract renewal date.

Commercial Contract Payments as a Percentage of Total Patient Service Revenue

	Total Payments as of 6/30/26⁽¹⁾	Total Payments as of 6/30/25⁽¹⁾	Renewal Dates
Aetna	9.0%	8.7%	4/30/2029
AmBetter ⁽²⁾	2.1%	2.5%	12/31/2026
BlueCross	26.5%	26.7%	12/31/2029
CIGNA	9.0%	9.2%	12/31/2026
United	10.0%	9.6%	7/31/2028
Total as a % of total net patient revenue	<u>56.6%</u>	<u>56.7%</u>	

(1) Represents cash payments received for discharges that occurred during the twelve months ended June 30, 2026 and 2025, respectively. Does not include behavioral or dental service contracts.

(2) AmBetter is a marketplace exchange plan.

Medicare Advantage contracts represented approximately \$815.5 million and \$751.1 million or 10.3% and 10.4% of net patient service revenue (for the Obligated Group) for the twelve months ended June 30, 2026 and 2025, respectively, and have renewal dates ranging from December 31, 2026 through July 31, 2028.

SUMMARY OF FINANCIAL DATA

Cash and Investments

The VUMC Board of Directors (the “Board”) approves the investment policy, while the Outsourced Chief Investment Officer, with oversight from VUMC including the Chief Financial Officer & Treasurer, Chief Operating Officer, Senior Vice President of Finance and Associate Chief Financial Officer, Senior Vice President of Organizational Transformation and Business Development Finance, and Vice President of Treasury Management, is responsible for appointing and removing the investment advisory management firm which is responsible for recommending or terminating investment managers, monitoring asset allocation within the policy guidelines, and evaluating performance of funds. As the risk profile of VUMC matures, VUMC management anticipates undertaking modest additional risk, through asset allocation adjustments, to improve long-term investment returns. The table below summarizes VUMC’s investment allocation as of June 30, 2026, including working capital.

Summary of Cash and Investments Asset Allocation

As of June 30, 2026

	Working Capital	Unrestricted and Restricted Investments ⁽¹⁾	Self- Insurance Trust	Total
Unrestricted Cash & Cash Equivalents	59%	0%	0%	24%
Equity Investments	0%	43%	52%	26%
Fixed Income Investments	32%	37%	35%	35%
Alternatives and Non- Marketable Investments ⁽²⁾	0%	18%	12%	11%
Project Funds at Bond Trustee	7%	0%	0%	3%
Restricted Cash & Cash Equivalents	2%	0%	1%	1%
SERP	0%	1%	0%	0%
Split Interest Trusts	0%	1%	0%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

(1) Includes permanent endowment funds of \$244.0 million.

(2) Includes commodities/real assets, managed futures, absolute return, hedged strategies, private equity, and private credit.

Summary of Unrestricted Cash and Cash Equivalents

The following table sets forth VUMC unrestricted cash and investments and days cash on hand as of June 30, 2026 and 2025. This financial information is provided for informational purposes only and is not necessarily, and should not be assumed to be, an indication of the results that will be achieved in the future (\$ in thousands):

	<u>FY 2026</u>	<u>FY 2025</u>
Cash and cash equivalents ⁽¹⁾	\$ 800,646	\$ 811,115
Less: cash and cash equivalents with restrictions included above	(71,786)	(60,534)
Less: restricted pending donor gifts included above	(150)	(2,865)
Total unrestricted cash and cash equivalents	<u>\$ 728,710</u>	<u>\$ 747,716</u>
Unrestricted investments ⁽²⁾	<u>2,102,782</u>	<u>1,439,481</u>
Total unrestricted cash and investments	<u><u>\$ 2,831,492</u></u>	<u><u>\$ 2,187,197</u></u>
Average daily operating expenses ⁽³⁾	<u><u>\$ 24,203</u></u>	<u><u>\$ 22,025</u></u>
Days cash on hand ⁽⁴⁾	<u>117.0</u>	<u>99.3</u>

- (1) Cash and cash equivalents, as reported on the consolidated balance sheet, are composed of assets that are or may be readily converted to cash.
- (2) Unrestricted investments may be comprised of U.S. small, mid, and larger capitalization stocks, international stocks, intermediate term fixed income securities, mutual funds, exchange traded funds, hedge funds, real estate and private equity and generally may be liquidated within four business days or less.
- (3) Average daily operating expenses include all VUMC financial flows to the University. This excludes the principal payments on the Subordinated Promissory Note, which is now held by a 3rd party.
- (4) Unrestricted cash and investments divided by average daily operating expenses (excluding depreciation and amortization) for the twelve months then ended.

Debt Service Coverage

The following tables set forth, for the twelve months ended June 30, 2026 and 2025, VUMC's income available for debt service, and indicates the extent to which such income available for debt service would provide coverage for maximum annual and annual debt service on all long-term debt (*\$ in thousands*):

As of June 30, 2026

	Actual
Excess of revenues over expenses ⁽¹⁾	\$ 774,698
Unrealized gain on investments	(114,834)
Gain on remeasurement of previously held equity method investment	(58,969)
Gain on early extinguishment of long-term debt	(32,691)
Depreciation and amortization	246,848
Interest	81,161
Income available to pay debt service	<u>\$ 896,213</u>
Maximum annual debt service	\$ 180,162
Maximum annual debt service coverage ⁽²⁾	5.0x
Annual debt service (Scheduled) ⁽³⁾	\$ 129,047
Annual debt service coverage (Scheduled) ⁽⁴⁾	6.9x

(1) Excludes gifts, grants, bequests, donations, or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of debt service and includes all VUMC financial flows to the University as presented in the most recent offering statement, excluding the principal payments on the Subordinated Promissory Note.

(2) Maximum annual debt service coverage consists of annual income available to pay debt service divided by maximum annual debt service, excluding debt service related to operating leases.

(3) Represents actual debt service scheduled for the fiscal year, excluding debt service related to operating leases.

(4) Annual debt service coverage consists of annual income available to pay debt service divided by annual debt service, excluding debt service related to operating leases.

As of June 30, 2025

	Actual
Excess of revenues over expenses ⁽¹⁾	\$ 423,576
Unrealized gain on investments	(69,370)
Depreciation and amortization	220,522
Interest	63,121
Income available to pay debt service	<u>\$ 637,849</u>
Maximum annual debt service	\$ 153,460
Maximum annual debt service coverage ⁽²⁾	4.2x
Annual debt service (Scheduled) ⁽³⁾	\$ 125,709
Annual debt service coverage (Scheduled) ⁽⁴⁾	5.1x

- (1) Excludes gifts, grants, bequests, donations, or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of debt service and includes all VUMC financial flows to the University as presented in the most recent offering statement, excluding the principal payments on the Subordinated Promissory Note.
- (2) Maximum annual debt service coverage consists of annual income available to pay debt service divided by maximum annual debt service, excluding debt service related to operating leases.
- (3) Represents actual debt service scheduled for the fiscal year, excluding debt service related to operating leases.
- (4) Annual debt service coverage consists of annual income available to pay debt service divided by annual debt service, excluding debt service related to operating leases.

Capitalization Ratios

The following table provides VUMC's capitalization ratios as of and for the twelve months ended June 30, 2026 and 2025, (\$ in thousands):

	FY 2026	FY 2025
Debt ⁽¹⁾	\$ 3,005,486	\$ 2,453,695
Net assets without donor restrictions	3,315,877	2,540,566
Total capitalization	<u>\$ 6,321,363</u>	<u>\$ 4,994,261</u>
Ratio of debt to capitalization (%)	47.5%	49.1%
EBIDA	\$ 1,102,707	\$ 707,219
Ratio debt to total EBIDA ⁽²⁾	2.7x	3.5x
Total unrestricted cash and investments	\$ 2,831,492	\$ 2,187,197
Ratio cash to debt (%) ⁽³⁾	94.2%	89.1%

(1) Total outstanding debt, including current maturities, financing leases and other obligations, excluding the Subordinate Promissory Note, draws under the \$100 million line of credit with U.S. Bank National Association initially entered into in April 2016, and operating lease liabilities.

(2) Total outstanding long-term debt divided by total annualized EBIDA, which includes realized gains from sales of assets incurred in the normal course of operations, investment income (all gains), unrestricted gifts or restricted gifts released from restrictions (spent on the purpose), and equity earnings in unconsolidated organizations.

(3) Unrestricted cash and investments divided by debt, which includes unrestricted cash and cash equivalents and unrestricted investments.

Existing Lease Agreements

VUMC leases certain property and equipment under leases with terms ranging from two to thirty years. In addition, VUMC is the lessee in a 99-year ground lease with Vanderbilt University. VUMC classifies these leases as operating leases. The following schedule represents our annual commitments of minimum rentals on non-cancelable operating leases by fiscal year (\$ in thousands):

	Equipment	Property	Ground Lease	Total
2027	\$ 16,095	\$ 84,935	\$ 19,440	\$ 120,470
2028	13,520	76,027	19,440	108,987
2029	7,431	67,433	19,440	94,304
2030	4,266	63,156	19,440	86,862
2031	1,955	46,473	19,440	67,868
Thereafter	—	362,278	1,613,520	1,975,798
Total	<u>\$ 43,267</u>	<u>\$ 700,302</u>	<u>\$ 1,710,720</u>	<u>\$ 2,454,289</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Fiscal Year 2026 ("FY26") operating earnings before interest, depreciation, and amortization (operating EBIDA) of \$780 million are \$242 million more than Fiscal Year 2025 ("FY25") operating EBIDA of \$538 million. The increase in operating EBIDA is driven by a \$1,019 million increase in operating revenue, partially offset by a \$777 million increase in operating expense, excluding interest, depreciation, and amortization. FY26 operating income of \$452 million is \$197 million more than FY25 operating income of \$255 million, driven by increased operating EBIDA of \$242 million, partially offset by unfavorable interest, depreciation, and amortization of \$45 million. FY26 excess of revenues over expenses of \$775 million is \$351 million more than FY25 excess of revenues over expenses of \$424 million. The increase is driven by an increase in operating income of \$197 million and an \$157 million increase in nonoperating revenues and expenses, partially offset by an increase in excess of revenues over expenses attributable to noncontrolling interests of \$3 million. The increase in nonoperating revenues and expenses is due to a \$56 million increase in investment income, a \$3 million increase in gift income, a \$6 million increase in earnings of unconsolidated organizations, a \$33 million gain on early extinguishment of debt, and a \$59 million gain on remeasurement of previously held equity interest. As previously noted, we purchased the remaining ownership interests of VCH during the third quarter of FY26. At that time, we remeasured our previously held equity interest to fair value and recorded VCH as a 100%-owned hospital.

Revenues

FY26 operating revenue increased approximately \$1,019 million, or 12%, to \$9,533 million from \$8,514 million a year earlier. The primary driver of the increase in operating revenue is a 14% increase in patient service revenue to \$8,487 million from \$7,444 million a year earlier, driven by volumes (due to higher inpatient and outpatient surgeries, other OP procedures, ambulatory visits, and specialty and retail pharmacy volume). In addition, VCH (a now fully owned and consolidated hospital) accounted for five months' worth of additional activity post-acquisition or approximately 1% of the year-over-year increase in patient service revenue.

Other operating revenue increased \$19 million to \$260 million from \$241 million a year earlier, driven by increased clinical and non-clinical contracts and shared saving revenue. Academic and research revenue decreased \$44 million compared to the prior year due to the slowing of notice of new awards and grants and a decrease in the related indirect cost recovery.

During FY26, VUMC recognized \$230 million related to the Hospital Investment Program ("HIP"), which provides supplemental TennCare funding using an average commercial rate approach. This series of quarterly payments supplement TennCare reimbursement received for services rendered to patients.

During FY25, VUMC recognized \$83 million of supplemental TennCare directed payments, which were received during FY24 under a different program. In the fourth quarter of FY25, VUMC recognized revenue related to HIP in the amount of \$179 million, representing the full year HIP payment for FY25.

Expenses

FY26 expenses increased approximately \$821 million, or 10%, to \$9,081 million from \$8,260 million a year earlier. The primary drivers are increases in supplies and drugs of \$334 million, salaries, wages, and benefits of \$321 million, and services and other of \$87 million. The increase in drug costs of \$235 million is driven by growth in our retail and specialty pharmacy and utilization of certain higher cost drugs in the clinical setting. The increase in supplies of \$99 million is driven by surgical volume and higher acuity surgeries such as transplants. The increase in salaries, wages, and benefits is primarily due to the increased volume and the related staffing demand and increased cost of labor as hiring increases with the opening of the Jim Ayers Tower. In addition, fringe benefit costs were higher than the prior year due to unfavorable healthcare and pharmacy claims. The increase in services and other compared to the prior year is mostly driven by higher affiliate payments due to increased operating income. In addition, the five months' worth of additional activity incurred after the VCH acquisition accounted for approximately 1% of the year-over-year increase in operating expenses.

Balance Sheet / Cash Flow

Net assets on June 30, 2026 increased by approximately \$835 million compared to June 30, 2025 primarily due to excess of revenues over expenses of approximately \$775 million and an increase in net assets with donor restrictions of approximately \$60 million.

Cash, including restricted cash, at June 30, 2026, decreased by approximately \$203 million compared to June 30, 2025, which was primarily due to investment purchases (net of sales) of \$605 million, the acquisition of VCH of \$608 million, capital expenditures of \$552 million, and debt and finance lease payments of \$1,398 million. These decreases were partially offset by cash flows related to net proceeds from the issuance of debt of \$1,985 million, \$179 million of cash received related to FY25 HIP (which was recognized in revenue during June FY25), additional supplemental payments received related to FY26 HIP of \$168 million, increased EBIDA, and other changes in working capital.

Financial Position Conclusion

FY26 operating EBIDA margin and operating margin were 8.2% and 4.7%, respectively, both of which have increased when compared to FY25 operating EBIDA margin and operating margin of 6.3% and 3.0%, respectively.

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Vanderbilt University Medical Center
Years Ended June 30, 2026 and 2025
With Report of Independent Auditors



The better the question.
The better the answer.
The better the world works.



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Vanderbilt University Medical Center
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June 30, 2026 and 2025

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Report of Independent Auditors

The Board of Directors
Vanderbilt University Medical Center

Opinion

We have audited the consolidated financial statements of Vanderbilt University Medical Center (“VUMC”), which comprise the consolidated balance sheets as of June 30, 2026 and 2025, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of VUMC at June 30, 2026 and 2025, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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



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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 VUMC'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 VUMC'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.

Other Information

Management is responsible for the other information. The other information comprises the Disclosure Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

September 30, 2026

Vanderbilt University Medical Center
Consolidated Balance Sheets
June 30, 2026 and 2025

(\$ in thousands)	2026	2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 800,646	\$ 811,115
Current investments	301,196	158,263
Patient accounts receivable	1,039,502	863,995
TennCare directed payment receivable	54,703	178,983
Grants and contracts receivable	133,362	175,660
Inventories	234,336	205,492
Other current assets	126,281	119,296
Total current assets	2,690,026	2,512,804
Restricted cash	137,177	329,785
Noncurrent investments	1,801,586	1,281,218
Noncurrent investments limited as to use	339,599	261,050
Property, plant, and equipment, net	2,741,883	2,251,701
Operating lease assets	985,705	977,305
Goodwill	525,783	27,028
Other noncurrent assets	110,971	153,308
Total assets	<u>\$ 9,332,730</u>	<u>\$ 7,794,199</u>
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 14,838	\$ 19,428
Accounts payable and other accrued expenses	743,263	631,273
Estimated liabilities under third-party programs	73,204	73,572
Accrued compensation and benefits	489,545	453,357
Current portion of operating lease liabilities	86,717	82,480
Current portion of deferred revenue	40,185	50,838
Current portion of self-insurance reserves	20,718	18,445
Total current liabilities	1,468,470	1,329,393
Long-term debt, net of current portion	3,040,231	2,488,850
Noncurrent portion of operating lease liabilities	936,722	931,210
Noncurrent portion of deferred revenue	275	682
Noncurrent portion of self-insurance reserves	83,175	77,213
Other noncurrent liabilities	9,386	7,370
Total liabilities	5,538,259	4,834,718
Net assets without donor restrictions:		
Net assets without donor restrictions controlled by VUMC	3,295,795	2,521,326
Net assets without donor restrictions related to noncontrolling interests	20,082	19,240
Total net assets without donor restrictions	3,315,877	2,540,566
Net assets with donor restrictions	478,594	418,915
Total net assets	3,794,471	2,959,481
Total liabilities and net assets	<u>\$ 9,332,730</u>	<u>\$ 7,794,199</u>

The accompanying notes are an integral part of these consolidated financial statements.

Vanderbilt University Medical Center
Consolidated Statements of Operations
Years Ended June 30, 2026 and 2025

<i>(\$ in thousands)</i>	2026	2025
Operating revenues		
Patient service revenue	\$ 8,487,094	\$ 7,444,087
Academic and research revenue	786,014	829,612
Other operating revenue	259,893	240,667
Total operating revenues	<u>9,533,001</u>	<u>8,514,366</u>
Operating expenses		
Salaries, wages, and benefits	4,711,417	4,390,792
Supplies and drugs	2,329,881	1,996,343
Facilities, equipment, and technology	500,626	464,957
Services and other	1,211,187	1,124,016
Depreciation and amortization	246,848	220,522
Interest	81,161	63,121
Total operating expenses	<u>9,081,120</u>	<u>8,259,751</u>
Income from operations	<u>451,881</u>	<u>254,615</u>
Nonoperating revenues and expenses		
Income from investments	192,502	136,834
Gift income	30,510	26,722
Earnings of unconsolidated organizations	17,497	11,515
Other nonoperating gains	91,771	—
Total nonoperating revenues and expenses	<u>332,280</u>	<u>175,071</u>
Excess of revenues over expenses	784,161	429,686
Excess of revenues over expenses attributable to noncontrolling interests	<u>(9,463)</u>	<u>(6,110)</u>
Excess of revenues over expenses attributable to VUMC	774,698	423,576
Other changes in net assets without donor restrictions		
Change in noncontrolling interests' net assets	842	(2,588)
Net assets released from restriction for capital	179	1,412
Other changes	(408)	844
Total changes in net assets without donor restrictions	<u>\$ 775,311</u>	<u>\$ 423,244</u>

The accompanying notes are an integral part of these consolidated financial statements.

Vanderbilt University Medical Center
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2026 and 2025

<i>(\$ in thousands)</i>	2026	2025
Net assets without donor restrictions		
Net assets without donor restrictions at the beginning of the period	\$ 2,540,566	\$ 2,117,322
Excess of revenues over expenses attributable to VUMC	774,698	423,576
Change in noncontrolling interests' net assets	842	(2,588)
Net assets released from restriction for capital	179	1,412
Other changes	(408)	844
Change in net assets without donor restrictions	775,311	423,244
Net assets without donor restrictions at the end of the period	<u>\$ 3,315,877</u>	<u>\$ 2,540,566</u>
Net assets with donor restrictions		
Net assets with donor restrictions at the beginning of the period	\$ 418,915	\$ 344,414
Contributions	52,463	84,971
Restricted investment income	33,961	15,530
Net assets released from restrictions for operations	(26,947)	(23,758)
Net assets released from restriction for capital	(179)	(1,412)
Other changes	381	(830)
Change in net assets with donor restrictions	59,679	74,501
Net assets with donor restrictions at the end of the period	<u>\$ 478,594</u>	<u>\$ 418,915</u>
Total net assets		
Beginning of the period	\$ 2,959,481	\$ 2,461,736
Change in total net assets	834,990	497,745
End of the period	<u>\$ 3,794,471</u>	<u>\$ 2,959,481</u>

The accompanying notes are an integral part of these consolidated financial statements.

Vanderbilt University Medical Center
Consolidated Statements of Cash Flows
Years Ended June 30, 2026 and 2025

(\$ in thousands)	2026	2025
Cash flows from operating activities		
Change in total net assets	\$ 834,990	\$ 497,745
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and amortization	246,848	220,522
Gain on remeasurement of previously held equity method investment	(58,969)	—
Gain on extinguishment of debt	(32,691)	—
Investment gains	(136,597)	(74,589)
Purchases of trading securities	(33,208)	(303,279)
Sales of trading securities	164,071	159,814
Amortization of implementation costs incurred on hosting arrangements	4,699	4,491
Restricted contributions for endowments and property, plant, and equipment	(20,502)	(54,565)
Noncash lease expense	79,490	78,147
Other noncash activities	(13,789)	(8,295)
(Decrease) increase in cash due to changes in:		
Patient accounts receivable	(149,927)	(74,461)
TennCare directed payment receivable	136,654	(178,983)
Grants and contracts receivable	42,298	(7,826)
Accounts payable and other accrued expenses	105,523	110,590
Estimated liabilities under third-party programs	1,199	(36,414)
Accrued compensation and benefits	35,168	107,456
Operating lease liabilities	(79,790)	(70,676)
Other assets and other liabilities, net	(31,847)	(12,445)
Net cash provided by operating activities	1,093,620	357,232
Cash flows from investing activities		
Purchases of property, plant, and equipment	(552,036)	(536,606)
Proceeds on sale of property, plant, and equipment	26	—
Acquisition of hospital, net of cash received	(607,672)	—
Purchases of long-term securities	(1,175,597)	(380,184)
Sales and maturities of long-term securities	439,503	309,347
Net cash used in investing activities	(1,895,776)	(607,443)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	1,990,543	653,294
Draw on line-of-credit	—	100,000
Debt issuance costs	(5,547)	(3,541)
Repayment of long-term debt and line-of-credit	(1,392,922)	(239,533)
Principal payments under finance lease obligations	(4,876)	(6,000)
Restricted contributions for endowments and property, plant, and equipment	20,502	54,565
Distributions to noncontrolling interests	(8,621)	(8,698)
Net cash provided by financing activities	599,079	550,087
Net change in cash, cash equivalents, and restricted cash	(203,077)	299,876
Cash, cash equivalents, and restricted cash		
Beginning of the period	1,140,900	841,024
End of the period	\$ 937,823	\$ 1,140,900

The accompanying notes are an integral part of these consolidated financial statements.

Vanderbilt University Medical Center

Notes to Consolidated Financial Statements

June 30, 2026 and 2025

1. Description of Organization

Vanderbilt University Medical Center (“VUMC”) is a Tennessee not-for-profit corporation incorporated in March of 2015 to operate an academic medical center including a comprehensive research, teaching, and patient care health system (the “Medical Center”). Until April 29, 2016, the Medical Center operated as a unit within Vanderbilt University (the “University” or “VU”), as a part of the University’s administrative structure, with the same governing board, legal, financial, and other shared services. VUMC began operations effective April 30, 2016, following the closing of the sale of the Medical Center by the University (the “Acquisition”).

VUMC owns and operates three hospitals located on the main campus (“Medical Center Main Campus” or “MCMC”) of the University in Nashville, Tennessee: Vanderbilt University Hospital (“VUH”), Monroe Carell Junior Children’s Hospital at Vanderbilt (“Monroe Carell”), and Vanderbilt Psychiatric Hospital (“VPH”). In addition, VUMC partially owns Vanderbilt Stallworth Rehabilitation Hospital (“VSRH”), also located on the main campus of the University, through a joint venture with Encompass Health Corp. in which VUMC holds a 50% interest, including a 1% interest held by Vanderbilt Health Services, LLC, (“VHS”), a VUMC wholly owned subsidiary. Effective August 1, 2019, VUMC acquired from Community Health Systems, Inc. (“CHS”): Tennova Healthcare – Lebanon, now known as Vanderbilt Wilson County Hospital (“VWCH”). Effective January 1, 2021, VUMC acquired from CHS: Tennova Healthcare – Shelbyville and Tennova Healthcare – Harton, now known as Vanderbilt Bedford Hospital (“VBCH”) and Vanderbilt Tullahoma-Harton Hospital (“VTHH”), respectively. At the same time as the acquisition of VBCH and VTHH, VUMC acquired a noncontrolling ownership interest in CHS’s affiliated Tennova Healthcare – Clarksville. Effective February 1, 2026, VUMC, through its wholly owned subsidiary Vanderbilt Montgomery Holdings, LLC (“VMH”), acquired all remaining ownership interests in Tennova Healthcare – Clarksville, now known as Vanderbilt Clarksville Hospital (“VCH”), from CHS. VUH, Monroe Carell, VPH, VCH, VWCH, VBCH, and VTHH are licensed for 2,173 beds, and VSRH is licensed for 80 beds.

VUMC consists of two major operating divisions and an administrative overhead division. The operating divisions include the Clinical Enterprise and Academic Enterprise divisions. The administrative overhead division is referred to as Medical Center Administration (“MCA”).

The Clinical Enterprise division includes the professional clinical practice revenues and related expenses of the Vanderbilt Medical Group (“VMG”), and technical revenues and associated expenses for the operation of VUMC’s hospitals and clinic facilities, including VUH, Monroe Carell, VPH, VCH, VWCH, VBCH, and VTHH. The Clinical Enterprise also includes VHS, Health Professional Solutions, LLC (“HPS”), and Nashville Biosciences, LLC (“NashBio”).

- VUH is a quaternary care teaching hospital licensed for 979 acute care and specialty beds. VUH, a Level I trauma center, provides advanced patient care and serves as a key site for medical education and clinical research conducted by physician faculty. VUH includes a comprehensive burn center, the Vanderbilt Transplant Center, the Vanderbilt Heart and Vascular Institute, and the Vanderbilt Ingram Cancer Center.
- Monroe Carell is a pediatric quaternary care teaching hospital licensed for 378 beds (182 acute and specialty, 65 pediatric intensive care, and 131 neonatal intensive care). Monroe Carell is the region’s only full-service pediatric hospital, with over 30 pediatric specialties. Monroe Carell serves as a site for medical education and clinical research conducted by pediatric physician faculty, houses the only Level IV neonatal intensive care center and the only Level I pediatric trauma center within the region, and is a regional referral center for extracorporeal membrane oxygenation (heart and lung failure).

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
June 30, 2026 and 2025

- VPH is a psychiatric hospital licensed for 106 beds and provides inpatient care to pediatric, adolescent, adult, and geriatric patients. Also, VPH provides partial hospitalization programs to both adult and adolescent patients, psychiatric assessment services, adult intensive outpatient programs, and neuromodulation procedures through electroconvulsive therapy and transcranial magnetic stimulation.
- VCH is a 270 licensed bed Joint Commission-accredited hospital, which offers a full range of inpatient and outpatient surgical and specialty services in Clarksville, Tennessee. The hospital also features a freestanding emergency department, an accredited chest pain center, a primary stroke center, and a wound care center of distinction.
- VWCH is a 245 licensed bed Joint Commission-accredited hospital and is a substantial provider of both inpatient and outpatient medical services in Lebanon, Tennessee. VWCH, a Level III trauma center, offers an accredited chest pain center, stroke center, cancer center, comprehensive weight loss center, comprehensive total joint program for orthopedics, and interventional cardiology.
- VBCH is a 60 licensed bed Joint Commission-accredited hospital, which offers a range of inpatient and outpatient medical and surgical services, along with emergency room services.
- VTHH is a 135 licensed bed Joint Commission-accredited hospital, which offers a full range of inpatient and outpatient surgical and specialty services including, interventional cardiology, orthopedics, urology, a sleep center, cardiac rehabilitation, obstetrics, and physical rehabilitation. The hospital also features an accredited chest pain center and an advanced primary stroke center.
- VMG is the practice group of physicians and advanced practice practitioners employed by VUMC, many of whom, when appropriate and required, have faculty appointments from the University, who perform billable professional medical services. VMG is not a separate legal entity. VMG has a board which consists of the VUMC clinical service chiefs, who also serve as clinical department chairs. Under the oversight of VUMC executive leadership, VMG sets professional practice standards, bylaws, policies, and procedures. VUMC bills for services rendered by VMG clinicians in both inpatient and outpatient locations. Collected fees derive a component of each VMG clinician's compensation. VMG includes nationally recognized physicians whose expertise spans the spectrum from primary care to the most specialized quaternary discipline. VMG members are "board certified" or eligible for board certification, as required by bylaws. All VMG members are re-credentialed every three years in accordance with the Centers for Medicare & Medicaid Services, The Joint Commission, and the National Committee for Quality Assurance Standards. Most of the specialties and subspecialties currently recognized by the various national specialty boards are represented in VMG.
- VHS serves as a holding company for 17 first tier health care related subsidiaries and joint ventures owned with various entities, including, but not limited to, VSRH, Vanderbilt Integrated Providers ("VIP"), and the Vanderbilt Health Affiliated Network ("VHAN"). VHS operations primarily consist of community physician practices, walk-in and retail health clinics, imaging services, outpatient surgery centers, radiation oncology centers, a home health care agency, a home infusion and respiratory service, an affiliated health network, accountable care organizations, and a rehabilitation hospital. VIP employs providers and staff located off the main VUMC campus and affiliates with or purchases and operates physician practices in the region. VHAN contracts with other healthcare providers, including hospitals, physicians, and physician groups to jointly develop and implement a clinical integration program through a clinically integrated network of physicians and hospitals. These subsidiaries of VHS include clinics

Vanderbilt University Medical Center

Notes to Consolidated Financial Statements

June 30, 2026 and 2025

managed in multiple outpatient locations throughout middle Tennessee and southwestern Kentucky.

- HPS is a holding company that holds interest in four VUMC subsidiaries that engage in or support various health business to business activities to improve the quality and availability of health care services in the community. These subsidiaries include businesses focused on pharmacy, supply chain, and clinically integrated support services.
- NashBio deploys the biospecimens and genomic data and de-identified medical records of VUMC known as “BioVU”, along with other information, to provide commercial services and products to life science industry customers in connection with pharmaceutical, biotechnology, and medical research and development activities.

The Academic Enterprise division includes all research, research-support activities, and faculty endeavors supporting post-graduate training programs. A significant funding source for VUMC’s research has historically been the federal government. Federal funding is received from the Department of Health and Human Services, the Department of Defense, the National Science Foundation, and other federal agencies. Sponsored research awards, including multi-year grants and contracts from government sources, foundations, associations, and corporations signify future research commitments. Also, core activities supporting research, including advanced computing and grant administration, are included in this division.

VUMC has entered into debt agreements further discussed below. Certain of these debt agreements contain required disclosures outlining annual and quarterly reporting requirements. In addition, certain of these debt agreements require notices of the occurrence of significant events which include but are not limited to delinquencies, bond calls, rating changes, bankruptcies, and mergers or acquisitions. The Obligated Group includes the wholly-owned hospitals located on the MCMC along with all associated on-campus and off-campus ambulatory clinics, the Academic Enterprise, MCA, VWCH, and VMG.

The terms “Company,” “VUMC,” “we,” “our,” or “us” as used herein and unless otherwise stated or indicated by context refer to Vanderbilt University Medical Center and its affiliates. The terms “facilities” or “hospitals” refer to entities owned and operated by VUMC and its affiliates, and the term “employees” refers to employees of VUMC and its affiliates.

VUMC operates on a fiscal year which ends on June 30. The term “Fiscal” preceding a year refers to a particular VUMC fiscal year.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Based on the existence or absence of donor-imposed restrictions, VUMC classifies resources into two categories: net assets without donor restrictions and net assets with donor restrictions.

Principles of Consolidation

The consolidated financial statements include the accounts of VUMC and its wholly owned, majority-owned, and controlled organizations. Noncontrolling interests in less-than-wholly owned consolidated subsidiaries of VUMC are presented as a component of net assets to distinguish

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
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between the interests of VUMC and the interests of the noncontrolling owners. All material intercompany transactions and account balances among the various entities have been eliminated.

VUMC uses the equity method to account for its interests in unconsolidated partnerships, joint ventures, and limited liability entities over which it exercises significant influence. Investment carrying amounts are adjusted for VUMC's share of investee earnings or losses based on percentage of ownership. Distributions received from unconsolidated entities that represent returns on VUMC's investment (i.e., dividends) are reported as cash flows from operating activities in VUMC's consolidated statements of cash flows.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting periods. Actual results ultimately could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are liquid assets with minimal interest rate risk and maturities of three months or less when purchased. VUMC invests operating assets in a diversified manner. At times, VUMC may have cash and cash equivalents at a financial institution in excess of federally insured limits, and therefore, bears a risk of loss. Certain cash equivalents are included in investments and restricted cash on the consolidated balance sheets.

Liquidity and Availability

As of June 30, 2026, VUMC has \$3,802.5 million of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$800.6 million, patient accounts receivable of \$1,039.5 million, and unrestricted investments of \$1,962.4 million. As of June 30, 2025, VUMC had \$3,092.9 million of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$811.1 million, patient accounts receivable of \$864.0 million, and unrestricted investments of \$1,417.8 million. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

VUMC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, VUMC invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

As more fully described in Note 11 Long-Term Debt, VUMC also has committed lines of credit in the amount of \$350 million, which it could draw upon in the event of an unanticipated liquidity need, with no amount drawn as of June 30, 2026 or June 30, 2025.

Revenue Recognition – Patient Services

VUMC contracts with patients to provide healthcare services that are tailored to each patient's medical needs and health conditions. VUMC recognizes patient service revenue over time as performance obligations are ultimately satisfied. Performance obligations related to inpatient services are generally satisfied as the healthcare services are rendered to the patient, which generally begins at the time of patient admission and extends through the time of patient discharge. Performance obligations for outpatient services are generally satisfied on the same day that services

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are rendered to the patient. VUMC uses a portfolio approach consisting of major payor classes to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. Based on historical collection trends and other analysis, VUMC believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

Patient service revenue is recognized on an accrual basis using a best estimate of the transaction price for the type of service rendered to the patient. The transaction price ultimately represents the estimated amount to be received from the patient and third-party payors in exchange for the services rendered by VUMC. VUMC estimates the transaction price based on standard charges, reduced for estimated price concessions. The price concessions include items that are explicit in nature, such as contractual adjustments provided to third-party payors and discounts provided to uninsured and underinsured patients in accordance with VUMC policy, and implicit in nature, such as the estimated uncollectible amounts from uninsured or underinsured patients. VUMC regularly reviews transactional data for the major revenue categories to evaluate the reasonableness of the transaction price, including any price concessions, and takes into consideration recent experience by payor category and payor agreement rate changes, among other factors.

VUMC carries the value of the related patient accounts receivable balances at the transaction price, inclusive of all estimated price concessions. Given the complexities involved in determining amounts ultimately due to VUMC under reimbursement arrangements with third-party payors, which are often subject to interpretation, VUMC may receive reimbursement for healthcare services authorized and provided that differs from these estimates. If actual results differ from these estimates, a change in estimate will be recorded in the period the change is identified and such differences could be material.

VUMC has elected to apply the optional exemption provided in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606-10-50-14, as substantially all of its performance obligations relate to contracts with a duration of less than one year. Therefore, VUMC is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period. Unsatisfied or partially satisfied performance obligations are primarily related to in-house patients at the end of the reporting period. The performance obligations for these contracts are generally completed when the patient is discharged, which is typically within a week.

In addition to reimbursement received in fee-for-service arrangements, VUMC participates in certain federal healthcare programs, as well as state and commercial payor programs, through which VUMC may be entitled to additional payments. These arrangements are complex and may extend over multiple accounting periods. The arrangements are subject to the interpretation of federal and state-specific reimbursement rules, new or changing legislation, and final cost report settlements. Any changes to reimbursement rules or the introduction of new or changing legislation could impact levels and timing of reimbursements received from these programs. As a participant in these programs, VUMC is also required to meet certain financial reporting requirements which include the filing of an annual cost report for each hospital. Each annual cost report is also subjected to an audit performed by the regulatory agency and may extend several years before ultimate settlement becomes known. Therefore, determining the actual amounts earned under these programs involves judgment and estimates that may extend into future periods. These estimates are frequently evaluated and subsequently may be adjusted based on new developments or the receipt of new information related to these settlements. If actual results vary from these estimates, a change in estimate will be recorded in the period the change is identified and such differences could be material.

VUMC provides care to patients who meet the criteria for charity care under its financial assistance policy for no payment or at payment amounts less than its established rates. VUMC does not

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recognize the amounts that qualify as charity care as revenue because VUMC does not pursue collection of these amounts.

Revenue Recognition – Non-Patient Services

Revenue for non-patient services is recognized at an amount that reflects the consideration to which VUMC expects to be entitled in exchange for providing goods or services. The amounts recognized reflect considerations due from customers, the U.S. government, and others, and are recognized as performance obligations are satisfied. Primary categories of non-patient revenue include academic and research revenue as well as other miscellaneous activities as further described in Note 8 Other Relevant Financial Information.

VUMC receives funding through grants and contracts issued by departments and agencies of the U.S. government, industry, and other foundation sponsors who restrict the use of such funds to academic and research purposes. VUMC recognizes revenue from these grants and contracts in accordance with contract terms, as defined in the agreements governing that funding. VUMC recognizes facilities and administrative ("F&A") costs recovery as revenue when the allowable expenditure is incurred on the associated grant or contract. This activity represents reimbursement, primarily from the federal government, of F&A costs on sponsored activities.

Grants and contracts receivable include amounts due from these sponsors of externally funded research. These amounts have been billed or are billable to the sponsor and are recorded at the amount that reflects the consideration VUMC expects to receive.

Deferred Revenue

Deferred revenue is recorded for funds received in advance. The related revenue is recognized when the performance obligations have been met.

Gift Income and Pledges

VUMC recognizes unconditional promises to give cash and other assets, referred to as pledges, as gift income at fair value when the pledge is received. Conditional promises to give are recognized as pledges once the conditions are substantially met. Pledges are recognized as net assets with donor restrictions. Gifts received with donor stipulations limiting the use of the donated assets are reported as net assets with donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as gift income in the consolidated statements of operations. Gift income is recognized when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions until the assets are placed in service, at which point they are reclassified to net assets without donor restrictions.

Pledges receivable are reported net of allowances for uncollectible amounts based on an analysis of past collection experience and other judgmental factors. Pledges receivable are included in other current or other noncurrent assets in the consolidated balance sheets based on the expected timing of cash flows. VUMC discounts the noncurrent portion of pledges receivable at a rate commensurate with the scheduled timing of receipt. VUMC applied annual discount rates ranging from 0.5% to 1.5% to amounts outstanding as of June 30, 2026 and 2025.

Concentrations of Risk

VUMC grants unsecured credit to its patients, primarily residing in Nashville, Tennessee and the surrounding areas of middle Tennessee, most of whom are insured under commercial, Medicare (both traditional fee-for-service and Managed Medicare), or TennCare agreements. Medicare, Blue Cross Blue Shield ("BCBS"), and TennCare/Medicaid (which includes managed care organizations

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("MCOs") BCBS of Tennessee, United, and Amerigroup) represent VUMC's significant concentrations of credit risk from payors.

The collection of revenue and accounts receivable from Medicare, TennCare, BCBS, other third-party payors, and patients is a significant source of operating cash flow. The payor composition of patient service revenue and related accounts receivable portfolio may fluctuate from time to time and generally correlates to the prevailing economic conditions, such as periods of economic expansion or recession or changes in unemployment levels, and those fluctuations may impact the realization of patient service revenue and collectability of accounts receivable. Other factors such as unexpected disruptions to business office operations or trends in federal or state governmental and private employer healthcare coverage could affect the ultimate collectability of accounts receivable balances. As a result, VUMC may be exposed to gains or losses in future periods that could affect the financial position and operating cash flows of the organization and may be material to its financial position, operating income, and cash flow from operations.

Inventories

VUMC reports inventories at the lower of cost or market, with cost being determined on the first-in, first-out method. Inventories consist primarily of medical supplies, surgical implants, and pharmaceuticals.

Restricted Cash

VUMC reports cash whose use is restricted at cost, which approximates fair value. The cash is primarily restricted for use in purchasing and constructing property, plant, and equipment and restricted cash associated with our self-insurance trust.

Investments

VUMC reports investments held at fair value in the consolidated balance sheets. Private credit investments, private equity investments, multi-strategy hedge funds, private real assets, and hedged equity funds are reported based on net asset value ("NAV"), provided by the respective fund manager, as a practical expedient to estimate fair value. VUMC records purchases and sales of securities on the trade dates, and realized gains and losses are determined based on the average historical cost of the securities sold. Interest income is recorded on the accrual basis and dividend income is recorded on the ex-dividend date. VUMC reports net receivables and payables arising from unsettled trades as a component of investments.

Property, Plant, and Equipment, Net

VUMC records purchases of property, plant, and equipment at cost and expenses repairs and maintenance costs as incurred. VUMC capitalizes interest cost incurred on borrowed funds during the period of construction of capital assets as a component of the cost of acquiring those assets. VUMC capitalizes donated assets at fair value on the date of donation.

Capitalized software for internal use is recorded during the application development stage. These costs include fees paid to third parties for direct costs of materials and services consumed in developing or obtaining the software that is hosted on premise, payroll-related costs, and capitalized interest costs. Costs for training and application maintenance in the post-implementation operation stage are expensed as incurred.

VUMC computes depreciation using the straight-line method over the estimated useful life of land improvements (generally 5 to 18 years), buildings and leasehold improvements (generally 2 to 45 years), and equipment (generally 2 to 20 years). Equipment costs also include capitalized internal-use software costs, which are expensed over the expected useful life, which is generally 3 to 12 years.

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Software for internal use is amortized on a straight-line basis over its estimated useful life. In determining the estimated useful life, management considers the effects of obsolescence, technology, competition, contract term, other economic factors, and rapid changes that may be occurring in the development of software products, operating systems, and computer hardware. Amortization begins once the software is ready for its intended use.

Implementation Costs Incurred on Hosting Arrangements

Implementation costs incurred on hosting arrangements are presented in other noncurrent assets on our consolidated balance sheets. The related capitalization policy is consistent with the policy described above for internal-use software. Once placed into service, these assets are amortized over the term of the associated subscription agreement. These assets largely consist of costs associated with the implementation of an enterprise resource planning system, which was placed into service in April 2023.

Impairment of Long-Lived Assets

VUMC reviews long-lived assets, such as property, plant, and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. VUMC measures the recoverability of assets to be held and used by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, VUMC recognizes an impairment charge to the extent the carrying amount of the asset exceeds its fair value.

Goodwill

Goodwill and other intangible assets whose lives are indefinite are not amortized and are evaluated for impairment at a reporting unit level at least annually, or when circumstances indicate a possible impairment may exist. In accordance with Accounting Standards Update ("ASU") 2021-03, an evaluation is performed to determine whether a goodwill impairment triggering event has occurred. If a triggering event is identified, a qualitative assessment is performed that considers factors such as the reporting unit fair value and carrying value, industry considerations, and performance outlook. If the qualitative assessment indicates that it is more likely than not that goodwill is impaired, a quantitative assessment is performed. The qualitative impairment analyses performed in Fiscal 2026 and 2025 did not identify a triggering event. Consequently, no goodwill impairment losses were recognized during the periods presented.

Long-Term Debt

The carrying value of VUMC's debt is the par amount adjusted for the net unamortized amount of debt issuance costs and bond premiums and discounts.

Self-Insurance Reserves

VUMC elects to self-insure a portion of its medical malpractice, other professional, and general liability coverage via an irrevocable self-insurance trust. For Fiscal 2026 and 2025, the maximum annual self-insurance retention was \$6.0 million per occurrence, up to \$46.0 million in the aggregate. Actuarial firms assist management in estimating expected losses on an annual basis, at which time VUMC records medical malpractice, other professional, and general liability expense within the limits of the program. These liabilities are classified as current or noncurrent based on the expected timing of cash flows and are measured at the net present value of those cash flows using a discount rate of 4.0% as of June 30, 2026 and 2025. For both Fiscal 2026 and 2025, VUMC obtained excess medical malpractice, other professional, and general liability coverage from commercial insurance carriers for claims exceeding the retention limits, up to \$175.0 million. These policies would also provide coverage up to \$175.0 million if any claims in the aggregate exceeded the retention limits.

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Employee Health and Workers' Compensation Insurance

VUMC also elects to self-insure for employee health and workers' compensation expenses. Actuarial firms assist management in estimating expected losses on an annual basis. The maximum retention for workers' compensation was \$1.0 million per occurrence for both Fiscal 2026 and 2025.

Income Taxes

VUMC is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from federal income taxes under Section 501(a) of the Code.

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses as a performance indicator. Excess of revenues over expenses includes all changes in net assets without donor restrictions, except for changes in noncontrolling interest holders' share of consolidated entities, net assets released from restrictions used for capital, and certain other items.

Statement of Cash Flows

For VUMC's consolidated statements of cash flows, cash, cash equivalents, and restricted cash is defined as those amounts included in cash and cash equivalents and restricted cash in the consolidated balance sheets. Cash equivalents included in investments are excluded from this definition.

Recent Accounting Pronouncements

Periodically, the FASB issues ASUs that may impact the recognition, measurement, and presentation of balances and activity in VUMC's consolidated financial statements or the disclosures contained within those statements. As part of preparing consolidated financial statements, VUMC evaluates the effects of the ASUs and applies the updated guidance within the required effective dates.

Not Yet Adopted

- In September 2025, the FASB issued ASU 2025-06, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*. The ASU modifies the requirements for capitalizing internal-use software costs, in addition to the disclosure of such costs. The ASU is effective for fiscal years beginning after December 15, 2027. VUMC is currently assessing the impact of this ASU on the consolidated financial statements.

3. Related Parties

On April 29, 2016, VUMC acquired the assets, liabilities, rights, and obligations of the clinical enterprise, post-graduate medical training programs, and clinically related research of the University's owned and operated Medical Center through the Acquisition.

The assets acquired and liabilities assumed from the Acquisition were detailed in a Master Transfer and Separation Agreement ("MTSA"). The MTSA contains the framework for the ongoing economic relationship between VUMC and the University. The relationship is memorialized in the form of an Academic Affiliation Agreement ("AAA"), a Trademark License Agreement ("TMLA"), a Ground Lease, and a Reciprocal Master Services Agreement ("MSA"). The agreements are described below.

- The AAA outlines the ongoing academic, research, and clinical affiliation between the University and VUMC for all the University's degree-granting, certificate, and research programs. The AAA allocates responsibility between the University and VUMC for jointly administered research and academic programs and is an exclusive agreement between VUMC and VU requiring VUMC to be organized, governed, and operated in a manner that supports VU's academic and research

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mission. The agreement provides that VU will be the exclusive academic affiliate of VUMC, and VUMC will be the exclusive clinical affiliate of VU.

- The AAA requires VUMC to pay VU an annual fee in equal monthly payments adjusted annually for inflation based upon the Biomedical Research and Development Price Index in perpetuity under certain mutually agreed-upon termination or default clauses. During Fiscal 2026 and 2025, VUMC recorded operating expense totaling \$91.5 million and \$88.4 million, respectively, in connection with fees due under the AAA.
- Under the TMLA, VU grants, subject to certain consents and approvals, a perpetual license to use various VU-owned licensed marks in connection with VUMC's fundamental activities after the Acquisition date. The licensed marks, which VUMC continues to use as its primary brands, include virtually all those previously in use by VUMC. This agreement requires VUMC to pay VU royalties consisting of a monthly payment equal to 1% of all operating revenue of VUMC and 15% of income from operations. During Fiscal 2026 and 2025, VUMC recorded operating expense totaling \$167.6 million and \$129.4 million, respectively, in connection with the 1% of operating revenue and 15% of operating income payments due under the TMLA. Also, VUMC is required to pay, in equal monthly installments, an annual TMLA base fee royalty, which increases 3% annually, but is also reduced by the amount of principal payments made under a subordinated note discussed in Note 11 Long-Term Debt. During Fiscal 2026 and 2025, VUMC recorded operating expense totaling \$75.6 million and \$73.3 million, respectively, in connection with this base fee royalty. In Fiscal 2018, VU sold its rights to future base fee royalty payments to a third party. In Fiscal 2019, VU sold its rights to future 1% of operating revenue payments to a third party. The TMLA is in force in perpetuity under certain mutually agreed-upon termination or default clauses.
- The Ground Lease is an agreement between VU and VUMC that allows VUMC to use the land on which VUMC's campus and related buildings are located. The initial term of the Ground Lease ends June 30, 2114, with the option to extend the lease for two additional terms of up to 50 to 99 years each with agreement between VU and VUMC. The lease covers 1.7 million square feet, or 38.75 acres, of space, payable monthly and adjusted annually based upon the Consumer Price Index ("CPI"). During Fiscal 2026 and 2025, VUMC recorded operating expense totaling \$24.7 million and \$24.1 million, respectively, in connection with fees due under the Ground Lease.
- The University and VUMC provide services to one another for agreed-upon consideration as outlined in the MSA. VU provides services to VUMC, such as information technology infrastructure support, utilities, and law enforcement staffing. VUMC provides various operational services for the University, such as a student health clinic and animal care. Additionally, the MSA encompasses an Employee Matters Agreement ("EMA") and specific Employee Service Agreements ("ESAs"). The EMA and ESAs govern employee transactions and ongoing sharing between VU and VUMC in various capacities, such as research, teaching, clinical, and other administrative services. Services under the MSA can be terminated by either party subject to predetermined cancellation notification periods. In connection with the MSA, during Fiscal 2026 and 2025, VUMC recognized revenue totaling \$49.9 million and \$49.7 million, respectively, and recorded operating expense totaling \$159.8 million and \$131.5 million, respectively.
- Also, as part of the Acquisition, VUMC issued to VU a \$100.0 million subordinated promissory note payable, which is further described in Note 11 Long-Term Debt, with a balance of \$49.6 million as of June 30, 2026, and \$54.6 million as of June 30, 2025. VU sold its rights to future principal and interest payments on this note to a third party.

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The impact of these agreements in the consolidated statements of operations during Fiscal 2026 and 2025 is as follows:

<i>(\$ in thousands)</i>	2026	2025
Operating revenues		
Academic and research revenue	\$ 16,147	\$ 16,221
Other operating revenue	33,713	33,459
Total operating revenues	<u>\$ 49,860</u>	<u>\$ 49,680</u>
Operating expenses		
Salaries, wages, and benefits	\$ 13,190	\$ 12,740
Facilities, equipment, and technology	72,010	66,821
Services and other	434,094	367,141
Interest	1,694	1,848
Total operating expenses	<u>\$ 520,988</u>	<u>\$ 448,550</u>

Other current assets include amounts receivable from VU, which totaled \$6.5 million as of June 30, 2026, and \$6.6 million as of June 30, 2025. Accounts payable and other accrued expenses include amounts payable to related parties, which totaled \$116.2 million and \$80.1 million as of June 30, 2026 and 2025, respectively.

In the normal course of business, members of VUMC's Board of Directors or VUMC employees may be directly or indirectly associated with companies engaged in business activities with VUMC. VUMC has a written conflict of interest policy that requires, among other things, that members of the VUMC community (including trustees) may not review, approve, or administratively control contracts or business relationships when (i) the contract or business relationship is between VUMC and a business in which the individual or a family member has a material financial interest, or (ii) the individual or a family member is an employee of the business and is directly involved with activities pertaining to VUMC.

Furthermore, VUMC's conflict of interest policy extends beyond the foregoing business activities in that disclosure is required for any situation in which an applicable individual's financial, professional, or other personal activities may directly or indirectly affect, or have the appearance of affecting, an individual's professional judgment in exercising any VUMC duty or responsibility, including the conduct or reporting of research.

The policy extends to all individual members of the VUMC community (including the Board of Directors; VUMC officials; and full-time, part-time, temporary faculty and staff). Each applicable person is required to certify compliance with the conflict of interest policy on an annual basis. This certification includes specifically disclosing whether VUMC conducts business with an entity in which he or she (or an immediate family member) has a material financial interest, as well as any other situation that could appear to present a conflict with VUMC's best interests.

When situations exist relative to the conflict of interest policy, VUMC takes active measures to appropriately manage the actual or perceived conflict in the best interests of VUMC, including periodic reporting of measures taken to the Audit and Compliance Committee of the Board of Directors.

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4. Patient Service Revenue, Patient Accounts Receivable, and Estimated Third-Party Settlements

The sources of patient service revenue by payor for Fiscal 2026 and 2025 are as follows:

<i>(\$ in thousands)</i>	2026	2025
Other third-party payors, primarily commercial carriers	\$ 5,149,474	\$ 4,467,588
Medicare/Managed Medicare	2,124,992	1,813,831
TennCare/Medicaid	1,133,399	1,083,751
Uninsured (self-pay)	79,229	78,917
	<u>\$ 8,487,094</u>	<u>\$ 7,444,087</u>

Patient accounts receivable comprises amounts due from the following sources as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Medicare/Managed Medicare	\$ 188,117	\$ 149,094
TennCare/Medicaid	122,304	91,090
Blue Cross	256,538	201,774
Other third-party payors, primarily commercial carriers	400,952	355,389
Patient responsibility ⁽¹⁾	71,591	66,648
Patient accounts receivable	<u>\$ 1,039,502</u>	<u>\$ 863,995</u>

⁽¹⁾ Includes self-pay after insurance.

Estimated third-party settlements by major payor category as of June 30, 2026 and 2025 are as follows:

<i>(\$ in thousands)</i>	2026	2025
Receivables under third-party programs		
TennCare directed payment	\$ 54,703	\$ 178,983
Tricare/Champus ⁽¹⁾	13,784	6,907
Total receivables under third-party programs	<u>\$ 68,487</u>	<u>\$ 185,890</u>
Liabilities under third-party programs		
TennCare/Medicaid	\$ 61,223	\$ 60,952
Medicare ⁽¹⁾	25,765	19,527
Total liabilities under third-party programs	<u>\$ 86,988</u>	<u>\$ 80,479</u>

⁽¹⁾ These two federal healthcare programs are combined for presentation purposes on the face of the consolidated balance sheets and are included in estimated liabilities under third-party programs in Fiscal 2026 and 2025.

Certain contracts require pay for performance or episode of care settlements whereby VUMC receives additional payment or pays a penalty based on its ability to achieve certain clinical measures or manage the cost of care for patients within various thresholds. VUMC estimates and accrues these adjustments in the period the related services are rendered and adjusts these estimates in future periods as settlements are finalized.

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Medicare

Amounts received under Medicare are subject to review and final determination by program intermediaries or their agents. Final settlements have been reached for program periods ended June 30, 2018. Final settlements have not been reached for subsequent years due to audit delays experienced with the Medicare Administrative Contractor, and thus, those periods remain subject to audit by program representatives.

TennCare

TennCare is a Medicaid managed care program implemented by the state of Tennessee to provide healthcare coverage to those patients eligible for Medicaid. The state of Tennessee has implemented a fully managed demonstration project under the authority of the Social Security Act, 42 CFR 431, section 1115(a)2, known as a Federal 1115 Waiver Program. VUMC privately contracts with each of the three TennCare managed care organizations ("MCOs") to provide clinical services to enrollees. VUMC receives inpatient reimbursement through payments that are primarily based on the Medicare severity diagnostic related group system ("MS-DRG") for these plans. VUMC receives outpatient payments generally based on an ambulatory payment classification system ("APC"), and/or a payor-developed fee schedule.

In addition to the fee for service payments described above, VUMC receives supplemental payments from TennCare. These payments support graduate medical education, charity care, and the unreimbursed costs of TennCare fee for service payments. Additionally, during Fiscal 2025, VUMC recognized \$82.9 million of directed payments as patient service revenue related to the services performed for the period July 1, 2024 through December 31, 2024.

Additionally, in Fiscal 2025, TennCare received approval to proceed with its Hospital Investment Program ("HIP"), which expands the Directed Payment Pool funding available to Tennessee hospitals and modifies the distribution methodology among those hospitals using an average commercial rate approach. In Fiscal 2025, VUMC recognized \$179.0 million of directed payments attributable to HIP for services rendered during the service period July 1, 2024 through June 30, 2025. In Fiscal 2026, VUMC recognized \$230.3 million for services rendered during the service period July 1, 2025 through June 30, 2026.

There is no assurance that these programs will be continued in their current structure or will not be materially modified in the future.

In Fiscal 2026 and 2025, patient service revenue includes the following supplemental amounts in each respective period from TennCare:

<i>(\$ in thousands)</i>	2026	2025
Directed payments	\$ 230,349	\$ 261,919
Charity pool	64,327	60,440
Graduate medical education	17,465	17,453
Trauma fund	1,896	1,955
Workforce development and other	1,012	978
Virtual disproportionate share	16,082	11,253
Total supplemental TennCare revenue	<u>\$ 331,131</u>	<u>\$ 353,998</u>

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5. Charity Care Assistance, Community Benefits, and Other Unrecovered Costs

VUMC maintains a policy which sets forth the criteria under which health care services are provided to patients who have minimal financial resources to pay for medical care. Additionally, VUMC provides other services that benefit the economically disadvantaged, for which little or no payment is expected.

Charity care is determined by examining patient and family income relative to the federal poverty guidelines. VUMC provides additional discounts based on the income level of the patient household using a sliding scale for those patients with a major catastrophic medical event not qualifying for full charity assistance. Tennessee law mandates that all uninsured patients receive a discount from billed charges for medically necessary services. These amounts are classified as charity care if the patient meets charity care criteria, for which no revenue is recorded, or are included as a part of price concessions.

VUMC maintains records to identify and monitor the level of charity care provided. These records include gross charges and patient deductibles, coinsurance and copayments forgone for services furnished under its charity care policy, and the estimated cost of those services. VUMC calculates a ratio of total costs to gross charges and then multiplies the ratio by forgone charity care charges in determining the estimated cost of charity care. The gross amount of forgone charity care revenue in Fiscal 2026 and 2025 totals \$987.8 million and \$883.3 million, respectively. The estimated cost of providing care to charity patients in Fiscal 2026 and 2025 totals \$252.4 million and \$237.2 million, respectively.

In addition to the charity care services described above, TennCare/Medicaid and state indigent programs do not cover the full cost of providing care to beneficiaries of those programs. As a result, in addition to direct charity care costs, VUMC provided services related to TennCare/Medicaid and state indigent programs and was reimbursed substantially below the cost of rendering such services. VUMC also provides public health education and training for new health professionals and provides, without charge, services to the community at large for many patients with special needs.

6. Academic and Research Revenue

Academic and research revenue comprises the following for Fiscal 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Grants and contracts revenue		
Federally funded	\$ 376,563	\$ 446,462
Non-federally funded	139,730	114,703
	516,293	561,165
Facilities and administrative costs recovery	201,984	203,502
Total grants and contracts revenue	718,277	764,667
Other academic and research revenue	67,737	64,945
Academic and research revenue	<u>\$ 786,014</u>	<u>\$ 829,612</u>

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7. Pledges Receivable, Net

Pledges receivable, net of applied discounts and allowance for uncollectible pledges, as of June 30, 2026 and 2025, were as follows:

<i>(\$ in thousands)</i>	2026	2025
Amounts due		
Within one year	\$ 13,405	\$ 12,873
In one to five years	26,302	23,334
Total pledges receivable	39,707	36,207
Unamortized discount	(1,293)	(1,087)
	38,414	35,120
Allowance for uncollectible pledges	(5,956)	(5,431)
Net pledges receivable	<u>\$ 32,458</u>	<u>\$ 29,689</u>
Net pledges receivable classified as		
Current	\$ 9,771	\$ 8,728
Noncurrent	22,687	20,961
	<u>\$ 32,458</u>	<u>\$ 29,689</u>

In addition to pledges reported as pledges receivable, VUMC had cumulative bequest intentions and conditional promises to give totaling \$187.2 million and \$176.5 million as of June 30, 2026 and 2025, respectively. Due to their conditional nature, VUMC does not recognize intentions to give as assets. Pledges receivable are presented in other current assets and other noncurrent assets on our consolidated balance sheets, as shown in Note 8 Other Relevant Financial Information.

8. Other Relevant Financial Information

Other current assets comprise the following as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Prepaid expenses	\$ 45,128	\$ 40,888
Other receivables	56,088	58,348
Amounts due from VU (see Note 3 Related Parties)	6,466	6,614
Current pledges receivable, net (see Note 7 Pledges Receivable, Net)	9,771	8,728
Expected recoveries from commercial insurance excess coverage	8,828	4,718
Total other current assets	<u>\$ 126,281</u>	<u>\$ 119,296</u>

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Other noncurrent assets comprise the following as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Equity in unconsolidated organizations	\$ 26,166	\$ 79,103
Noncurrent pledges receivable, net (see Note 7 Pledges Receivable, Net)	22,687	20,961
Implementation costs incurred on hosting arrangements	35,531	39,401
Other	26,587	13,843
Total other noncurrent assets	<u>\$ 110,971</u>	<u>\$ 153,308</u>

Implementation costs incurred on hosting arrangements include accumulated amortization of \$14.5 million and \$9.8 million as of June 30, 2026 and 2025, respectively. Amortization expense amounted to \$4.7 million and \$4.5 million for Fiscal 2026 and 2025, respectively. Amortization expense for each of the next five years is approximately \$4.8 million.

Other operating revenue comprises the following for Fiscal 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Clinical contracts	\$ 73,533	\$ 70,584
Amounts recognized under MSA with VU (see Note 3 Related Parties)	33,713	33,459
Nonclinical contracts	38,845	29,249
VHS other revenue	28,792	27,420
Café and gift shop sales	11,820	10,913
Resident and house staff rotations	10,186	9,905
Shared savings revenue	8,691	9,517
Study residuals	13,959	8,182
Parking revenue	7,358	7,858
Academic cores and contracts	4,123	4,983
Other	28,873	28,597
Total other operating revenue	<u>\$ 259,893</u>	<u>\$ 240,667</u>

9. Investments

VUMC investments are made up of current investments, restricted cash, noncurrent investments, and noncurrent investments limited as to use on the face of the consolidated balance sheets. VUMC investments include assets limited as to use related to the following specified purposes as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Self-insurance trust	\$ 68,725	\$ 60,244
Donor endowments	243,895	177,056
Split-interest trusts	10,342	10,319
Supplemental executive retirement program assets	16,637	13,431
	<u>\$ 339,599</u>	<u>\$ 261,050</u>

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VUMC's endowment does not include gift annuities, interests in trusts held by others, contributions pending donor designation, or contributions receivable.

The Board of Directors' interpretation of its fiduciary responsibilities for donor-restricted endowments under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requirements is to preserve intergenerational equity, barring the existence of any donor-specific provisions. Under this broad guideline, future endowment beneficiaries should receive at least the same level of real economic support as the current generation. The overarching objective is to preserve and enhance the real (inflation-adjusted) purchasing power of the endowment in perpetuity. VUMC invests assets to provide a relatively predictable and stable stream of earnings to meet spending needs and attain long-term return objectives without the assumption of undue risks.

Self-insurance trust – VUMC elects to self-insure a portion of its medical malpractice, other professional, and general liability coverage via an irrevocable self-insurance trust.

Donor endowments – Donor-restricted gifts where the principal amount is to be held in perpetuity. Distributions of earnings are restricted for use according to the donor's intent, as specified in a gift agreement. Donor endowments typically benefit specific programs in clinical departments of the Medical Center for either research, directorships, or general program support.

Split-interest trusts – Trusts established by donors where VUMC is named as beneficiary. Depending on the terms of the trust, VUMC may receive periodic distributions, and potentially a principal amount at some point in the future. Like donor endowments, split-interest trusts typically benefit specific programs as defined in the terms of the trust.

Supplemental executive retirement program assets – Assets set aside to fulfill obligations as they come due according to the terms of the retirement program.

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Investments were as follows as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Corporate bonds	\$ 476,187	\$ 522,064
Equity mutual funds	600,030	193,142
Cash and cash equivalents	142,300	334,271
Split-interest trusts	10,342	10,319
Hedged equity mutual funds	830	20,354
Fixed income mutual funds	302,493	178,857
Mortgage-backed securities	158,218	177,756
Government bonds	252,883	131,733
Hedged debt mutual funds	29,783	46,189
Commodities and managed futures mutual funds	24,054	15,952
Target date mutual funds	13,034	10,439
Equity securities	267,219	174,910
Total investments reported at fair value	2,277,373	1,815,986
Private credit	38,626	18,549
Private equity	118,060	67,113
Multi-strategy hedge funds	53,174	48,960
Private real assets	45,727	40,836
Hedged equity funds	46,598	38,872
Total investments reported at net asset value	302,185	214,330
Total investments	<u>\$ 2,579,558</u>	<u>\$ 2,030,316</u>

Investment returns comprise the following elements for Fiscal 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Interest and dividend income	\$ 88,341	\$ 76,266
Net realized gains on sales of securities	21,763	5,219
Realized investment gains	110,104	81,485
Unrealized investment gains, net	114,834	69,370
Total investment returns	224,938	150,855
Investment manager, trustee, and other fees	1,525	1,509
Restricted investment income	(33,961)	(15,530)
Total income from investments, net	<u>\$ 192,502</u>	<u>\$ 136,834</u>

VUMC has exposure to risks, including liquidity, interest rate, counterparty, basis, regulatory, market, and credit risks, for marketable securities. Due to the level of risk exposure, it is possible that material near-term valuation changes for investment securities may occur.

VUMC manages all investments, including endowments, in various investment pools.

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10. Property, Plant, and Equipment, Net

Property, plant, and equipment, net comprise the following as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Land and land improvements	\$ 76,302	\$ 53,122
Buildings and improvements	2,283,644	1,614,318
Equipment and software	1,337,472	1,113,399
Leasehold improvements	247,902	244,036
Construction in progress	323,825	518,791
Property, plant, and equipment at cost	4,269,145	3,543,666
Accumulated depreciation and amortization	(1,527,262)	(1,291,965)
Property, plant, and equipment, net	<u>\$ 2,741,883</u>	<u>\$ 2,251,701</u>

As part of the MTSA, VUMC acquired land and land improvements and buildings and improvements which are not allowed to be repurposed without the express consent of VU.

In Fiscal 2026 and 2025, VUMC capitalized interest of \$23.1 million and \$27.2 million, respectively, related to long-term capital projects, primarily the VUH bed tower, the VUH kitchen renovation, LifeFlight air ambulances, and VUH Cath lab renovation in Fiscal 2026.

Property, plant, and equipment, net balances above include the following amounts related to capitalized internal-use software:

<i>(\$ in thousands)</i>	2026	2025
Equipment and software	\$ 247,220	\$ 230,201
Construction in progress	9,595	9,387
	256,815	239,588
Accumulated amortization	(171,987)	(150,734)
Internal-use software, carrying value	<u>\$ 84,828</u>	<u>\$ 88,854</u>

Depreciation and amortization comprise the following amounts in Fiscal 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Depreciation of tangible assets	\$ 204,853	\$ 174,931
Amortization of finance leases, leasehold improvements, and internal-use software	41,995	45,591
Total depreciation and amortization	<u>\$ 246,848</u>	<u>\$ 220,522</u>

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11. Long-Term Debt

Long-term debt comprises the following as of June 30, 2026 and 2025:

(\$ in thousands)	<u>2026</u> <u>Carrying</u> <u>Amount</u>	<u>2025</u> <u>Carrying</u> <u>Amount</u>	<u>Effective</u> <u>Interest</u> <u>Rate⁽¹⁾</u>	<u>Fiscal</u> <u>Year of</u> <u>Maturity</u>
Series debt				
Fixed-rate debt				
Series 2016A	\$ —	\$ 476,930	6.7%	2047
Series 2016B	—	300,000	6.6%	2027
Series 2017A	121,270	121,270	4.2%	2049
Series 2017	100,000	100,000	4.2%	2038
Series 2021A	57,860	57,860	1.8%	2032
Series 2021B	237,565	237,565	3.2%	2053
Series 2023A	145,145	145,145	4.3%	2034
Series 2024A	411,290	411,290	3.1%	2035
Series 2026B	1,092,380	—	2.9%	2046
Series 2026C	200,000	—	3.5%	2032
Total fixed-rate debt	<u>2,365,510</u>	<u>1,850,060</u>		
Variable-rate debt				
Series 2016F	12,985	15,345	4.4%	2042
Series 2021C	50,000	50,000	4.6%	2047
Series 2022B	70,500	70,500	3.2%	2056
Series 2025A	193,885	193,885	3.0%	2055
Total variable-rate debt	<u>327,370</u>	<u>329,730</u>		
Total series debt	<u>2,692,880</u>	<u>2,179,790</u>		
Other long-term debt				
2019 Term Loan	33,095	34,065	4.5%	2050
2019 Notes	128,600	128,600	3.9%	2055
Subordinated note payable	49,583	54,583	3.2%	2036
Product financing arrangement	1,731	6,818	5.6%	2027
Finance leases	12,241	12,581	4.2%	Various
Other	—	2,575	0.0%	2026
Total other long-term debt	<u>225,250</u>	<u>239,222</u>		
Subtotal	<u>2,918,130</u>	<u>2,419,012</u>		
Net unamortized premiums	150,374	103,349		
Net unamortized issuance costs	<u>(13,435)</u>	<u>(14,083)</u>		
Total long-term debt	<u>3,055,069</u>	<u>2,508,278</u>		
Current portion of long-term debt	<u>(14,838)</u>	<u>(19,428)</u>		
Long-term debt, net of current portion	<u>\$ 3,040,231</u>	<u>\$ 2,488,850</u>		

⁽¹⁾ The effective interest rate for each debt instrument is calculated by dividing each instrument's interest expense by the weighted average debt outstanding, and where applicable, interest expense is reduced by premium amortization and increased by original issue discount amortization. Interest rates per the agreements are detailed in the accompanying notes.

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On April 29, 2016, VUMC issued the Series 2016 bonds. The bonds were issued by the Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee ("HEFB"). As a conduit issuer, the HEFB loaned the debt proceeds to VUMC. VUMC's debt service requirements under these loan agreements coincide with required debt service of the actual HEFB bonds.

- The Series 2016A tax-exempt fixed-rate revenue bonds were issued in the par amount of \$476.9 million and include an original issue premium of \$59.6 million. The Series 2016A bonds have a final maturity date of July 1, 2046, and can be optionally redeemed at par on or after July 1, 2026. The Series 2016A bonds bear interest at 5% per annum and pay interest semiannually on July 1 and January 1. The Series 2016A bonds were extinguished during Fiscal 2026.
- The Series 2016B taxable fixed-rate revenue bonds were issued in the par amount of \$300 million, bearing interest at 4.1% per annum. Interest is paid semiannually on July 1 and January 1, and has a bullet maturity of July 1, 2026. The Series 2016B bonds were extinguished during Fiscal 2026.
- The Series 2016F taxable variable-rate revenue bonds were issued in the par amount of \$75 million and were placed privately with a bank. During Fiscal 2018, \$53.1 million of the Series 2016F bonds were extinguished. During Fiscal 2022, the Series 2016F taxable variable-rate revenue bonds were modified and the renegotiated interest rate is a variable-rate mode at a fixed spread to SOFR of 0.8%. The remaining principal has a mandatory tender date of December 1, 2028. Beginning on July 1, 2022, VUMC began paying required annual principal payments ranging from \$2.1 million to \$2.7 million. The remaining \$5.3 million of principal is due on December 1, 2028.

On July 26, 2017, the Series 2017A Tax-Exempt and Series 2017 Taxable Corporate Bonds were issued. The Series 2017A Tax-Exempt Revenue Bonds were issued by the HEFB. The Series 2017 Taxable Bonds were a corporate issue with VUMC as the issuer.

- The Series 2017A tax-exempt fixed-rate revenue bonds were issued in the par amount of \$121.3 million and include an original issue premium of \$5.1 million. The final maturity date is July 1, 2048, and optional redemption at par can occur on or after July 1, 2027. The Series 2017A bonds bear interest at 4.4% per annum and pay interest semiannually on July 1 and January 1.
- The Series 2017 taxable fixed-rate corporate bonds were issued in the par amount of \$100.0 million, bearing interest at 4.2% per annum. Interest is paid semiannually on July 1 and January 1, and the bonds have a final maturity date of July 1, 2037.

On July 30, 2019, VUMC entered into a term loan agreement with a lender for \$35 million. The interest rate was modified during Fiscal 2023 to SOFR plus a fixed spread of 0.60%. VUMC has the option to prepay all or a portion of the loan at any time, subject to notice. The 2019 loan is subject to principal amortization commencing on July 1, 2024 and ending July 1, 2049, as defined in the 2019 loan agreement between VUMC and the lender.

On October 22, 2019, the 2019 Taxable Fixed Private Placement Notes aggregating \$128.6 million of proceeds were issued for the purpose of refinancing existing debt and paying a portion of the costs of issuance associated with the 2019 Notes. The 2019 Notes were placed privately with a bank, and bear interest at a fixed rate of 3.9% per annum. The notes have a final maturity date of July 1, 2054.

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On November 4, 2021, the Series 2021A Tax-Exempt and Series 2021B Taxable Revenue Bonds were issued by the HEFB. On December 1, 2021, the Series 2021C Taxable Revenue Bonds were issued by the HEFB.

- The Series 2021A tax-exempt fixed-rate revenue bonds were issued in the par amount of \$57.9 million and include an original issue premium of \$16.2 million. The Series 2021A bonds have a bullet maturity of July 1, 2031, and can be optionally redeemed at par on or after January 1, 2031. The Series 2021A bonds bear interest at 5% per annum and pay interest semiannually on July 1 and January 1.
- The 2021B taxable fixed-rate revenue bonds were issued in the par amount of \$237.6 million, bearing interest at 3.2% per annum, which is paid semiannually on July 1 and January 1. The 2021B bonds have a final maturity of July 1, 2052 and are subject to mandatory sinking fund redemption in lots. VUMC is entitled, at its option, to redeem all or a portion of the Series 2021B bonds before January 1, 2052, at a redemption price, which equals the greater of (i) 100% of the remaining outstanding principal and (ii) the net present value of the remaining scheduled principal and interest payments to the original maturity date, using a discount rate of 0.20% above rates for U.S. Treasury securities with comparable maturities.
- The 2021C taxable variable-rate revenue bonds were issued in the par amount of \$50 million and were placed privately with a bank. The interest rate was modified during Fiscal 2023 to SOFR plus a fixed spread of 0.63%. The bonds have a final maturity date of July 1, 2046, a tender date of December 1, 2027, and may be redeemed at any time. Proceeds from the issuance of the Series 2021C bonds were used to extinguish the Series 2017B notes.

On December 7, 2022, the Series 2022B Tax-Exempt Revenue Bonds were issued by the HEFB in the par amount of \$70.5 million. The bonds bear interest at SIFMA plus a fixed spread of 0.67%.

On November 8, 2023, the Series 2023A Tax-Exempt Revenue Bonds were issued by the HEFB in the par amount of \$145.1 million and include an original issue premium of \$6.1 million. The Series 2023A bonds bear interest at 5% per annum and pay interest semiannually on July 1 and January 1.

On October 29, 2024, the Series 2024A Tax-Exempt Revenue Bonds were issued by the HEFB in the par amount of \$411.3 million and include an original issue premium of \$48.1 million. The Series 2024A bonds bear interest at 5% per annum and pay interest semiannually on July 1 and January 1.

On June 25, 2025, the Series 2025A Tax-Exempt Revenue Bonds were issued by the HEFB in the par amount of \$193.9 million. The Series 2025A bonds bear interest at SIFMA plus a fixed spread of .55% per month.

On January 30, 2026, VUMC entered into a short-term loan agreement with a lender for \$600 million. The loan was repaid on April 21, 2026 with the Series 2026B Tax-Exempt Revenue Bonds.

On April 21, 2026, the Series 2026B Tax-Exempt Revenue Bonds and Series 2026C Taxable Revenue Bonds were issued. The Series 2026B Tax-Exempt Revenue Bonds were issued by the HEFB. The Series 2026C Taxable Revenue Bonds were issued through a private placement.

- The Series 2026B tax-exempt fixed-rate revenue bonds were issued in the par amount of \$1,092.4 million and include an original issue premium of \$98.2 million. The Series 2026B bonds have a final maturity date of July 1, 2046. The Series 2026B bonds bear interest at 5% per annum and pay interest semiannually on July 1 and January 1.

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- The 2026C1 and 2026C2 taxable fixed-rate revenue bonds were issued in the par amount of \$100 million each, bearing interest at 4.27% and 4.62% per annum, respectively, which is paid semiannually on July 1 and January 1. The 2026C1 bonds have a final maturity of July 2, 2029 and the 2026C2 bonds have a final maturity of July 1, 2032.

Each of the bonds, notes, and loans represent separate obligations under a Master Trust Indenture (“MTI”) structure. The MTI provides the flexibility for multiple parties to participate in debt issuances as part of an obligated group; presently, VUMC has no other third-party members participating in the obligated group. All debt issued under the MTI is a general obligation of the obligated group. Under the provisions of the Leasehold Deed of Trust, Security Agreement, Assignment of Rents and Leases, and Fixture Filing (the “Security Agreement”) within the MTI, gross receivables of the obligated group are pledged as collateral. Additionally, the Security Agreement established a mortgage lien on (i) the leasehold interest of the land subject to the Ground Lease; (ii) the buildings, structures, improvements, and fixtures now or hereafter located on the land subject to the Ground Lease; and (iii) certain other collateral.

Trust indentures for certain bond issues contain covenants and restrictions, the most material of which include limitations on the issuance of additional debt, maintenance of a specified debt service coverage ratio, and a minimum amount of days cash on hand. VUMC complied with such covenants and restrictions as of June 30, 2026 and 2025.

On April 29, 2016, VUMC delivered a secured subordinated promissory note in the amount of \$100 million to VU to finance the Acquisition (the “subordinated note”). In July of 2018, VU sold its rights to future principal and interest payments on this note to a third party. The note was issued at a fixed rate of 3.25% with monthly principal payments totaling \$5 million annually commencing on May 31, 2016, for a period of 20 years ending on April 30, 2036. VUMC may, at any time and from time to time, without premium or penalty, prepay all or any portion of the unpaid principal amount of the subordinated note. This note is secured by the gross receivables and mortgaged property described in the Security Agreement subject to the requirements of the 2016 Series Debt and the MTI.

As part of the Acquisition, VUMC assumed a 10-year, unsecured, noninterest-bearing product financing arrangement with a vendor for the purchase and implementation of internal-use software. The annual payment of \$5.3 million is payable in monthly installments, is considered principal and imputed interest, and continues through Fiscal 2027. The balance due under the Product Financing Arrangement is \$1.7 million and \$6.8 million as of June 30, 2026 and 2025, respectively. At June 30, 2026, the remaining balance due under this arrangement is presented in current portion of long-term debt in the consolidated balance sheet. At June 30, 2025, \$5.1 million was included in current portion of long-term debt, with the remaining balance in long-term debt, net of current portion in the consolidated balance sheet.

In Fiscal 2026 and 2025, noncash investing and financing activities totaled \$4.5 million and \$8.5 million, respectively, related to finance leases.

VUMC has an agreement with a bank to provide a general use line of credit with a maximum available commitment totaling \$100 million, which bears interest at a fixed spread to SOFR of 0.50%, accrues a commitment fee of 0.10% on any unused portion of the line of credit, and has a maturity date of March 30, 2027.

During Fiscal 2025, VUMC entered into a \$250 million syndicate credit agreement, which bears interest at a fixed spread to SOFR of 0.60%, accrues an unused commitment fee of 0.11% on any unused portion, and has a maturity date of May 5, 2028. This agreement has a \$200 million accordion

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feature which allows VUMC to request additional capacity at current market rates. The agreement allows for letters of credit of up to \$10 million with a fronting fee of 0.12%. There is one outstanding letter of credit totaling \$0.3 million as of June 30, 2026 and June 30, 2025.

There are no outstanding balances on lines of credit as of June 30, 2026 or 2025. Commitment fees for the lines of credit totaled \$0.5 million in Fiscal 2026 and Fiscal 2025.

Interest paid on all obligations, net of amounts capitalized, was \$96.9 million and \$60.4 million in Fiscal 2026 and 2025, respectively.

In accordance with ASC 470-50, VUMC recognized a gain of \$32.7 million on the early extinguishment of debt. This gain is reported in nonoperating gains and losses in the consolidated statement of operations for the year ended June 30, 2026.

Principal retirements and scheduled sinking fund requirements based on maturity schedules for long-term debt due in subsequent fiscal years ending June 30 are as follows:

(\$ in thousands)

2027	\$ 14,838
2028	18,961
2029	102,015
2030	439,987
2031	37,510
Thereafter	2,304,819
	<u>\$ 2,918,130</u>

12. Leases

VUMC has operating and finance leases for real estate, personal property, and equipment. VUMC determines whether an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded in the consolidated balance sheets.

VUMC has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, VUMC elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases, (ii) the lease classification for any expired or existing leases, and (iii) initial direct costs for any existing leases.

Right-of-use assets represent VUMC's right to use an underlying asset during the lease term, and lease liabilities represent VUMC's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. VUMC's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of VUMC's operating leases do not provide an implicit rate, VUMC uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. VUMC considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Operating fixed lease expense and finance lease depreciation expense are recognized on a straight-line basis over the lease term. Variable lease costs consist primarily of common area maintenance and other index adjustments.

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Operating and finance lease right-of-use assets and lease liabilities as of June 30, 2026 and 2025, are as follows:

(\$ in thousands)	Balance Sheet Classification	2026	2025
Assets:			
Operating leases	Operating leases	\$ 985,705	\$ 977,305
Finance leases	Property, plant, and equipment, net	13,072	13,067
Total lease assets		<u>\$ 998,777</u>	<u>\$ 990,372</u>
Liabilities:			
Current:			
Operating leases	Current portion of operating lease liabilities	\$ 86,717	\$ 82,480
Finance leases	Current portion of long-term debt	4,647	3,446
Noncurrent:			
Operating leases	Noncurrent portion of operating lease liabilities	936,722	931,210
Finance leases	Long-term debt, net of current portion	7,594	9,135
Total lease liabilities		<u>\$ 1,035,680</u>	<u>\$ 1,026,271</u>
Weighted-average remaining term:			
Operating leases		48.5 years	49.7 years
Finance leases		3.6 years	4.4 years
Weighted-average discount rate:			
Operating leases		4.2%	4.1%
Finance leases		5.0%	4.8%

Included in the tables above is the Ground Lease with VU expiring in 2114 discussed below. Excluding this lease, the weighted average remaining lease term for VUMC's operating leases is 12.1 years as of June 30, 2026, and 12.8 years as of June 30, 2025. As of June 30, 2026 and 2025, the land lease comprises \$486.3 million and \$486.9 million, respectively, of the operating lease asset and \$488.9 million and \$489.6 million, respectively, of the operating lease liability detailed above.

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Lease expense for finance and operating leases for the years ended June 30, 2026 and 2025, are as follows:

<i>(\$ in thousands)</i>	2026	2025
Finance lease expense:		
Amortization of leased assets	\$ 4,569	\$ 5,582
Interest on lease liabilities	698	445
Operating lease expense ⁽¹⁾	126,135	122,471
Short-term lease expense ⁽¹⁾	4,726	4,494
Variable lease expense ⁽¹⁾	20,466	18,416
	<u>\$ 156,594</u>	<u>\$ 151,408</u>

⁽¹⁾ Expense is included in facilities, equipment, and technology in the consolidated statements of operations.

The following table presents supplemental cash flow information for the years ended June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 121,743	\$ 110,744
Operating cash flows for finance leases	\$ 698	\$ 445
Financing cash flows for finance leases	\$ 4,876	\$ 6,000
Lease assets obtained in exchange for new operating lease liabilities	\$ 85,951	\$ 109,792
Lease assets obtained in exchange for new finance lease liabilities	\$ 4,574	\$ 8,522

The following table reconciles the undiscounted minimum lease payments to the operating and financing lease liabilities recorded in the consolidated balance sheet at June 30, 2026:

<i>(\$ in thousands)</i>	Operating Leases	Finance Leases
2027	\$ 120,470	\$ 5,121
2028	108,987	2,920
2029	94,304	2,469
2030	86,862	1,737
2031	67,868	829
Thereafter	1,975,798	455
Total minimum lease payments	2,454,289	13,531
Less: amount of lease payments representing interest	(1,430,850)	(1,290)
Present value of future minimum lease payments	1,023,439	12,241
Less: current lease obligations	(86,717)	(4,647)
Long-term lease obligations	<u>\$ 936,722</u>	<u>\$ 7,594</u>

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Essential provisions of leases considered by management to be material are as follows:

- On April 29, 2016, VUMC entered into a Ground Lease with VU for approximately 1.7 million square feet of land for an initial term ending June 30, 2114, and an option to extend for up to two additional terms of 50 to 99 years each upon agreement by VU and VUMC. The annual base rent is payable monthly, and is CPI adjusted annually. VUMC made rental payments totaling \$24.7 million and \$24.1 million in Fiscal 2026 and 2025, respectively. The Ground Lease allows VUMC to use the land on which its campus and related buildings are located. Included in the table above are \$1.7 billion in ground lease payments representing future minimum rentals based on the initial annual base rent of \$19.4 million, excluding annual CPI adjustments.
- In July 2007, VU entered into an agreement to lease approximately 50% of the space in the 850,000 square foot One Hundred Oaks shopping center located approximately five miles from the main campus ("100 Oaks Lease"). VU redeveloped this leased space primarily for medical and office uses. In October 2014, VU agreed to an amendment which extends the original lease term to November 30, 2035, with an option to renew the lease further for four additional 10-year periods. As part of the lease agreement, the lessee also has first rights on leasing additional space in the shopping center and first rights on purchasing if the landlord desires to sell. On April 29, 2016, the 100 Oaks Lease was assigned to VUMC. On June 10, 2023, the lease was amended to add an additional 84,750 square feet of leased space within the facility. VUMC included minimum property rental payments totaling \$90.3 million related to this space in the above minimum lease payments table.
- On April 29, 2016, VU assigned to VUMC a lease for approximately 231,000 square feet of office space at 2525 West End Avenue with expiration dates ranging from 2026 through 2030, with options to renew for two additional five-year periods. VUMC included minimum lease payments totaling \$38.8 million related to this space in the above minimum lease payments table.
- On April 29, 2016, VUMC and VU entered into certain lease agreements for the use of space in buildings separately owned by each entity. In May 2026, the lease agreements with VU were extended for a period of 10 years, with an expiration date of June 30, 2036. As of June 30, 2026, VUMC's estimated future minimum lease payments to VU totaled \$51.2 million. Estimated future lease receipts from VU for the fiscal year ended June 30, 2027 are \$8.7 million, subject to annual renewal.
- On November 1, 2022, VUMC entered into a lease agreement for office space at 431 Great Circle Road, located approximately five miles from the main campus. The lease provided for initial occupancy of approximately 94,000 square feet, with occupancy of an additional 16,000 square feet of space commencing on February 16, 2023, for a total of 110,000 square feet. The lease expiration date is October 31, 2042. VUMC included minimum lease payments totaling \$41.9 million related to this space in the above minimum lease payments table.
- On June 1, 2024, VUMC entered into a lease agreement for a building at 402 Franklin Road approximately 12 miles from the main campus. VUMC intends to redevelop this leased space for medical and office uses. The lease provided for initial occupancy of approximately 347,515 square feet. The lease expiration date is May 31, 2054. VUMC included minimum lease payments totaling \$275.2 million related to this space in the above minimum lease payments table.

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Notes to Consolidated Financial Statements
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13. Net Assets

Net asset restrictions relate to the following purposes as of June 30, 2026 and 2025:

<i>(\$ in thousands)</i>	2026	2025
Donor-restricted – time or purpose		
Property, plant, and equipment	\$ 34,592	\$ 30,639
Research and education	198,587	186,618
Operations	46,616	22,654
Total donor-restricted – time or purpose	<u>\$ 279,795</u>	<u>\$ 239,911</u>
Donor restricted – perpetuity		
Research and education	<u>\$ 198,799</u>	<u>\$ 179,004</u>

Net assets without donor restrictions are free of donor-imposed restrictions. This classification includes all revenues, gains, and losses not restricted by donors. VUMC reports all expenditures in net assets without donor restrictions since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.

Donor restricted – time or purpose contain donor-imposed stipulations that expire with the passage of time or that can be satisfied by the action of VUMC. These net assets may include restricted gifts including unconditional pledges, split-interest agreements, interests in trusts held by others, and accumulated appreciation on donor-restricted endowments not yet appropriated by the Board of Directors for distribution. Donor gifts that are restricted for funding capital projects are considered released from restriction once related capital expenditures have been made and the asset is placed in service.

Donor restricted – perpetuity contains amounts held in perpetuity as requested by donors. These net assets may include unconditional pledges, donor-restricted endowments, split-interest agreements, and interests in trusts held by others. Generally, the donors of these assets permit VUMC to use a portion of the income earned on related investments for specific purposes.

UPMIFA specifies that unless stated otherwise in a gift instrument, donor-restricted assets in an endowment fund are restricted assets until appropriated for expenditure. Barring the existence of specific instructions in gift agreements for donor-restricted endowments, VUMC reports the historical value of such endowments as donor restricted – perpetuity and the net accumulated appreciation as donor restricted – time or purpose. In this context, the historical value represents the original value of initial contributions restricted as permanent endowments plus the original value of subsequent contributions and, if applicable, the value of accumulations made in accordance with the direction of specific donor gift agreements.

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
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14. Fair Value Measurements

Fair value measurements represent the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date. VUMC utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that VUMC has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the assets or liabilities, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect VUMC's assumptions about the inputs market participants would use in pricing the asset or liability, including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances and may include VUMC's own data.

For financial instruments measured at fair value on a recurring basis, the following tables summarize valuation hierarchy levels as of June 30, 2026 and 2025, determined by the nature of the financial instrument and the least observable input significant to the fair value measurement:

Fair Value Measurements as of June 30, 2026				
<i>(\$ in thousands)</i>	Level 1	Level 2	Level 3	Total Carrying Amount
Corporate bonds	\$ —	\$ 476,187	\$ —	\$ 476,187
Equity mutual funds	426,183	173,847	—	600,030
Cash and cash equivalents	142,300	—	—	142,300
Split-interest trusts	—	10,342	—	10,342
Hedged equity mutual funds	—	830	—	830
Fixed-income mutual funds	54,515	247,978	—	302,493
Mortgage-backed securities	—	158,218	—	158,218
Government bonds	—	252,883	—	252,883
Hedged debt mutual funds	—	29,783	—	29,783
Commodities mutual funds	24,054	—	—	24,054
Target date mutual funds	—	13,034	—	13,034
Equity securities	267,219	—	—	267,219
Total assets in the fair value hierarchy	<u>\$ 914,271</u>	<u>\$ 1,363,102</u>	<u>\$ —</u>	<u>\$ 2,277,373</u>
Investments measured at net asset value				<u>302,185</u>
Total assets reported at fair value				<u><u>\$ 2,579,558</u></u>

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
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Fair Value Measurements as of June 30, 2025				
<i>(\$ in thousands)</i>	Level 1	Level 2	Level 3	Total Carrying Amount
Corporate bonds	\$ —	\$ 522,064	\$ —	\$ 522,064
Equity mutual funds	71,055	122,087	—	193,142
Cash and cash equivalents	334,271	—	—	334,271
Split-interest trusts	—	10,319	—	10,319
Hedged equity mutual funds	—	20,354	—	20,354
Fixed-income mutual funds	40,047	138,810	—	178,857
Mortgage-backed securities	—	177,756	—	177,756
Government bonds	—	131,733	—	131,733
Hedged debt mutual funds	—	46,189	—	46,189
Commodities and managed futures mutual funds	5,400	10,552	—	15,952
Target date mutual funds	—	10,439	—	10,439
Equity securities	174,910	—	—	174,910
Total assets in the fair value hierarchy	<u>\$ 625,683</u>	<u>\$ 1,190,303</u>	<u>\$ —</u>	<u>\$ 1,815,986</u>
Investments measured at net asset value				214,330
Total assets reported at fair value				<u>\$ 2,030,316</u>

Certain of the investments are reported using a calculated NAV per share. These investments are not expected to be sold at amounts that are materially different from NAV. The following tables identify attributes relating to the nature and risk of investments for which fair value is determined using a calculated NAV as of June 30, 2026 and 2025:

June 30, 2026				
<i>(\$ in thousands)</i>	Carrying Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private credit ⁽¹⁾	\$ 38,626	\$ 1,459	None	None
Private equity ⁽²⁾	118,060	28,800	None	None
Multi-strategy hedge funds ⁽³⁾	53,174	—	Quarterly	60-95 Days
Private real assets ⁽⁴⁾	45,727	—	Semi-annual	90 Days
Hedged equity funds ⁽⁵⁾	46,598	—	Monthly, Quarterly	30-90 Days
Total	<u>\$ 302,185</u>	<u>\$ 30,259</u>		

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
June 30, 2026 and 2025

(\$ in thousands)	June 30, 2025			
	Carrying Amount	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private credit ⁽¹⁾	\$ 18,549	\$ 1,726	None	None
Private equity ⁽²⁾	67,113	29,148	None	None
Multi-strategy hedge funds ⁽³⁾	48,960	—	Quarterly	60-95 Days
Private real assets ⁽⁴⁾	40,836	—	Semi-annual	90 Days
Hedged equity funds ⁽⁵⁾	38,872	—	Monthly, Quarterly	30-90 Days
Total	<u>\$ 214,330</u>	<u>\$ 30,874</u>		

⁽¹⁾ This class includes private credit funds that seek to generate current income and, to a lesser extent, capital appreciation by targeting investment opportunities with favorable risk-adjusted returns primarily by originating and making loans to, and making debt and equity investments in, U.S. middle-market companies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Redemptions for investments representing approximately 92% of the value of investments in this class are limited to a 5% quarterly gate; however, they are not guaranteed.

⁽²⁾ This class includes domestic and foreign private equity funds that specialize in providing capital to a variety of investment groups including, but not limited to, venture capital, leveraged buyout, mezzanine debt, distressed debt, and other strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Redemptions for investments representing approximately 68% of the value of investments in this class are limited to a 3% to 5% quarterly gate; however, they are not guaranteed. The remaining investments have no provisions for redemptions during the life of these funds.

⁽³⁾ This class invests in hedge funds that pursue multiple strategies and techniques within and across various asset classes (both domestic and foreign) in order to diversify risks and reduce volatility. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Approximately 36% of the value of investments in this class are redeemable over four years, with quarterly gates from 12.5% to 100%. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted.

⁽⁴⁾ This class includes domestic and foreign investments in real estate funds that invest in a broad range of infrastructure and infrastructure-related assets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Redemptions for investments representing approximately 34% of the value of investments in this class are limited to a 5% quarterly gate; however, they are not guaranteed.

⁽⁵⁾ This class includes investments in equity hedge funds that invest primarily in securities of public companies which may experience appreciation in value as a result of a change in ownership, corporate direction or management improved corporate governance, or as a result of operational improvements. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
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15. Retirement Plan

VUMC's full-time employees participate in a 403(b) defined contribution retirement plan administered by a third party. For eligible employees with one year of continuous service, this plan requires employer matching of employee contributions up to 5% of eligible compensation. The employee immediately vests in these contributions.

VUMC funds the obligations under this plan through monthly transfers to the respective retirement plan administrator with the corresponding expense recognized in the year incurred. During Fiscal 2026 and 2025, VUMC recognized \$129.2 million and \$119.1 million, respectively, of expense in connection with this plan.

16. Functional Expense

VUMC provides general health care services primarily to residents within its geographic location and supports research and education programs. Total operating expenses by nature and function for Fiscal 2026 and 2025 were as follows:

	For the Year Ended June 30, 2026			
	Healthcare Services	Academic Research and Education	Administrative and Other	Total
Salaries, wages, and benefits	\$ 3,545,351	\$ 776,962	\$ 389,104	\$ 4,711,417
Supplies and drugs	2,240,744	48,836	40,301	2,329,881
Facilities, equipment, and technology	238,910	95,173	166,543	500,626
Services and other	801,520	204,843	204,824	1,211,187
Depreciation and amortization	212,470	27,258	7,120	246,848
Interest	71,162	9,986	13	81,161
Total operating expenses	<u>\$ 7,110,157</u>	<u>\$ 1,163,058</u>	<u>\$ 807,905</u>	<u>\$ 9,081,120</u>

	For the Year Ended June 30, 2025			
	Healthcare Services	Academic Research and Education	Administrative and Other	Total
Salaries, wages, and benefits	\$ 3,188,245	\$ 798,246	\$ 404,301	\$ 4,390,792
Supplies and drugs	1,902,822	65,881	27,640	1,996,343
Facilities, equipment, and technology	247,670	88,864	128,423	464,957
Services and other	755,318	225,045	143,653	1,124,016
Depreciation and amortization	185,980	27,573	6,969	220,522
Interest	53,430	9,671	20	63,121
Total operating expenses	<u>\$ 6,333,465</u>	<u>\$ 1,215,280</u>	<u>\$ 711,006</u>	<u>\$ 8,259,751</u>

Certain expense categories are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Services and other are primarily allocated based on revenues.

Vanderbilt University Medical Center
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17. Commitments and Contingencies

Management has policies, procedures, and an organizational structure, as well as a defined compliance program, to enforce and monitor compliance with government laws and regulations. VUMC's compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown at this time.

- **Litigation; Payor Disputes.** VUMC is a defendant in certain medical professional liability lawsuits and other civil actions, none of which are anticipated to have a material effect on VUMC's consolidated financial position. In addition, VUMC from time to time pursues claims and appeals of adverse payment decisions by third parties, including governmental and commercial payors. These include but are not limited to appeals relating to Medicare reimbursement matters before the Provider Reimbursement Review Board, payments for drugs purchased and dispensed through the 340B discounted drug purchasing program, and payments received under commercial payor reimbursement agreements. The outcome of any outstanding claims and appeals are not expected to have a material effect on VUMC's consolidated financial position.
- **Compliance Program.** Through the operation of its compliance program, VUMC, from time to time, initiates the review of billing for clinical services provided by VUMC and its affiliated providers. The outcome of any outstanding claims and appeals is not expected to have a material effect on VUMC's consolidated financial position.
- **Regulatory Reviews.** VUMC is subject to the regulation and oversight of various state and federal government agencies and from time to time receives subpoenas, requests for documents or other information, civil investigative demands or other legal process related to VUMC's business and operations (including its billing practices). VUMC's compliance with laws and regulations is subject to government reviews and interpretations, as well as regulatory actions unknown at this time, including the scope, interpretation, and enforceability of numerous policies, executive orders, and departmental guidelines as applied by the current federal administration. VUMC believes that the liability, if any, from such reviews will not have a material effect on VUMC's consolidated financial position.
- **Self-Insurance Reserves.** The consolidated balance sheets include reserves for medical malpractice, other professional, and general liability coverage totaling \$103.9 million as of June 30, 2026, and \$95.7 million as of June 30, 2025. These liabilities are measured at the net present value of those cash flows using a discount rate of 4.0% as of June 30, 2026 and 2025, and are classified as current or noncurrent based on the expected timing of cash flows. Other current assets include expected recoveries from commercial insurance carriers under excess coverage arrangements totaling \$8.8 million as of June 30, 2026, and \$4.7 million as of June 30, 2025. During Fiscal 2026 and 2025, VUMC recorded expenses for medical malpractice, other professional, and general liability self-insurance of \$29.1 million and \$19.3 million, respectively.
- **Employee Health and Workers' Compensation Insurance.** Accrued compensation and benefits included actuarially determined liabilities for employee health and workers' compensation claims totaling \$60.0 million and \$9.2 million, respectively, as of June 30, 2026, and \$36.3 million and \$7.3 million, respectively, as of June 30, 2025. During Fiscal 2026 and 2025, VUMC recorded expenses for self-insured employee health benefit plans, net of employee premiums, totaling \$488.6 million and \$366.2 million, respectively. VUMC recorded expenses for self-insured workers' compensation plans of \$8.5 million and \$6.0 million during Fiscal 2026 and 2025, respectively.

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June 30, 2026 and 2025

- **Federal and State Contracts and Other Requirements.** Expenditures related to federal and state grants and contracts are subject to adjustment based upon review by the granting agencies. Amounts of expenditures that granting agencies might disallow cannot be determined at this time. These amounts affect government grants and contracts revenue, as well as facilities and administrative costs recovery. VUMC does not expect these costs to impact the consolidated financial position by material amounts.
- **Health Care Services.** In Fiscal 2026 and 2025, 89% and 87% of VUMC's operating revenue was generated by providing health care services, respectively, where revenue is affected by reimbursement arrangements with federal and state healthcare programs, commercial insurance, and other managed care payors. If reimbursement rates from third-party payors decrease or if contract terms become less favorable in future periods, VUMC's operating revenues may decline. See Note 4 Patient Service Revenue, Patient Accounts Receivable, and Estimated Third-Party Settlements for further information regarding healthcare revenues and related receivables.
- **HIPAA Compliance.** Under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and related regulations, the federal government has authority to investigate potential breaches of federal requirements for the privacy and security of patient health information to impose substantial fines and penalties in connection with violations. VUMC maintains policies, procedures, and organizational structures to enforce and monitor compliance with HIPAA, as well as other related federal and state laws, rules, and regulations.
- **Construction.** VUMC had contractual commitments under major construction and equipment contracts totaling \$364.6 million and \$144.8 million as of June 30, 2026 and 2025, respectively.

18. Acquisition of VCH

Effective February 1, 2026, VUMC, through its wholly owned subsidiary VMH, acquired all remaining ownership interests in Tennova Healthcare – Clarksville, now known as VCH, from CHS. VCH is a 270-bed, multi-specialty hospital operating in Clarksville, Tennessee. VUMC's acquisition also included related physician clinic operations, a freestanding emergency department, and a cancer center. The acquisition expands VUMC's geographic reach and was accounted for using the acquisition method of accounting.

Prior to the acquisition date, VUMC held a 20% noncontrolling interest in VCH, which was accounted for as an equity-method investment. VUMC recorded \$12.3 million in equity earnings in Fiscal 2026 prior to the business combination. Equity earnings on VUMC's investment in VCH are included in earnings of unconsolidated organizations in the consolidated statements of operations.

On January 31, 2026, immediately prior to the business combination, the investment in VCH was remeasured to fair value of \$114.0 million, using a combination of techniques consistent with the income and market approaches, and is included in the measurement of the consideration transferred. VUMC recognized a gain of \$59.0 million as a result of remeasuring its previous equity interest in VCH held before the business combination, which is presented in other nonoperating gains in the consolidated statements of operations. VUMC's investment in VCH was derecognized on February 1, 2026, in conjunction with accounting for the business combination.

Vanderbilt University Medical Center
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June 30, 2026 and 2025

The acquisition-date fair value of the consideration transferred totaled \$723.0 million, which consisted of the following:

(\$ in thousands)

Cash	\$ 608,962
Acquisition-date fair value of previously held equity interest	114,000
Total	<u>\$ 722,962</u>

The following table summarizes the fair values of the assets acquired and liabilities assumed:

(\$ in thousands)

Cash	\$ 1,290
Patient accounts receivable	25,580
Estimated receivables under third-party programs	1,567
TennCare directed payment receivable	12,374
Inventories	6,765
Other current assets	1,556
Property, plant, and equipment	186,233
Operating lease assets	3,909
Other noncurrent assets	1,909
Total identifiable assets acquired	<u>241,183</u>
Accounts payable and other accrued expenses	(11,606)
Accrued compensation and benefits	(1,020)
Current portion of operating lease liabilities	(753)
Noncurrent portion of operating lease liabilities	(3,156)
Other noncurrent liabilities	(441)
Total liabilities assumed	<u>(16,976)</u>
Net identifiable assets acquired	224,207
Goodwill	498,755
Net assets acquired	<u>\$ 722,962</u>

VUMC used valuation techniques to determine the fair value of real and personal property (property, plant, and equipment). Acquired land was valued using the sales comparison approach, which relied on recent market transactions of similar tracts of land adjusted for individual characteristics. Other real and personal property was valued using the cost approach, which relied on market data for similar assets.

VUMC recognized \$2.1 million of acquisition-related costs that were expensed in the current period. These costs are included in services and other in the consolidated statement of operations.

The results of VCH's operations have been included in the consolidated financial statements since the acquisition date. From February 1, 2026 through June 30, 2026, VCH had operating revenues of \$118.5 million and income from operations of \$8.0 million. The operations of VCH had no impact on net assets with donor restrictions.

Vanderbilt University Medical Center
Notes to Consolidated Financial Statements
June 30, 2026 and 2025

The following table represents the unaudited pro forma consolidated statements of operations and consolidated statements of changes in net assets as if VCH had been included in the consolidated results for the entire years ending June 30, 2026 and June 30, 2025:

<i>(\$ in thousands)</i>	2026	2025
Operating revenues	\$ 9,719,539	\$ 8,779,726
Operating expenses	9,214,143	8,470,926
Income from operations	505,396	308,800
Nonoperating revenues and expenses	266,425	173,769
Excess of revenues over expenses	<u>\$ 771,821</u>	<u>\$ 482,569</u>
Change in net assets without donor restrictions	\$ 762,971	\$ 476,127
Change in net assets with donor restrictions	59,679	74,501
Change in total net assets	<u>\$ 822,650</u>	<u>\$ 550,628</u>

The pro forma financial information in the table above includes certain adjustments in nonoperating revenues and expenses attributable to the business combination. Fiscal 2026 excludes the gain on remeasurement of \$59.0 million and earnings of unconsolidated organizations of \$12.3 million. Fiscal 2025 excludes earnings of unconsolidated organizations of \$8.5 million.

19. Subsequent Events

Subsequent to June 30, 2026, VUMC placed our first insurance policy through a VUMC fully owned captive insurance company, Diversified Casualty Specialty Services ("DCSS"). DCSS was incorporated just prior to year end as an exempted company under the Companies Act of the Cayman Islands. The intent of DCSS is to ultimately replace the previously described self-insurance trust and provide insurance coverage for VUMC's medical malpractice, other professional, and general liability programs. The policies issued by DCSS are subject to a July 1, 2026 effective date.

Management has evaluated subsequent events and disclosed all material events through September 30, 2026, the date the accompanying consolidated financial statements were issued.



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**Shape the future
with confidence**

Report of Independent Auditors on Supplementary Information

The Board of Directors
Vanderbilt University Medical Center

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Vanderbilt University Medical Center consolidating balance sheets and consolidating statements of operations 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

September 30, 2026

Vanderbilt University Medical Center
Consolidating Balance Sheet
June 30, 2026

(\$ in thousands)	Obligated Group	Nonobligated Entity	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 761,934	\$ 38,712	\$ —	\$ 800,646
Intercompany receivable	79,284	—	(79,284)	—
Current investments	301,196	—	—	301,196
Patient accounts receivable	972,353	67,149	—	1,039,502
TennCare directed payment receivable	34,663	20,040	—	54,703
Grants and contracts receivable	133,271	91	—	133,362
Inventories	220,584	13,752	—	234,336
Other current assets	104,302	21,979	—	126,281
Total current assets	2,607,587	161,723	(79,284)	2,690,026
Restricted cash	137,177	—	—	137,177
Noncurrent investments	1,801,586	—	—	1,801,586
Noncurrent investments limited as to use	339,599	—	—	339,599
Property, plant, and equipment, net	2,500,016	241,867	—	2,741,883
Operating lease assets	964,473	21,232	—	985,705
Goodwill	—	525,783	—	525,783
Other noncurrent assets	105,677	17,294	(12,000)	110,971
Total assets	<u>\$ 8,456,115</u>	<u>\$ 967,899</u>	<u>\$ (91,284)</u>	<u>\$ 9,332,730</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 11,877	\$ 2,961	\$ —	\$ 14,838
Intercompany payable	—	79,284	(79,284)	—
Accounts payable and other accrued expenses	693,580	49,683	—	743,263
Estimated liabilities under third-party programs	70,021	3,183	—	73,204
Accrued compensation and benefits	479,978	9,567	—	489,545
Current portion of operating lease liabilities	80,597	6,120	—	86,717
Current portion of deferred revenue	37,301	2,884	—	40,185
Current portion of self-insurance reserves	20,718	—	—	20,718
Total current liabilities	1,394,072	153,682	(79,284)	1,468,470
Long-term debt, net of current portion	3,033,780	6,451	—	3,040,231
Noncurrent portion of operating lease liabilities	920,103	16,619	—	936,722
Noncurrent portion of deferred revenue	—	275	—	275
Noncurrent portion of self-insurance reserves	83,175	—	—	83,175
Other noncurrent liabilities	8,921	465	—	9,386
Total liabilities	5,440,051	177,492	(79,284)	5,538,259
Net assets:				
Net assets without donor restrictions controlled by VUMC	2,537,470	770,325	(12,000)	3,295,795
Net assets without donor restrictions related to noncontrolling interests	—	20,082	—	20,082
Total net assets without donor restrictions	2,537,470	790,407	(12,000)	3,315,877
Net assets with donor restrictions	478,594	—	—	478,594
Total net assets	3,016,064	790,407	(12,000)	3,794,471
Total liabilities and net assets	<u>\$ 8,456,115</u>	<u>\$ 967,899</u>	<u>\$ (91,284)</u>	<u>\$ 9,332,730</u>

The accompanying note is an integral part of these consolidating financial statements.

Vanderbilt University Medical Center
Consolidating Balance Sheet
June 30, 2025

(\$ in thousands)	Obligated Group	Nonobligated Entity	Eliminations	Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 751,205	\$ 59,910	\$ —	\$ 811,115
Intercompany receivable	187,613	—	(187,613)	—
Current investments	158,263	—	—	158,263
Patient accounts receivable	827,194	36,801	—	863,995
TennCare directed payment receivable	156,676	22,307	—	178,983
Grants and contracts receivable	175,603	57	—	175,660
Inventories	198,101	7,391	—	205,492
Other current assets	102,152	17,144	—	119,296
Total current assets	2,556,807	143,610	(187,613)	2,512,804
Restricted cash	329,785	—	—	329,785
Noncurrent investments	1,281,218	—	—	1,281,218
Noncurrent investments limited as to use	261,050	—	—	261,050
Property, plant, and equipment, net	2,192,388	59,313	—	2,251,701
Operating lease assets	957,708	19,597	—	977,305
Other noncurrent assets	95,412	96,924	(12,000)	180,336
Total assets	<u>\$ 7,674,368</u>	<u>\$ 319,444</u>	<u>\$ (199,613)</u>	<u>\$ 7,794,199</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of long-term debt	\$ 16,957	\$ 2,471	\$ —	\$ 19,428
Intercompany payable	—	187,613	(187,613)	—
Accounts payable and other accrued expenses	598,933	32,340	—	631,273
Estimated liabilities under third-party programs	73,352	220	—	73,572
Accrued compensation and benefits	445,857	7,500	—	453,357
Current portion of operating lease liabilities	77,941	4,539	—	82,480
Current portion of deferred revenue	48,148	2,690	—	50,838
Current portion of self-insurance reserves	18,445	—	—	18,445
Total current liabilities	1,279,633	237,373	(187,613)	1,329,393
Long-term debt, net of current portion	2,480,637	8,213	—	2,488,850
Noncurrent portion of operating lease liabilities	914,791	16,419	—	931,210
Noncurrent portion of deferred revenue	107	575	—	682
Noncurrent portion of self-insurance reserves	77,213	—	—	77,213
Other noncurrent liabilities	7,291	79	—	7,370
Total liabilities	<u>4,759,672</u>	<u>262,659</u>	<u>(187,613)</u>	<u>4,834,718</u>
Net assets:				
Net assets without donor restrictions controlled by VUMC	2,495,781	37,545	(12,000)	2,521,326
Net assets without donor restrictions related to noncontrolling interests	—	19,240	—	19,240
Total net assets without donor restrictions	2,495,781	56,785	(12,000)	2,540,566
Net assets with donor restrictions	418,915	—	—	418,915
Total net assets	<u>2,914,696</u>	<u>56,785</u>	<u>(12,000)</u>	<u>2,959,481</u>
Total liabilities and net assets	<u>\$ 7,674,368</u>	<u>\$ 319,444</u>	<u>\$ (199,613)</u>	<u>\$ 7,794,199</u>

The accompanying note is an integral part of these consolidating financial statements.

Vanderbilt University Medical Center
Consolidating Statement of Operations
Year Ended June 30, 2026

<i>(\$ in thousands)</i>	Obligated Group	Nonobligated Entity	Eliminations	Consolidated
Operating revenues				
Patient service revenue	\$ 8,007,363	\$ 479,731	\$ —	\$ 8,487,094
Academic and research revenue	786,017	(3)	—	786,014
Other operating revenue	220,413	80,328	(40,848)	259,893
Total operating revenues	<u>9,013,793</u>	<u>560,056</u>	<u>(40,848)</u>	<u>9,533,001</u>
Operating expenses				
Salaries, wages, and benefits	4,433,572	277,845	—	4,711,417
Supplies and drugs	2,263,864	67,841	(1,824)	2,329,881
Facilities, equipment, and technology	467,880	32,946	(200)	500,626
Services and other	1,109,098	140,913	(38,824)	1,211,187
Depreciation and amortization	230,163	16,685	—	246,848
Interest	68,622	12,539	—	81,161
Total operating expenses	<u>8,573,199</u>	<u>548,769</u>	<u>(40,848)</u>	<u>9,081,120</u>
Income from operations	<u>440,594</u>	<u>11,287</u>	<u>—</u>	<u>451,881</u>
Nonoperating revenues and expenses				
Income from investments	190,774	1,728	—	192,502
Gift income	30,510	—	—	30,510
Earnings of unconsolidated organizations	1,642	15,855	—	17,497
Other nonoperating gains	32,691	59,080	—	91,771
Total nonoperating revenues and expenses	<u>255,617</u>	<u>76,663</u>	<u>—</u>	<u>332,280</u>
Excess of revenues over expenses	696,211	87,950	—	784,161
Excess of revenues over expenses attributable to noncontrolling interests	<u>—</u>	<u>(9,463)</u>	<u>—</u>	<u>(9,463)</u>
Excess of revenues over expenses attributable to VUMC	<u>\$ 696,211</u>	<u>\$ 78,487</u>	<u>\$ —</u>	<u>\$ 774,698</u>

The accompanying note is an integral part of these consolidating financial statements.

Vanderbilt University Medical Center
Consolidating Statement of Operations
Year Ended June 30, 2025

<i>(\$ in thousands)</i>	Obligated Group	Nonobligated Entity	Eliminations	Consolidated
Operating revenues				
Patient service revenue	\$ 7,101,580	\$ 342,507	\$ —	\$ 7,444,087
Academic and research revenue	814,308	15,304	—	829,612
Other operating revenue	208,173	66,308	(33,814)	240,667
Total operating revenues	<u>8,124,061</u>	<u>424,119</u>	<u>(33,814)</u>	<u>8,514,366</u>
Operating expenses				
Salaries, wages, and benefits	4,173,414	217,378	—	4,390,792
Supplies and drugs	1,944,465	53,463	(1,585)	1,996,343
Facilities, equipment, and technology	434,248	30,922	(213)	464,957
Services and other	1,035,281	120,751	(32,016)	1,124,016
Depreciation and amortization	209,434	11,088	—	220,522
Interest	60,989	2,132	—	63,121
Total operating expenses	<u>7,857,831</u>	<u>435,734</u>	<u>(33,814)</u>	<u>8,259,751</u>
Income (loss) from operations	<u>266,230</u>	<u>(11,615)</u>	<u>—</u>	<u>254,615</u>
Nonoperating revenues and expenses				
Income from investments	135,423	1,411	—	136,834
Gift income	26,721	1	—	26,722
(Losses) earnings of unconsolidated organizations	(604)	12,119	—	11,515
Total nonoperating revenues and expenses	<u>161,540</u>	<u>13,531</u>	<u>—</u>	<u>175,071</u>
Excess of revenues over expenses	<u>427,770</u>	<u>1,916</u>	<u>—</u>	<u>429,686</u>
Excess of revenues over expenses attributable to noncontrolling interests	<u>—</u>	<u>(6,110)</u>	<u>—</u>	<u>(6,110)</u>
Excess (deficit) of revenues over expenses attributable to VUMC	<u>\$ 427,770</u>	<u>\$ (4,194)</u>	<u>\$ —</u>	<u>\$ 423,576</u>

The accompanying note is an integral part of these consolidating financial statements.

1. Basis of Presentation

As discussed in Note 11 Long-Term Debt, each of the bonds and notes comprising the Series Debt represents separate obligations under an MTI structure. All debts issued under the MTI are general obligations of the obligated group, which, for purposes of the preceding consolidating financial statements, comprises VUMC and its affiliates, as described in Note 1 Description of Organization, except for VHS, HPS, NashBio, VTHH, VBCH, VCH, and VMH, which are nonobligated entities.

The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and the results of operations of the individual companies.

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