Consolidated Financial Statements, Reports, Supplementary Information, and Schedule Required by the Uniform Guidance

Cedars-Sinai Health System
Years Ended June 30, 2024 and 2023
With Reports of Independent Auditors

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Cedars-Sinai Health System

Consolidated Financial Statements, Reports, Supplementary Information, and Schedule Required by the Uniform Guidance

Years Ended June 30, 2024 and 2023

Contents

Report of Independent Auditors 1

Consolidated Financial Statements

Consolidated Balance Sheets 3
Consolidated Statements of Operations and Changes in Net Assets 5
Consolidated Statements of Cash Flows 7
Notes to Consolidated Financial Statements 9

Reports Required by the Uniform Guidance

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 56
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance 58

Supplementary Information

Schedule of Expenditures of Federal Awards 61
Notes to Schedule of Expenditures of Federal Awards 76

Schedule Required by the Uniform Guidance

Schedule of Findings and Questioned Costs 78

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Report of Independent Auditors

Management and the Board of Directors
Cedars-Sinai Health System

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Cedars-Sinai Health System (the Health System), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health System at June 30, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. 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 the Health System 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 the Health System'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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 21, 2024. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024 on our consideration of the Health System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health System's internal control over financial reporting and compliance.

Ernst & Young LLP

October 21, 2024, except for our report on the
Schedule of Expenditures of Federal Awards,
for which the date is March 21, 2025.

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Cedars-Sinai Health System

Consolidated Balance Sheets
(Dollar Amounts Expressed in Thousands)

	June 30	
	2024	**2023**
Assets		
Current assets:		
Cash and cash equivalents	**$ 2,053,598**	$ 2,028,800
Short-term investments	**1,572,277**	1,232,599
Board-designated assets	**2,146,725**	1,829,299
Current portion of assets limited as to use:		
Funds held by trustee	**7,953**	8,158
Pledges receivable	**84,748**	78,770
Managed care reserve fund	**58,491**	75,166
Patient accounts receivable	**1,139,366**	1,061,893
Due from third-party payers	**5,461**	–
Inventory	**80,205**	80,201
Prepaid expenses and other assets	**529,985**	411,058
Total current assets	**7,678,809**	6,805,944
Assets limited as to use:		
Investments	**974,100**	882,536
Pledges receivable, less current portion	**348,323**	300,019
Funds held by trustee	**530,642**	594,987
Beneficial interest in net assets of Huntington Trust	**488,667**	461,588
	2,341,732	2,239,130
Property and equipment, net	**4,665,810**	4,493,204
Goodwill and other intangible assets	**148,025**	119,640
Equity method investments	**445,873**	379,668
Other noncurrent assets	**746,397**	504,048
Operating lease right-of-use assets	**496,055**	419,095
Financing lease right-of-use assets	**7,081**	11,175
Total assets	**$ 16,529,782**	$ 14,971,904

Cedars-Sinai Health System

Consolidated Balance Sheets (continued)
(Dollar Amounts Expressed in Thousands)

	June 30 2024	2023
Liabilities and net assets		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 874,507**	$ 714,715
Due to third-party payers	**–**	3,011
Accrued payroll and related liabilities	**609,440**	545,050
Risk pool liabilities	**81,432**	97,989
Current maturities of long-term debt	**59,056**	57,612
Current operating lease liabilities	**95,541**	88,695
Current financing lease liabilities	**3,939**	5,439
Total current liabilities	**1,723,915**	1,512,511
Long-term debt, less current maturities	**2,515,942**	2,589,663
Long-term operating lease liabilities	**473,049**	394,858
Long-term financing lease liabilities	**3,990**	7,267
Accrued workers' compensation and malpractice insurance claims, less current portion	**213,429**	180,523
Pension liability	**32,105**	45,683
Other liabilities	**53,802**	82,922
Net assets:		
Without donor restrictions:		
Controlling interests	**9,379,023**	8,205,981
Noncontrolling interests	**99,546**	45,576
With donor restrictions	**2,034,981**	1,906,920
Total net assets	**11,513,550**	10,158,477
Total liabilities and net assets	**$ 16,529,782**	$ 14,971,904

See accompanying notes.

Cedars-Sinai Health System

Consolidated Statements of Operations and Changes in Net Assets

(Dollar Amounts Expressed in Thousands)

	Year Ended June 30	
	2024	**2023**
Net assets without donor restrictions		
Net patient service revenues before Medi-Cal Fee Program	**$ 6,936,043**	$ 6,325,384
Medi-Cal Fee Program revenue	**219,310**	67,664
Net patient service revenues	**7,155,353**	6,393,048
Premium revenues	**376,054**	356,312
Other operating revenues	**481,968**	199,371
Net assets released from restrictions	**194,904**	328,878
Total revenues, gains, and other support	**8,208,279**	7,277,609
Expenses:		
Salaries and related costs	**3,846,432**	3,589,571
Professional fees	**690,306**	585,739
Materials, supplies, and other	**2,585,498**	2,447,921
Medi-Cal Fee Program expense	**318,177**	84,771
Interest	**75,669**	76,716
Depreciation and amortization	**363,288**	349,743
Total expenses	**7,879,370**	7,134,461
Income from operations	**328,909**	143,148
Investment income	**678,150**	350,917
Income on equity method investments	**7,650**	880,392
Other components of net periodic benefit cost	**4,015**	11,769
Other non-operating expense	**(1,458)**	–
Excess of revenues over expenses	**1,017,266**	1,386,226
(Deficiency) excess of revenues over expenses attributable to noncontrolling interests	**(2,519)**	509
Excess of revenues over expenses attributable to the Health System	**$ 1,019,785**	$ 1,385,717

Cedars-Sinai Health System

Consolidated Statements of Operations and Changes in Net Assets (continued)
(Dollar Amounts Expressed in Thousands)

	Year Ended June 30	
	2024	**2023**
Net assets without donor restrictions (continued)		
Controlling interests activity:		
Excess of revenues over expenses attributable to the Health System	**$ 1,019,785**	$ 1,385,717
Net assets released from restrictions related to property and equipment	**23,384**	39,615
Change in net pension assets	**130,902**	109,926
Other	**(1,029)**	–
Increase in net assets without donor restrictions attributable to the Health System	**1,173,042**	1,535,258
Noncontrolling interests activity:		
Purchase of noncontrolling interests	**52,670**	8,172
(Deficiency) excess of revenues over expenses attributable to noncontrolling interests	**(2,519)**	509
Distributions to noncontrolling interests	**(4,715)**	(6,191)
Other	**8,534**	–
Increase in net assets without donor restrictions attributable to noncontrolling interests	**53,970**	2,490
Increase in net assets without donor restrictions	**1,227,012**	1,537,748
Net assets with donor restrictions		
Contributions, grants, and other	**293,321**	425,867
Investment income	**25,949**	23,741
Net assets released from restrictions	**(218,288)**	(368,493)
Change in interest in Huntington Trust net assets	**27,079**	23,098
Increase in net assets with donor restrictions	**128,061**	104,213
Increase in net assets	**1,355,073**	1,641,961
Net assets at beginning of year	**10,158,477**	8,516,516
Net assets at end of year	**$ 11,513,550**	$ 10,158,477

See accompanying notes.

Cedars-Sinai Health System

Consolidated Statements of Cash Flows

(Dollar Amounts Expressed in Thousands)

	Year Ended June 30	
	2024	**2023**
Operating activities		
Increase in net assets	**$ 1,355,073**	$ 1,641,961
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	**1,458**	731
Depreciation expense	**337,156**	326,315
Pension benefits adjustment	**(130,902)**	(109,926)
Amortization of goodwill and other intangibles	**26,132**	23,428
Amortization of deferred financing costs and bond premiums	**(16,960)**	(17,519)
Amortization of operating lease right-of-use assets	**89,257**	81,892
Restricted contributions	**(72,659)**	(33,047)
Unrealized gains on investments	**(453,427)**	(281,625)
Gains on equity method investments	**(7,650)**	(880,392)
Distributions to noncontrolling interests	**4,715**	6,191
Distributions from unconsolidated entities	**7,163**	9,099
Noncontrolling interests from acquisitions	**(47,714)**	(7,502)
Noncash addition to controlling interests	**(7,505)**	–
Change in interest in net assets of Huntington Trust	**(27,079)**	(23,098)
Changes in operating assets and liabilities:		
Patient accounts receivable	**(77,473)**	(93,200)
Due to third-party payers	**(8,472)**	(34,297)
Inventory, prepaid expenses, and other current assets	**(188,389)**	57,075
Assets limited as to use	**(37,402)**	6,561
Accounts payable and other accrued liabilities	**148,577**	(94,856)
Accrued payroll and related liabilities	**64,257**	27,070
Risk pool liabilities	**(16,557)**	6,449
Operating lease liabilities	**(92,519)**	(85,842)
Other long-term liabilities and other noncurrent assets	**(1,277)**	13,307
Net cash provided by operating activities before net (purchases) sales of trading investments	**847,803**	538,775
Net (purchases) sales of trading investments	**(591,131)**	98,748
Net cash provided by operating activities	**256,672**	637,523
Investing activities		
Expenditures for property and equipment	**(474,013)**	(453,700)
Acquisition of property held for future use	**(10,940)**	(6,255)
Purchase consideration for acquisitions	**(29,175)**	–
Net release of assets held by bond trustee	**85,519**	96,205
Investments in unconsolidated entities	**(98,098)**	(79,652)
Sales of equity method investments	**–**	899,347
Sales of alternative investments	**407,077**	8,893
Purchases of alternative investments	**(185,203)**	(169,559)
Net cash (used in) provided by investing activities	**(304,833)**	295,279

Cedars-Sinai Health System

Consolidated Statements of Cash Flows (continued)

(Dollar Amounts Expressed in Thousands)

	Year Ended June 30	
	2024	**2023**
Financing activities		
Principal payments on long-term debt	**$ (40,650)**	$ (38,665)
Repayment of long-term note	**(14,667)**	(20,441)
Principal payments on finance lease liabilities	**(5,934)**	(6,659)
Distributions to noncontrolling interests	**(4,715)**	(6,191)
Cash received to acquire noncontrolling interests	**8,630**	5,862
Restricted contributions	**72,659**	33,047
Net cash provided by (used in) financing activities	**15,323**	(33,047)
(Decrease) increase in cash, cash equivalents, and restricted cash	**(32,838)**	899,755
Cash, cash equivalents, and restricted cash – beginning of year	**2,198,391**	1,298,636
Cash, cash equivalents, and restricted cash – end of year	**$ 2,165,553**	$ 2,198,391
Supplemental disclosure of cash flow information		
Interest paid	**$ 95,992**	$ 97,951

The Health System capitalized property and equipment of $62,737 and $51,741 at June 30, 2024 and 2023, respectively, that had not been paid and is included on the consolidated balance sheets under accounts payable and other accrued liabilities.

See accompanying notes.

1. Organization

Cedars-Sinai Health System, a California nonprofit, public benefit corporation (the Health System), is tax-exempt under the provisions of the Internal Revenue Code (the Code) and applicable provisions of the California Revenue and Taxation Code. Cedars-Sinai Health System was created and incorporated in May 2017 as the parent organization to facilitate an affiliation between Cedars-Sinai Medical Center and Torrance Health Association, Inc. Effective May 1, 2017, the Health System became the sole corporate member of Cedars-Sinai Medical Center, and its affiliates. Effective February 1, 2018, the Health System became the sole corporate member of Torrance Health Association, Inc. and its affiliates. Effective August 4, 2021, the Health System became the sole corporate member of Pasadena Hospital Association, Ltd. and its affiliates. The accompanying consolidated financial statements include the accounts of the Health System and its affiliate or subsidiary organizations, as detailed below:

Cedars-Sinai – The accompanying consolidated financial statements include the accounts of Cedars-Sinai Medical Center and its affiliates, collectively referred to as Cedars-Sinai, as of and for the years ended June 30, 2024 and 2023. The following entities are included in the accompanying consolidated financial statements:

Cedars-Sinai Medical Center (CSMC) is a California nonprofit, public benefit corporation that owns and operates a hospital with 915 licensed beds in Los Angeles, California, and provides patient care, medical research, health education, and community service. Cedars-Sinai Medical Center is the sole corporate member of Cedars-Sinai Medical Care Foundation and Cedars-Sinai Marina Hospital.

Cedars-Sinai Medical Care Foundation is a California nonprofit, public benefit corporation that operates, manages, and maintains primary care and specialty clinics, as well as multispecialty clinics; holds payer contracts and the assets of acquired physician and physician group practices and independent practice associations; and contracts for physician services pursuant to professional services agreements.

Cedars-Sinai Marina Hospital (CSMH) is a California nonprofit, public benefit corporation that operates a community hospital with 133 licensed beds.

1. Organization (continued)

Torrance Affiliates – The accompanying consolidated financial statements include the accounts of Torrance Health Association, Inc. and its affiliates, collectively referred to as Torrance Affiliates, as of and for the years ended June 30, 2024 and 2023. The following entities are included in the accompanying consolidated financial statements:

Torrance Health Association, Inc. (THA) is a California nonprofit, public benefit corporation that does business as Torrance Memorial Health System. The Health System is the sole corporate member of THA. THA was formed to engage in various health-care-related activities and is the sole corporate member of Torrance Memorial Medical Center and Torrance Memorial Medical Center Health Care Foundation.

Torrance Memorial Medical Center (TMMC) is a California nonprofit, public benefit corporation and is licensed as a 610-bed general acute care hospital that provides inpatient, outpatient, and emergency care services for residents in the surrounding South Bay community.

Torrance Memorial Medical Center Health Care Foundation is a California nonprofit, public benefit corporation organized to raise funds for the support of TMMC.

Huntington Affiliates – The accompanying consolidated financial statements include the accounts of Pasadena Hospital Association, Ltd. and its affiliates, collectively referred to as Huntington Affiliates, as of and for the years ended June 30, 2024 and 2023. The following entities are included in the accompanying consolidated financial statements:

Pasadena Hospital Association, Ltd. (PHA) is a California nonprofit, public benefit corporation that does business as Huntington Hospital (HH). The Health System is the sole corporate member of PHA. Huntington Hospital is licensed as a 544-bed general acute care hospital that provides inpatient, outpatient, and emergency care services for residents in the surrounding San Gabriel Valley community. PHA is the sole corporate member of Huntington Medical Foundation.

Huntington Medical Foundation is a California nonprofit, public benefit corporation that does business as Huntington Health Physicians and conducts medical research and health education and provides health care to its patients through contracted medical groups.

2. Summary of Significant Accounting Policies

Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates include the carrying amounts of goodwill and property and equipment, valuation of pledges receivable, purchase accounting for acquisitions, valuation of patient accounts receivable, liabilities for medical claims incurred but not reported, third-party payables and receivables, risk pool liabilities, pension obligations, and self-insured programs. Actual results could differ from those estimates.

Operating Revenues

The Health System records revenue in several financial statement categories: net patient service revenues (including Medi-Cal Fee Program revenue), premium revenues, other operating revenues, and net assets released from restrictions.

Net Patient Service Revenues

Net patient service revenues are reported at the amount that reflects the consideration to which the Health System expects to be entitled in exchange for providing patient care. These amounts are due from third-party payers (including health insurers and government programs), patients, and others and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits.

2. Summary of Significant Accounting Policies (continued)

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Health System. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The Health System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, usually at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges upon discharge. The Health System believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Outpatient services are performance obligations satisfied at a point in time and revenue is recognized when services are provided and the Health System does not believe it is required to provide additional services to the patient.

The Health System has elected the practical expedient allowed under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606-10-32-18, *Revenue from Contracts with Customers – Overall – Measurement – The Existence of a Significant Financing Component in the Contract*, and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Health System's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, the Health System does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Health System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers – Overall – Disclosure – Transaction Price Allocated to the Remaining Performance Obligations*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged.

2. Summary of Significant Accounting Policies (continued)

The Health System is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The Health System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payer classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, the Health System has concluded that revenue for a given portfolio would not be materially different from accounting for revenue on a contract-by-contract basis.

The Health System has agreements with third-party payers that provide for payments to the Health System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the Health System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by the Health System. The Health System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payers, discounts provided to uninsured patients in accordance with the Health System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies, and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the Health System expects to receive from patients, which are determined based on historical collection experience, current market conditions, and other factors. Credit impairments occurring after the date of revenue recognition are recorded in materials, supplies, and other expenses on the consolidated statements of operations and changes in net assets; the amount recognized in materials, supplies, and other expenses related to impairment losses did not have a material impact on the consolidated financial statements for the years ended June 30, 2024 or 2023.

Generally, patients who are covered by third-party payers are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The Health System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period such changes occur or when it can be reasonably determined such change is probable. Adjustments arising from a change in the transaction price did not have a material impact on the consolidated financial statements for the years ended June 30, 2024 or 2023.

2. Summary of Significant Accounting Policies (continued)

The Health System is paid a prospectively determined rate for the majority of inpatient acute care and outpatient care provided, including skilled nursing, home health, rehabilitation, and psychiatric services (principally Medicare, Medi-Cal, and certain other payers). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Payments for capital are received on a prospective basis for the Health System's medical education costs, subject to certain limits. The Health System is paid for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Health System and audits by Medicare.

Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation as well as significant regulatory action, and in the normal course of business, the Health System is subject to contractual reviews and audits from the Medicare and Medi-Cal programs. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. The Health System believes it is in compliance with all applicable laws and regulations governing the Medicare and Medi-Cal programs and that adequate provisions have been made for any adjustments that may result from final settlements, and it is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that may have a material impact on the accompanying consolidated financial statements.

Settlements with third-party payers for retroactive adjustments due to reviews and audits are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care in the period the related services are provided. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer, and the Health System's historical settlement activity, including an assessment to ensure it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known or as years are settled or are no longer subject to such reviews and audits. Estimation differences between final settlements and amounts accrued in previous years are reported as adjustments of the current year's net patient service revenues. Adjustments arising from a change in estimated settlements did not have a material impact on the consolidated financial statements for the years ended June 30, 2024 or 2023.

2. Summary of Significant Accounting Policies (continued)

Net patient service revenues by major payer source is as follows:

	Year Ended June 30	
	2024	**2023**
Medicare	**$ 1,483,655**	$ 1,381,047
Medi-Cal	**304,631**	200,775
Commercial and managed care	**5,159,489**	4,595,950
Self-pay and other	**207,578**	215,276
Net patient service revenues	**$ 7,155,353**	$ 6,393,048

The percentage of inpatient and outpatient services, calculated on the basis of usual and customary charges, is as follows:

	Year Ended June 30	
	2024	**2023**
Inpatient services	**61%**	61%
Outpatient services	**39%**	39%

The Health System provides charity care to patients who do not have the ability to pay and who meet certain criteria under its financial assistance policy. This policy defines charity care as uncompensated services provided to patients who cannot afford health care because of inadequate resources and/or who are uninsured. The Health System does not report charity care as net patient service revenues. During the years ended June 30, 2024 and 2023, the Health System incurred $90,821 and $61,658, respectively, in costs to provide charity care, which are calculated based on a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity patients.

2. Summary of Significant Accounting Policies (continued)

Medi-Cal Fee Program

As part of the American Recovery and Reinvestment Act economic stimulus package passed in 2009, Congress temporarily increased the Federal Medical Assistance Percentage for all states, allowing states to draw down increased federal dollars for hospitals that provide medical care for Medicaid patients. California hospitals organized to pursue this stimulus funding through the California Hospital Fee Programs (the Programs). Passed into law by the California state government and approved by the Centers for Medicare & Medicaid Services (CMS) in fiscal 2012, the Programs provide enhanced revenues related to provision of services to Medicaid patients, offset to a degree by the requirement to pay a fee (known as the Quality Assurance (QA) Fee) based on established rates applied to each hospital's historical patient days. Supplemental payments received meet all criteria related to revenue recognition, and the related QA Fees are both probable and estimable. Accordingly, related supplemental payments have been recognized as revenue and related QA Fees recognized as expense on the consolidated statements of operations and changes in net assets pertaining to the 30-month Program covering the period from July 1, 2019 through December 31, 2021, a 12-month Program covering the period from January 1, 2022 through December 31, 2022, and a 24-month Program covering the period from January 1, 2023 through December 31, 2024. In connection with the Programs, the Health System applied for a grant from the California Health Foundation & Trust (CHFT) related to shortfalls from the Programs and recorded this grant in other operating revenues. Medi-Cal Fee Programs revenues and expenses are as follows:

	Year Ended June 30	
	2024	**2023**
Medi-Cal Fee Program revenue	**$ 219,310**	$ 67,664
Medi-Cal Fee Program expense	**(318,177)**	(84,771)
CHFT grant revenue	**98,867**	17,107
Income from operations from Medi-Cal Fee Program	**$ –**	$ –

2. Summary of Significant Accounting Policies (continued)

Premium Revenues

The Health System has agreements with various health maintenance organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, monthly capitation payments are received based on the number of each HMO's participants, regardless of services performed. These agreements also contain risk-sharing provisions with medical groups, whereby additional amounts may be due or paid. The monthly capitation payments received are recorded as premium revenues.

The costs of health services provided by other health care providers to participants, including administrative costs and out-of-area or emergency services, are included in professional fees and totaled $109,840 and $100,082 for the years ended June 30, 2024 and 2023, respectively. Such costs are accrued in the period in which the services are provided based in part on estimates, including an accrual for services provided by others but not reported to the Health System.

Other Operating Revenues

The Health System has additional revenue streams from tuition, health professionals, rental properties, parking, and contributions with no restrictions Revenue is recognized when obligations under the terms of the contract are satisfied. Revenues from these services are measured as the amount of consideration the Health System expects to receive for those services.

Net Assets Released From Restrictions

Unconditional promises to give cash, marketable securities, and other assets are reported at fair value at the date the promise is received to the extent estimated to be collectible by the Health System. Conditional promises to give and indications of intentions to give are not recognized until the conditions are satisfied or removed. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported on the consolidated statements of operations and changes in net assets as net assets released from restrictions. If the purpose relates to operations, net assets released from restrictions are reported on the consolidated statements of operations and changes in net assets and included in excess of revenues over expenses. If the purpose relates to capital, net assets released from restrictions are reported on the consolidated statements of changes in net assets and excluded

2. Summary of Significant Accounting Policies (continued)

from excess of revenues over expenses. Donor-restricted contributions relating to financial assets whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements as other operating revenues. Donor-restricted contributions relating to nonfinancial assets, such as properties, supplies, pharmaceuticals, clothing, and services, whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying consolidated financial statements as contributions of nonfinancial assets. No amounts have been reflected in the consolidated financial statements for contributions of nonfinancial assets. Additionally, no amounts have been reflected in the consolidated financial statements for donated services, as the Health System pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Health System with various programs.

Grant revenue from donor funded research is recognized in the period it is earned based on when the applicable project expenses are incurred and project milestones are achieved. The Health System records such grants as conditional contributions which contain milestones that must be overcome by the Health System before grant revenue is recorded. The Health System recognizes grant revenue on the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets include the excess of revenues over expenses, which is considered the performance indicator. Changes in net assets without donor restrictions, which are excluded from the excess of revenues over expenses primarily include contributions of long-lived assets (including assets acquired using grants or contributions that by donor restrictions were to be used for the purposes of acquiring such assets) and retirement benefits adjustments.

2. Summary of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by the Health System has been restricted by donors to a specific time period or purpose or those whose use has been restricted by donors and are to be maintained by the Health System in perpetuity. Donor-restricted gifts and bequests are recorded as an addition to net assets with donor restrictions in the period received and include amounts held in perpetuity or for terms designated by the donor, including the fair value of charitable trusts for which the Health System is an income beneficiary. Earnings on donor-restricted gifts are recorded as investment income in net assets without donor restrictions unless the income or loss is restricted by donor or law and subsequently used in accordance with the donor's designation. Net assets with donor restrictions are primarily for research, education, and capital projects.

Inventory

Inventory, primarily supplies and pharmaceuticals, is stated at cost (using the first-in, first-out method), which is not in excess of net realizable value.

Other Noncurrent Assets

Other noncurrent assets consist of the following:

	June 30	
	2024	**2023**
Investments in unconsolidated entities	**$ 175,531**	$ 153,281
Property held for future use	**167,844**	157,207
Self-insurance recoveries receivable	**62,453**	49,331
Pension plan asset	**219,335**	126,105
Other	**121,234**	18,124
	$ 746,397	$ 504,048

2. Summary of Significant Accounting Policies (continued)

The Health System has investments in unconsolidated entities that are accounted for at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer, as fair value for these investments is not readily determinable. The ownership interest in these entities is less than 20% or the Health System does not have the ability to exercise significant influence over the operating and financial policies of the investee. The Health System evaluates these investments for impairment annually or when indicators of impairment exist. No indicators of impairment existed as of June 30, 2024 or 2023. Based on observable transactions, the Health System recorded decreases of $3,659 and $2,135 within investment income in the consolidated statements of operations and changes in net assets for the years ended June 30, 2024 and 2023, respectively.

The Health System has investment properties (land and/or buildings) that are held in order to earn rental income and/or for capital appreciation which are recorded at cost. The Health System evaluates these investment properties for impairment annually or when indicators of impairment exist. No indicators of impairment existed as of June 30, 2024 or 2023.

Equity Method Investments

The Health System has investments in unconsolidated entities that are accounted for under the equity method, and the gain or loss in such investments is reflected in income on equity method investments on the consolidated statements of operations and changes in net assets. The ownership interest in these unconsolidated entities is at least 20% but not more than 50%, reflecting the ability to exercise significant influence over the operating and financial policies of the investee.

On March 12, 2019, Providence St. Joseph Health (Providence) and CSMC formed Tarzana Medical Center, LLC (Tarzana), in which CSMC owns a 49% membership interest, to own and operate Providence Tarzana Medical Center (PTMC). As of June 30, 2024 and 2023, CSMC's capital contributions in Tarzana totaled $333,600 and $292,131, respectively. On October 1, 2023, operations at PTMC officially commenced and PTMC began providing care to patients. The Health System recorded income on equity method investment related to Tarzana of $2,265 in the consolidated statements of operations and changes in net assets for the year ended June 30, 2024.

2. Summary of Significant Accounting Policies (continued)

On April 16, 2023, Merck, a biopharmaceutical research and development company, announced that it agreed to acquire all of the outstanding shares of Prometheus Biosciences, Inc. (Prometheus) in cash based upon a total equity value of approximately $10,800,000. On June 16, 2023, the transaction was completed, whereby Prometheus became a wholly-owned subsidiary of Merck and the common stock of Prometheus is no longer listed or traded on the Nasdaq Global Market. Due to the Health System's significant influence but not controlling interest in Prometheus, the Health System's investment in Prometheus was accounted for using the equity method. The Health System recorded a gain on sale of its Prometheus investment of $892,307 within income on equity method investments on the consolidated statement of operations and changes in net assets for the year ended June 30, 2023.

The Health System evaluates these investments for impairment annually or when indicators of impairment exist. No indicators of impairment existed as of June 30, 2024 or 2023.

Goodwill and Other Intangibles

Goodwill has resulted from business combinations and represents the excess of the consideration paid over the fair value of the net assets acquired, including identifiable intangible assets, at the acquisition date. The Health System amortizes goodwill in accordance with the goodwill accounting alternative in ASC 350, *Intangibles – Goodwill and Other*, which allows not-for-profit entities to amortize goodwill on a straight-line basis over ten years and perform a one-step impairment test at the entity level only when an impairment indicator exists. The Health System concluded no indicators of impairment existed as of June 30, 2024 or 2023.

The changes in the carrying amount of goodwill for the years ended June 30 are as follows:

	2024	2023
Goodwill balance, beginning of year	**$ 117,406**	$ 140,403
Goodwill acquired	**54,172**	257
Goodwill amortized	**(25,921)**	(23,254)
Goodwill balance, end of year	**$ 145,657**	$ 117,406

2. Summary of Significant Accounting Policies (continued)

Intangible assets other than goodwill are recorded at fair value in the period of acquisition. Intangible assets with finite lives, which consists of noncompete agreements, are amortized over their estimated useful lives with amortization included in depreciation and amortization in the consolidated statements of operations and changes in net assets.

Acquisitions

The accounting for acquisitions requires extensive use of estimates and judgments to measure the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed. The fair values of acquired tangible and identifiable intangible assets and liabilities assumed are based on their estimated fair values at the acquisition date and are measured using an income and market approach with significant unobservable inputs.

Care of the Poor and Community Benefit (Unaudited)

The Health System's mission is to improve the health status of its community, regardless of the patient's ability to pay, including charity care patients. The Health System provides programs and activities that contribute to charity care, care of the poor, and community benefit. These programs and activities serve a majority of persons who are beneficiaries of Medi-Cal, and county, state, and federal programs for which the costs of providing the services are not fully reimbursed. Also included are activities that improve the community's health status and educate or provide social services to the elderly and children. The Health System's unreimbursed costs for care of the poor and community benefits were approximately 22.3% and 22.9% of total operating expenses for the years ended June 30, 2024 and 2023, respectively. The costs associated with these programs and activities are as follows:

	Year Ended June 30	
	2024	**2023**
Traditional charity care and uninsured patients (Category 1)	**$ 90,821**	$ 61,658
Unpaid cost of state programs (Category 2)	**262,598**	258,879
Unpaid cost of specialty government programs (Category 3)	**8,114**	7,538
Research, net of support by others (Category 4)	**138,253**	127,330
Community benefit (Category 5)	**211,216**	232,690
Total community benefit excluding unpaid cost of federal programs	**711,002**	688,095
Unpaid cost of federal programs (Category 6)	**753,486**	765,070
Total community benefit	**$ 1,464,488**	$ 1,453,165

2. Summary of Significant Accounting Policies (continued)

The Health System uses the following six categories to classify care of the poor and community benefit (unaudited):

Category 1: Traditional Charity Care and Uninsured Patients (care of the poor) – includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured. If there is any subsidy donated for these services, that amount is deducted from the gross amount.

Category 2: Unpaid Cost of State Programs – also benefits the poor, but is listed separately. This amount represents the unpaid cost of services provided to patients in the Medi-Cal program or enrolled in HMO and PPO plans under contract with the Medi-Cal program.

Category 3: Unpaid Costs of Specialty Government Programs – also provides community benefit under such programs as the Veterans Administration, Los Angeles Police Department, Short Doyle, Proposition 99, and other programs to benefit the poor. This amount represents the unpaid cost of services provided to patients in these various programs. If this community benefit was not provided, federal, state, or local governments would need to furnish these services.

Category 4: Research, Net of Support by Others – is the cost of providing translational and clinical research and studies on health care delivery, reduced by grants and charitable giving received. During the years ended June 30, 2024 and 2023, the Health System received outside support for its research efforts totaling $264,167 and $180,796, respectively.

Category 5: Community Benefit – is the cost of services that are beneficial to the broader community, i.e., other needy populations that may not qualify as poor, but that need special services and support. Examples include the elderly, substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome. They also include the cost of health promotion and education and health clinics and screenings.

Category 6: Unpaid Cost of Federal Programs – primarily benefits the elderly. This amount represents the unpaid cost of services provided to patients in the Medicare program and enrolled in HMO and PPO plans under contract with the Medicare program. Included in these amounts is $262,503 and $256,902 for the years ended June 30, 2024 and 2023, respectively, of unpaid cost of services provided to patients in the Medicare program who are also in the Medi-Cal program.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment purchased by the Health System are recorded at cost. Expenditures that substantially increase the useful lives of existing assets are capitalized while routine maintenance and repairs are expensed as incurred. Depreciation, including amortization of finance leased assets, is computed by the straight-line method using the estimated useful lives of each class of depreciable assets. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets, such as land, buildings, or equipment which do not contain explicit donor stipulations that specify how the donated assets must be used are reported as contributions of nonfinancial assets. Gifts of long-lived assets with explicit restrictions which specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Health System accounts for software development costs in accordance with ASC 350-40, *Intangibles – Goodwill and Other – Internal-Use Software*. All costs incurred in the planning stage of developing the software are expensed as incurred, as are internal and external training costs and maintenance costs. External and internal costs, excluding general and administrative costs and overhead costs incurred during the applicable development stage of internally used software, are capitalized. Such costs include external direct costs of materials and services consumed in development or obtaining the software, payroll, and payroll-related costs for employees who are directly associated with and who devote time to developing the software. Development changes that result in appropriate functionality of the software, which enable it to perform tasks that it was previously incapable of performing, are also capitalized.

Capitalized internal-use software development costs are amortized on a straight-line basis over their estimated useful lives of three to seven years. Amortization begins when all substantial testing of the software is completed and the software is ready for its intended use.

2. Summary of Significant Accounting Policies (continued)

Impairment and Disposition of Long-Lived Assets

The Health System accounts for the impairment and disposition of long-lived assets in accordance with ASC 360, *Property, Plant, and Equipment.* In accordance with ASC 360, the Health System evaluates the recoverability of long-lived assets and the related estimated remaining useful lives when indicators of impairment are present. For purposes of impairment analysis, assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Health System records an impairment charge (or changes the useful life) if events or changes in circumstances indicate that the carrying value may not be recoverable (or the useful life has changed). The Health System determined that no assets are impaired at June 30, 2024 or 2023.

Cloud Computing Arrangements

The Health System has entered into a hosting arrangement that is a service contract for a cloud computing arrangement. The Health System capitalizes implementation costs associated with this arrangement and amortizes the asset on a straight-line basis over the term of the hosting arrangement, including expected renewal periods; such amortization expense is included in materials, supplies, and other on the consolidated statements of operations and changes in net assets.

Cash, Cash Equivalents and Restricted Cash

The Health System considers all highly liquid investments with original maturity dates at the time of purchase of three months or less to be cash equivalents. Cash equivalents are recorded at fair value on the consolidated balance sheets and exclude amounts included in assets limited as to use.

Restricted cash and cash equivalents consist of funds included in assets limited as to use. Certain of the Health System's investments are limited as to use through the terms of trust agreements, internal designation, or the provisions of other contractual agreements.

2. Summary of Significant Accounting Policies (continued)

The reconciliation of cash, cash equivalents, and restricted cash within the consolidated balance sheets that comprise the amounts reported on the consolidated statements of cash flows is as follows:

	June 30	
	2024	**2023**
Cash and cash equivalents	**$ 2,053,598**	$ 2,028,800
Restricted cash in assets limited as to use – investments	**111,955**	169,591
Total cash, cash equivalents, and restricted cash	**$ 2,165,553**	$ 2,198,391

Assets Limited as to Use

Assets limited as to use include assets held by trustees that are for the payment of self-insurance liabilities, pledges receivable, assets with donor restrictions, assets held by trustees under indenture agreements for future capital expenditures, managed care capitation reserves, and beneficial interests in financially interrelated organizations. The current portion of assets limited as to use include amounts that will be used to pay self-insurance classified as current liabilities.

Investments and Investment Income

The Health System has designated its investments in equity securities with readily determinable fair values and all investments in debt securities as trading, in accordance with ASC 954, *Health Care Entities*. Those securities are measured at fair value on the accompanying consolidated balance sheets. Fair value is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets. The Health System determines the appropriate classification of all investments at the date of purchase and reevaluates such designations at each consolidated balance sheet date.

Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is reported as investment income unless the income or loss is restricted by donor or law, in which case it is reported as net assets with donor restrictions Accordingly, investment income is recorded within excess of revenues over expenses on the consolidated statements of operations and changes in net assets, and cash flows from the purchases and sales are recorded within the operating activities section of the consolidated statements of cash flows based on the intended use for operating purposes.

2. Summary of Significant Accounting Policies (continued)

Commingled equity funds are valued using the net asset value as a practical expedient for fair value as provided by the respective investment companies and partnerships.

Alternative investments include hedge funds and private equity funds which are primarily limited partnerships and limited liability companies that invest in marketable securities, privately held securities, and real estate. The Health System accounts for its ownership interests in the alternative investments using the net asset value as a practical expedient for fair value. Alternative investments can be divested only at specified times in accordance with terms of the partnership agreements. Hedge fund redemptions typically contain restrictions that allow for a portion of the withdrawal proceeds to be held back from distribution, while the underlying investments are liquidated. These redemptions are subject to lockup provisions that are generally imposed upon initial investment in the fund. Private equity funds are generally closed-end funds and have significant redemption restrictions that prohibit redemptions during the fund's life. As of June 30, 2024 and 2023, these alternative investments comprised approximately 14% and 17%, respectively, of the Health System's total cash, cash equivalents, and investments.

Alternative investments generally are not marketable, and many alternative investments have underlying investments that may not have quoted market values. Additionally, alternative investments may have limited information on a fund's underlying assets and valuation and limited redemption or redemption-penalty provisions. Consequently, alternative investments include certain other risks which may not exist with other investments that are more widely traded. The Health System, in consultation with its Investment Committees, has the capacity to analyze and interpret the risks associated with alternative investments and, with this understanding, has determined that investing in these investments creates a balanced approach to its portfolio management.

Financially Interrelated Trust

The Collis P. and Howard Huntington Memorial Hospital Trust (the Trust) is a charitable trust which owns properties and investments that are to be held to produce returns for the benefit of PHA. The Trust's sole purpose is to support the operations of PHA. PHA does not control the Trust and, as such, does not consolidate it in its financial statements. However, PHA and the Trust are financially interrelated organizations in accordance with ASC 958, *Not-for-Profit Entities.* As the specified beneficiary, PHA reports its interest in the net assets of the Trust in its balance sheets. PHA also adjusts its interest for its share of the change in the net assets of the Trust which is shown within net assets with donor restrictions on its statements of changes in net assets.

2. Summary of Significant Accounting Policies (continued)

For the years ended June 30, 2024 and 2023, PHA recognized increases of $27,079 and $23,098, respectively, in the change of its beneficial interest in the net assets of the Trust. As of June 30, 2024 and 2023, PHA recorded a beneficial interest in the net assets of the Trust totaling $488,667 and $461,588, respectively.

Risk Pool Liabilities

Risk pool liabilities include premiums received that are held in reserve for health plan agreements whose beneficiaries are primarily outside THA's service area. The funding, held in a managed care capitation reserve fund and included in the current portion of assets limited as to use on the accompanying consolidated balance sheets, totaled $58,491 and $75,166 at June 30, 2024 and 2023, respectively.

Medical Malpractice Insurance

Effective July 1, 2022, the Health System manages its professional/malpractice liability insurance program by creating Third Street Insurance Company (SAC) Ltd. (Third Street). Third Street is a wholly owned captive insurance company domiciled in Bermuda. Third Street provides a funding arrangement to address the self-insured portion of the health care professional liability and comprehensive general liability programs for the Health System. Because Third Street is a wholly owned subsidiary of the Health System, its assets, liabilities, revenues and expenses are consolidated in the accompanying financial statements.

The Health System is self-insured for professional/malpractice liability claims up to $3,000 per claim on a claims-made basis. The Health System is self-insured for general liability claims up to $3,000 per occurrence on an occurrence basis. The retention aggregate is $30,000. The Health System is covered by healthcare professional and general liability insurance for claims in excess of this amount up to a maximum of $200,000 per occurrence/claim with a $200,000 aggregate.

Accruals for insured claims, uninsured claims, and claims incurred but not reported are estimated by an actuary based on the Health System's claims experience. Such accruals, which totaled $133,361 and $88,988 at June 30, 2024 and 2023, respectively, are recorded using a 4.00% discount factor at June 30, 2024 and 2023. The current portion of the accruals of $31,314 and $15,472 at June 30, 2024 and 2023, respectively, is included in accounts payable and other accrued liabilities.

2. Summary of Significant Accounting Policies (continued)

The basis for the discount rate is the risk-free rate of return at the end of each year for the estimated period over which claims will be settled. The accruals represent the total actuarially determined loss without reduction for the portion that is expected to be recoverable through insurance ($45,889 and $31,183 at June 30, 2024 and 2023, respectively). The expected amounts to be recovered through insurance are included in other noncurrent assets on the accompanying consolidated balance sheets.

Workers' Compensation Insurance

Cedars-Sinai carries workers' compensation insurance, insuring employees with a self-insured primary limit of $1,000. Cedars-Sinai purchases excess insurance coverage on an occurrence basis to cover claims in excess of these amounts with statutory limits for workers' compensation claims and an annual aggregate limit of $1,000 for employer's liability claims.

Torrance Memorial carries workers' compensation insurance, insuring employees with a self-insured primary limit of $350. Torrance Memorial purchases excess insurance coverage on an occurrence basis to cover claims in excess of these amounts with statutory limits for workers' compensation claims and an annual aggregate limit of $1,000 for employer's liability claims.

Huntington Hospital carries workers' compensation insurance, insuring employees with a self-insured primary limit of $1,000. Huntington Hospital purchases excess insurance coverage on an occurrence basis to cover claims in excess of these amounts with statutory limits for workers' compensation claims and an annual aggregate limit of $1,000 for employer's liability claims.

Accruals for insured claims, uninsured claims, and claims incurred but not reported are estimated by an actuary based upon the Health System's claims experience. Such accruals, which totaled $142,997 and $137,466 at June 30, 2024 and 2023, respectively, are recorded using a 4.00% discount factor at June 30, 2024 and 2023. The current portion of the accruals of $31,615 and $30,459 at June 30, 2024 and 2023, respectively, are included in accounts payable and other accrued liabilities.

2. Summary of Significant Accounting Policies (continued)

The basis of the discount rate is the risk-free rate of return at the end of each year for the estimated period over which claims will be settled. The accruals represent the total actuarially determined loss without reduction for the portion that is expected to be recoverable through insurance ($16,564 and $18,148 at June 30, 2024 and 2023, respectively). The expected amounts to be recovered through insurance are included in other noncurrent assets on the accompanying consolidated balance sheets.

Fair Value of Financial Instruments

The Health System's consolidated balance sheets include the following financial instruments: cash and cash equivalents, investments, patient accounts receivable, accounts payable and other accrued liabilities, pension assets, pension liabilities, and long-term obligations. The Health System considers the carrying amounts of current assets and liabilities on the consolidated balance sheets to approximate the fair value of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. Pledges receivable, accrued workers' compensation, malpractice insurance claims, and pension liabilities are recorded at their estimated present value using appropriate discount rates. Marketable securities are recorded at fair value based on quoted prices from recognized security exchanges and other methods, as further described in Note 6. Alternative investments are recorded at net asset value, which represents a practical expedient of fair value. Tax-exempt financings are carried at amortized cost.

Income Taxes

The Health System and its related affiliates have been determined to qualify as exempt from federal and state income taxes under Section 501(a) as organizations described in Section 501(c)(3) of the Code. Most of the income received by the Health System is exempt from taxation as income related to the mission of the organization. Accordingly, there is no material provision for income taxes for these entities. However, some of the income received by the exempt entities is subject to taxation as unrelated business income. The Health System and its subsidiaries file federal and state income tax returns.

2. Summary of Significant Accounting Policies (continued)

The Health System completed an analysis of its tax positions, in accordance with ASC 740, *Income Taxes*, and determined that there are no uncertain tax positions taken or expected to be taken. The Health System has recognized no interest or penalties related to uncertain tax positions. The Health System is subject to routine audits by the taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Health System believes it is no longer subject to federal income tax examinations for years prior to 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Health System to concentrations of credit risk consist primarily of investments and accounts receivable. Investments are made in a variety of financial instruments with prudent diversification requirements. The Health System seeks diversification among its investments and limits the amount of its credit exposure by defining the types of investments that may be held and the percentage of the investment portfolio that may be maintained in any given investment type.

The Health System's concentration of credit risk relating to patient receivables is limited due to the diversity of patients and payers. The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party agreements. The mix of net receivables from patients and third-party payers is as follows:

	June 30	
	2024	**2023**
Medicare	**14%**	13%
Medi-Cal	**2**	2
Commercial and managed care	**76**	77
Self-pay and other	**8**	8
	100%	100%

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update No. (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update focuses on estimation of expected losses on credit or loan amounts over the life of the loan and losses on other financial assets. ASU 2016-13 was effective on July 1, 2023 and did not have a material impact on the accompanying consolidated financial statements.

3. Property and Equipment

Property and equipment consist of the following:

	June 30	
	2024	**2023**
Land	**$ 378,284**	$ 378,284
Buildings and land improvements	**4,844,103**	4,726,430
Equipment	**1,041,892**	923,361
Software and software implementation costs	**1,087,191**	1,034,735
	7,351,470	7,062,810
Less accumulated depreciation and amortization	**3,389,540**	3,057,995
	3,961,930	4,004,815
Construction-in-progress	**703,880**	488,389
	$ 4,665,810	$ 4,493,204

Depreciation and amortization expense on property and equipment was $337,156 and $326,315 for the years ended June 30, 2024 and 2023, respectively.

3. Property and Equipment (continued)

Construction-in-progress consists of the following:

	June 30 2024	2023
Buildings and land improvements	**$ 595,953**	$ 370,398
Equipment	**63,143**	25,281
Software and software implementation costs	**36,173**	85,556
Capitalized interest	**8,611**	7,154
	$ 703,880	$ 488,389

4. Long-Term Debt

Long-term debt issued and outstanding is as follows:

	June 30 2024	2023
$370,220 Revenue Bonds, Series 2015; principal payments of $8,900 to $39,680 are due annually through 2034; interest is payable semiannually at 3.0% to 5.0%; the amount reported includes a face value of $296,985 and $326,495, unamortized premiums of $20,080 and $24,932, and unamortized deferred financing costs of $667 and $856 at June 30, 2024 and 2023, respectively.	**$ 316,398**	$ 350,571
$267,420 Revenue Bond, Series 2016A; principal payments of $7,435 to $38,905 are due annually through 2036; interest is payable semiannually at 5.0%; the amount reported includes a face value of $223,290 and $230,725, unamortized premiums of $24,825 and $28,135, and unamortized deferred financing costs of $720 and $818 at June 30, 2024 and 2023, respectively.	**247,395**	258,042
$402,305 Revenue Bond, Series 2016B; principal payments of $1,870 to $66,900 are due annually beginning in 2020 through 2039; interest is payable semiannually at 3.0% to 5.0%; the amount reported includes a face value of $395,325 and $397,195, unamortized premiums of $19,845 and $21,524, and unamortized deferred financing costs of $1,424 and $1,550 at June 30, 2024 and 2023, respectively.	**413,746**	417,169

4. Long-Term Debt (continued)

	June 30 2024	2023
$100,000 Revenue Bonds, Series 2018; principal payments of $625 to $18,085 are due annually through 2048; interest is payable semi-annually at 4.0% to 5.0%; the amount reported includes a face value of $93,070 and $94,905, unamortized premiums of $15,227 and $15,863 at June 30, 2024 and 2023, respectively.	**$ 108,297**	$ 110,768
$300,000 Revenue Bond, Series 2021; principal payment of $300,000 is due in 2031; interest is payable semiannually at 2.288%; the amount reported includes a face value of $300,000 and $300,000, and unamortized deferred financing costs of $1,381 and $1,575 at June 30, 2024 and 2023, respectively.	**298,619**	298,425
$1,034,365 Revenue Bond, Series 2021A; principal payments of $1,390 to $113,875 are due annually beginning in 2037 through 2051; interest is payable annually at 3.0% to 5.0%; the amount reported includes a face value of $1,034,365 and $1,034,365, unamortized premiums of $161,427 and $168,778, and unamortized deferred financing costs of $5,752 and $6,013 at June 30, 2024 and 2023, respectively.	**1,190,040**	1,197,130
Other notes payable	**503**	15,170
Total	**2,574,998**	2,647,275
Less current maturities	**59,056**	57,612
	$ 2,515,942	$ 2,589,663

As part of a debt consolidation plan, the debt previously issued by TMMC and PHA (excluding CSMC) was consolidated into a single combined group in December 2021 in connection with the issuance of the 2021 taxable and tax-exempt bonds under an amended Master Trust Indenture (MTI). The MTI has an Obligated Group that comprises Cedars-Sinai Health System, CSMC, CSMH, TMMC, and PHA (the Obligated Group). Members of the Obligated Group are jointly and severally liable under the MTI to make all payments required with respect to obligations under the MTI. Gross receivables of the Obligated Group are pledged to secure the payment of the principal and interest on all bonds. The MTI requires certain covenants and reporting requirements be met by the Obligated Group. The Health System believes it is in compliance with these covenants and conditions as of June 30, 2024.

4. Long-Term Debt (continued)

The combined aggregate amounts of annual maturities and sinking fund requirements on all long-term debt (excluding the unamortized net premiums of $241,404 and unamortized debt issuance costs of $9,944 at June 30, 2024) as of June 30, 2024 are as follows:

2025	$ 43,173
2026	44,805
2027	47,070
2028	47,850
2029	50,290
Thereafter	2,110,350
	$ 2,343,538

The components of net interest expense include the following:

	Year Ended June 30	
	2024	**2023**
Interest incurred	**$ 81,167**	$ 84,615
Capitalized interest expense as part of construction-in-progress	**(5,498)**	(7,899)
Interest expense	**$ 75,669**	$ 76,716

5. Retirement Plans

The Health System members maintain several retirement plans for its employees.

The Cedars-Sinai Defined Contribution Plan substantially covers all of its employees. Contributions under this plan are calculated based on each employee's years of service and salary and amounted to $69,525 and $64,806 for the years ended June 30, 2024 and 2023, respectively.

The Cedars-Sinai Defined Benefit Plan offers a noncontributory defined benefit plan to its employees. There were no contributions to this plan for the years ended June 30, 2024 and 2023, respectively. Qualified employees have the choice of participation in either the Cedars-Sinai Defined Benefit Plan or the Cedars-Sinai Defined Contribution Plan and can change the selection once during their employment.

5. Retirement Plans (continued)

Cedars-Sinai's employees participate in a 403(b) plan sponsored by Cedars-Sinai. Under the provisions of the plan, participating employees may make voluntary contributions of up to 100% of pretax annual compensation, subject to statutory limitations. Cedars-Sinai contributes 50% of the first 6% of compensation that a participant contributes to the plan. Cedars-Sinai's contributions related to the 403(b) plan amounted to $46,447 and $34,243 for the years ended June 30, 2024 and 2023, respectively.

The THA Defined Benefit Plan offers a noncontributory defined benefit retirement plan that was amended in 2009 to freeze participation in the plan to those individuals employed by THA on or before December 31, 2009. Individuals employed subsequent to this date become eligible for participation in the THA 401(a) Plan, a defined contribution plan, to be funded 100% by THA. On February 26, 2020, THA further amended the THA Defined Benefit Plan to cease benefit accruals and freeze plan participation effective June 27, 2020.

On January 1, 2010, THA began the THA 401(a) Plan. Contributions to the THA 401(a) Plan are made entirely by THA and range from 3% to 6% of annual compensation, based on years of service. Following the freeze of the THA Defined Benefit Plan in 2020, all eligible employees previously participating in the THA Defined Benefit Plan were transferred to the THA 401(a) Plan and the contributions to the THA 401(a) Plan by THA now range from 3% to 11% of annual compensation, based on years of service. THA's contributions to the THA 401(a) Plan amounted to $19,419 and $18,549 for the years ended June 30, 2024 and 2023, respectively.

THA's employees participate in a 403(b) plan sponsored by THA. Under the provisions of the plan, participating employees may make voluntary contributions through salary deductions. THA matches eligible employee contributions at rates between 20% to 100% with a maximum limit of eight hundred dollars per year based upon years of service with THA prior to June 30, 2020. THA discontinued employer matching contributions effective June 30, 2020.

The PHA Defined Benefit Plan offers a noncontributory defined benefit retirement plan that was amended in 2013. Effective July 1, 2013, the plan was closed to new participants and all benefit accruals under the plan were frozen. Contributions under this plan totaled $7,430 and $4,125 for the years ended June 30, 2024 and 2023, respectively.

5. Retirement Plans (continued)

PHA's employees participate in a 403(b) plan sponsored by PHA. Under the provisions of the plan, participating employees may make voluntary contributions of up to 100% of pretax annual compensation, subject to statutory limitations. PHA makes matching contributions of 50% of the first 4% of compensation that a participant contributes to the plan. Additionally PHA provides non-matching contributions based on years of service that range from 1% to 6% of eligible compensation. PHA's contributions related to the 403(b) plan amounted to $5,160 and $5,116 for the years ended June 30, 2024 and 2023, respectively.

The following tables present information related to changes in projected benefit obligations, plan assets and their composition, funded status, the accumulated benefit obligation, and net periodic pension cost for all of the Health System's defined benefit plans (the Health System Plans) at June 30 and for the years then ended.

	Year Ended June 30	
	2024	**2023**
Change in projected benefit obligations:		
Projected benefit obligation at beginning of year	**$ 1,211,912**	$ 1,251,776
Service cost	**35,537**	35,898
Interest cost	**62,380**	54,331
Actuarial losses	**(35,214)**	(65,664)
Benefits paid	**(52,181)**	(49,785)
Settlements	**(12,035)**	(14,644)
Projected benefit obligation at end of year	**1,210,399**	1,211,912
Change in plan assets:		
Fair value of plan assets at beginning of year	**1,292,334**	1,242,049
Actual gain on plan assets	**167,328**	111,869
Employer contributions	**7,430**	4,125
Benefits paid	**(52,181)**	(49,785)
Expenses paid	**(5,247)**	(1,280)
Settlements	**(12,035)**	(14,644)
Fair value of plan assets at end of year	**1,397,629**	1,292,334
Overfunded status	**$ 187,230**	$ 80,422

5. Retirement Plans (continued)

	June 30 2024	June 30 2023
Composition of plan assets:		
Cash and cash equivalents	**9%**	3%
Equities	**16**	15
U.S. government issues	**4**	3
U.S. government agencies and asset-backed securities	**2**	2
Corporate bonds	**14**	12
Mutual funds	**42**	47
Common/collective trusts	**13**	18
	100%	100%

	June 30 2024	June 30 2023
Amounts recognized as pension liability on the consolidated balance sheets	**$ (32,105)**	$ (45,683)
Amounts recognized as pension assets on the consolidated balance sheets	**219,335**	126,105
Net pension asset on the consolidated balance sheets	**$ 187,230**	$ 80,422
Accumulated benefit obligation	**$ 1,174,853**	$ 1,176,676

	Year Ended June 30 2024	Year Ended June 30 2023
Net periodic benefit cost recognized:		
Service cost	**$ 35,537**	$ 35,898
Interest cost	**62,380**	54,331
Expected return on plan assets	**(63,477)**	(64,703)
Amortization of net loss	**(1,949)**	1,766
Amortization of prior service costs	**(17)**	50
Settlements	**–**	(3,213)
Net periodic benefit cost recognized	**$ 32,474**	$ 24,129

5. Retirement Plans (continued)

	June 30 2024	2023
Weighted average assumptions used to determine benefit obligations consist of the following:		
Discount rate used to determine service cost	**N/A* or 5.23%**	N/A* or 4.66%
Discount rate used to determine projected benefit obligation	**5.30% to 5.64%**	5.30% to 5.33%
Expected long-term rate of return on plan assets	**5.75% to 5.90%**	5.40% to 5.75%
Rate of increase in future compensation levels	**N/A* or 4.00%**	N/A* or 4.00%

* N/A represents a frozen plan that does not include service costs.

The Health System is required to recognize the funded status, which is the difference between the fair value of plan assets and the projected benefit obligations of its defined benefit plans on the consolidated balance sheets with a corresponding adjustment to net assets without donor restrictions.

The service cost component of the net periodic benefit cost, the Defined Contribution Plan expense, and the 403(b) Plan expense are included in salaries and related costs in the consolidated statements of operations and changes in net assets. The components of net periodic benefit cost, other than the service cost component, are included in other components of net periodic benefit cost in the consolidated statements of operations and changes in net assets.

The expected rate of return on plan assets is updated annually, taking into consideration the plans' asset allocation, historical returns on the types of assets held in the trusts, and the current economic environment.

Amounts included in net assets without donor restrictions that have not been recognized in net periodic benefit cost are as follows:

	June 30 2024	2023
Unrecognized prior service credits	**$ (427)**	$ (444)
Unrecognized prior gains	**(175,958)**	(45,039)
Total	**$ (176,385)**	$ (45,483)

5. Retirement Plans (continued)

Plan Assets

Approximately 98% of plan assets relate to long-term investment activities covering the Health System's general employee population. The other 2% of the assets relate to a special plan for highly compensated employees closer to retirement age. The combined target allocation is 40%–80% equities, 0%–30% fixed income, and 10%–50% short-term instruments.

The Health System uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or a liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instruments.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option-pricing models, discounted cash flow models, and similar techniques.

5. Retirement Plans (continued)

Fair values are based on the market approach valuation technique, which is based on prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The following tables present the financial instruments in the Health System Plans carried at fair value by level in the valuation hierarchy. Alternative investments are recorded at net asset value, which is a practical expedient for fair value:

	Level 1	Level 2	Level 3	Fair Value
June 30, 2024				
Cash and cash equivalents	**$ 126,518**	**$ –**	**$ –**	**$ 126,518**
Equities	**231,593**	**–**	**–**	**231,593**
U.S. government issues	**49,190**	**–**	**–**	**49,190**
U.S. government agencies and asset-backed securities	**–**	**23,383**	**–**	**23,383**
Corporate bonds	**–**	**195,012**	**–**	**195,012**
Mutual funds	**593,308**	**–**	**–**	**593,308**
Other	**–**	**–**	**2,183**	**2,183**
	$ 1,000,609	**$ 218,395**	**$ 2,183**	**1,221,187**
Investments measured at net asset value				**176,442**
				$ 1,397,629

	Level 1	Level 2	Level 3	Fair Value
June 30, 2023				
Cash and cash equivalents	$ 42,315	$ –	$ –	$ 42,315
Equities	192,153	–	–	192,153
U.S. government issues	41,892	–	–	41,892
U.S. government agencies and asset-backed securities	–	20,721	–	20,721
Corporate bonds	–	153,261	–	153,261
Mutual funds	612,690	–	–	612,690
Other	–	–	1,488	1,488
	$ 889,050	$ 173,982	$ 1,488	1,064,520
Investments measured at net asset value				227,814
				$ 1,292,334

5. Retirement Plans (continued)

Plans' Investment Strategy

The Health System's investment policy generally reflects the long-term nature of the pension plans' funding obligations. Assets are invested to achieve a rate of return consistent with policy allocation targets, which significantly contributes to meeting the current and future obligations of the plans, and strives to help ensure solvency of the plans over time. This objective is to be achieved through a well-diversified asset portfolio and emphasis on long-term capital appreciation as a primary source of return. The plans utilize a multi-manager structure of complementary investment styles and classes. Manager qualitative performance is continually evaluated, while a manager's investment performance is judged over an investment market cycle of at least three years.

Plan assets are exposed to risk and fluctuations in market value from year to year. To minimize risk, each manager maintains a diversification of its portfolio to insulate the portfolio from substantial losses in any single security or sector of the market. The asset allocation is reviewed for deviations in the allowable range for each asset class, and rebalancing is implemented as necessary.

The long-term rate of return of the plans' investment allocation is designed to be commensurate with a conservatively managed balance allocation. Fixed-income securities consist of investment-grade bonds. Each investment type is managed by an asset manager specializing in various security types. The investment objective of the plans over a three- to five-year period is to produce a rate of return that equals or exceeds the appropriate bond index, Standard & Poor's 500 Stock Index, or other appropriate international equity indices.

As part of investment policies and strategies, the plans' Investment and Pension Committees meet periodically to review performance. At least annually, the Investment and Pension Committees review and formulate the specific investment and allocation plan. Any adjustments that are deemed necessary are based on specific criteria, i.e., necessary plan funding, plan obligations, plan expenses, and plan liquidity needs.

5. Retirement Plans (continued)

Plans' Cash Flows

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows for the years ended June 30:

2025	$ 118,669
2026	74,258
2027	76,567
2028	78,439
2029	80,523
2030 through 2034	429,579

6. Investments

Investment income on cash and cash equivalents, investments, board-designated assets, and assets limited as to use consists of the following:

	Year Ended June 30	
	2024	**2023**
Interest and dividend income	**$ 201,677**	$ 87,317
Realized gains	**48,995**	5,716
Net change in unrealized gains	**453,427**	281,625
	$ 704,099	$ 374,658
Investment income without donor restrictions	**$ 678,150**	$ 350,917
Investment income with donor restrictions	**25,949**	23,741
	$ 704,099	$ 374,658

The following table presents the financial instruments carried at fair value by valuation hierarchy, as defined in Note 5. Alternative investments are recorded at net asset value, which is a practical expedient for fair value. The alternative investments are redeemable monthly, quarterly, semiannually, annually, or at the end of the term.

6. Investments (continued)

There were no significant transfers between Levels 1, 2, or 3 during the years ended June 30, 2024 or 2023. Fair values are based on the market approach valuation technique, as defined in Note 5.

	Level 1	Level 2	Fair Value
June 30, 2024			
Cash and cash equivalents in assets limited to use	**$ 111,955**	**$ –**	**$ 111,955**
Equities	**713,881**	**–**	**713,881**
U.S. government debt	**879,975**	**–**	**879,975**
U.S. government agencies and asset-backed securities	**–**	**121,867**	**121,867**
Corporate debt (domestic)	**–**	**825,750**	**825,750**
Foreign government debt	**–**	**86,829**	**86,829**
Mutual funds and other	**1,538,954**	**–**	**1,538,954**
	$ 3,244,765	**$ 1,034,446**	**4,279,211**
Alternative investments measured at net asset value			**1,010,977**
			$ 5,290,188

	Level 1	Level 2	Fair Value
June 30, 2023			
Cash and cash equivalents in assets limited to use	$ 169,591	$ –	$ 169,591
Equities	527,351	–	527,351
U.S. government debt	324,671	–	324,671
U.S. government agencies and asset-backed securities	–	113,133	113,133
Corporate debt (domestic)	–	988,819	988,819
Foreign government debt	–	91,006	91,006
Mutual funds and other	1,292,477	–	1,292,477
	$ 2,314,090	$ 1,192,958	3,507,048
Alternative investments measured at net asset value			1,115,697
			$ 4,622,745

6. Investments (continued)

The following information pertains to those alternative investments recorded at net asset value in accordance with *Fair Value Measurement* (Topic 820) of the FASB ASC.

At June 30, 2024, alternative investments recorded at net asset value consisted of the following:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Hedge funds	**$ 582,957**	**$ 13,285**	**Monthly to quarterly**	**30-180 days**
Private equity funds	**149,427**	**116,093**	**None**	**None**
Commingled equity funds	**278,593**	**–**	**Daily to quarterly**	**1–90 days**
Total alternative investments	**$ 1,010,977**	**$ 129,378**		

At June 30, 2023, alternative investments recorded at net asset value consisted of the following:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice
Hedge funds	$ 432,377	$ –	Monthly to annual	30–90 days
Private equity funds	115,034	100,808	None	None
Commingled equity funds	568,286	–	Daily to quarterly	1–90 days
Total alternative investments	$ 1,115,697	$ 100,808		

Hedge funds: This class includes investments in hedge funds that pursue diversification of both domestic and foreign fixed-income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term, risk-adjusted absolute returns. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted.

6. Investments (continued)

Private equity funds: This class includes 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. Distributions from each fund will be received as the underlying investments of the fund are liquidated. There are no provisions for redemptions during the life of these funds.

Commingled equity funds: This class includes investments in commingled funds that invest primarily in domestic or foreign equity securities with multiple investment strategies. A majority of the funds attempt to match or exceed the returns of specific equity indices.

7. Availability of Financial Assets

The following reflects the Health System's financial assets reduced by amounts not available for general use within one year of the consolidated balance sheet date because of contractual or donor-imposed restrictions:

	June 30	
	2024	**2023**
Cash and cash equivalents	**$ 2,053,598**	$ 2,028,800
Short-term investments	**1,572,277**	1,232,599
Board-designated assets	**2,146,725**	1,829,299
Patient accounts receivable	**1,139,366**	1,061,893
	$ 6,911,966	$ 6,152,591

Board-designated assets include investments designated by the Health System's Board of Directors (the Board) for future capital expenditures, physician programs, academic programs, and fundraising. However, the Board retains control of these assets and will, at its discretion, and if necessary, use these assets for operating purposes. Therefore, Board-designated assets are included in the amounts above.

The Health System has assets limited to use, as described in Note 2, which are not reflected in the amounts above. As part of the Health System's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in short-term investments that can be drawn upon, if necessary, to meet the liquidity needs of the Health System.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	June 30 2024	2023
Health care services	**$ 814,826**	$ 740,083
Purchase of capital assets	**85,416**	51,566
Health education and research	**168,540**	184,638
Endowment funds	**477,532**	469,045
Beneficial interest in net assets of Huntington Trust	**488,667**	461,588
	$ 2,034,981	$ 1,906,920

During the years ended June 30, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of health care services and health education totaling $194,904 and $328,878, respectively, and satisfying the restricted purposes of capital expenditures totaling $23,384 and $39,615, respectively.

Endowment funds at June 30, 2024 and 2023 are restricted to investments that are to be held in perpetuity to provide a permanent source of income.

Pledges are recognized as contributions at the present value of expected future payments. The discount rate used is the estimated risk-free discount rate at the time of the donation (ranging from 0.49% to 13.82%). Pledges receivable in donor-restricted net assets are scheduled to be received as follows:

	June 30 2024	2023
Due in one year or less	**$ 93,833**	$ 86,356
Due after one year through five years	**212,329**	202,611
Due after five years	**216,782**	146,087
Total	**522,944**	435,054
Allowance for uncollectible pledges and discounting	**(89,873)**	(56,265)
Pledges receivable	**433,071**	378,789
Less current portion	**84,748**	78,770
	$ 348,323	$ 300,019

8. Net Assets With Donor Restrictions (continued)

During the years ended June 30, 2024 and 2023, the Health System had the following endowment-related activities:

	With Donor Restrictions	Without Donor Restrictions	Total
Endowment net assets, beginning of year – July 1, 2022	$ 451,806	$ 755,762	$ 1,207,568
Contributions	17,279	35,398	52,677
Other transfers	(40)	465	425
Investment income	12,644	126,697	139,341
Transfers of investment income	(12,644)	(2,070)	(14,714)
Endowment net assets, end of year – June 30, 2023	469,045	916,252	1,385,297
Contributions	**10,282**	**36,500**	**46,782**
Other transfers	**(1,865)**	**(460)**	**(2,325)**
Investment income	**13,213**	**194,988**	**208,201**
Transfers of investment income	**(13,143)**	**(2,070)**	**(15,213)**
Endowment net assets, end of year – June 30, 2024	**$ 477,532**	**$ 1,145,210**	**$ 1,622,742**

The Health System's endowment consists of 307 individual funds for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the original and subsequent donor gift amounts. The Health System had no deficiencies of this nature in donor-restricted endowment funds as of June 30, 2024 or 2023.

8. Net Assets With Donor Restrictions (continued)

The Health System's Board has interpreted the Uniform Prudent Management of Institutional Funds Act as requiring the preservation of the corpus of the various donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Health System classifies as donor-restricted net assets: (1) the original value of gifts donated, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Health System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity, as well as Board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner which is intended to produce results that exceed the price and yield of market benchmarks. Actual returns in any given year may vary from this goal.

To satisfy the long-term rate of return objectives, the Health System relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Health System targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent constraints.

9. Leases

The Health System leases property and equipment under operating and finance leases, whose terms vary in length from month to month to 15 years, with renewal options upon prior written notice, typically for 5 years depending upon the agreed-upon terms with the landlord. Rents under the Health System's lease amounts generally increase from 2% to 5% on an annual basis. The Health System determines whether an arrangement is a lease at contract inception. Leases with an initial term of 12 months or less are not recorded on the Health System's consolidated balance sheets. The Health System has lease agreements that require payments for lease and non-lease components and has elected to account for these as a single lease component.

9. Leases (continued)

Lease assets represent the Health System's right to use an underlying asset for the lease term, and lease liabilities represent the Health System's obligation to make lease payments arising from the lease. Lease assets and lease liabilities are recorded at the present value of lease payments over the lease term at the commencement date using the risk-free rate based on the daily treasury yield curve. Most leases include rental escalation clauses, renewal options, and/or termination options that are factored into the determination of lease payments. Operating fixed lease expense and finance lease depreciation expense are recognized on a straight-line basis over the lease term. Variable lease payments are non-lease services related to the lease, including maintenance, repairs, property taxes, and insurance costs, which are excluded from the right-of-use assets and lease liabilities and are recognized in the period in which the obligation of those payments is incurred. As it is not reasonably certain that renewal options will be exercised, the Health System does not include renewal options in the lease term for calculating the lease liability.

Lease term and discount rates are as follows:

	June 30	
	2024	**2023**
Weighted average operating leases remaining lease term	**6.9 years**	6.2 years
Weighted average finance leases remaining lease term	**2.2 years**	2.8 years
Weighted average operating lease discount rate	**2.9%**	2.1%
Weighted average finance lease discount rate	**2.3%**	2.1%

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense are as follows:

	Year Ended June 30	
	2024	**2023**
Operating lease expense	**$ 103,625**	$ 92,399
Variable lease expense	**62,119**	53,383
Sublease income	**(3,937)**	(3,643)
Finance lease expense:		
Amortization of leased assets	**5,744**	6,823
Interest on lease liabilities	**238**	356
Total lease expense	**$ 167,789**	$ 149,318

9. Leases (continued)

Supplemental cash flow information related to leases is as follows:

Cash paid for amounts included in the measurement of lease liabilities is as follows:

	Year Ended June 30	
	2024	**2023**
Operating cash flows from operating leases	**$ 107,500**	$ 96,155
Operating cash flows from finance leases	**153**	114
Financing cash flows from finance leases	**5,934**	6,659
Lease assets obtained in exchange for new operating lease liabilities	**$ 145,687**	$ 40,214
Lease assets obtained in exchange for new finance lease liabilities	**1,157**	–

The following table summarizes the maturity of lease liabilities under operating and finance leases for the next five years and the years thereafter, as of June 30, 2024:

	Operating Leases	Finance Leases	Total
2025	$ 111,328	$ 4,025	$ 115,353
2026	104,775	3,395	108,170
2027	93,796	679	94,475
2028	73,399	32	73,431
2029	62,126	–	62,126
Thereafter	209,666	–	209,666
Total lease payments	655,090	8,131	$ 663,221
Less interest	(86,500)	(202)	
Total lease liabilities	$ 568,590	$ 7,929	

9. Leases (continued)

In 2013, THA financed $39,600 of the Torrance Memorial Specialty Center through a sale-leaseback transaction with Continental Development Corp. (CDC). THA received $23,100 in cash and $16,500 in five-year notes receivable from CDC for the sale of the property. In 2012, THA financed $24,900 of certain properties through sale-leaseback transactions with CDC. THA received $14,900 in cash and $10,000 in five-year notes receivable from CDC for the sale of the properties. THA recorded the sale of these properties based on the relative fair value on the date of the transaction. As a result, no gains or losses were recorded on THA's statement of operations.

In August 10, 2023, THA repurchased a property that was previously recorded as a sale-leaseback transaction with CDC. THA repurchased the property for $14,700 and recognized a gain of $356 on THA's statement of operations. The purchase reduced sale-leaseback liabilities totaling $15,061, consisting of $540 recorded in accounts payable and other accrued liabilities representing the current portion of the sale-leaseback liability and $14,521 recorded in other liabilities representing the noncurrent portion of the sale-leaseback liability.

In December 2023, THA repurchased a second property that was previously recorded as a sale leaseback transaction with CDC. THA repurchased the property for $16,300 and recognized a loss of $1,850. The purchase reduced sales leaseback liabilities totaling $14,481, consisting of $539 recorded in accounts payable and other accrued liabilities representing the current portion of the sale-leaseback liability and $13,942 recorded in other liabilities representing the noncurrent portion of the sale-leaseback liability.

The amount recorded in property and equipment under these leases as of June 30, 2024 and 2023 is $35,437 and $36,580, respectively, net of accumulated depreciation. The amount recorded in accounts payable and other accrued liabilities, representing the current portion of the sale-leaseback liability as of June 30, 2024 and 2023, is $1,512 and $2,390, respectively. The amount recorded in other liabilities, representing the noncurrent portion of the sale-leaseback liability as of June 30, 2024 and 2023, is $50,050 and $80,290, respectively.

10. Commitments and Contingencies

Pending claims and legal proceedings at June 30, 2024 are set forth below. For all matters where a loss is probable and reasonably estimable, an estimate of the loss or a range of loss is provided. Where no estimate is provided, a loss is not probable or an amount of loss is not reasonably estimable at this time.

10. Commitments and Contingencies (continued)

Litigation – Employment Practices (Class Action)

Wage and hour complaints, including class actions and those filed pursuant to the CA Private Attorneys General Act (PAGA), filed against hospitals are somewhat commonplace, particularly PAGA actions that only require one aggrieved individual with one labor code violation to represent on behalf of himself or herself and others in the hospital field. The Health System is now defending a handful of separate cases which, in various forms, contend that there has been a failure to pay overtime wages, failure to pay minimum wages, failure to provide meal periods or compensation in lieu thereof, failure to provide rest periods or compensation in lieu thereof, failure to pay wages in a timely manner at separation, failure to provide accurate itemized wage statements, and/or unfair business practices.

These cases have been assigned to the "complex" division of the Superior Court, although only one is currently in active litigation. The rest are stayed pending outcomes of individual claims in arbitration, settled and awaiting court approval, or dismissed. Outside counsel that has been retained to defend these cases will vigorously defend the Health System. For the case that is in active litigation, the cost and outcome cannot be ascertained at this time.

Other

In addition to the above, the Health System is a defendant in various other legal actions arising from the normal conduct of business. Management believes that the ultimate resolution of all proceedings will not have a material adverse effect upon the consolidated financial position, results of operations, or cash flows of the Health System. Further, new claims or inquiries may be initiated against the Health System and its affiliates from time to time. These matters could: (1) require the Health System to pay substantial damages or amounts in judgments or settlements which, individually or in the aggregate, could exceed amounts, if any, that may be recovered under the insurance policies where coverage applies and is available, (2) cause the Health System to incur substantial expenses, and (3) require significant time and attention from management.

10. Commitments and Contingencies (continued)

The Health System cannot predict the results of current or future claims and lawsuits. The Health System recognizes that, where appropriate, its interests may be best served by resolving certain matters without litigation. If a non-litigated resolution is not appropriate or possible with respect to a particular matter, the Health System will defend itself vigorously. The ultimate resolution of claims against the Health System, individually or in the aggregate, could have a material adverse effect on its business (both in the near and long term), consolidated financial position, results of operations, or cash flows.

11. Functional Expenses

The Health System provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	Health Care Services	**General and Administrative**	**Fundraising**	**Total**
Year ended June 30, 2024				
Salaries and related costs	**$ 3,501,020**	**$ 326,975**	**$ 18,437**	**$ 3,846,432**
Professional fees	**690,306**	**–**	**–**	**690,306**
Materials, supplies, and other	**2,283,030**	**295,635**	**6,833**	**2,585,498**
Medi-Cal Fee Program expense	**318,177**	**–**	**–**	**318,177**
Interest	**66,056**	**9,613**	**–**	**75,669**
Depreciation and amortization	**315,950**	**47,227**	**111**	**363,288**
	$ 7,174,539	**$ 679,450**	**$ 25,381**	**$ 7,879,370**

	Health Care Services	**General and Administrative**	**Fundraising**	**Total**
Year ended June 30, 2023				
Salaries and related costs	$ 3,217,583	$ 354,228	$ 17,760	$ 3,589,571
Professional fees	585,739	–	–	585,739
Materials, supplies, and other	2,099,627	343,479	4,815	2,447,921
Medi-Cal Fee Program expense	84,771	–	–	84,771
Interest	38,062	38,654	–	76,716
Depreciation and amortization	312,043	37,626	74	349,743
	$ 6,337,825	$ 773,987	$ 22,649	$ 7,134,461

11. Functional Expenses (continued)

The consolidated financial statements report certain expense categories that are attributable to more than one function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including interest, depreciation, amortization, and other occupancy costs, are allocated to a function based on total functional cost before allocation.

12. Subsequent Events

The Health System performed a review of events subsequent to June 30, 2024 through October 21, 2024, the date the consolidated financial statements were issued.

Reports Required by the Uniform Guidance

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Management and the Board of Directors
Cedars-Sinai Health System

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Cedars-Sinai Health System (the Health System), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Health System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

October 21, 2024

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Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Management and the Board of Directors
Cedars-Sinai Health System

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cedars-Sinai Health System's (the Health System) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Health System's major federal programs for the year ended June 30, 2024. The Health System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Health System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Health System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Health System's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Health System's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Health System's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Health System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Health System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Health System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over compliance. Accordingly, no such opinion is expressed.

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ernst & Young LLP

March 21, 2025

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Supplementary Information

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
U.S. Department of Defense						
Military Medical Research and Development	12.420		$ 13,031,808	$ –	$ 13,031,808	$ 1,135,202
Pass Through – Dartmouth-Hitchcock Clinic and Trustees	12.420	HT94252310267	130,274	–	130,274	–
Pass Through – Fred Hutchinson Cancer Center	12.420	W81XWH-22-2-0006	204,341	–	204,341	–
Pass Through – MTEC	12.420	W81XWH-20-9-0022	624,787	–	624,787	–
Pass Through – Ohio State University	12.420	W81XWH-20-1-0373	5,266	–	5,266	–
Pass Through – Stanford University	12.420	W81XWH-21-1-0454	9,274	–	9,274	–
Pass Through – The University of Tennessee on Behalf of its Health Science Center	12.420	W81XWH-22-1-0982	(973)	–	(973)	–
Pass Through – University of Alabama at Birmingham	12.420	W81XWH-19-1-0558	12,955	–	12,955	–
Pass Through – University of California Los Angeles	12.420	W81XWH-21-1-0644	33,977	–	33,977	–
Pass Through – University of California San Diego	12.420	W81XWH-18-2-0009	31,568	–	31,568	–
Pass Through – University of California San Diego	12.420	W81XWH-22-2-0027	16,689	–	16,689	–
Pass Through – University of California San Diego	12.420	W81XWH-20-1-0373	25,818	–	25,818	–
Pass Through – University of Florida	12.420	W81XWH-17-2-0030	358,118	–	358,118	–
Pass Through – University of Maryland	12.420	W81XWH-19-1-0848	1,425	–	1,425	–
Pass Through – University of Southern California	12.420	HT9425-23-1-1069	53,011	–	53,011	–
Pass Through – University of Southern California	12.420	HT9425-23-2-0062	27,045	–	27,045	–
Pass Through – University of Pittsburgh	12.420	W81XWH-22-1-0221	3,068	–	3,068	–
Total 12.420			14,568,451	–	14,568,451	1,135,202
Uniformed Services University Medical Research Projects						
Pass Through – Henry M Jackson Foundation	12.750	HU00012320070	636,217	–	636,217	–
Total U.S. Department of Defense			**15,204,668**	**–**	**15,204,668**	**1,135,202**
National Aeronautics and Space Administration						
Exploration	43.003		769,684	–	769,684	107,811
Total National Aeronautics and Space Administration			**769,684**	**–**	**769,684**	**107,811**

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
National Science Foundation						
Engineering	47.041		$ 87,049	$ –	$ 87,049	$ –
Social, Behavioral, and Economic Sciences	47.075		137,295	–	137,295	–
Pass Through – California Institute of Technology	47.075	2318899	1,333	–	1,333	–
Total 47.075			138,628	–	138,628	–
Total National Science Foundation			**225,677**	**–**	**225,677**	**–**
U.S. Department of Veterans Affairs						
Veterans Medical Care Benefits						
Pass Through – Veterans Affairs Greater Los Angeles Healthcare	64.009	FP00001087	–	104	104	–
Pass Through – Veterans Affairs Greater Los Angeles Healthcare	64.009	FP00003238	–	41,777	41,777	–
Pass Through – Veterans Affairs Greater Los Angeles Healthcare	64.009	691-D28026	–	14,809	14,809	–
Pass Through – Veterans Affairs Greater Los Angeles Healthcare	64.009	691-D28060	–	43,701	43,701	–
Pass Through – Veterans Affairs Greater Los Angeles Healthcare	64.009	691-D28090	–	12,615	12,615	–
Pass Through – Veterans Affairs Medical Center	64.009	405-C44035	–	8,674	8,674	–
Total 64.009			–	121,680	121,680	–
Total U.S. Department of Veterans Affairs			**–**	**121,680**	**121,680**	**–**
U.S. Department of Health and Human Services						
NCTN: NCI'S National Clinical Trials Network Program						
Pass Through – NRG Oncology	93.RD	CA016-NRG	56,229	–	56,229	–
Cancer Prevention Agent Development Program						
Pass Through – Northwestern University	93.RD	SP001604060045298	18,946	–	18,946	–
Pass Through – Northwestern University	93.RD	SP001604060045323	73,547	–	73,547	–
COVID-19 – National Institute of Biomedical Imaging and Bioengineering						
Pass Through – University of Chicago	93.RD	75N9220D00021	158,902	–	158,902	–
Total 93.RD			307,624	–	307,624	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
CalBridge Behavioral Health Navigator Program						
Pass Through – Public Health Institute	93.U01	04437-AR63716	$ –	$ 44,762	$ 44,762	$ –
Food and Drug Administration Research	93.103		112,301	–	112,301	–
Pass Through – University of Cincinnati	93.103	R01FD006106	53,606	–	53,606	–
Pass Through – Yale University	93.103	U01FD005938	73,362	–	73,362	–
Total 93.103			239,269	–	239,269	–
Human Genome Research						
Pass Through – University of California San Diego	93.172	R01HG011066	10,627	–	10,627	–
Pass Through – Yale University	93.172	R01HG011066	107,291	–	107,291	–
Total 93.172			117,918	–	117,918	–
Research and Training in Complementary and Integrative Health						
Pass Through – University of Alabama at Birmingham	93.213	U24AT011310	8,524	–	8,524	–
Research on Healthcare Costs, Quality and Outcomes	93.226		355,196	–	355,196	–
Pass Through – Medical University of South Carolina	93.226	R01HS026491	25,074	–	25,074	–
Pass Through – RAND Corporation	93.226	R18HS026168	1,042	–	1,042	–
Pass Through – University of California San Diego	93.226	U18HS028740	355,472	–	355,472	–
Pass Through – University of California San Diego	93.226	R18HS029299	90,464	–	90,464	–
Pass Through – University of Colorado Denver	93.226	R18HS028578	120,603	–	120,603	–
Total 93.226			947,851	–	947,851	–
National Center on Sleep Disorders Research						
Pass Through – University of Pennsylvania	93.233	P01HL160471	16,642	–	16,642	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Mental Health Research Grants	93.242		$ 13,609	$ –	$ 13,609	$ –
Pass Through – California Institute of Technology	93.242	R01MH133729	12,727	–	12,727	–
Pass Through – Michigan State University	93.242	R01MH123716	41,974	–	41,974	–
Pass Through – University California San Francisco	93.242	P30MH062246	10,288	–	10,288	–
Pass Through – University of Minnesota	93.242	R01MH115046	12,401	–	12,401	–
Pass Through – University of Texas - Southwestern	93.242	RF1MH130371	66,555	–	66,555	–
Total 93.242			157,554	–	157,554	–
Alcohol Research Programs	93.273		1,540,735	–	1,540,735	–
Pass Through – Indiana University	93.273	U01AA026817	220,632	–	220,632	–
Pass Through – University of California Irvine	93.273	R01AA028735	(2,395)	–	(2,395)	–
Pass Through – University of Kentucky	93.273	R01AA028735	28,671	–	28,671	–
Pass Through – University of Southern California	93.273	P50AA011999	40,493	–	40,493	–
Pass Through – University of Wisconsin	93.273	R01AA028852	227,821	–	227,821	–
Total 93.273			2,055,957	–	2,055,957	–
Drug Use and Addiction Research Programs	93.279		1,420,156	–	1,420,156	160,990
Pass Through – University of California San Diego	93.279	U24DA055325	101,283	–	101,283	–
Pass Through – University of North Carolina	93.279	R01DA042988	386	–	386	–
Pass Through – University of North Carolina	93.279	R01DA043678	99,495	–	99,495	–
Total 93.279			1,621,320	–	1,621,320	160,990
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,232,140	–	1,232,140	233,494
Pass Through – California Institute of Technology	93.286	R01EB018975	1,324	–	1,324	–
Pass Through – University of California Los Angeles	93.286	U01EB026421	252,213	–	252,213	–
Pass Through – University of Southern California	93.286	R01EB029088	11,373	–	11,373	–
Total 93.286			1,497,050	–	1,497,050	233,494

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Minority Health and Health Disparities Research	93.307		$ 185,732	$ –	$ 185,732	$ –
Pass Through – RAND Corporation	93.307	R01MD016892	23,972	–	23,972	–
Pass Through – University of Alabama at Birmingham	93.307	U54MD000502	868	–	868	–
Pass Through – University of California Los Angeles	93.307	P50MD017366	24,499	–	24,499	–
Pass Through – University of California Los Angeles	93.307	R01MD013913	46,377	–	46,377	–
Total 93.307			281,448	–	281,448	–
Trans-NIH Research Support	93.310		5,591,560	–	5,591,560	1,631,920
Pass Through – University of California Davis	93.310	UG1HD107711	304,036	–	304,036	–
Pass Through – University of California San Diego	93.310	OT2OD026552	1,332,004	–	1,332,004	–
Pass Through – University of Connecticut	93.310	U54AG075941	3,300	–	3,300	–
Pass Through – University of Connecticut	93.310	OT20D37644	40,608	–	40,608	–
Total 93.310			7,271,508	–	7,271,508	1,631,920
National Center for Advancing Translational Sciences	93.350		1,735,570	–	1,735,570	876,538
Pass Through – University of California Los Angeles	93.350	KL2TR001882	223,999	–	223,999	–
Pass Through – University of California Los Angeles	93.350	UH3TR003148	201,564	–	201,564	–
Pass Through – University of California Los Angeles	93.350	UL1TR001881	1,144,996	–	1,144,996	–
Total 93.350			3,306,129	–	3,306,129	876,538
Nursing Research	93.361		1,438,837	–	1,438,837	914,551
COVID-19 – Nursing Research	93.361		717,146	–	717,146	–
Total 93.361			2,155,983	–	2,155,983	914,551
21st Century Cures Act – Precision Medicine Initiative						
Pass Through – Harvard Medical School	93.368	U24OD023176	6,948	–	6,948	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Cancer Cause and Prevention Research	93.393		$ 3,460,279	$ –	$ 3,460,279	$ 857,039
Pass Through – Cleveland Clinic	93.393	R01CA238087	532,497	–	532,497	–
Pass Through – Cleveland Clinic	93.393	R01CA248931	96,459	–	96,459	–
Pass Through – Dana Farber Cancer Institute	93.393	R01CA251555	196,168	–	196,168	–
Pass Through – Emory University	93.393	R01CA211574	149,312	–	149,312	–
Pass Through – Fred Hutchinson Cancer Center	93.393	R01CA244588	36,585	–	36,585	–
Pass Through – Fred Hutchinson Cancer Research Center	93.393	R01CA244588	2,245	–	2,245	–
Pass Through – SUNY at Stony Brook University	93.393	R01CA235720	324,970	–	324,970	–
Pass Through – University of California Los Angeles	93.393	P01CA236585	423,803	–	423,803	–
Pass Through – University of Hawaii	93.393	R01CA263494	22,522	–	22,522	–
Pass Through – University of Melbourne	93.393	U01CA167551	(1,618)	–	(1,618)	–
Pass Through – University of Utah	93.393	U01CA206110	133,456	–	133,456	–
Pass Through – West Virginia University Research Corp	93.393	R01HL158652	4,195	–	4,195	–
Total 93.393			5,380,873	–	5,380,873	857,039
Cancer Detection and Diagnosis Research	93.394		6,478,654	–	6,478,654	1,152,766
Pass Through – California Institute of Technology	93.394	R21CA284221	51,821	–	51,821	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.394	R01CA244948	18,077	–	18,077	–
Pass Through – Kaiser Permanente	93.394	R01CA230442	56,847	–	56,847	–
Pass Through – University of California Los Angeles	93.394	R01CA255727	91,236	–	91,236	–
Pass Through – University of California Los Angeles	93.394	R01CA246304	49,392	–	49,392	–
Pass Through – University of California Los Angeles	93.394	R01CA253651	129,890	–	129,890	–
Pass Through – University of California Los Angeles	93.394	R01CA277530	94,951	–	94,951	–
Pass Through – University of California Los Angeles	93.394	R21CA240887	(5)	–	(5)	–
COVID-19 – Cancer Detection and Diagnosis Research	93.394		2,357,973	–	2,357,973	11,046
Total 93.394			9,328,836	–	9,328,836	1,163,812

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Cancer Treatment Research	93.395		$ 4,470,850	$ –	$ 4,470,850	$ 763,909
Pass Through – Arizona State University	93.395	R21CA280458	88,601	–	88,601	–
Pass Through – Brigham & Women's Hospital	93.395	U10CA076001	6,369	–	6,369	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.395	R01CA232574	811	–	811	–
Pass Through – La Jolla Institute for Immunology	93.395	R01CA256133	94,958	–	94,958	–
Pass Through – Massachusetts General Hospital	93.395	R01CA219814	93,734	–	93,734	–
Pass Through – Oregon Health Science University	93.395	U01CA180888	71,861	–	71,861	–
Pass Through – Public Health Institute	93.395	U10 CA180886	4,394	–	4,394	–
Total 93.395			4,831,578	–	4,831,578	763,909
Cancer Biology Research	93.396		7,481,429	–	7,481,429	1,199,145
Pass Through – Medical College of Wisconsin	93.396	R01CA258433	14,440	–	14,440	–
Pass Through – University of California Los Angeles	93.396	R01CA215185	23,918	–	23,918	–
Pass Through – University of Michigan	93.396	R01CA290780	29,176	–	29,176	–
Pass Through – Vanderbuilt University Medical	93.396	R01CA249424	93,639	–	93,639	–
Total 93.396			7,642,602	–	7,642,602	1,199,145
Cancer Centers Support Grants						
Pass Through – Fred Hutchinson Cancer Center	93.397	P20CA252733	3,561	–	3,561	–
Pass Through – Methodist Hospital Research Institute	93.397	U54CA274375	537,109	–	537,109	–
Pass Through – University of California Los Angeles	93.397	P50CA211015	2,510	–	2,510	–
Pass Through – University of California Los Angeles	93.397	P50CA092131	147,535	–	147,535	–
Pass Through – University of North Carolina	93.397	P30CA016086	64,050	–	64,050	–
Total 93.397			754,765	–	754,765	–
Cancer Research Manpower	93.398		1,358,785	–	1,358,785	–
Pass Through – Alliance Foundation Trials, LLC	93.398	UG1CA189823	67,632	–	67,632	–
Total 93.398			1,426,417	–	1,426,417	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Cancer Control						
Pass Through – Northwestern University	93.399	UG1CA242643	$ 179,424	$ –	$ 179,424	$ –
Pass Through – Oregon Health Science University	93.399	UG1CA189974	10,348	–	10,348	–
Total 93.399			189,772	–	189,772	–
Congressional Directives	93.493		–	257	257	–
COVID-19 – Provider Relief Fund and American Rescue Plan (ARP)						
Rural Distribution	93.498		–	91,660	91,660	–
Medicaid Cluster:						
Medical Assistance Program						
Pass Through – California Department of Aging	93.778	2023 MS 16	–	1,117,509	1,117,509	–
Pass Through – California Department of Aging	93.778	2024 MS 16	–	1,168,557	1,168,557	–
Total 93.778			–	2,286,066	2,286,066	–
Total Medicaid Cluster			–	2,286,066	2,286,066	–
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		976,725	–	976,725	–
Pass Through – California Department of Public Health	93.817	U3REP160550	(1,144)	–	(1,144)	–
Total 93.817			975,581	–	975,581	–
National Ebola Training and Education Center (NETEC)						
Pass Through – Emory University	93.825	U3REP150549	51,517	–	51,517	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Cardiovascular Diseases Research	93.837		$ 22,464,931	$ –	$ 22,464,931	$ 3,108,503
Pass Through – Boston University	93.837	R01HL142983	(1,038)	–	(1,038)	–
Pass Through – Brigham & Women Hospital Inc.	93.837	R01HL116690	(91)	–	(91)	–
Pass Through – Brown University	93.837	R01HL151398	373,927	–	373,927	–
Pass Through – Duke University	93.837	R01HL157531	13,027	–	13,027	–
Pass Through – Feinstein Institute for Medical Research	93.837	UM1HL147371	195	–	195	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.837	U01HL088942	180,564	–	180,564	–
Pass Through – Indiana University	93.837	R01HL153430	45,648	–	45,648	–
Pass Through – Indiana University	93.837	R01HL148788	23,603	–	23,603	–
Pass Through – Kaiser Permanente	93.837	R01HL151996	108,773	–	108,773	–
Pass Through – Louisiana State University	93.837	R01HL146098	46,903	–	46,903	–
Pass Through – Louisiana State University	93.837	R01HL159428	92,016	–	92,016	–
Pass Through – Massachusetts General Hospital	93.837	R01HL151855	12,484	–	12,484	–
Pass Through – Nationwide Children's Hospital	93.837	UG3HL161338	6,286	–	6,286	–
Pass Through – Ohio State University	93.837	R01HL148581	14,742	–	14,742	–
Pass Through – Ohio State University	93.837	UH3HL140131	14,764	–	14,764	–
Pass Through – Penn State University	93.837	R01HL127316	105,319	–	105,319	–
Pass Through – Purdue University	93.837	R01HL153114	16,512	–	16,512	–
Pass Through – RTI International	93.837	U01HL145358	151,414	–	151,414	–
Pass Through – University California San Francisco	93.837	R25HL126146	(1,216)	–	(1,216)	–
Pass Through – University of California Los Angeles	93.837	R01HL162407	333,497	–	333,497	–
Pass Through – University of California Los Angeles	93.837	R01HL127153	26,322	–	26,322	–
Pass Through – University of California Los Angeles	93.837	R01HL169695	2,726	–	2,726	–
Pass Through – University of California San Diego	93.837	R01HL164553	427,282	–	427,282	–
Pass Through – University of Michigan	93.837	UG3HL145269	67,723	–	67,723	–
Pass Through – University of North Carolina	93.837	R01HL147853	79,045	–	79,045	–
Pass Through – University of Pennsylvania	93.837	R01HL151277	35,196	–	35,196	–
Pass Through – University of Rochester	93.837	R01HL140588	6,965	–	6,965	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass Through – University of Rochester	93.837	R34HL153579	$ 6,465	$ –	$ 6,465	$ –
Pass Through – University of Southern California	93.837	R01HL153286	83,492	–	83,492	–
Pass Through – University of Southern California	93.837	R01HL147355	26,556	–	26,556	–
Pass Through – University of Texas San Antonio	93.837	R01HL142983	76,598	–	76,598	–
Pass Through – University of Utah	93.837	R01HL159200	465,522	–	465,522	–
Pass Through – Vanderbilt University Medical Center	93.837	P01HL129941	690	–	690	–
Pass Through – Wake Forest University	93.837	R01HL111362	(207,250)	–	(207,250)	–
Pass Through – Wake Forest University	93.837	UH3HL155801	29,759	–	29,759	–
Pass Through – Washington University in St. Louis	93.837	R01HL159803	48,224	–	48,224	–
Pass Through – Washington University in St. Louis	93.837	R01AI173095	29,682	–	29,682	–
COVID-19 – Cardiovascular Diseases Research	93.837		387,684	–	387,684	–
Pass Through – Duke University	93.837	OT2HL156812	1,180	–	1,180	–
Pass Through – Oregon Health Science University	93.837	OT2HL156812	(798)	–	(798)	–
Total 93.837			25,595,323	–	25,595,323	3,108,503
Lung Diseases Research	93.838		4,827,425	–	4,827,425	213,836
Pass Through – Cincinnati Children's Hospital Medical Center	93.838	U01HL148856	20,810	–	20,810	–
Pass Through – Oregon Health Science University	93.838	U01HL123009	37,126	–	37,126	–
Pass Through – University California Irvine	93.838	R01HL153724	146,811	–	146,811	–
Pass Through – University of Pittsburgh	93.838	R01HL136143	4,277	–	4,277	–
Pass Through – Washington University in St. Louis	93.838	R01HL136143	13,018	–	13,018	–
COVID-19 – Lung Diseases Research						
Pass Through – Duke University	93.838	OT2HL156812	115,822	–	115,822	–
Pass Through – Institute for Systems Biology	93.838	OT2HL161847	623,681	–	623,681	–
Pass Through – New York University Langone Health	93.838	OT2HL156812	31,102	–	31,102	–
Pass Through – Oregon Health Science University	93.838	OT2HL156812	77,205	–	77,205	–
Total 93.838			5,897,277	–	5,897,277	213,836

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Blood Diseases and Resources Research	93.839		$ 629,554	$ –	$ 629,554	$ –
Pass Through – Rice University	93.839	OT2HL154977	97,688	–	97,688	–
Total 93.839			727,242	–	727,242	–
COVID-19 – Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders						
Pass Through – Vanderbuilt University Medical Center	93.840	0T2HL156812	163,921	–	163,921	–
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		3,377,477	–	3,377,477	–
Pass Through – Columbia University Medical Center	93.846	R01AR050026	(75)	–	(75)	–
Pass Through – Penn State	93.846	U01AR071077	11,472	–	11,472	–
Pass Through – SUNY Upstate Medical University	93.846	U01AR076092	102,743	–	102,743	–
Pass Through – University of California San Diego	93.846	R01AR081887	17,632	–	17,632	–
Total 93.846			3,509,249	–	3,509,249	–
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		9,151,549	–	9,151,549	726,103
Pass Through – Indiana University	93.847	R01DK116963	85	–	85	–
Pass Through – Joslin Diabetes Center	93.847	U01DK116102	3,474	–	3,474	–
Pass Through – LA BioMed RI at Harbor-UCLA Medical Center	93.847	P30 DK063491	69,129	–	69,129	–
Pass Through – Massachusetts General Hospital	93.847	R21DK129909	3,586	–	3,586	–
Pass Through – Massachusetts General Hospital	93.847	UM1DK078616	11,246	–	11,246	–
Pass Through – Oklahoma Medical Research Foundation	93.847	R01DK085691	248,038	–	248,038	–
Pass Through – Oregon Health Science University	93.847	U01DK116743	781	–	781	–
Pass Through – Penn State University	93.847	U01DK127384	180,578	–	180,578	–
Pass Through – University California San Francisco	93.847	U01DK103147	402,958	–	402,958	–
Pass Through – University of Alabama at Birmingham	93.847	R01DK125692	10,836	–	10,836	–
Pass Through – University of California Los Angeles	93.847	U2CDK129496	39,864	–	39,864	–
Pass Through – University of California Los Angeles	93.847	TL1DK132768	97,120	–	97,120	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass Through – University of California Los Angeles	93.847	R18DK122372	$ 56,101	$ –	$ 56,101	$ –
Pass Through – University of California Los Angeles	93.847	U24DK122372	31,198	–	31,198	–
Pass Through – University of California San Diego	93.847	R01DK135937	10,810	–	10,810	–
Pass Through – University of Illinois at Chicago	93.847	U01DK127378	1,889	–	1,889	–
Pass Through – University of Texas M.D Anderson Cancer Center	93.847	U01DK108328	28,113	–	28,113	28,113
Pass Through – Washington University in St. Louis	93.847	R01DK124274	71,792	–	71,792	–
COVID-19 – Diabetes, Digestive, and Kidney Diseases Extramural Research						
Pass Through – University of Minnesota	93.847	R01DK130378	65,187	–	65,187	–
Total 93.847			10,484,334	–	10,484,334	754,216
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,141,282	–	4,141,282	988,618
Pass Through – Allen Institute for Cell Science	93.853	R01NS120300	91,336	–	91,336	–
Pass Through – Cleveland Clinic	93.853	U01NS116776	199,724	–	199,724	–
Pass Through – George Washington University	93.853	U54NS115054	7,639	–	7,639	–
Pass Through – Massachusetts General Hospital	93.853	U19NS115388	76,373	–	76,373	–
Pass Through – University of California Los Angeles	93.853	R01NS121617	103,092	–	103,092	–
Pass Through – University of Cincinnati	93.853	U01NS099043	6,146	–	6,146	–
Pass Through – University of Cincinnati	93.853	U01NS100699	1,193	–	1,193	–
Pass Through – University of Cincinnati	93.853	U01NS102289	9,469	–	9,469	–
Pass Through – University of Cincinnati	93.853	U01NS106513	993	–	993	–
Pass Through – University of Cincinnati	93.853	UG3NS119199	3,211	–	3,211	–
Pass Through – University of Michigan	93.853	U01NS099046	15,611	–	15,611	–
Pass Through – University of Southern California	93.853	UGNS119199	4,575	–	4,575	–
Pass Through – University of Texas Medical Branch	93.853	R01NS130839	86,281	–	86,281	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass Through – University of Texas San Antonio	93.853	R01NS113516	$ 126,666	$ –	$ 126,666	$ –
Pass Through – University of Texas Southwestern	93.853	U01NS132788	103,600	–	103,600	–
Total 93.853			4,977,191	–	4,977,191	988,618
Allergy and Infectious Diseases Research	93.855		13,748,438	–	13,748,438	2,444,839
Pass Through – Benaroya Research Institute	93.855	UM1AI109565	80,160	–	80,160	–
Pass Through – Boston Children's Hospital	93.855	U01AI163072	31,579	–	31,579	–
Pass Through – Duke University	93.855	R01AI153274	44,897	–	44,897	–
Pass Through – Emory University	93.855	U19AI110483	(3,351)	–	(3,351)	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.855	R01AI141434	15,961	–	15,961	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.855	U01AI063594	99,791	–	99,791	–
Pass Through – Icahn School of Medicine at Mount Sinai	93.855	R01AI172899	17,690	–	17,690	–
Pass Through – Johns Hopkins University School of Medicine	93.855	U01AI138897	17,303	–	17,303	–
Pass Through – Massachusetts General Hospital	93.855	R01AG076433	34,289	–	34,289	–
Pass Through – Massachusetts General Hospital	93.855	U01AI136816	239,054	–	239,054	–
Pass Through – Massachusetts General Hospital	93.855	U01AI163086	95,998	–	95,998	–
Pass Through – National Jewish Health	93.855	R01AI152504	27,814	–	27,814	–
Pass Through – New York University Langone Health	93.855	U01AI174997	177,735	–	177,735	–
Pass Through – New York University School of Medicine	93.855	U01AI174997	80,066	–	80,066	–
Pass Through – Partners Healthcare	93.855	U01AI136816	47,411	–	47,411	–
Pass Through – University California San Francisco	93.855	U01AI113362	57,421	–	57,421	–
Pass Through – University of Arizona	93.855	U19AI125357	(5,642)	–	(5,642)	–
Pass Through – University of California Los Angeles	93.855	P01AI168148	73,861	–	73,861	–
Pass Through – University of California San Diego	93.855	R01AI144694	77,690	–	77,690	–
Pass Through – University of Pennsylvania	93.855	R01AI173095	392,344	–	392,344	–
COVID-19 – Allergy and Infectious Diseases Research						
Pass Through – Arizona State University	93.855	R01AI164481	274,132	–	274,132	–
Total 93.855			15,624,641	–	15,624,641	2,444,839

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Biomedical Research and Research Training	93.859		$ 1,142,856	$ –	$ 1,142,856	$ 227,666
Pass Through – Cleveland State University	93.859	R01GM141698	64,918	–	64,918	–
Pass Through – Dartmouth-Hitchcock Clinic and Trustees	93.859	R24GM141194	59,220	–	59,220	–
Pass Through – University of Minnesota	93.859	R01GM146386	15,067	–	15,067	–
Total 93.859			1,282,061	–	1,282,061	227,666
Emerging Infections Sentinel Networks						
Pass Through – Olive View UCLA Education and Research Institute	93.860	U01CK000643	13,717	–	13,717	–
Child Health and Human Development Extramural Research	93.865		216,078	–	216,078	–
Pass Through – Arkansas Children's Research Institute	93.865	R01HD099099	45,487	–	45,487	–
Pass Through – Harvard Pilgrim Health Care	93.865	R01HD094150	28,681	–	28,681	–
Pass Through – Mayo Clinic Jacksonville	93.865	R01HD106096	47,889	–	47,889	–
Pass Through – University of Southern California	93.865	R01HD092483	10,338	–	10,338	–
Total 93.865			348,473	–	348,473	–
Aging Research	93.866		9,451,838	–	9,451,838	2,292,832
Pass Through – Brigham & Women Hospital, Inc.	93.866	R01AG062713	(26)	–	(26)	–
Pass Through – Columbia University Medical Center	93.866	R01AG074355	21,808	–	21,808	–
Pass Through – Columbia University Medical Center	93.866	R01AG081582	52,877	–	52,877	–
Pass Through – Hennepin Healthcare Research Institute	93.866	U19AG062682	6,948	–	6,948	–
Pass Through – Northwestern University	93.866	R01AG049924	(444)	–	(444)	–
Pass Through – Ohio State University	93.866	R01AG065830	35,989	–	35,989	–
Pass Through – Rush University	93.866	UH2AG083289	12,429	–	12,429	–
Pass Through – University California San Francisco	93.866	R01AG053332	8,745	–	8,745	–
Pass Through – University of San Diego	93.866	R01AG061146	36,775	–	36,775	–
Pass Through – University of San Diego	93.866	R01AG076634	6,234	–	6,234	–

Cedars-Sinai Health System

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title/ Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor Identifying Number	Research and Development Cluster	Other Expenditures	Total Expenditures	Expenditures to Subrecipients
Pass Through – University of Pennsylvania	93.866	P30AG073105	$ 209,781	$ –	$ 209,781	$ –
Pass Through – University of Southern California	93.866	R01AG076433	26,224	–	26,224	–
Total 93.866			9,869,178	–	9,869,178	2,292,832
Vision Research	93.867		3,522,483	–	3,522,483	38,363
Pass Through – University of California Los Angeles	93.867	R01EY032561	54,633	–	54,633	–
Total 93.867			3,577,116	–	3,577,116	38,363
Medical Library Assistance	93.879		619,969	–	619,969	92,401
Pass Through – University of Pennsylvania	93.879	R01LM011176	100,587	–	100,587	–
Pass Through – University of Pennsylvania	93.879	R01LM013463	27,531	–	27,531	–
Total 93.879			748,087	–	748,087	92,401
National Bioterrorism Hospital Preparedness Program						
Pass Through – County of LA, Department of Health Services	93.889	H-707432	–	215,075	215,075	–
Pass Through – County of LA, Department of Health Services	93.889	H-708597	–	33,790	33,790	–
Pass Through – County of LA, Department of Health Services	93.889	H-708214	–	33,790	33,790	–
Pass Through – County of LA, Emergency Medical Services Agency	93.889	H-708207	–	130,745	130,745	–
Total 93.889			–	413,400	413,400	–
Total U.S. Department of Health and Human Services			**133,391,476**	**2,836,145**	**136,227,621**	**17,962,672**
U.S. Department of Homeland Security						
COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)		FEMA-4482-DR-CA,				
Pass Through – California Governor's Office of Emergency Services	97.036	Cal OES ID: 037-90343	–	3,538,706	3,538,706	–
Total U.S. Department of Homeland Security			**–**	**3,538,706**	**3,538,706**	**–**
Total Expenditures of Federal Awards			**$ 149,591,505**	**$ 6,496,531**	**$ 156,088,036**	**$ 19,205,685**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Cedars-Sinai Health System

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Cedars-Sinai Health System (the Health System) and is presented on the cash basis of accounting. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the consolidated financial statements of the Health System. For purposes of the SEFA, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loan and loan guarantees, or other non-cash assistance. Negative amounts shown in the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The SEFA does not include payments received under the traditional Medicare and Medicaid reimbursement programs, as these programs are outside the scope of the Uniform Guidance. There were no donated goods and personal protective equipment received from federal sources that required recognition or disclosure in the notes to the SEFA.

2. Indirect Costs

The Uniform Guidance provides for a 10% de minimis indirect cost rate election; however, the Health System did not make this election and uses a negotiated indirect cost rate.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In fiscal year 2024, the Health System received approval from the Federal Emergency Management Agency for one project related to the reimbursement of eligible expenditures of $3,538,706 incurred in previous fiscal years. These previous years' expenditures are included in the SEFA in the current year in accordance with guidance provided by the U.S. Department of Homeland Security.

4. Assistance Listing Numbers

In accordance with instruction distributed by the Federal Audit Clearinghouse, when Assistance Listing Numbers are not available, the federal awards are presented by agency and the suffix "U" followed by a two-digit number (e.g., U01, U02, etc.) for the federal identification numbers. If the federal program is part of the research and development cluster and the Assistance Listing Number is unknown, the federal awards are presented by agency and the suffix "RD" in the Assistance Listing three-digit extension field.

Schedule Required by the Uniform Guidance

Cedars-Sinai Health System

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	**Yes**	X **No**
Significant deficiency(ies) identified?	**Yes**	X **None reported**
Noncompliance material to financial statements noted?	**Yes**	X **No**

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	**Yes**	X **No**
Significant deficiency(ies) identified?	**Yes**	X **None reported**
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	**Yes**	X **No**

Cedars-Sinai Health System

Schedule of Findings and Questioned Costs (continued)

For the Year Ended June 30, 2024

Section I – Summary of Auditor's Results (continued)

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
12.420, 12.750, 43.003, 47.041, 47.075, 93.RD, 93.103, 93.172, 93.213, 93.226, 93.233, 93.242, 93.273, 93.279, 93.286, 93.307, 93.310, 93.350, 93.361, 93.368, 93.393, 93.394, 93.395, 93.396, 93.397, 93.398, 93.399, 93.817, 93.825, 93.837, 93.838, 93.839, 93.840, 93.846, 93.847, 93.853, 93.855, 93.859, 93.860, 93.865, 93.866, 93.867, 93.879	Research and Development Cluster
97.036	COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Grants)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000
Auditee qualified as low-risk auditee?	____ **Yes** ____X__ **No**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

Federal Award Findings and Questioned Costs

Finding 2023-001

Internal control deficiency and noncompliance over Activities Allowed or Unallowed and Allowable Costs/Cost Principles related to salary cap limitation.

Auditee Status Update:

1) Our ERP system, Oracle Cloud, has streamlined the salary cap process by automating adjustments for qualifying federal awards at the employee level. In addition, salary cap reviews are carried out routinely during the invoicing process, as well as audit report for LOC projects, and at the time of financial reporting of federal direct awards.

   Salary cap adjustments for the awards identified in the finding were processed in May 2024. A refund was issued to NIH on June 25, 2024, through our letter of credit drawdown process in the Payment Management System.

Finding 2023-002

Internal control deficiency and noncompliance over Equipment and Real Property Management related to the physical inventory of property.

Auditee Status Update:

1) Meetings were held on January 29, 2024, and February 7, 2024, with the Research Facilities Operations team to discuss the requirements for conducting a physical inventory every two years in accordance with the Uniform Guidance. A physical inventory of research equipment was completed on June 27, 2024.

   Additional meetings were held on March 1, 2024, and July 31, 2024, to review and update the Equipment Procedure, which was finalized on August 26, 2024.

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024 (continued)

Federal Award Findings and Questioned Costs (continued)

Finding 2023-003

Internal control deficiency and noncompliance over Procurement related to small purchases.

Auditee Status Update:

1) Implemented quarterly training to Procurement staff and Research team involved in the requisition process to ensure they understand and follow the competitive bidding and approval requirements.
2) Procurement has on-boarded a new team member committed to research procurement process to ensure we have adherence our procurement policies.
3) A central repository of all Quarterly audits is being maintained for 8-% of all research P.O.s. Procurement leadership team continues to monitor, ensure compliance and to identify and address potential issues proactively.

Finding 2023-004

Internal control deficiency and noncompliance over Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting related to expenses attributable to coronavirus reported in the provider relief fund reports.

Auditee Status Update:

1) A central folder on the hospital's main accounting drive has been created. This folder will be populated with all support for filed figures related to funding across the hospital's various entities. The support will be validated as having been placed into this folder as part of the reporting out process by the accounting manager handling the reporting and the Controller. Files will be retained in this central drive for a minimum of the 5 years required by the CARES Act and many other federal grant programs.
2) An education session occurred on February 15, 2024, with the relevant parties across Huntington Health entities to reinforce the retention policy mentioned in resolution 1 above and to formally implement a review process whereby the Controller will review the support files prior to filings being made for any of the Huntington Health entities. Documentation of this review will be retained in the central file repository.