

Consolidated Financial Statements,
Supplementary Information Report of
Independent Certified Public
Accountants

Virtua Health, Inc.

December 31, 2023 and 2022



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Virtua Health, Inc.

Opinion

We have audited the consolidated financial statements of Virtua Health, Inc., (“Virtua Health”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Virtua Health as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Virtua Health 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 Virtua Health'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Virtua Health'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

The accompanying supplementary information on pages 51 to 70 is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
April 29, 2024

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 56,889	\$ 62,881
Assets limited as to use	25,990	23,956
Patient accounts receivable	272,187	230,379
Other current assets	<u>160,685</u>	<u>115,932</u>
Total current assets	515,751	433,148
Assets limited as to use		
By Board of Trustees' designation	1,981,875	1,770,272
Insurance funds	46,581	37,314
Restricted funds	<u>24,435</u>	<u>24,198</u>
	2,052,891	1,831,784
Property, plant, and equipment, net	1,031,597	1,038,479
Right of use assets	203,494	174,906
Other long-term assets		
Investment in unconsolidated joint ventures	204,500	206,834
Goodwill and other intangibles, net	470,977	404,232
Other assets	47,715	24,924
Beneficial interest in perpetual trust	<u>8,444</u>	<u>7,826</u>
	<u>731,636</u>	<u>643,816</u>
Total assets	<u>\$ 4,535,369</u>	<u>\$ 4,122,133</u>

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

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31,
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	\$ 51,904	\$ 49,627
Current maturities of lease liability	34,096	28,630
Accounts payable and accrued expenses	238,369	225,175
Accrued compensation and related liabilities	122,594	102,943
Accrued interest payable	3,455	3,625
Estimated settlements due to third-party payers	16,229	16,926
	<u>466,647</u>	<u>426,926</u>
Total current liabilities	466,647	426,926
Long-term liabilities		
Estimated settlements due to third-party payers	17,389	17,929
Self-insurance liabilities	71,284	62,033
Accrued retirement benefits	27,285	15,641
Long-term debt, net of current maturities	613,543	655,509
Lease liability, net of current maturities	182,301	159,214
Other liabilities	11,390	11,083
	<u>1,389,839</u>	<u>1,348,335</u>
Total liabilities	1,389,839	1,348,335
Net assets		
Without donor restrictions		
Virtua Health, Inc.	2,741,577	2,429,215
Noncontrolling interests	368,261	309,661
	<u>3,109,838</u>	<u>2,738,876</u>
With donor restrictions	35,692	34,922
	<u>3,145,530</u>	<u>2,773,798</u>
Total net assets	3,145,530	2,773,798
Total liabilities and net assets	<u>\$ 4,535,369</u>	<u>\$ 4,122,133</u>

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended December 31,
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions		
Revenue		
Patient service revenue	\$ 2,606,547	\$ 2,316,432
Other revenue	132,974	176,145
Equity in income of unconsolidated joint ventures	66,092	68,932
	<u>2,805,613</u>	<u>2,561,509</u>
Expenses		
Salaries and wages	1,205,346	1,081,356
Professional fees	51,039	48,260
Employees' fringe benefits	249,195	216,128
Other operating expenses	992,449	889,152
Interest	20,487	17,835
Depreciation and amortization	127,680	129,608
	<u>2,646,196</u>	<u>2,382,339</u>
Income from operations (includes \$54,651 in 2023 and \$71,933 in 2022 of income attributed to noncontrolling interests)	159,417	179,170
Nonoperating gains and losses		
Investment return, net	215,701	(270,539)
Gain on sale of assets, net	-	36,553
Other accrued retirement (cost) credit	(54,099)	1,345
	<u>161,602</u>	<u>(232,641)</u>
EXCESS OF (DEFICIENCY IN) REVENUE AND GAINS OVER EXPENSES AND LOSSES	321,019	(53,471)
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	<u>(54,651)</u>	<u>(71,933)</u>
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc.	266,368	(125,404)

Continued on next page

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED

Years ended December 31,
(Dollar amounts in thousands)

	2023	2022
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc. (continued from previous page)	\$ 266,368	\$ (125,404)
Other changes in net assets without donor restrictions - Virtua Health, Inc.		
Net assets released for property, plant, and equipment	1,344	393
Other changes in accrued retirement benefits	44,650	3,419
Increase (decrease) in net assets without donor restrictions - Virtua Health, Inc.	312,362	(121,592)
Noncontrolling interests		
Excess of revenues and gains over expenses and losses attributable to noncontrolling interests	54,651	71,933
Distributions	(48,984)	(32,985)
Other	(439)	-
Membership interest changes		
Acquisitions and other changes	53,372	63,293
Increase in net assets without donor restrictions - noncontrolling interests	58,600	102,241
Net assets with donor restrictions		
Contributions, net	5,653	5,824
Investment return, net	336	(333)
Increase (decrease) in beneficial interest in perpetual trust	618	(1,986)
Net assets released from restrictions for operations	(4,493)	(2,875)
Net assets released from restrictions for property, plant, and equipment	(1,344)	(393)
Increase in net assets with donor restrictions	770	237
INCREASE (DECREASE) IN NET ASSETS	371,732	(19,114)
Net assets - beginning of year	2,773,798	2,792,912
Net assets - end of year	\$ 3,145,530	\$ 2,773,798

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 371,732	\$ (19,114)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Other changes in accrued retirement benefits	(44,650)	(3,419)
Gain on sale of assets, net	-	(36,553)
Gain on acquisitions	(5,488)	(52,054)
Equity in income of unconsolidated joint ventures	(66,092)	(68,932)
Distributions from unconsolidated joint ventures	65,934	70,399
Distributions to noncontrolling interests	48,984	32,985
Membership interest changes	(53,372)	(63,293)
Restricted contributions, including change in beneficial interest in perpetual trust	(6,271)	(3,838)
Depreciation and amortization	124,904	127,267
Amortization of premium and financing costs	(427)	(370)
Amortization of intangible assets	2,776	2,341
Net realized and unrealized (gains) losses investments	(220,474)	266,337
Changes in certain assets and liabilities :		
Patient accounts receivable	(36,616)	16,425
Other assets	(36,980)	(24,418)
Right of use assets and lease liabilities, net	(152)	330
Accounts payable and accrued expenses	6,002	(8,637)
Accrued compensation and related liabilities	19,652	(15,503)
Accrued interest payable	(170)	20
Self-insurance liabilities	4,881	17,922
Other liabilities	307	(535)
Accrued retirement benefits	56,294	247
Estimated settlements due to third-party payers	(1,237)	(3,508)
Net cash provided by operating activities	<u>229,537</u>	<u>234,099</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(123,354)	(93,029)
Purchases of investments	(287,160)	(188,011)
Sales of investments	284,425	113,593
Investment in unconsolidated joint ventures, net	2,492	(466)
Cash paid for acquisitions, net	(24,618)	(35,173)
Proceeds from the sale of assets	-	50,626
Net cash used in investing activities	<u>(148,215)</u>	<u>(152,460)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(49,586)	(53,259)
Proceeds from long-term debt	8,263	-
Payments on financing costs	(197)	-
Estimated settlements due to third-party payers - Medicare Advances	-	(118,080)
Distributions to noncontrolling interests	(48,984)	(32,985)
Net restricted contributions and pledge payments	3,190	2,844
Net cash used in financing activities	<u>(87,314)</u>	<u>(201,480)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(5,992)</u>	<u>(119,841)</u>
Cash and cash equivalents - beginning of year	<u>62,881</u>	<u>182,722</u>
Cash and cash equivalents - end of year	<u>\$ 56,889</u>	<u>\$ 62,881</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	<u>\$ 20,657</u>	<u>\$ 17,815</u>
Change in accrued capital expenditures in accounts payable and accrued expenses	<u>\$ 4,850</u>	<u>\$ 649</u>

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022
(Dollar amounts in thousands)

NOTE A - ORGANIZATION

Virtua Health, Inc. is a not-for-profit, tax-exempt corporation incorporated in New Jersey to establish, operate, maintain, and conduct a regional health network serving Atlantic, Burlington, Camden, Cape May, Mercer, Ocean, and Gloucester counties in New Jersey, as well as in southeastern Pennsylvania and Delaware. The consolidated financial statements include the accounts of Virtua Health, Inc., and its controlled entities (collectively, "Virtua Health").

Virtua Health is composed of the following controlled entities:

Virtua Hospital Group

Virtua-Memorial Hospital Burlington County, Inc., ("Virtua-Memorial") is a not-for-profit, tax-exempt corporation. Virtua-Memorial owns and operates a 383 licensed bed acute care hospital in Mount Holly, New Jersey. Virtua-Memorial provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, behavioral health, and ambulatory care. Memorial Ambulatory Surgery Center LLC ("MASC"), is an inactive, wholly owned subsidiary of Virtua-Memorial.

Virtua-Memorial and unrelated separate corporations own holding companies with the purpose of acquiring, owning and operating ambulatory surgical centers through joint ventures. These joint ventures are located in New Jersey, southeastern Pennsylvania and Delaware. The following are the holding companies that Virtua-Memorial has a majority ownership position and control in, as follows:

- Virtua-SCA Holdings, LLC ("SCA Holdings") - 55.00% at December 31, 2023 and 2022
- Virtua-SCA Holdings II, LLC ("SCA Holdings II") - 55.00% at December 31, 2023 and 2022
- Emmaus Holdings, LLC ("Emmaus Holdings") - 50.10% at December 31, 2023 and 2022
- Virtua-USP Princeton, LLC ("Virtua-USP Princeton") - 68.20% at December 31, 2023 and 2022
- Endo Surgi Center of Old Bridge, LLC ("Endo Old Bridge"), established in November 2022 (Note D) - 51.00% and 60.00% at December 31, 2023 and 2022, respectively
- Mercer County Surgery Center, LLC ("MCSC"), established in August 2023 (Note D) - 55.00% at December 31, 2023

The financial results of these joint ventures are consolidated into Virtua-Memorial's financial statements.

Virtua Our Lady of Lourdes Hospital, Inc. ("Virtua-Lourdes") is a not-for-profit, tax-exempt corporation. Virtua-Lourdes owns and operates a 340 licensed bed, tertiary acute care hospital in Camden, New Jersey. Virtua-Lourdes provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, transplant, cardiac, neurology, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care. Virtua-Lourdes also provides a variety of outpatient services in space leased from a third-party developer in Cherry Hill, New Jersey. Virtua-Lourdes is the sole corporate member of Our Lady of Lourdes School of Nursing, Inc., a not-for-profit, tax-exempt corporation.

Virtua-West Jersey Health System, Inc. ("Virtua-West Jersey") is a not-for-profit, tax-exempt corporation. Virtua-West Jersey owns and operates a 600 licensed bed health system that includes two general acute care hospitals, which are located in Marlton, and Voorhees, New Jersey. Virtua-West Jersey provides

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care. Virtua-West Jersey owns and operates facilities in Berlin and Camden, New Jersey, which provide emergent care and other outpatient services, and rents space to third parties in the building where the Camden facility is located, primarily to outside social services programs. Virtua-West Jersey also provides a variety of outpatient services in space leased from a third-party developer in two Virtua Health and Wellness Centers, one in Voorhees, New Jersey and one in Washington Township, New Jersey.

Virtua-West Jersey and unrelated separate corporations own holding companies with the purpose of acquiring, owning and operating ambulatory surgical centers and office-based physician services through joint ventures. These joint ventures are located in New Jersey. The following are the holding companies that Virtua-West Jersey has a majority ownership position and control in, as follows:

- Voorhees Endoscopy Holding Co., LLC (“Voorhees Endo Holding”) - 51.00% at December 31, 2023 and 2022
- River Drive Holding Co., LLC (“River Drive Holding”) - 51.00% at December 31, 2023 and 2022
- Access Holding Co., LLC (“Access Holding”) - 59.64% and 56.53% at December 31, 2023 and 2022, respectively
- Virtua Campus Holdings, LLC (“Campus Holding”) - 51.70% at December 31, 2023 and 2022
- South Jersey Vascular Management (“SJVM”) - 51.00% at December 31, 2023 and 2022
- NJEYE Holdings, LLC (“NJEYE Holdings”), established June 2023 (Note D) - 51.00% at December 31, 2023

The financial results of these joint ventures are consolidated into Virtua-West Jersey’s financial statements.

Virtua Willingboro Hospital, Inc. (“Virtua-Willingboro”) is a not-for-profit, tax-exempt corporation. Virtua-Willingboro owns and operates a 169 licensed bed, acute care hospital in Willingboro, New Jersey. Virtua-Willingboro provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including behavioral health, medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care.

Virtua Medical Group

Virtua Medical Group, PA (“VMG”) is a not-for-profit, tax-exempt captive professional association consisting of 1,333 clinicians, primarily specialty and primary care physicians. VMG provides services to Virtua’s hospitals and also at many owned and leased physician-practice sites located primarily throughout southern New Jersey, with one practice in southeastern Pennsylvania.

Lourdes Ancillary Services, Inc. (“LAS”) is a not-for-profit, tax-exempt corporation that maintains an ownership position in Health Management Services Organization, Inc. (“HMSO”), a for-profit, taxable corporation that maintains a minority equity interest in Lourdes Specialty Hospital of Southern New Jersey, LLC, a long-term acute care hospital located within Virtua-Willingboro. For reporting purposes, HMSO is included in the operations of VMG. LAS also is the sole member of LHS Health Network, Inc., which is reported under Population Health Management, noted below.

Lourdes Cardiology Services, PC (“LCS”) is a not-for-profit, tax-exempt captive professional corporation incorporated in New Jersey that employs 16 clinicians, primarily cardiologists. LCS provides professional

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

services to Virtua's hospitals as well as VMG owned and leased physician-practice sites located throughout southern New Jersey.

Virtua Long-Term Care and Other Services

On April 28, 2022, Virtua Health closed on a transaction with an unrelated party to sell its skilled nursing facilities: 1) Virtua Health and Rehabilitation Center at Berlin, Inc., a not-for-profit, tax-exempt corporation incorporated in New Jersey, which operated a 128 bed skilled nursing facility in Berlin, New Jersey and 2) Virtua Health and Rehabilitation Center at Mount Holly, Inc., a not-for-profit, tax exempt corporation incorporated in New Jersey, which operated a 180 bed skilled nursing facility in Mount Holly, New Jersey. The transaction included substantially all of the healthcare operations and certain assets, including patient accounts receivable and property, plant and equipment and resulted in a \$36,553 gain on the sale of these assets, net of the loss on extinguishment of debt, which is included in other revenue on the consolidated statement of operations and changes in net assets for the year ended December 31, 2022.

Virtua Home Care-Community Nursing Services ("CNS") is a not-for-profit, tax-exempt corporation. CNS operates a Health Promotions Solutions service line pursuant to two contracts with Burlington County, New Jersey, which go through December 2028 and June 2025, including their renewable option periods. CNS is the owner of VRI, Inc. ("VRI"), a for-profit, taxable corporation. VRI primarily consists of management of a bioidentical hormone replacement therapy practice, which ended in October 2023, and ownership in Acentus Practice Management, LLC (Note J), a joint venture physician billing company.

Virtua Health Foundation, Inc.

Virtua Health Foundation, Inc. ("VHF") is a not-for-profit, tax-exempt corporation established to promote and support Virtua, its sole corporate member and affiliated corporations, and the health care of the population of southern New Jersey, by developing the resources necessary to attain these goals.

Insurance Captive

Virtua Assurance, Inc. ("VAI") is a for-profit, taxable captive insurance company in the state of Vermont whose sole shareholder is Virtua Health, Inc.

Virtua Population Health Management Group

LHS Health Network, Inc., d/b/a Virtua Integrated Network ("VIN") is a for-profit, taxable corporation, owned by HMSO, that is a clinically integrated network that enhances the access, quality, cost-efficiency, and experience of healthcare for patients.

VirtuaPhysicianPartners, LLC ("VPP") is an inactive limited liability company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

Virtua Health, through Virtua-Memorial and Virtua-West Jersey owns interests in several companies that are included in the consolidated financial statements. The noncontrolling interests of these companies, SCA Holdings, SCA Holdings II, Emmaus Holdings, Virtua-USP Princeton, Endo Old Bridge, MCSC, Voorhees Endo Holding, River Drive Holding, Access Holding, Campus Holding, SJVM, and NJEYE Holdings and are reported as a component of net assets. Significant intercompany balances and transactions have been eliminated. Joint ventures in which Virtua Health has financial interest and shares control equally with unrelated investors are accounted for under the equity method as discussed in Note J. As disclosed in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

Note L, the assets of any member of the Obligated Group may not be available to members of Virtua Health that are not part of the Obligated Group.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP") consistent with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 954, *Health Care Entities*, and other pronouncements applicable to health care organizations.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in recording patient accounts receivable and patient service revenue, estimated settlements with third-party payers, assets held for sale, useful lives of property, plant and equipment, goodwill and other intangibles, self-insurance program liabilities, imputed interest rates for leases, accrued retirement benefits, and the reported fair values of certain assets and liabilities. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, patient accounts receivable, assets limited as to use, investments, accounts payable and accrued expenses, estimated settlements with third-party payers and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, patient accounts receivable, assets limited as to use, investments, accounts payable and accrued expenses and estimated settlements with third-party payers approximate fair value. Management's estimates of the fair value of other financial instruments are described elsewhere in the notes to the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include various checking, savings, time deposits, and money market accounts with initial maturities of three months or less. At December 31, 2023 and 2022, certain cash balances with financial institutions exceeded federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

Patient Accounts Receivable

Patient accounts receivable are recognized when there is an unconditional right to payment, subject only to the passage of time. Patient accounts receivable, including billed accounts and unbilled accounts, which have the unconditional right to payment, and estimated amounts due from third-party payers for retroactive adjustments, are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to patient accounts receivable.

Assets Limited as to Use, Investments, and Investment Income

Investments in marketable equity, debt securities, and other investments are presented at fair value in the consolidated balance sheets as disclosed in Notes H and I. Amounts required to meet current liabilities have been classified as current assets in the accompanying consolidated balance sheets. Certain other investments are accounted for under the equity method of accounting as disclosed in Note J.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

Assets limited as to use - by the Board of Trustees' designation are resources arising from results of operations and investment returns that have been designated by the Board of Trustees for specific purposes. This includes assets jointly owned in split dollar agreements for certain employees through an insurance company.

Assets limited as to use - under debt agreements are held by a trustee under bond indenture agreements and consist of those assets designated for the payments of principal and interest due on indebtedness.

Assets limited as to use - insurance funds include funds that are held by a trustee for the self-insurance workers' compensation program and self-funded professional liabilities.

Assets limited as to use - restricted funds are assets to be held in accordance with the donor's intentions. Donor restricted investment income is recognized as a direct increase or decrease to net assets with restrictions.

Investment income or losses (including realized and unrealized gains and losses on investments, interest, and dividends) are included in nonoperating gains and losses as investment returns, unless the income or losses are restricted by donor or law, or from those under debt agreements. Investment income or losses (including realized and unrealized gains and losses on investments, interest, and dividends) for those under debt agreements, are included in other revenue, except for interest income capitalized during construction, which is included in property, plant, and equipment, net.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and consolidated statements of operations and changes in net assets.

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Equipment acquired under finance leases is amortized based on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. The following is the estimated useful lives by category:

Land improvements	5-25 years
Building and improvements	10-40 years
Fixed equipment	5-20 years
Furniture and fixtures	3-20 years

Construction in progress represents amounts expended or incurred toward property and equipment projects that have not been completed. No depreciation or amortization has been recorded for these items. Interest cost incurred, net of investment income earned on borrowed funds during the period of construction, is capitalized as a component of the cost of acquiring those assets. In cases where internal cash reserves are used to fund construction, interest is capitalized based on average accumulated expenditures multiplied by the weighted-average interest rate on existing debt. Capitalized interest was \$324 for the year ended December 31, 2023.

Gifts of long-lived assets such as land, buildings, or equipment are reported as other changes in net assets without restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that 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 restricted support. Absent

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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.

Leases

Arrangements are determined if they are a lease at inception of the contract. Right of use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right of use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. An estimated incremental borrowing rate, which is derived from information available at the lease commencement date, is used in determining the present value of lease payments. This rate is determined based on information obtained from its bankers, its secured debt fair value and publicly available data for instruments with similar characteristics.

The operating leases are primarily for real estate, including off-campus outpatient facilities, medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. Finance leases are for medical equipment. The real estate lease agreements typically have initial terms of five to ten years, and equipment lease agreements typically have initial terms of three to five years. Leases with an initial term of 12 months or less ("short-term leases") are not recorded within the consolidated balance sheets.

The real estate leases may include one or more options to renew, with renewals that typically can extend the lease term from five to ten years. The exercise of lease renewal options is at Virtua Health's sole discretion. In general, these renewal options are not considered to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of right of use assets and lease liabilities. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The majority of the medical equipment leases have terms of three years with no renewal options or bargain purchase options, so these assets are depreciated over their lease term.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized in other operating expenses, net, but are not included in the right of use asset or liability balances. The lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. For the years ended December 31, 2023 and 2022, management recorded no impairment losses.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. 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. As the donors' intentions are met, the net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as other revenue for operating purposes and as other changes in net assets without donor restrictions for acquisitions of property, plant, and equipment.

Virtua Health, Inc.

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Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of businesses acquired. Other intangibles represent certificates of need to perform cardiology services in Camden County, New Jersey, and surgical services in other states, a license to operate inpatient rehabilitation beds, and various other state licenses and professional accreditations, all of which have an indefinite useful life. A trade name is being amortized over its expected useful life of ten years and noncompete agreements are being amortized over their terms, which are five years. The additions to goodwill and intangibles relate to acquisitions, additional membership interest acquisitions of existing consolidated joint ventures with non-controlling interests, and consolidations of previously unconsolidated joint ventures as described in Notes A and D of \$69,521 and \$150,710, for the years ended December 31, 2023 and 2022, respectively. The amount includes \$9,016 and \$61,148 related to additional membership interest acquisitions of existing consolidated joint ventures and previously unconsolidated joint ventures for the years ended December 31, 2023 and 2022, respectively. Amortization expense related to intangible assets is included as other operating expenses in the consolidated statements of operations and changes in net assets, which was \$2,776 and \$1,777 for the years ended December 31, 2023 and 2022, respectively.

Goodwill and other intangibles, net at December 31, 2023 and 2022, are as follows:

	2023	2022
Goodwill	\$ 423,211	\$ 358,920
Other intangibles:		
Perpetual licenses, including certificates of need	40,166	36,997
Noncompete agreements, net of accumulated amortization of \$5,601 and \$3,035 at December 31, 2023 and 2022, respectively	6,445	6,950
Trademark, net of accumulated amortization of \$945 and \$735 at December 31, 2023 and 2022, respectively	1,155	1,365
	<u>47,766</u>	<u>45,312</u>
	<u>\$ 470,977</u>	<u>\$ 404,232</u>

Goodwill and other intangibles that are considered to have an indefinite useful life are not amortized but are tested for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. Qualitative factors are first assessed to determine whether an impairment is necessary to perform quantitative impairment tests for goodwill. If the conclusion of the qualitative assessment is more likely than not that goodwill is not impaired, a quantitative impairment test is not required. If a quantitative impairment test is required, that testing consists of performing an internal valuation analysis and considering other publicly available market information. If the carrying amount of goodwill exceeds the estimated fair value, an impairment charge to current operations is recorded to reduce the carrying value to the estimated fair value. The qualitative impairment test of goodwill and other intangibles was completed, and it was determined that there were no impairments for the years ended December 31, 2023 and 2022. Other intangibles that have a finite useful life have expected amortization expense over the next five years of \$7,502.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Other Assets

Other assets at December 31, 2023 and 2022, are as follows:

	2023	2022
Insurance recoveries, net of current portion	\$ 23,635	\$ 22,185
Lease receivable, net with an unconsolidated joint venture	21,562	-
Other	2,518	2,739
	<u>\$ 47,715</u>	<u>\$ 24,924</u>

Beneficial Interest in Perpetual Trust

Virtua Health has recorded its portion of the fair value of a trust. The trust is perpetual in nature, and the original corpus cannot be violated. The trust is recorded as a net asset with donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent those net assets whose use has been limited by donors to a specific time period, purpose, or to be maintained in perpetuity. The income from net assets that are to be maintained in perpetuity may be used to support nursing scholarships and to support various other needs, in accordance with donor stipulations. Income from net assets with donor restrictions is expended according to donor intent.

Virtua Health follows the requirements of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). The endowments consist of numerous individual funds established for a variety of purposes and consist solely of donor-restricted endowment funds. As required, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Virtua Health has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Virtua Health classifies net assets with donor restrictions related to endowment funds at the original value of gifts donated to the permanent endowment, the original value of subsequent gifts donated to the permanent endowment, and accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instruments.

The investment policies for the endowment assets are consistent with the policies and objectives of its overall investments. The assets are invested in a manner that is intended to produce a positive rate of return while assuming a low level of risk. From time to time, the fair value of assets associated with the donor-restricted endowment funds may fall below the level that the donor requires Virtua Health to maintain in perpetual duration.

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Changes in donor restricted funds related to endowments for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Endowment net assets - beginning of year	\$ 1,848	\$ 1,918
Investment return - net	(148)	(70)
Endowment net assets - end of year	\$ 1,700	\$ 1,848

Patient Service Revenue

Virtua Health has negotiated agreements with third-party payers including health insurance companies and has rates set by government regulations (for payers such as Medicare and Medicaid) that provide for reimbursement at amounts different from established charges. Reimbursement methodologies include prospectively determined rates per discharge, per diem rates, reimbursed costs, and discounted charges.

Patient service revenues are recorded at the amounts that reflect the consideration to which Virtua Health expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including managed care payers and government programs, i.e., Medicare and Medicaid) and others, and they include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, patients and third-party payers are billed several days after the services are performed or shortly after discharge. Patient service revenue is recognized in the period in which the performance obligations are satisfied under contracts by transferring services to customers.

Performance obligations are determined based on the nature of the services provided. Revenues are recognized for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. This method provides an appropriate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. Performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. Revenues are recognized for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when: (1) services are provided; and (2) when it is believed the patient does not require additional services.

Estimates of contractual adjustments and discounts are determined based on government regulations, contractual agreements, discount policies and historical experience, as applicable. The estimates of implicit price concessions are determined based on historical collection experience within each class of patients using a portfolio approach to account for patient contracts as collective groups rather than individually.

Performance Indicator

The consolidated statements of operations and changes in net assets include, as the performance indicator, the excess of (deficiency in) revenue and gains over expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Changes in net assets without donor restrictions that are excluded from the excess of (deficiency in) revenue and gains over expenses and losses include net assets released from restrictions for property, plant, and equipment, and other changes in accrued retirement benefits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Advertising Costs

Virtua Health expenses advertising costs as incurred. For the years ended December 31, 2023 and 2022, advertising costs were \$11,560 and \$12,186, respectively, which are included in other operating expenses in the accompanying consolidated statements of operations and changes in net assets.

Tax Status

Virtua Health, excluding MASC, HMSO, VRI, VAI, VIN, VPP, SCA Holdings, SCA Holdings II, Emmaus Holdings, Virtua-USP Princeton, Endo Old Bridge, MCSC, Voorhees Endo Holding, River Drive Holding, Access Holding, Campus Holding, SJVM and NJEYE Holdings are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The not-for-profit affiliates of Virtua Health, except for VMG and LCS, are also exempt from state income taxes. Income taxes are not material to the consolidated financial statements.

NOTE C - IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 disease, which is caused by the novel coronavirus, was declared a pandemic on March 11, 2020 by the World Health Organization. Prior to this date, on January 31, 2020 the Secretary of the Department of Health and Human Services ("HHS") of the United States declared a public health emergency ("PHE") in response to the disease. This declaration expired on May 11, 2023. The number of COVID-19 patients receiving care in a Virtua Health at any one time has fluctuated during the 2020 through 2023 time period, with January 2022 being the peak. Patients with respiratory system infections, including COVID-19, the respiratory syncytial virus, and influenza continue to comprise a moderate portion of Virtua Health's daily census. Over the course of the pandemic, significant additional costs were incurred for labor, testing, personal protective equipment, third-party contract services and other operating items associated with providing patient care and ensuring the safety of employees and patients. Management continues to actively monitor disease-related impacts on operating revenues and expenses. While no material impact is anticipated at this time, be it COVID-19 alone or in conjunction with the other noted respiratory system infections, it is impossible to determine with absolute certainty whether or not there will be a material impact on operations for the year ending December 31, 2024.

Virtua Health received grant payments, which are considered nonexchange transactions, from federal government distributions under the Coronavirus Aid, Recovery and Economic Security ("CARES") Act. For the year ended December 31, 2022, Virtua Health received total payments of \$8,830. Of the total payments received during the course of the pandemic, \$20 and \$16,817 is included in other revenue in the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, respectively. The unrecognized amounts of \$20 at December 31, 2022, is included in estimated settlements due to third-party payers in the consolidated balance sheet. Virtua Health also recognized in other revenue in the consolidated statements of operations and changes in net assets \$28,034 and \$16,048 for the years ended December 31, 2023 and 2022, respectively, related to Federal Emergency Management Agency ("FEMA") grants. FEMA payments received in 2023 and 2022 are \$6,450 and \$22,393, respectively. An additional FEMA amount of \$14,426 is recorded as a receivable at December 31, 2023, which is included in other current assets in the consolidated balance sheet. The unrecognized amount of \$2,870 and \$10,028 at December 31, 2023 and 2022, respectively, is included in estimated settlements due to third-party payers in the consolidated balance sheets. The CARES Act and FEMA payments are subject to audit and compliance with federal regulations and future grant payments are uncertain at this time.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program (“Medicare Advance”) for patient services. Under the program, Virtua Health received \$187,376 in April 2020, and recorded these payments in estimated settlements due to third-party payers in the consolidated balance sheet. Repayment of the advance began in April 2021 when Medicare commenced retaining a portion of its reimbursement for services provided, until the amounts were fully repaid during 2022.

Additionally, the Internal Revenue Service (“IRS”) in 2020, allowed Virtua Health to defer remittance of payroll taxes of \$33,390. The remaining fifty percent of the deferred payroll tax was paid by December 31, 2022.

NOTE D – ACQUISITIONS AND DIVESTITURES

At various dates during the years ended December 31, 2023 and 2022, Virtua Health acquired (wholly or partial) controlling membership interests of previously unrelated clinical ventures, additional membership interests in existing consolidated joint ventures with non-controlling interests and the previously unconsolidated joint ventures (Note J), through cash consideration or change in control. At those various dates, the ventures were consolidated. Certain membership interests were acquired through holding company interests in conjunction with other partners, as described in Note A. During the year ended December 31, 2023, Virtua Health divested from a portion of a non-controlling interest venture.

	2023			
	Previously Unrelated Clinical Ventures	Previously Consolidated Joint Venture With Non-Controlling Interest	Divestitures and Other Changes	Total
Results of the acquisitions:				
Net working capital and tangible assets	\$ 11,093	\$ -	\$ 2,864	\$ 13,957
Intangible assets	4,019	1,189	22	5,230
Goodwill	59,350	7,827	(2,886)	64,291
Total assets acquired	74,462	9,016	-	83,478
Consideration:				
Virtua Health:				
Cash consideration (paid)/received, net	(26,563)	-	1,945	(24,618)
Membership interest changes	(47,899)	(3,200)	(2,273)	(53,372)
Total consideration	(74,462)	(3,200)	(328)	(77,990)
Gain/(loss) on acquisitions/divestitures	\$ -	\$ 5,816	\$ (328)	\$ 5,488

Virtua Health, Inc.

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	2022			
	Previously Unrelated Clinical Ventures	Previously Consolidated Joint Venture With Non-Controlling Interest	Previously Unconsolidated Joint Ventures	Total
Results of the acquisitions:				
Net working capital and tangible assets	\$ 4,207	\$ -	\$ 1,909	\$ 6,116
Intangible assets	5,511	-	4,327	9,838
Goodwill	84,051	27,457	29,364	140,872
Total assets acquired	93,769	27,457	35,600	156,826
Consideration:				
Virtua Health:				
Cash consideration paid, net	(33,850)	(600)	(723)	(35,173)
Investment in unconsolidated joint ventures	-	-	(6,306)	(6,306)
Membership interest changes	(58,704)	1,232	(5,821)	(63,293)
Total consideration	(92,554)	632	(12,850)	(104,772)
Gain on acquisitions	<u>\$ 1,215</u>	<u>\$ 28,089</u>	<u>\$ 22,750</u>	<u>\$ 52,054</u>

For the years ended December 31, 2023 and 2022, the additional membership interest acquisition of existing consolidated joint ventures with non-controlling interests and the previously unconsolidated joint ventures generated a non-cash gain on acquisitions of \$5,488 and \$52,054, respectively, which is included in other revenue in the consolidated statements of operations and changes in net assets. The amount of the non-cash gain on acquisitions related to the noncontrolling interest holders is \$3,664 and \$35,421 as of December 31, 2023 and 2022, respectively, which is included in excess of revenue and gains over expenses and losses attributed to noncontrolling interests in the consolidated statements of operations and changes in net assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE E - LIQUIDITY AND AVAILABILITY OF RESOURCES

In addition to cash flows provided by operating activities, the financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 56,889	\$ 62,881
Patient accounts receivable	272,187	230,379
Assets limited as to use		
By Board of Trustees' designation	1,907,278	1,719,998
Insurance funds	64,590	53,429
	2,300,944	2,066,687
Available lines of credit	154,926	154,911
	\$ 2,455,870	\$ 2,221,598

NOTE F - CHARITY CARE AND STATE SUBSIDY

Virtua Health provides care to all in need of medical assistance. Many patients cared for at Virtua Health do not have health insurance or the ability to pay for the cost of their care. Virtua Health does not directly receive compensation for the operating expense incurred providing care to these patients. Uninsured patients may qualify for financial assistance under the provisions of two separate programs. Individuals with incomes up to 300% of the federal poverty guidelines, whose individual or family assets do not exceed \$7.5 and \$15.0, respectfully, can qualify for assistance under the New Jersey Hospital Care Payment Assistance Program ("NJHCPAP"). With the objective of increasing eligibility for financial assistance to a greater number of uninsured patients, Virtua Health established its own assistance program whose qualification criterion is less restrictive than the NJHCPAP, as there is no asset test and those with incomes up to 500% of the federal poverty guidelines are eligible. Patients qualifying for these programs receive services without charge or at amounts less than established charges. Virtua Health maintains records to identify and monitor the level of financial assistance provided under both programs. The records include the amount of patient service revenue categorized as charity care.

Under a provision of the Affordable Care Act, the State of New Jersey opted to accept federal government funding to expand the eligibility for enrolling in the state's Medicaid program.

The cost of providing charity care, based on Virtua Health's estimated cost-to-charge ratios, for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
NJHCPAP	\$ 19,470,	\$ 15,759
Virtua Health Program	9,697	10,805
	\$ 29,167	\$ 26,564

Virtua Health received \$5,670 and \$6,228 of State of New Jersey Charity Care Subsidy Funds for the years ended December 31, 2023 and 2022, respectively. These amounts are included in patient service revenue in the consolidated statements of operations and changes in net assets.

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NOTE G - PATIENT SERVICE REVENUE

Patient service revenue recognized from major payer sources based on primary insurance designation for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Managed care	73%	71%
Medicare and Medicaid (fee for service plans only)	21	23
Other third-party payers	4	4
Self-pay	2	2
	100%	100%

Patient service revenue by type of service for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Inpatient	43%	45%
Outpatient	43	42
Physician services	14	13
	100%	100%

Inpatient acute care services for Medicare and Medicaid program beneficiaries and outpatient services for Medicare beneficiaries are paid at prospectively determined rates per discharge or outpatient service. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

Outpatient services for Medicaid beneficiaries, defined Medicare program pass-through items, and certain other costs provisionally reimbursed by Medicare, are paid based on a cost reimbursement methodology or tentative rate. These are ultimately subjected to certain cost limitations or are contingent on actual data for the year, with final settlement determined after submission of annual cost reports by Virtua Health and audits thereof, by the programs' fiscal intermediaries.

The Centers for Medicare and Medicaid Services ("CMS") previously approved the State of New Jersey's proposal under Section 1115 of the Social Security Act to implement a mandatory Medicaid managed care program, which requires certain Medicaid beneficiaries to enroll in approved managed care plans. In addition, certain Medicare beneficiaries may opt for coverage through federally approved managed care plans. Payments to Virtua Health for these Medicaid and Medicare beneficiaries are based upon the rates negotiated with these plans.

The Medicare cost reports have been audited and finalized through December 31, 2019, except for the December 31, 2011, for Virtua-Memorial, December 31, 2017 for Virtua-West Jersey and December 31, 2018 for Virtua-Our Lady of Lourdes. The Medicaid cost reports have been audited and finalized through December 31, 2021, for Virtua-Our Lady of Lourdes and Virtua-Willingboro and audited and finalized through December 31, 2020 for Virtua-West Jersey and Virtua-Mt Holly. Virtua Health also has outstanding appeal issues relating to prior-year settled cost reports. Differences between the estimated settlements and the amounts settled are recorded in the year of settlement. Estimated favorable results of appeal items are recorded when realization is reasonably assured. These estimates are included in estimated settlements due to third-party payers in the consolidated balance sheets. Management uses the expected-value method

Virtua Health, Inc.

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when determining these amounts. In the opinion of management, adequate provision has been made for any adjustment, which may result from the final settlement of these cost reports, and any appeal issues. For the years ended December 31, 2023 and 2022, patient service revenue includes net favorable settlements and adjustments for cost reports, audit, and appeal items from prior years of \$3,164 and \$9,683, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation, and noncompliance could result in significant regulatory action, including fines and penalties. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Virtua Health believes that it is in compliance with applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subjected to future government review and interpretations as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. Virtua Health has a corporate compliance program to monitor compliance with these laws and regulations.

Virtua Health is eligible to receive additional Medicaid funding under the New Jersey County Option Hospital Fee Pilot Program. This program is administered through the New Jersey Department of Human Services-Division of Medical Assistance and Health Services. The program was in effect for eligible providers in Camden County, New Jersey for all of 2023 and 2022 and for Burlington County, New Jersey it began on July 1, 2023. The program requires that participating providers pay quarterly assessed fees based on estimated Medicaid utilization data within the county, and the related payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as state directed payments. The state directed payments are subject to an annual settlement based on actual Medicaid utilization data and other factors.

For the years ended December 31, 2023 and 2022, related paid assessments are included in other operating expenses and Medicaid state directed revenue are included in patient service revenue in the consolidated statements of operations and changes in net assets as follows:

	<u>2023</u>	<u>2022</u>
Paid assessments:		
Camden county	\$ 22,165	\$ 21,028
Burlington county	8,622	-
	<u>\$ 30,787</u>	<u>\$ 21,028</u>
 New Jersey Medicaid directed revenue:		
Camden county	\$ 41,572	\$ 44,141
Burlington county	23,933	-
	<u>\$ 65,505</u>	<u>\$ 44,141</u>

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NOTE H - ASSETS LIMITED AS TO USE

Investments and assets limited as to use, stated at fair value at December 31, 2023 and 2022, consist of the following:

	2023	2022
By Board of Trustees' designation:		
Cash and cash equivalents	\$ 2,064	\$ -
Private placement funds – fixed income	958,805	862,866
Private placement funds - equity	934,184	853,584
Private credit - alternative	12,225	3,548
	1,907,278	1,719,998
Split dollar investments	74,597	50,274
	<u>\$ 1,981,875</u>	<u>\$ 1,770,272</u>
Insurance funds:		
Cash and cash equivalents	\$ 1,153	\$ 1,347
Private placement funds - fixed income	32,580	26,159
Private placement funds - equity	30,857	25,923
	64,590	53,429
Less assets limited as to use that are required for current liabilities	(18,009)	(16,115)
	<u>\$ 46,581</u>	<u>\$ 37,314</u>
Under debt agreements:		
Cash and cash equivalents	\$ 7,981	\$ 7,841
Less assets limited as to use that are required for current liabilities	(7,981)	(7,841)
	<u>\$ -</u>	<u>\$ -</u>
Under debt agreements, assets are maintained for the following purposes:		
Debt service interest fund	\$ 1,982	\$ 2,235
Debt service principal fund	5,999	5,606
	<u>\$ 7,981</u>	<u>\$ 7,841</u>
Restricted funds:		
Cash and cash equivalents	\$ 84	\$ 114
Mutual funds - fixed income	750	614
Mutual funds - equity	907	858
Private placement funds - fixed income	11,398	11,363
Private placement funds - equity	11,296	11,249
	<u>\$ 24,435</u>	<u>\$ 24,198</u>

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Investment income and realized and unrealized gains and losses, net of fees for assets limited as to use and cash equivalents for the years ended December 31, 2023 and 2022, are composed of the following:

	2023	2022
Other revenue - investment returns	\$ 2,869	\$ 793
Nonoperating gains and losses:		
Investment return, net:		
Interest and dividend income	\$ 730	\$ 858
Net realized gains and losses on sales of investments	71,577	24,533
Net change in unrealized gains and (losses) on investments	148,561	(290,537)
Investment management fees	(5,167)	(5,393)
	\$ 215,701	\$ (270,539)
Net assets with donor restrictions - net realized and unrealized (losses) gains	\$ 336	\$ (333)

NOTE I - FAIR VALUE MEASUREMENTS

Fair Value Measurements

Investments are classified into: Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market, but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Asset Valuation Techniques

Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Mutual Funds - Fair value estimates for publicly traded mutual funds are based on quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices. Such mutual funds are actively traded and are classified as Level 1.

Split Dollar - The cash surrender value of the split dollar investment is the amount of assets available today if the policies were terminated. Per the insurance carrier, the surrender value is made up of the accumulation value minus any unpaid policy charges minus any indebtedness minus any surrender charges.

Beneficial Interest in Perpetual Trust - The estimated fair value of the beneficial interest in perpetual trust is determined based upon information provided by the trustee. Such information is based on the pro rata interest in the net assets of the trust. The assets held in the trust consist primarily of cash equivalents and marketable securities. The fair value of the perpetual trust is measured using the fair value of the underlying investments and is reported as Level 3.

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Private Placement Funds and Private Credit – Alternative - The fair value of private placement funds and private credit funds are determined using the net asset value (“NAV”) of the funds as provided by the respective fund managers. The NAV is used as a practical expedient to estimate fair value and is excluded from the fair value hierarchy. The underlying investments of these funds consist of securities with readily determinable market values.

The valuation methods as described above may produce a fair value that may not be indicative of what management would realize upon liquidation or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At December 31, 2023 and 2022, there were no withdrawal restrictions or unfunded commitments on investments reported at NAV, except for \$12,772 and \$21,452 of an unfunded commitment to the private credit-alternative at December 31, 2023 and 2022, respectively.

The information at December 31, 2023 and 2022, pursuant to financial assets that are measured at fair value on a recurring basis using the market approach, is as follows:

Assets	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 11,282	\$ 11,282	\$ -	\$ -
Mutual funds:				
Fixed income	750	750	-	-
Equity	907	907	-	-
Split dollar – cash surrender value	74,597	-	74,597	-
Beneficial interest in perpetual trust	8,444	-	-	8,444
	95,980	\$ 12,939	\$ 74,597	\$ 8,444
Private placement funds (at NAV):				
Fixed income ^(a)	1,002,783			
Domestic equity ^(b)	600,845			
International equity ^(c)	375,492			
	1,979,120			
Private credit - alternative ^(d) (at NAV)	12,225			
	<u>\$ 2,087,325</u>			

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Assets	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 9,302	\$ 9,302	\$ -	\$ -
Mutual funds:				
Fixed income	614	614	-	-
Equity	858	858	-	-
Split dollar – cash surrender value	50,274	-	50,274	-
Beneficial interest in perpetual trust	7,826	-	-	7,826
	68,874	\$ 10,774	\$ 50,274	\$ 7,826
Private placement funds (at NAV):				
Fixed income ^(a)	900,388			
Domestic equity ^(b)	476,202			
International equity ^(c)	414,554			
	1,791,144			
Private credit - alternative ^(d) (at NAV)	3,548			
	\$ 1,863,566			

(a) *Fixed income* - Seeks favorable returns comparable to the broad fixed-income market by investing in bonds representing diverse sectors and maturities.

(b) *Domestic equity* - Seeks to provide long-term capital growth by investing in common stocks of U.S. companies with various capitalizations, while managing volatility and maintaining diversification.

(c) *International equity* - Seeks high, long-term returns comparable to the broad international stock market by investing in companies from developed and emerging countries around the world.

(d) *Private credit – alternative* - Seeks to outperform the public fixed-income markets in the long term on a risk-adjusted basis while mitigating downside risk through direct investment in a diversified portfolio of private debt funds.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported during the reporting period.

There were no transfers into or out of the levels per the tables above, for the years ended December 31, 2023 and 2022.

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The table below sets forth the change in the fair value of investments measured using significant unobservable inputs (Level 3) for the years ended December 31, 2023 and 2022, as follows:

Balance - December 31, 2021	\$	9,812
Net realized losses		(173)
Net unrealized losses		(1,813)
		7,826
Balance - December 31, 2022		7,826
Net realized losses		(237)
Net unrealized gains		855
		8,444
Balance - December 31, 2023	\$	8,444

NOTE J - INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

Virtua Health and physicians located throughout New Jersey, southeastern Pennsylvania and Delaware, have joined together, along with other non-related for-profit investors, to expand surgical and certain other services within the physicians' local communities through jointly owned ventures. These ventures are for-profit organizations. Virtua Health also has ownership in a medical revenue cycle joint venture that provides billing services to physician practices.

Virtua Health consolidates the SCA Holdings, SCA Holdings II, Emmaus Holdings, Virtua-USP Princeton, Voorhees Endo Holding, River Drive Holding, Access Holding, Campus Holding, and NJEYE Holdings joint ventures ("Holding Companies"), as well as the Endo Old Bridge, MCSC and SJVM joint ventures. The operating agreements of the Holding Companies do not allow Virtua Health or the Holding Companies to control operating or financial decisions, regardless of their proportionate ownership. All decisions are made by the respective operating board, which equally includes members appointed by Virtua Health and the physician investors as a whole.

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The ownership, investment balance, and earnings for these joint ventures are as follows:

	Membership Percentage		Investment in Unconsolidated Affiliates		Equity Earnings in Unconsolidated Affiliates	
	December 31,		December 31,		Year Ended December 31,	
	2023	2022	2023	2022	2023	2022
Virtua-Memorial:						
Vantage Surgical Center, LLC	51.00%	51.00%	\$ 3,820	\$ 3,033	\$ 1,450	\$ 1,184
Burlington County Endoscopy Center, LLC	56.32%	56.32%	7,229	6,939	3,160	2,966
SCA Holdings: ^(a)	55.00%	55.00%				
Seashore Surgical Institute, LLC			-	-	-	2,029
SCA Holdings II: ^(b)	55.00%	55.00%				
Foundation Surgery:						
Huntingdon Valley, LLC and Valley Pain Center, LLC			228	198	13	18
ECBC General Partner, LLC:						
Endoscopy Center of Bucks County, LP			800	-	131	-
Emmaus Holdings ^(c)	50.10%	50.10%				
Emmaus Surgical Center, LLC			6,914	6,933	1,712	1,393
Virtua-USP Princeton ^(d)	68.20%	68.20%				
Surgical Specialist at Princeton, LLC			11,091	10,698	2,818	2,661
Virtua-Lourdes:						
Centennial Surgunit, LLC	59.39%	56.48%	9,175	8,543	3,410	2,705
Virtua-West Jersey:						
Summit Surgical, LLC	61.68%	63.18%	8,196	8,051	1,547	1,940
South Jersey Musculoskeletal Institute, LLC	55.88%	56.86%	3,029	1,833	4,659	2,796
Ambulatory Surgery Center at Virtua						
Washington Township, LLC	57.96%	56.01%	1,314	857	2,273	2,261
Jersey Shore, LLC ^(e)	-	54.98%	-	11,205	(6,952)	774
Ramapo Valley Surgical	51.25%	52.00%	9,041	8,970	948	1,013
Virtua Adult Imaging Services	50.00%	50.00%	3,994	4,546	4,789	4,436
Center for Ambulatory and Minimally Invasive Surgery, LLC	55.27%	54.21%	12,810	12,612	3,841	3,713
Freehold Endoscopy Associates, LLC	60.00%	60.00%	8,148	8,352	2,535	2,335
Gastro-Surgi Center of New Jersey, LLC	51.79%	51.79%	12,845	12,294	3,133	3,196
Fresenius Medical Care, LLC	30.00%	30.00%	639	585	604	724
Virtua Penn Radiation Oncology Leasing, LLC	50.00%	50.00%	10,079	7,107	2,972	3,038
Virtua Penn Radiation Oncology Partners, LLC	51.00%	51.00%	18,324	19,306	2,078	1,648
Strive Physical Therapy	35.00%	35.00%	26	37	(11)	(10)
Mt. Laurel Endoscopy	51.92%	51.92%	1,259	887	2,062	1,623
USTRC Gloucester, LLC	29.00%	29.00%	320	227	(67)	(168)
Specialized Surgical Center of Central NJ	52.70%	55.00%	2,689	2,796	1,337	1,589
Atlantic Gastro Surgicenter, LLC	5.00%	-	439	-	20	-
Voorhees Endo Holding: ^(f)	51.00%	51.00%				
The Voorhees NJ Endoscopy ASC, LLC			13,298	12,911	10,620	10,107
River Drive Holding: ^(g)	51.00%	51.00%				
River Drive Surgery Center, LLC			45,818	46,115	12,287	12,059
VRI:						
Acentus Practice Management, LLC	50.00%	50.00%	1,713	972	3,770	2,831
HMSO:						
Lourdes Specialty Hospital of Southern NJ, LLC	20.00%	20.00%	6,069	5,634	435	(10)
Tyler Dialysis, LLC, cost basis	19.00%	19.00%	5,193	5,193	518	81
			\$ 204,500	\$ 206,834	\$ 66,092	\$ 68,932

(a) SCA Holdings owns 51.00% of Seashore Surgical Institute, LLC at December 31, 2023 and 2022. Seashore Surgical Institute, LLC was consolidated into SCA Holdings as of December 1, 2022, at which point the ownership held by Virtua-Memorial in SCA Holdings increased to 55.00%. As of December 31, 2022, all ambulatory surgical centers under SCA Holdings are fully consolidated.

(b) SCA Holdings II owns 61.64% and 56.73% of Foundation Surgery, a holding company, at December 31, 2023 and 2022, respectively. Foundation Surgery owns 0.99% of Huntingdon Valley, LLC and Valley Pain Center, LLC at December 31, 2023 and owns 1.04% of Huntingdon Valley, LLC

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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at December 31, 2022. SCA Holdings II also owns 51% of ECBC General Partner, LLC (ECBC GP) at December 31, 2023. ECBC GP owns 12% of Endo Center of Bucks County, LP at December 31, 2023. Virtua-Memorial holds a 55.00% membership interest in SCA Holdings II and thus effectively owns a 33.90% and 31.20% interest in Foundation Surgery at December 31, 2023 and 2022, respectively, and a 28.05% interest in ECBC GP at December 31, 2023.

- (c) Emmaus Holdings, LLC owns 50.33% of Emmaus Surgical Center, LLC at December 31, 2023 and 2022. Virtua-Memorial holds a 50.10% membership percentage in Emmaus Holdings and thus effectively owns a 25.22% interest in the Emmaus Surgical Center, LLC at December 31, 2023 and 2022.
- (d) Virtua-USP Princeton owns 61.93% and 59.77% of Surgical Specialists at Princeton, LLC at December 31, 2023 and 2022, respectively. Virtua-Memorial holds a 68.20% membership percentage of Virtua-USP Princeton and thus effectively owns a 42.24% and 40.76% interest in Surgical Specialists at Princeton, LLC at December 31, 2023 and 2022, respectively.
- (e) During 2023, Virtua-West Jersey divested its entire interest in Jersey Shore, LLC. The transaction led to an exit loss of \$8,034, which is recorded in equity in income of unconsolidated joint ventures in the consolidated statement of operations and changes in net assets.
- (f) Voorhees Endo Holding owns 51.00% of The Voorhees NJ Endoscopy ASC, LLC at December 31, 2023 and 2022. Virtua-West Jersey holds a 51.00% membership percentage in Voorhees Endo Holding and thus effectively owns a 26.01% interest in the Voorhees NJ Endoscopy ASC, LLC at December 31, 2023 and 2022.
- (g) River Drive Holding owns 51.00% of River Drive Surgery Center, LLC at December 31, 2023 and 2022. Virtua-West Jersey holds a 51.00% membership percentage in River Drive Holding and thus effectively owns a 26.01% interest in the River Drive Surgery Center, LLC at December 31, 2023 and 2022.

Operating revenues for the combined group of ventures accounted for under the equity method of accounting were \$371,336 and \$354,875 for the years ended December 31, 2023 and 2022, respectively.

Virtua Health provides employee leasing, rental, and management services to and receives billing services from certain of its joint ventures. The total revenue, included in other revenue, from these services was \$19,949 and \$18,387 for the years ended December 31, 2023 and 2022, respectively. The total expenses, included in other operating expense related to the ownership interest in the medical revenue cycle joint venture are \$15,597 and \$12,875 for the years ended December 31, 2023 and 2022, respectively. The total amounts of the receivable, which are included in other current assets, related to these services are \$3,645 and \$4,992 at December 31, 2023 and 2022, respectively.

Additionally, Virtua Health acts as lessor for certain clinical space under a sales-type lease agreement, with an unconsolidated joint venture with annual lease payments of \$2,029 through July 2037, the lease term. The lease receivable is discounted and at December 31, 2023, is included in other assets, with the current portion in other current assets in the consolidated balance sheet and interest revenue is recognized over the lease term. Interest revenue from this lease for the year ended December 31, 2023, was \$486 and is recorded as other revenue in the consolidated statement of operations and changes in net assets.

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NOTE K - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 112,086	\$ 112,199
Land improvements	38,035	48,018
Buildings and improvements	981,341	936,647
Fixed equipment	251,984	251,136
Furniture and equipment	<u>1,188,585</u>	<u>1,113,566</u>
	2,572,031	2,461,566
Less accumulated depreciation and amortization	<u>(1,623,153)</u>	<u>(1,500,377)</u>
	948,878	961,189
Construction in progress	<u>82,719</u>	<u>77,290</u>
	<u>\$ 1,031,597</u>	<u>\$ 1,038,479</u>

Depreciation and amortization expense related to property, plant, and equipment was \$124,904 and \$127,267 for the years ended December 31, 2023 and 2022, respectively.

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NOTE L - LONG-TERM DEBT

Long-term debt as of December 31, 2023 and 2022, consists of the following:

	2023	2022
New Jersey Health Care Facilities Financing Authority ("NJHCFFA"):		
Virtua Health Issue, Series 2004 Variable Rate Revenue Bonds - less issuance cost of \$131 and \$152 at December 31, 2023 and 2022, respectively ^(a)	\$ 38,879	\$ 40,963
Virtua Health Issue, Series 2009B-E Variable Rate Revenue Bonds - less issuance cost of \$1,093 and \$1,155 at December 31, 2023 and 2022, respectively ^(b)	183,907	183,845
Virtua Health Issue, Series 2013 Fixed Rate Revenue Refunding Bonds - plus net original issue premium and issuance cost of \$1,972 and \$2,592 at December 31, 2023 and 2022, respectively ^(c)	80,392	92,101
Virtua Health Issue, Series 2019 Fixed Rate Refunding Bonds - less issuance cost of \$428 and \$467 at December 31, 2023 and 2022, respectively ^(d)	199,377	199,338
Virtua Health Issue, Series 2020 Fixed Rate Term Loan - less issuance cost of \$118 and \$184 at December 31, 2023 and 2022, respectively ^(e)	147,732	182,517
Finance lease obligations, with various interest rates, secured by lease equipment	1,625	1,754
Consolidated Joint Venture long term debt – less issuance cost of \$53 and \$29 at December 31, 2023 and 2022, respectively	13,535	4,618
	665,447	705,136
Less current maturities of long-term debt	(51,904)	(49,627)
	\$ 613,543	\$ 655,509

(a) The NJHCFFA Variable Rate Revenue Bonds, Virtua Health Issue, Series 2004 (the "Series 2004 Bonds") were issued for the purpose of refinancing the 2001 Capital Asset Program loan and funding and reimbursing costs of various capital improvements and equipment purchases by Virtua- Memorial and Virtua-West Jersey. Annual principal payments range from \$2,185 to \$6,385, maturing on July 1 of each year through 2033. Interest is payable monthly at a variable rate not to exceed 10%. The interest rate was 3.4% and 3.05% at December 31, 2023 and 2022, respectively. The Series 2004 Bonds are variable rate demand bonds secured by an irrevocable letter of credit with a bank, which expires on May 31, 2025. No amounts were outstanding on the letter of credit at December 31, 2023 and 2022.

(b) NJHCFFA Variable Rate Revenue Bonds, Virtua Health Issue, Series 2009B-E (the "Series 2009B-E Bonds") were issued in connection with the Series 2009A Bonds for the purpose of constructing and equipping the Voorhees replacement hospital, funding capitalized interest, and paying certain finance costs. Annual principal payments range from \$34,820 to \$39,245, maturing on July 1, 2039 through 2043. Interest is payable monthly at a variable rate not to exceed 12%. The interest rates

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were 3.70%, 3.80%, 3.50%, and 3.20% at December 31, 2023 and 2.55%, 2.20%, 3.25%, and 3.05% at December 31, 2022, respectively. The Series 2009B-E Bonds are variable rate demand bonds secured by irrevocable letters of credit with two banks; with one bank for Series B-C providing two letters of credit for a total of \$100,000, which expire on January 2, 2026; and another bank for Series D-E providing two letters of credit for a total of \$85,000, which expire on January 2, 2027. No amounts were outstanding on the letters of credit at December 31, 2023 and 2022.

- (c) The NJHCFFA Fixed Rate Revenue Refunding Bonds, Virtua Health Issue, Series 2013 (the "Series 2013 Bonds") were issued to refund the outstanding Series 1998 Bonds and certain Series 2009A Bonds and pay for costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds bear interest between 4.50% and 5.00%, payable on January 1 and July 1. Annual principal payments range from \$11,600 to \$14,575, maturing on July 1 of each year through 2029. In connection with the sale of the skilled nursing facilities, \$5,715 of the Series 2013 Bonds were defeased in May 2022, that generated a loss on the extinguishment of debt of \$126 included in the gain on sale of assets, net for the year ended December 31, 2022.
- (d) The NJHCFFA Fixed Rate Refunding Bonds, Virtua Health Issue, Series 2019 (the "Series 2019 Bonds") were issued to refund the outstanding Series 2009A Bonds. Interest is payable monthly at a fixed rate of 3.20%. Annual principal payments range from \$15,665 to \$27,880, maturing on July 1, 2030 through 2038. The bonds were issued as a private placement with a bank as the direct purchasing bank, through the maturity in 2038.
- (e) The Virtua Health Series 2020 Term Loan (the "Series 2020 Term Loan") was issued to finance capital needs for technology projects, joint venture investments, and other valid corporate purposes. Interest is payable monthly at a fixed rate of 2.37%. Annual principal payments range from \$35,675 to \$38,265, maturing on July 1 of each year through 2027. The term loan was issued as a taxable private placement with a bank as the direct lending bank, through the maturity in 2027.

Original issue premium and debt issuance costs for indebtedness are being amortized over the term of the related debt using the effective interest method and is included in interest expense in the consolidated statements of operations and changes in net assets.

Under the terms of its bond trust agreements, Virtua Health has the option to convert the variable rate demand bonds to a fixed rate term mode. For all series of variable rate demand bonds backed by bank letters of credit and subjected to remarketing agreements, in the event that any or all of the bonds are tendered by the bondholder and are unable to be remarketed, the letters of credit are drawn upon by the bond trustee to purchase the bonds. Draws for this purpose under the letters of credit are repaid with interest over a period of one to three years under existing term-out provisions, noting certain bonds have a one-year interest-only period prior to the repayment period. All series of variable rate demand bonds are subjected to mandatory tender for purchase prior to the expiration of the letter of credit if a substitute facility has not been made effective.

The Series 2004, 2009B-E, 2013 and 2019 Bonds and the Series 2020 Term Loan are all secured equally and ratably on a parity basis by notes issued under the master trust indenture (the "Master Trust Indenture"), with Virtua Health, Inc., Virtua-West Jersey, and Virtua-Memorial as obligated issuers (the "Virtua Obligated Group"). The notes are secured by a pledge of gross receipts of the Virtua Obligated Group and a mortgage on the Voorhees replacement hospital. The Virtua Obligated Group is obligated to pay the principal or redemption price and interest on the bonds under loan agreements with the NJHCFFA. The Master Trust Indenture and other bond agreements require the Virtua Obligated Group to comply with certain financial covenants. At December 31, 2023 and 2022, the Virtua Obligated Group has complied with all financial covenants related to the bonds.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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Future Principal Payments

Principal payments on long-term debt for the next five years and thereafter are as follows:

<u>Years Ending December 31,</u>		
2024	\$	51,904
2025		53,247
2026		54,472
2027		56,166
2028		17,989
Thereafter		<u>431,520</u>
	<u>\$</u>	<u>665,298</u>

Lines and Letters of Credit

Virtua Health has a revolving credit line in place with a bank for \$60,000, which expires in December 2024. The interest rate is based on either the term SOFR (“Secured Overnight Financing Rate”) reference rate for the interest period (one-month) plus 70 basis points (the term SOFR one-month rate was 5.35% at December 31, 2023 and 4.35% at December 31, 2022), or the prime rate minus 150 basis points (the prime rate was 8.50% at December 31, 2023 and 7.50% at December 31, 2022). There were no amounts outstanding under the line of credit at December 31, 2023 and 2022. The line of credit has a provision for letters of credit. There were \$5,074 and \$5,089 in letter of credit commitments with expiration dates in 2024 as of December 31, 2023, and 2022, respectively. These were not drawn upon and are in connection with VAI, a capital project, and a site requirement.

Virtua Health has a second revolving credit line in place with another bank for \$50,000, which expires in December 2024. The interest rate is based on either the daily simple SOFR interest period plus 70 basis points (the daily simple SOFR was 5.38% at December 31, 2023 and 4.30% at December 31, 2022), or the prime rate minus 150 basis points (the prime rate was 8.50% at December 31, 2023 and 7.50% at December 31, 2022). There were no amounts outstanding on the line of credit at December 31, 2023 and 2022.

Virtua Health has a third revolving credit line in place with another bank for \$50,000, which expires in December 2024. The interest rate is based on either the term SOFR reference rate for the interest period (one-month) plus 100 basis points (the term SOFR one-month rate was 5.35% at December 31, 2023 and 4.35% at December 31, 2022), or the prime rate minus 25 basis points (the prime rate was 8.50% at December 31, 2023 and 7.50% at December 31, 2022). There were no amounts outstanding on the line of credit at December 31, 2023 and 2022.

Fair Value

Virtua Health used current quoted market prices in estimating the fair value of its long-term debt, excluding financing lease obligations. As of December 31, 2023 and 2022, the fair values were \$617,877 and \$639,354, respectively. Fair value of long-term debt was determined using the market approach, which is considered a Level 2 measurement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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NOTE M - LEASES

The following table presents the components of the right of use assets and liabilities related to leases and their classification in the consolidated balance sheets at December 31, 2023 and 2022:

Component of Lease Balances	Classification in Consolidated Balance Sheets	2023	2022
Assets:			
Operating lease	Right of use assets	\$ 203,494	\$ 174,906
Finance lease	Property, plant, and equipment, net	1,762	1,934
		<u>\$ 205,256</u>	<u>\$ 176,840</u>
Liabilities:			
Operating lease:			
Current	Current maturities of lease liability	\$ 34,096	\$ 28,630
Long-term	Lease liability, net of current maturities	182,301	159,214
		216,397	187,844
Finance lease:			
Current	Current maturities of long-term debt	636	748
Long-term	Long-term debt, net of current maturities	989	1,006
		<u>1,625</u>	<u>1,754</u>
		<u>\$ 218,022</u>	<u>\$ 189,598</u>

Virtua Health, Inc.

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The following table presents the components of lease expense and their classification in the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022:

Component of Lease Balances	Classification in Consolidated Statements of Operations and Changes in Net Assets	2023	2022
Operating lease expense	Other operating expenses	\$ 39,853	\$ 36,104
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	604	664
Interest on lease liabilities	Interest expense	91	64
		695	728
Variable and short-term lease expense	Other operating expenses	16,890	17,556
		\$ 57,438	\$ 54,388

The weighted-average lease terms and discount rates for operating and finance leases at December 31, 2023 and 2022 are as follows:

	2023	2022
Weighted-average remaining lease term (years)		
Operating leases	7.15 years	7.67 years
Finance leases	0.93 years	1.75 years
Weighted-average discount rate		
Operating leases	3.86%	3.55%
Finance leases	3.51%	3.64%

Cash flow related to leases for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows related to operating leases	\$ 40,717	\$ 38,942
Operating cash outflows related to finance leases	\$ 84	\$ 315
Financing cash outflows related to finance leases	\$ 711	\$ 438
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 36,618	\$ 80,508
Finance leases	\$ 295	\$ 461

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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The future minimum rental commitments for all noncancelable operating and finance leases at December 31, 2023 are as follows:

Years Ending December 31,	Operating Leases	Finance Leases	Total
2024	\$ 41,810	\$ 726	\$ 42,536
2025	37,465	457	37,922
2026	35,029	326	35,355
2027	32,228	228	32,456
2028	25,153	82	25,235
Thereafter	79,443	12	79,455
	251,128	1,831	252,959
Less: imputed interest	(34,731)	(206)	(34,937)
	216,397	1,625	218,022
Less: current maturities	(34,096)	(636)	(34,732)
	\$ 182,301	\$ 989	\$ 183,290

NOTE N - RETIREMENT BENEFIT PLANS

Defined Contribution Plan

Virtua Health sponsors the Virtua Health 401(k) savings plan covering all nonbargaining unit employees and a group of bargaining unit employees. Employer contributions to the Virtua Health 401(k) savings plan are based on a formula as defined by the plan document.

The amount of expense related to this plan was \$32,479 and \$29,294 for the years ended December 31, 2023 and 2022, respectively, and is included in employees' fringe benefits in the consolidated statements of operations and changes in net assets.

Defined Benefit Plan

Virtua Health has a noncontributory defined benefit pension plan (the "Virtua Pension Equity Plan"), which covered employees as defined, and accrued benefit formulas as defined for those who met prescribed eligibility requirements. The Virtua Pension Equity Plan is primarily frozen, except for a small amount of actively accruing participants. In September 2023, Virtua Health and an insurance company executed an annuity buy-out transaction that resulted in the transfer of certain beneficiaries obligation to the insurance company as a settlement and the Virtua Pension Equity Plan was concurrently remeasured. The Virtua Pension Equity Plan uses a measurement date of December 31. The mortality table used for projecting the benefit obligations is the Pri-2012 with projected improvements using the MP-2021 projection scale for the years ended December 31, 2023 and 2022.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

The information at December 31, 2023 and 2022, and for the years then ended, about the Virtua Pension Equity Plan is as follows:

	2023	2022
Weighted-average assumptions used to determine benefit obligations - end of year:		
Discount rate	5.59%	2.99%
Rate of compensation increase	3.00%	3.00%
Accumulated benefit obligation - end of year	\$ 114,211	\$ 182,041
Changes in benefit obligations:		
Benefit obligations - beginning of year:	\$ 182,041	\$ 250,973
Service cost	2,114	1,708
Interest cost	9,032	7,239
Actuarial loss (gain)	7,519	(56,319)
Benefits paid	(11,135)	(21,560)
Settlements	(75,360)	-
Benefit obligations - end of year	114,211	182,041
Changes in plan assets:		
Fair value of plan assets - beginning of year:	166,987	232,863
Actual return on plan assets	7,102	(44,316)
Benefits paid	(11,135)	(21,560)
Settlements	(75,360)	-
Fair value of plan assets - end of year	87,594	166,987
Funded status of the plan - end of year	\$ (26,617)	\$ (15,054)
Amounts recognized in the consolidated balance sheets - noncurrent accrued retirement benefits	\$ (26,617)	\$ (15,054)
Amounts recognized in net assets without restrictions:		
Actuarial loss	\$ 112,275	\$ 115,694
Prior service cost	(3)	(3)
Net gain	(44,647)	(3,416)
Total amounts recognized in net assets without restrictions	\$ 67,625	\$ 112,275

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>
Components of net periodic benefit cost recognized in employee fringe benefits:		
Service cost	\$ 2,114	\$ 1,708
Components recognized in nonoperating gains and losses in other accrual retirement cost (credit):		
Interest cost	9,032	7,239
Expected return on plan assets	(7,986)	(12,944)
Amortization of prior service cost	3	3
Amortization of actuarial loss	<u>4,205</u>	<u>4,357</u>
	5,254	(1,345)
Settlement loss	<u>48,845</u>	<u>-</u>
	<u>54,099</u>	<u>(1,345)</u>
Total net periodic benefit cost	56,213	363
Other changes in accrued retirement benefits recognized in net assets without restrictions:		
Current-year actuarial loss	8,403	941
Recognized actuarial loss	(4,205)	(4,357)
Recognized prior service cost	(3)	(3)
Recognized settlement loss	<u>(48,845)</u>	<u>-</u>
Total recognized in net assets without restrictions	<u>(44,650)</u>	<u>(3,419)</u>
Total recognized in net periodic benefit cost (credit) and change in net assets without restrictions	<u>\$ 11,563</u>	<u>\$ (3,056)</u>
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.21%	2.65%
Expected long-term rate of return on plan assets	5.80%	5.80%
Rate of compensation increase	3.00%	3.00%

To develop the expected long-term rate of return on assets assumption, historical returns are considered and the future expectations for returns for each asset class, as well as the target allocation of the pension portfolio.

The Virtua Pension Equity Plan amortizes prior service cost as a result of plan amendments on a straight-line basis over the expected average future lifetime of active participants expected to benefit under the plan.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

Plan Assets

The pension plan's actual weighted-average asset allocations and target asset allocations, by asset category, at December 31, 2023 and 2022 are as follows:

Asset Category	Target Allocation	2023	2022
Fixed income	30% - 90%	56%	69%
Equity securities	10% - 64%	36	26
Alternative investments/real estate	0% - 16%	8	5
		100%	100%

The investment policy and strategy for the pension plan assets has established guidelines for an asset mix that provides diversification to absorb risk while not sacrificing investment returns.

The fair value of the common/collective trust funds has been determined using the NAV of the funds as provided by the respective fund managers. There were no withdrawal restrictions or unfunded commitments on such funds.

The plan assets in the defined benefit pension plan measured at fair value, using NAV, at December 31, 2023 and 2022, are as follows:

	2023	2022
Common/collective trust funds:		
Fixed income ^(a)	\$ 48,957	\$ 114,779
Domestic equity ^(b)	17,551	23,533
International equity ^(c)	14,125	19,700
U.S. real estate ^(d)	6,961	8,975
	\$ 87,594	\$ 166,987

(a) *Fixed income* - Seeks favorable returns comparable to the broad fixed-income market by investing in bonds representing diverse sectors and maturities.

(b) *Domestic equity* - Seeks to provide a long-term capital growth, by investing primarily in common stocks of U.S. companies with various capitalizations, while managing volatility and maintaining diversification.

(c) *International equity* - Seeks long-term returns comparable to the broad international stock market by investing in companies from developed and emerging countries around the world.

(d) *U.S. real estate* - Employs a multiadvisor, multifund approach to private core and enhanced core real estate investments with a focus on high current income. Manages risk through property type and regional diversification and generally limits portfolio leverage to 30%.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

Cash Flows

Contributions

Virtua Health intends to make contributions to the plan assets, as necessary, that will ensure compliance with all provisions of the Pension Protection Act of 2006, as amended (“PPA”).

Estimated Future Benefit Payments:

2024	\$	9,238
2025		9,486
2026		9,386
2027		9,666
2028		9,594
2029-2033		44,184

Multi-employer Plan

Certain Virtua Health employees represented by a bargaining unit participate in a multi-employer pension plan based on a union-negotiated agreement. For these employees, Virtua Health contributes to the Central Pension Fund of the International Union of Operating Engineers and Participating Employers (the “Multi-employer Plan”). Participation in the Multi-employer Plan commences on the first of the month after the employee’s successful completion of 90 days of employment. Contributions to the Multi-employer Plan are based on union employee worked hours and a negotiated contribution rate in accordance with the union’s contractual arrangement.

Under the Employee Retirement Income Security Act of 1974, as amended by the Multi-employer Pension Plan Amendments Act of 1980, the risks of participating in multi-employer plans are different from single-employer plans in the following respects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the employer chooses to stop participating in some of its multi-employer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Until such events above occur, Virtua Health’s share, if any, of the unfunded vested liabilities cannot be determined. At December 31, 2023, Virtua Health has no plans to withdraw from the Multi-employer Plan.

Virtua Health’s participation in the Multi-employer Plan for the years ended December 31, 2023 and 2022, is outlined below:

- The Multi-employer Plan’s Employer Identification Number is 36-6052390, and the three-digit plan number is 001.
- The PPA zone status is based on information that Virtua Health received from the Multi-employer Plan’s sponsor and is certified by the Multi-employer Plan’s actuary. The Multi-employer Plan is in the green zone, which indicates that it is at least 80% funded. The most recent PPA zone status available in 2023 and 2022 is for the Multi-employer Plan years ended January 31, 2023 and 2022, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

- A financial improvement plan or a rehabilitation plan is neither pending nor has one been implemented for the Multi-employer Plan.
- Virtua Health was not required to pay a surcharge to the Multi-employer Plan.
- The current collective bargaining agreement expires on February 28, 2027. This agreement covers approximately 8% of the Registered Nurse workforce.
- Virtua Health contributed \$4,776 and \$4,671 to the Multi-employer Plan for the years ended December 31, 2023 and 2022, respectively. Virtua Health did not contribute more than 5% of the total contributions to the Multi-employer Plan and was not listed in the Form 5500 for the Multi- employer Plan years ended January 31, 2023 and 2022.

At the date the consolidated financial statements were issued, the Form 5500 was not available for the Multi-employer Plan year ended January 31, 2024.

NOTE O - CONTINGENCIES AND COMMITMENTS

Self-Insured Malpractice and General Liability and Litigation

VAI's principal business is to reinsure the primary layer of exposure underwritten by a third-party insurer for claims-made-basis hospital professional liability, physicians professional liability, and occurrence-basis general liability. For the years ended December 31, 2023 and 2022, malpractice professional liability coverage is limited to \$1,000 per claim and \$3,000 aggregate per facility, and general liability coverage is limited to \$1,000 per claim. In addition to the primary layer by VAI, Virtua Health maintains excess coverage from third-party insurers for amounts above the limits insured by VAI.

The reserves for reported claims and claims incurred but not reported ("IBNR") are reported gross of expected insurance recoveries. The reserves for reported claims and claims IBNR are reported within accounts payable and accrued expenses and self-insurance liabilities in the consolidated balance sheets. In addition, the expected insurance recoveries are reported in other current assets and other assets in the consolidated balance sheets.

The loss reserves are management's best estimate based on actuarial estimates of the ultimate net cost of settling losses on incurred claims. The estimates are reviewed and adjusted, as necessary, as experience develops or new information becomes known. Management believes that the loss reserves are adequate; however, the ultimate settlement of losses may vary significantly from the amounts recorded in the accompanying consolidated financial statements.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

Claims reserve activity for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Claims reserves and IBNR - beginning of the year	\$ 91,985	\$ 81,438
Less: Insurance recoveries on unpaid claims	(36,257)	(27,882)
Claims reserves and IBNR, net - beginning of the year	55,728	53,556
Incurred related to:		
Current year	15,945	12,779
Prior year	621	(499)
Total incurred	16,556	12,280
Change in IBNR	794	(6,262)
Paid related to:		
Current year	(111)	(103)
Prior year	(9,849)	(3,743)
Total incurred	(9,960)	(3,846)
Claims reserves and IBNR, net - end of the year	63,128	55,728
Add: Insurance recoveries on unpaid claims	32,995	36,257
Claims reserves and IBNR - end of the year	\$ 96,123	\$ 91,985

Self-Funded Healthcare Plan for Employees

Virtua Health has a self-funded healthcare employee benefit plan that is administered by a third-party administrator. Virtua Health obtains an excess insurance policy for claims to a member in excess of \$1,000. The reserves for claims that are not paid at December 31, 2023 and 2022 totaled \$11,309 and \$10,504, respectively, and are reported within accounts payable and accrued expenses in the consolidated balance sheets.

Litigation

Virtua Health is not a party to, nor are any of its properties the subject of, any material pending legal proceedings other than ordinary, routine litigation incidental to the business.

Promise to Give in Future Period

On December 21, 2021, Virtua Health and VHF entered into a Master Affiliation Agreement with the Rowan University Foundation ("Rowan") in order to collaborate for the development and operation of an affiliated academic health system, the purpose of which is to promote and enhance clinical education, research and clinical activities for residents of New Jersey and surrounding states. As part of a separate Gift Agreement to further the initiative, Virtua Health and VHF made a pledge totaling \$85,000 to be paid in ten gift installments, as defined in the Gift Agreement. The annual remaining payments at December 31, 2023, are

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

\$4,375 through 2031. The second and third installment payments in the amount of \$4,375 and \$25,000 were made in December 2023 and 2022, respectively, after certain milestones, as defined in the Gift Agreement, were met, and are included in other operating expenses in the consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, respectively. The remainder of the gift installments under the pledge are conditional depending on various milestone/barriers as defined in the Gift Agreement. As such, the remaining pledge of \$30,625 is not recorded in the consolidated financial statements at December 31, 2023. In addition, to the aforementioned pledge as per the Master Affiliation Agreement, Virtua Health and VHF reassessed the investment needed to successfully achieve specific educational initiatives, as such during 2023 an additional unconditional pledge to Rowan was made of \$5,000, which is included in accounts payable and accrued expenses in the consolidated balance sheet at December 31, 2023 and in other operating expenses in the consolidated statement of operations and changes in net assets for the year ended December 31, 2023. In February 2024, Virtua Health and VHF made another unconditional pledge to Rowan for \$10,000, payable in 2024.

Multipurpose Housing Partnership

VHF has partnered with an unrelated party for the development of a multipurpose housing community in Camden, New Jersey to advance health equity. With this partnership, VHF is participating in financing of the project along with other financing parties including the New Jersey Housing and Mortgage Finance Agency and other sources. VHF entered into a loan agreement on November 28, 2023, to lend \$4,100 at 5.0% per annum of interest that is secured by a mortgage and security agreement, with future project drawdowns to occur as defined. At December 31, 2023, no amounts have been drawdown.

NOTE P - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 are restricted for the following programs:

	2023	2022
Temporarily - subject to expenditure for specific purpose:		
Property, plant, and equipment and other	\$ 23,649	\$ 23,848
Education and nursing scholarships	3,599	3,248
	27,248	27,096
Permanently - investment in perpetuity whose income is expendable to support:		
Scholarships and other	8,444	7,826
	\$ 35,692	\$ 34,922

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

NOTE Q - CONCENTRATIONS OF CREDIT RISK

Virtua Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of accounts receivable from patients and third-party payers at December 31, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Managed care	52%	50%
Medicare and Medicaid	22	23
Self-pay	10	10
Other third-party payers	16	17
	<u>100%</u>	<u>100%</u>

NOTE R - FUNCTIONAL EXPENSES

Virtua Health's primary mission is to provide health care services to its patients. The majority of all operating expenses incurred by Virtua Health are related to the provision of health care services. Virtua Health provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2023 and 2022, are as follows:

	<u>Healthcare Services</u>	<u>General and Administrative</u>	<u>Total</u>
<u>2023</u>			
Salaries and wages	\$ 1,006,397	\$ 198,949	\$ 1,205,346
Professional fees	48,702	2,337	51,039
Employers' fringe benefits	205,434	43,761	249,195
Other operating expenses	853,574	138,875	992,449
Interest	20,386	101	20,487
Depreciation and amortization	104,123	23,557	127,680
	<u>\$ 2,238,616</u>	<u>\$ 407,580</u>	<u>\$ 2,646,196</u>
	<u>Healthcare Services</u>	<u>General and Administrative</u>	<u>Total</u>
<u>2022</u>			
Salaries and wages	\$ 900,007	\$ 181,349	\$ 1,081,356
Professional fees	47,197	1,063	48,260
Employers' fringe benefits	178,081	38,047	216,128
Other operating expenses	785,718	103,434	889,152
Interest	17,820	15	17,835
Depreciation and amortization	105,335	24,273	129,608
	<u>\$ 2,034,158</u>	<u>\$ 348,181</u>	<u>\$ 2,382,339</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(Dollar amounts in thousands)

NOTE S - SUBSEQUENT EVENTS

Virtua Health has evaluated its December 31, 2023 consolidated financial statements for subsequent events through April 29, 2024, the date the consolidated financial statements were issued. Virtua Health is not aware of any subsequent events, which require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS INFORMATION - VIRTUA HEALTH, INC.

December 31, 2023
(Dollar amounts in thousands)

	Virtua Health, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
ASSETS										
Current assets										
Cash and cash equivalents	\$ 56,889	\$ -	\$ 56,889	\$ 33,746	\$ 15	\$ 1,409	\$ 13,010	\$ 261	\$ 425	\$ 8,023
Assets limited as to use	25,990	-	25,990	7,981	-	-	-	-	-	18,009
Patient accounts receivable	272,187	-	272,187	158,142	62,965	-	51,080	-	-	-
Due from affiliate, net	-	(242,419)	242,419	242,419	-	-	-	-	-	-
Other current assets	160,685	-	160,685	131,867	19,965	1,138	1,547	968	1,210	3,990
Total current assets	515,751	(242,419)	758,170	574,155	82,945	2,547	65,637	1,229	1,635	30,022
Assets limited as to use										
By Board of Trustees' designation	1,981,875	-	1,981,875	1,907,616	-	-	-	-	74,259	-
Insurance funds	46,581	-	46,581	1,153	-	-	-	-	-	45,428
Restricted funds	24,435	-	24,435	1,172	-	-	-	-	23,263	-
	2,052,891	-	2,052,891	1,909,941	-	-	-	-	97,522	45,428
Property, plant, and equipment, net	1,031,597	-	1,031,597	690,742	270,213	-	70,639	-	3	-
Right of use assets	203,494	-	203,494	128,552	9,292	-	65,650	-	-	-
Other long-term assets										
Due from affiliates, net	-	(74,823)	74,823	72,309	2,457	-	57	-	-	-
Investment in unconsolidated joint ventures	204,500	-	204,500	182,350	9,175	1,713	11,262	-	-	-
Goodwill and other intangibles, net	470,977	-	470,977	443,919	19,509	-	7,549	-	-	-
Other assets	47,715	-	47,715	45,303	414	-	376	-	1,622	-
Beneficial interest in perpetual trust	8,444	(8,444)	16,888	8,444	-	-	-	-	8,444	-
	731,636	(83,267)	814,903	752,325	31,555	1,713	19,244	-	10,066	-
Total assets	\$ 4,535,369	\$ (325,686)	\$ 4,861,055	\$ 4,055,715	\$ 394,005	\$ 4,260	\$ 221,170	\$ 1,229	\$ 109,226	\$ 75,450

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS INFORMATION - VIRTUA HEALTH, INC.

December 31, 2023
(Dollar amounts in thousands)

	Virtua Health, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
LIABILITIES AND NET ASSETS										
Current liabilities										
Current maturities of long-term debt	\$ 51,904	\$ -	\$ 51,904	\$ 51,904	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current maturities of lease liability	34,096	-	34,096	18,292	2,561	-	13,243	-	-	-
Accounts payable and accrued expenses	238,369	(18,009)	256,378	182,586	30,589	1,539	16,436	1,501	299	23,428
Due to affiliates, net	-	(242,418)	242,418	-	146,315	143	25,210	9,063	61,536	151
Accrued compensation and related liabilities	122,594	-	122,594	73,335	12,465	180	36,197	417	-	-
Accrued interest payable	3,455	-	3,455	3,455	-	-	-	-	-	-
Estimated settlements due to third-party payers	16,229	-	16,229	10,059	6,170	-	-	-	-	-
Total current liabilities	466,647	(260,427)	727,074	339,631	198,100	1,862	91,086	10,981	61,835	23,579
Long-term liabilities										
Estimated settlements due to third-party payers	17,389	-	17,389	11,501	5,778	110	-	-	-	-
Self insurance liabilities	71,284	(36,063)	107,347	71,284	-	-	-	-	-	36,063
Accrued retirement benefits	27,285	-	27,285	27,285	-	-	-	-	-	-
Due to affiliates, net	-	(20,752)	20,752	-	-	-	-	-	20,752	-
Long-term debt, net of current maturities	613,543	-	613,543	613,543	-	-	-	-	-	-
Lease liability, net of current maturities	182,301	-	182,301	118,331	7,204	-	56,766	-	-	-
Other liabilities	11,390	-	11,390	9,108	1,638	149	441	54	-	-
Total liabilities	1,389,839	(317,242)	1,707,081	1,190,683	212,720	2,121	148,293	11,035	82,587	59,642
Net assets (deficiency)										
Without donor restrictions :										
Virtua Health, Inc.	2,741,577	-	2,741,577	2,465,996	178,768	2,139	72,820	(9,806)	15,852	15,808
Noncontrolling interests	368,261	-	368,261	368,261	-	-	-	-	-	-
Total net assets without donor restrictions	3,109,838	-	3,109,838	2,834,257	178,768	2,139	72,820	(9,806)	15,852	15,808
With donor restrictions										
	35,692	(8,444)	44,136	30,775	2,517	-	57	-	10,787	-
Total net assets (deficiency)	3,145,530	(8,444)	3,153,974	2,865,032	181,285	2,139	72,877	(9,806)	26,639	15,808
Total liabilities and net assets (deficiency)	\$ 4,535,369	\$ (325,686)	\$ 4,861,055	\$ 4,055,715	\$ 394,005	\$ 4,260	\$ 221,170	\$ 1,229	\$ 109,226	\$ 75,450

Virtua Health, Inc.

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA HEALTH, INC.

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua Health Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
Net assets without donor restrictions										
Revenue:										
Patient service revenue	\$ 2,606,547	\$ -	\$ 2,606,547	\$ 1,635,562	\$ 595,157	\$ -	\$ 375,828	\$ -	\$ -	\$ -
Other revenue	132,974	(278,276)	411,250	281,306	11,970	3,806	84,665	9,394	74	20,035
Equity in income of unconsolidated joint ventures	66,092	-	66,092	57,959	3,410	3,770	953	-	-	-
Total revenue	2,805,613	(278,276)	3,083,889	1,974,827	610,537	7,576	461,446	9,394	74	20,035
Expenses:										
Salaries and wages	1,205,346	(1,217)	1,206,563	670,846	176,449	1,607	353,644	4,017	-	-
Professional fees	51,039	(69,357)	120,396	56,825	51,989	-	6,727	4,855	-	-
Employees' fringe benefits	249,195	(61,225)	310,420	213,672	42,860	450	51,978	1,460	-	-
Other operating expenses	992,449	(146,477)	1,138,926	641,658	306,011	2,236	161,598	813	6,889	19,721
Interest	20,487	-	20,487	20,487	-	-	-	-	-	-
Depreciation and amortization	127,680	-	127,680	90,298	24,171	2	13,205	-	4	-
Total expenses	2,646,196	(278,276)	2,924,472	1,693,786	601,480	4,295	587,152	11,145	6,893	19,721
Income (loss) from operations (includes \$54,651 of income attributed to noncontrolling interest)	159,417	-	159,417	281,041	9,057	3,281	(125,706)	(1,751)	(6,819)	314
Nonoperating gains and losses										
Investment return, net	215,701	-	215,701	199,135	-	-	-	-	10,036	6,530
Other accrued retirement (costs)	(54,099)	-	(54,099)	(54,099)	-	-	-	-	-	-
Total nonoperating gains, net	161,602	-	161,602	145,036	-	-	-	-	10,036	6,530
Excess of (deficiency in) revenue and gains over expenses and losses	321,019	-	321,019	426,077	9,057	3,281	(125,706)	(1,751)	3,217	6,844
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	(54,651)	-	(54,651)	(54,651)	-	-	-	-	-	-
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc.	266,368	-	266,368	371,426	9,057	3,281	(125,706)	(1,751)	3,217	6,844

Continued on next page

Virtua Health, Inc.

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA HEALTH, INC.

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua Health Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc. (continued from previous page)	\$ 266,368	\$ -	\$ 266,368	\$ 371,426	\$ 9,057	\$ 3,281	\$ (125,706)	\$ (1,751)	\$ 3,217	\$ 6,844
Other changes in net assets without donor restrictions - Virtua Health, Inc.										
Restricted net assets released for property, plant, and equipment	1,344	-	1,344	1,198	136	-	10	-	-	-
Other changes in accrued retirement benefits	44,650	-	44,650	44,650	-	-	-	-	-	-
Transfers with affiliates, net	-	-	-	(186,918)	25,360	(908)	148,620	13,846	-	-
Increase in net assets without donor restrictions - Virtua Health, Inc.	312,362	-	312,362	230,356	34,553	2,373	22,924	12,095	3,217	6,844
Noncontrolling interests										
Excess of revenues and gains over expenses attributable to noncontrolling interests	54,651	-	54,651	54,651	-	-	-	-	-	-
Distributions	(48,984)	-	(48,984)	(48,984)	-	-	-	-	-	-
Other	(439)	-	(439)	(439)	-	-	-	-	-	-
Membership interest changes	-	-	-	-	-	-	-	-	-	-
Acquisitions and other changes	53,372	-	53,372	53,372	-	-	-	-	-	-
Increase in net assets without donor restrictions - noncontrolling interests	58,600	-	58,600	58,600	-	-	-	-	-	-
Net assets with donor restrictions										
Contributions, net	5,653	-	5,653	5,179	342	-	9	-	123	-
Investment return, net	336	-	336	2	-	-	-	-	334	-
Increase in beneficial interest in perpetual trust	618	(618)	1,236	618	-	-	-	-	618	-
Net assets released from restrictions for operations	(4,493)	-	(4,493)	(4,348)	(124)	-	(13)	-	(8)	-
Net assets released from restrictions for property, plant, and equipment	(1,344)	-	(1,344)	(1,198)	(136)	-	(10)	-	-	-
Transfers with affiliates, net	-	-	-	(46)	46	-	-	-	-	-
Increase (decrease) in net assets with donor restrictions	770	(618)	1,388	207	128	-	(14)	-	1,067	-
INCREASE IN NET ASSETS	371,732	(618)	372,350	289,163	34,681	2,373	22,910	12,095	4,284	6,844
Net assets (deficiency) - beginning of year	2,773,798	(7,826)	2,781,624	2,575,869	146,604	(234)	49,967	(21,901)	22,355	8,964
Net assets (deficiency) - end of year	\$ 3,145,530	\$ (8,444)	\$ 3,153,974	\$ 2,865,032	\$ 181,285	\$ 2,139	\$ 72,877	\$ (9,806)	\$ 26,639	\$ 15,808

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA OBLIGATED GROUP

December 31, 2023
(Dollar amounts in thousands)

	Virtua Obligated Group	Reclassifying/ Eliminating Entries	Total	Virtua Health, Inc.	Virtua-Memorial Hospital of Burlington County, Inc.	Virtua- West Jersey Health System, Inc.
ASSETS						
Current assets						
Cash and cash equivalents	\$ 33,746	\$ -	\$ 33,746	\$ 373	\$ 22,446	\$ 10,927
Assets limited as to use	7,981	(7,981)	15,962	7,981	590	7,391
Patient accounts receivable	158,142	-	158,142	-	59,082	99,060
Due from affiliate, net	242,419	(310,302)	552,721	546,648	6,073	-
Other current assets	131,867	-	131,867	76,901	21,515	33,451
Total current assets	574,155	(318,283)	892,438	631,903	109,706	150,829
Assets limited as to use						
By Board of Trustees' designation	1,907,616	-	1,907,616	92,337	174,613	1,640,666
Insurance funds	1,153	-	1,153	1,153	-	-
Restricted funds	1,172	-	1,172	-	1,172	-
	1,909,941	-	1,909,941	93,490	175,785	1,640,666
Property, plant, and equipment, net						
	690,742	-	690,742	-	151,566	539,176
Right of use assets						
	128,552	-	128,552	18,002	57,149	53,401
Other long-term assets						
Due from affiliates, net	72,309	(685,635)	757,944	-	499,506	258,438
Investment in unconsolidated joint ventures	182,350	(15,808)	198,158	15,808	30,082	152,268
Goodwill and other intangibles, net	443,919	-	443,919	-	389,781	54,138
Other assets	45,303	-	45,303	23,636	59	21,608
Beneficial interest in perpetual trust	8,444	-	8,444	-	8,444	-
	752,325	(701,443)	1,453,768	39,444	927,872	486,452
Total assets	\$ 4,055,715	\$ (1,019,726)	\$ 5,075,441	\$ 782,839	\$ 1,422,078	\$ 2,870,524
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	\$ 51,904	\$ (13,785)	\$ 65,689	\$ 49,460	\$ 3,212	\$ 13,017
Current maturities of lease liability	18,292	-	18,292	4,505	6,430	7,357
Accounts payable and accrued expenses	182,586	-	182,586	83,569	27,165	71,852
Due to affiliates, net	-	(302,244)	302,244	-	-	302,244
Accrued compensation and related liabilities	73,335	-	73,335	37,505	12,564	23,266
Accrued interest payable	3,455	(3,125)	6,580	3,427	152	3,001
Estimated settlements due to third-party payers	10,059	-	10,059	2,870	3,878	3,311
Total current liabilities	339,631	(319,154)	658,785	181,336	53,401	424,048
Long-term liabilities						
Estimated settlements due to third-party payers	11,501	-	11,501	-	4,354	7,147
Self insurance liabilities	71,284	-	71,284	71,284	-	-
Accrued retirement benefits	27,285	-	27,285	26,617	-	668
Due to affiliates, net	-	(195,994)	195,994	195,994	-	-
Long-term debt, net of current maturities	613,543	(488,770)	1,102,313	600,827	17,326	484,160
Lease liability, net of current maturities	118,331	-	118,331	16,097	54,377	47,857
Other liabilities	9,108	-	9,108	3,108	2,658	3,342
Total liabilities	1,190,683	(1,003,918)	2,194,601	1,095,263	132,116	967,222
Net assets (deficiency)						
Without donor restrictions :						
Virtua Obligated Group	2,465,996	(15,808)	2,481,804	(323,024)	971,436	1,833,392
Noncontrolling interests	368,261	-	368,261	-	301,266	66,995
Total net assets (deficiency) without donor restrictions	2,834,257	(15,808)	2,850,065	(323,024)	1,272,702	1,900,387
With donor restrictions						
	30,775	-	30,775	10,600	17,260	2,915
Total net assets (deficiency)	2,865,032	(15,808)	2,880,840	(312,424)	1,289,962	1,903,302
Total liabilities and net assets (deficiency)	\$ 4,055,715	\$ (1,019,726)	\$ 5,075,441	\$ 782,839	\$ 1,422,078	\$ 2,870,524

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA OBLIGATED GROUP

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua Obligated Group	Eliminating Entries	Total	Virtua-Memorial Hospital		Virtua-West Jersey Health System, Inc.		
				Virtua Health, Inc.	Burlington County, Inc.	Total	Voorhees	Marlton
Net assets without donor restrictions								
Revenue:								
Patient service revenue	\$ 1,635,562	\$ -	\$ 1,635,562	\$ -	\$ 587,367	\$ 1,048,195	\$ 861,004	\$ 187,191
Other revenue	281,306	(330,793)	612,099	554,421	15,278	42,400	39,399	3,001
Equity in income of unconsolidated joint ventures	57,959	-	57,959	-	9,284	48,675	42,459	6,216
Total revenue	1,974,827	(330,793)	2,305,620	554,421	611,929	1,139,270	942,862	196,408
Expenses:								
Salaries and wages	670,846	-	670,846	190,395	165,091	315,360	254,885	60,475
Professional fees	56,825	-	56,825	841	20,969	35,015	25,876	9,139
Employees' fringe benefits	213,672	(65,224)	278,896	166,055	38,985	74,856	63,761	11,095
Other operating expenses	641,658	(248,346)	890,004	176,873	266,211	446,920	371,985	74,935
Interest	20,487	(16,223)	36,710	20,257	791	15,662	13,662	2,000
Depreciation and amortization	90,298	-	90,298	-	24,057	66,241	57,782	8,459
Total expenses	1,693,786	(330,793)	2,024,579	554,421	516,104	954,054	787,951	166,103
Income from operations (includes \$54,651 of income attributed to noncontrolling interests)	281,041	-	281,041	-	95,825	185,216	154,911	30,305
Nonoperating gains and losses								
Investment return, net	199,135	(6,844)	205,979	7,256	19,145	179,578	156,646	22,932
Other accrued retirement (costs)	(54,099)	-	(54,099)	(54,099)	-	-	-	-
Total nonoperating gains (losses), net	145,036	(6,844)	151,880	(46,843)	19,145	179,578	156,646	22,932
Excess of (deficiency in) revenue and gains over expenses and losses	426,077	(6,844)	432,921	(46,843)	114,970	364,794	311,557	53,237
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	(54,651)	-	(54,651)	-	(34,206)	(20,445)	(17,834)	(2,611)
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Obligated Group	371,426	(6,844)	378,270	(46,843)	80,764	344,349	293,723	50,626
Other changes in net assets without donor restrictions - Virtua Obligated Group								
Restricted net assets released for property, plant, and equipment	1,198	-	1,198	-	199	999	872	127
Other changes in accrued retirement benefits	44,650	-	44,650	44,650	-	-	-	-
Transfers with affiliates, net	(186,918)	-	(186,918)	(66,909)	14,958	(134,967)	(117,732)	(17,235)
Increase (decrease) in net assets without donor restrictions - Virtua Obligated Group	230,356	(6,844)	237,200	(69,102)	95,921	210,381	176,863	33,518
Noncontrolling interests								
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	54,651	-	54,651	-	34,206	20,445	17,834	2,611
Distributions	(48,984)	-	(48,984)	-	(32,272)	(16,712)	(14,578)	(2,134)
Other	(439)	-	(439)	-	(404)	(35)	(31)	(4)
Membership interest changes								
Acquisitions and other changes	53,372	-	53,372	-	41,010	12,362	10,783	1,579
Increase in net assets without donor restrictions - noncontrolling interests	58,600	-	58,600	-	42,540	16,060	14,008	2,052
Net assets with donor restrictions								
Contributions, net	5,179	-	5,179	4,023	922	234	204	30
Investment return, net	2	-	2	-	2	-	-	-
Increase in beneficial interest in perpetual trust	618	-	618	-	618	-	-	-
Net assets released from restrictions for operations	(4,348)	-	(4,348)	(3,903)	(351)	(94)	(82)	(12)
Net assets released from restrictions for property, plant, and equipment	(1,198)	-	(1,198)	-	(199)	(999)	(872)	(127)
Transfers with affiliates, net	(46)	-	(46)	(1,017)	18	953	831	122
Increase (decrease) in net assets with donor restrictions	207	-	207	(897)	1,010	94	81	13
INCREASE (DECREASE) IN NET ASSETS	289,163	(6,844)	296,007	(69,999)	139,471	226,535	190,952	35,583
Net assets (deficiency) - beginning of year	2,575,869	(8,964)	2,584,833	(242,425)	1,150,491	1,676,767	1,406,840	269,927
Net assets (deficiency) - end of year	\$ 2,865,032	\$ (15,808)	\$ 2,880,840	\$ (312,424)	\$ 1,289,962	\$ 1,903,302	\$ 1,597,792	\$ 305,510

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA-MEMORIAL HOSPITAL BURLINGTON COUNTY, INC.

December 31, 2023
(Dollar amounts in thousands)

	Virtua-Memorial Hospital of Burlington County	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital of Burlington County	Memorial ASC	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Emmaus Holdings LLC	Virtua-USP Princeton, LLC	Endo Surgi Ctr of Old Bridge, LLC	Mercer County Surgery Center, LLC
ASSETS											
Current assets											
Cash and cash equivalents	\$ 22,446	\$ -	\$ 22,446	\$ 651	\$ -	\$ 12,220	\$ 8,733	\$ -	\$ -	\$ 588	\$ 254
Assets limited as to use	590	-	590	590	-	-	-	-	-	-	-
Patient accounts receivable	59,082	-	59,082	39,975	-	9,302	7,876	-	-	1,297	632
Due from affiliate, net	6,073	-	6,073	6,073	-	-	-	-	-	-	-
Other current assets	21,515	-	21,515	17,260	-	1,844	1,324	-	804	41	242
Total current assets	109,706	-	109,706	64,549	-	23,366	17,933	-	804	1,926	1,128
Assets limited as to use											
By Board of Trustees' designation	174,613	-	174,613	174,613	-	-	-	-	-	-	-
Restricted funds	1,172	-	1,172	1,172	-	-	-	-	-	-	-
	175,785	-	175,785	175,785	-	-	-	-	-	-	-
Property, plant, and equipment, net	151,566	-	151,566	115,297	-	20,160	14,139	-	-	148	1,822
Right of use assets	57,149	-	57,149	15,457	-	16,432	20,647	-	-	1,218	3,395
Other long-term assets											
Due from affiliates, net	499,506	-	499,506	499,506	-	-	-	-	-	-	-
Investment in unconsolidated joint ventures	30,082	(155,526)	185,608	166,575	-	-	1,028	6,914	11,091	-	-
Goodwill and other intangibles, net	389,781	-	389,781	668	-	192,452	169,826	-	-	20,561	6,274
Other assets	59	-	59	-	-	8	19	-	-	-	32
Beneficial interest in perpetual trust	8,444	-	8,444	8,444	-	-	-	-	-	-	-
	927,872	(155,526)	1,083,398	675,193	-	192,460	170,873	6,914	11,091	20,561	6,306
Total assets	\$ 1,422,078	\$ (155,526)	\$ 1,577,604	\$ 1,046,281	\$ -	\$ 252,418	\$ 223,592	\$ 6,914	\$ 11,895	\$ 23,853	\$ 12,651
LIABILITIES AND NET ASSETS											
Current liabilities											
Current maturities of long-term debt	\$ 3,212	\$ -	\$ 3,212	\$ 920	\$ -	\$ 1,505	\$ 783	\$ -	\$ -	\$ -	\$ 4
Current maturities of lease liability	6,430	-	6,430	1,803	-	2,098	2,004	-	-	156	369
Accounts payable and accrued expenses	27,165	-	27,165	14,213	-	4,286	4,911	-	-	251	3,497
Accrued compensation and related liabilities	12,564	-	12,564	9,476	-	1,588	1,311	-	-	77	112
Accrued interest payable	152	-	152	124	-	28	-	-	-	-	-
Estimated settlements due to third-party payers	3,878	-	3,878	3,878	-	-	-	-	-	-	-
Total current liabilities	53,401	-	53,401	30,414	-	9,505	9,016	-	-	484	3,982
Long-term liabilities											
Estimated settlements due to third-party payers	4,354	-	4,354	4,354	-	-	-	-	-	-	-
Long-term debt, net of current maturities	17,326	-	17,326	4,611	-	10,123	2,449	-	-	-	143
Lease liability, net of current maturities	54,377	-	54,377	15,548	-	15,640	19,080	-	-	1,062	3,047
Other liabilities	2,658	-	2,658	2,658	-	-	-	-	-	-	-
Total liabilities	132,116	-	132,116	57,585	-	35,268	30,545	-	-	1,546	7,172
Member equity	-	(248,795)	248,795	-	-	111,432	99,562	5,211	9,041	17,922	5,627
Retained earnings	-	(35,451)	35,451	-	-	16,524	10,133	1,703	2,854	4,385	(148)
Total equity	-	(284,246)	284,246	-	-	127,956	109,695	6,914	11,895	22,307	5,479
Net assets											
Without donor restrictions :											
Virtua-Memorial Hospital of Burlington County, Inc.	971,436	-	971,436	971,436	-	-	-	-	-	-	-
Noncontrolling interests	301,266	128,720	172,546	-	-	89,194	83,352	-	-	-	-
Total net assets without donor restrictions	1,272,702	128,720	1,143,982	971,436	-	89,194	83,352	-	-	-	-
With donor restrictions	17,260	-	17,260	17,260	-	-	-	-	-	-	-
Total net assets	1,289,962	128,720	1,161,242	988,696	-	89,194	83,352	-	-	-	-
Total liabilities and net assets	\$ 1,422,078	\$ (155,526)	\$ 1,577,604	\$ 1,046,281	\$ -	\$ 252,418	\$ 223,592	\$ 6,914	\$ 11,895	\$ 23,853	\$ 12,651

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA - MEMORIAL HOSPITAL BURLINGTON COUNTY, INC.

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua-Memorial Hospital Burlington County, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital Burlington County	Memorial ASC	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Emmaus Holdings LLC	Virtua-USP Princeton, LLC	Endo Surgi Ctr of Old Bridge, LLC	Mercer County Surgery Center, LLC
Net assets without donor restrictions											
Revenue:											
Patient service revenue	\$ 587,367	\$ -	\$ 587,367	\$ 407,899	\$ 3,258	\$ 89,831	\$ 76,226	\$ -	\$ -	\$ 8,079	\$ 2,074
Other revenue	15,278	(1,861)	17,139	13,677	2	2,409	1,009	-	41	1	-
Equity in income of unconsolidated joint ventures	9,284	(19,930)	29,214	24,540	-	-	144	1,712	2,818	-	-
Total revenue	611,929	(21,791)	633,720	446,116	3,260	92,240	77,379	1,712	2,859	8,080	2,074
Expenses:											
Salaries and wages	165,091	(979)	166,070	128,542	979	17,536	17,012	-	-	1,577	424
Professional fees	20,969	-	20,969	19,920	20	715	201	9	5	83	16
Employees' fringe benefits	38,985	(297)	39,282	30,778	291	4,290	3,700	-	-	156	67
Other operating expenses	266,211	(585)	266,796	187,954	2,158	37,617	35,648	-	-	1,851	1,568
Interest	791	-	791	282	1	376	132	-	-	-	-
Depreciation and amortization	24,057	-	24,057	16,767	65	3,875	3,175	-	-	28	147
Total expenses	516,104	(1,861)	517,965	384,243	3,514	64,409	59,868	9	5	3,695	2,222
Income (loss) from operations (includes \$34,206 of income attributed to noncontrolling interests)	95,825	(19,930)	115,755	61,873	(254)	27,831	17,511	1,703	2,854	4,385	(148)
Nonoperating gains											
Investment return, net	19,145	254	18,891	18,891	-	-	-	-	-	-	-
Total nonoperating gains, net	19,145	254	18,891	18,891	-	-	-	-	-	-	-
Excess of (deficiency in) revenue over expenses and losses	114,970	(19,676)	134,646	80,764	(254)	27,831	17,511	1,703	2,854	4,385	(148)
Excess of revenue and losses over expenses and losses attributed to noncontrolling interests	(34,206)	(15,521)	(18,685)	-	-	(11,307)	(7,378)	-	-	-	-
Excess of (deficiency in) revenue and over expenses and losses attributed to Virtua-Memorial Hospital Burlington County, Inc.	80,764	(35,197)	115,961	80,764	(254)	16,524	10,133	1,703	2,854	4,385	(148)

Continued on next page

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA - MEMORIAL HOSPITAL BURLINGTON COUNTY, INC.

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua-Memorial Hospital Burlington County, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital Burlington County	Memorial ASC	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Emmaus Holdings LLC	Virtua-USP Princeton, LLC	Endo Surgi Ctr of Old Bridge, LLC	Mercer County Surgery Center, LLC
Excess of (deficiency in) revenue and over expenses and losses attributed to Virtua-Memorial Hospital Burlington County, Inc.	\$ 80,764	\$ (35,197)	\$ 115,961	\$ 80,764	\$ (254)	\$ 16,524	\$ 10,133	\$ 1,703	\$ 2,854	\$ 4,385	\$ (148)
Other changes in net assets without donor restrictions -											
Virtua-Memorial Hospital Burlington County, Inc.											
Restricted net assets released for property, plant, and equipment	199	-	199	199	-	-	-	-	-	-	-
Transfers with affiliates, net	14,958	-	14,958	14,958	-	-	-	-	-	-	-
Changes paid-in capital	-	(16,569)	16,569	-	-	-	15,503	-	-	(2,029)	3,095
Income distributions	-	18,559	(18,559)	-	-	(9,034)	(4,811)	(1,085)	(1,701)	(1,928)	-
Others	-	1,171	(1,171)	-	(871)	52	95	-	-	(447)	-
Increase (decrease) in net assets without donor restrictions - Virtua-Memorial Hospital Burlington County, Inc.	95,921	(32,036)	127,957	95,921	(1,125)	7,542	20,920	618	1,153	(19)	2,947
Noncontrolling interests											
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	34,206	15,521	18,685	-	-	11,307	7,378	-	-	-	-
Distributions	(32,272)	-	(32,272)	-	-	(18,050)	(10,927)	(1,080)	(793)	(1,422)	-
Other	(404)	-	(404)	-	-	28	(100)	-	-	(332)	-
Membership interest changes											
Acquisitions and other changes	41,010	-	41,010	-	-	(517)	36,966	-	-	2,029	2,532
Increase (decrease) in net assets without donor restrictions - noncontrolling interests	42,540	15,521	27,019	-	-	(7,232)	33,317	(1,080)	(793)	275	2,532
Net assets with donor restrictions											
Contributions, net	922	-	922	922	-	-	-	-	-	-	-
Investment return, net	2	-	2	2	-	-	-	-	-	-	-
Increase in beneficial interest in perpetual trust	618	-	618	618	-	-	-	-	-	-	-
Net assets released from restrictions for operations	(351)	-	(351)	(351)	-	-	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(199)	-	(199)	(199)	-	-	-	-	-	-	-
Transfers with affiliates, net	18	-	18	18	-	-	-	-	-	-	-
Increase in net assets with donor restrictions	1,010	-	1,010	1,010	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	139,471	(16,515)	155,986	96,931	(1,125)	310	54,237	(462)	360	256	5,479
Net assets - beginning of year	1,150,491	(139,011)	1,289,502	891,765	1,125	216,840	138,810	7,376	11,535	22,051	-
Net assets - end of year	\$ 1,289,962	\$ (155,526)	\$ 1,445,488	\$ 988,696	\$ -	\$ 217,150	\$ 193,047	\$ 6,914	\$ 11,895	\$ 22,307	\$ 5,479

COMBINING BALANCE SHEET INFORMATION - VIRTUA-WEST JERSEY HEALTH SYSTEM, INC.

December 31, 2023
(Dollar amounts in thousands)

	Virtua- West Jersey Health System	Reclassifying/ Eliminating Entries	Total	Virtua- West Jersey Health System	Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	NJEYE Holding, LLC
ASSETS										
Current assets										
Cash and cash equivalents	\$ 10,927	\$ -	\$ 10,927	\$ 2,538	\$ 1	\$ 2	\$ 662	\$ 1,192	\$ 295	\$ 6,237
Assets limited as to use	7,391	-	7,391	7,391	-	-	-	-	-	-
Patient accounts receivable	99,060	-	99,060	95,867	-	-	922	747	393	1,131
Other current assets	33,451	-	33,451	31,766	-	-	94	306	701	584
Total current assets	150,829	-	150,829	137,562	1	2	1,678	2,245	1,389	7,952
Assets limited as to use										
By Board of Trustees' designation	1,640,666	-	1,640,666	1,640,666	-	-	-	-	-	-
	1,640,666	-	1,640,666	1,640,666	-	-	-	-	-	-
Property, plant, and equipment, net	539,176	-	539,176	536,065	-	-	198	568	273	2,072
Right of use assets	53,401	-	53,401	41,435	-	-	4,557	-	890	6,519
Other long-term assets										
Due from affiliates, net	258,438	-	258,438	258,438	-	-	-	-	-	-
Investment in unconsolidated joint ventures	152,268	(49,430)	201,698	142,582	13,298	45,818	-	-	-	-
Goodwill and other intangibles, net	54,138	-	54,138	7,386	-	-	13,376	24,496	2,681	6,199
Other assets	21,608	-	21,608	21,608	-	-	-	-	-	-
	486,452	(49,430)	535,882	430,014	13,298	45,818	13,376	24,496	2,681	6,199
Total assets	\$ 2,870,524	\$ (49,430)	\$ 2,919,954	\$ 2,785,742	\$ 13,299	\$ 45,820	\$ 19,809	\$ 27,309	\$ 5,233	\$ 22,742

COMBINING BALANCE SHEET INFORMATION - VIRTUA-WEST JERSEY HEALTH SYSTEM, INC.

December 31, 2023
(Dollar amounts in thousands)

	Virtua- West Jersey Health System	Reclassifying/ Eliminating Entries	Total	Virtua- West Jersey Health System	Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	NJEYE Holding, LLC
LIABILITIES AND NET ASSETS										
Current liabilities										
Current maturities of long-term debt	\$ 13,017	\$ -	\$ 13,017	\$ 13,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current maturities of lease liability	7,357	-	7,357	6,103	-	-	254	-	215	785
Accounts payable and accrued expenses	71,852	-	71,852	66,742	-	-	465	949	240	3,456
Due to affiliates, net	302,244	-	302,244	302,244	-	-	-	-	-	-
Accrued compensation and related liabilities	23,266	-	23,266	23,060	-	-	98	43	65	-
Accrued interest payable	3,001	-	3,001	3,001	-	-	-	-	-	-
Estimated settlements due to third-party payers	3,311	-	3,311	3,311	-	-	-	-	-	-
Total current liabilities	424,048	-	424,048	417,478	-	-	817	992	520	4,241
Long-term liabilities										
Estimated settlements due to third-party payers	7,147	-	7,147	7,147	-	-	-	-	-	-
Accrued retirement benefits	668	-	668	668	-	-	-	-	-	-
Long-term debt, net of current maturities	484,160	-	484,160	484,160	-	-	-	-	-	-
Lease liability, net of current maturities	47,857	-	47,857	36,640	-	-	4,577	-	758	5,882
Other liabilities	3,342	-	3,342	3,342	-	-	-	-	-	-
Total liabilities	967,222	-	967,222	949,435	-	-	5,394	992	1,278	10,123
Member equity										
	-	(63,886)	63,886	-	2,679	33,534	2,761	14,596	2,953	7,363
Retained earnings										
	-	(31,426)	31,426	-	10,620	12,286	5,178	2,510	1,002	(170)
Total equity	-	(95,312)	95,312	-	13,299	45,820	7,939	17,106	3,955	7,193
Net assets										
Without donor restrictions :										
Virtua-West Jersey Health System, Inc.	1,833,392	-	1,833,392	1,833,392	-	-	-	-	-	-
Noncontrolling interests	66,995	45,882	21,113	-	-	-	6,476	9,211	-	5,426
Total net assets without donor restrictions	1,900,387	45,882	1,854,505	1,833,392	-	-	6,476	9,211	-	5,426
With donor restrictions										
	2,915	-	2,915	2,915	-	-	-	-	-	-
Total net assets	1,903,302	45,882	1,857,420	1,836,307	-	-	6,476	9,211	-	5,426
Total liabilities and net assets	\$ 2,870,524	\$ (49,430)	\$ 2,919,954	\$ 2,785,742	\$ 13,299	\$ 45,820	\$ 19,809	\$ 27,309	\$ 5,233	\$ 22,742

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA - WEST JERSEY HEALTH SYSTEM, INC.

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua-West Jersey Health System, Inc.		Virtua-West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-West Jersey Health System		Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	NJYE Holding, LLC
	Voorhees Division	Marlton Division				Voorhees	Marlton						
Net assets without donor restrictions													
Revenue:													
Patient service revenue	\$ 861,004	\$ 187,191	\$ 1,048,195	\$ -	\$ 1,048,195	\$ 831,177	\$ 182,824	\$ -	\$ -	\$ 11,800	\$ 11,512	\$ 4,709	\$ 6,173
Other revenue	39,399	3,001	42,400	(3,447)	45,847	36,653	2,599	-	-	5,833	-	762	-
Equity in income of unconsolidated joint ventures	42,459	6,216	48,675	(14,318)	62,993	34,967	5,119	10,620	12,287	-	-	-	-
Total revenue	942,862	196,408	1,139,270	(17,765)	1,157,035	902,797	190,542	10,620	12,287	17,633	11,512	5,471	6,173
Expenses:													
Salaries and wages	254,885	60,475	315,360	-	315,360	248,576	59,551	-	-	3,091	1,431	991	1,720
Professional fees	25,876	9,139	35,015	-	35,015	24,800	8,982	-	-	618	157	458	-
Employees' fringe benefits	63,761	11,095	74,856	-	74,856	62,994	10,983	-	-	365	257	89	168
Other operating expenses	371,985	74,935	446,920	(1,430)	448,350	358,569	72,971	-	1	4,166	5,608	2,844	4,191
Interest	13,662	2,000	15,662	-	15,662	13,662	2,000	-	-	-	-	-	-
Depreciation and amortization	57,782	8,459	66,241	-	66,241	57,118	8,362	-	-	84	197	87	393
Total expenses	787,951	166,103	954,054	(1,430)	955,484	765,719	162,849	-	1	8,324	7,650	4,469	6,472
Income (loss) from operations (includes \$17,834 of income attributed to noncontrolling interests)	154,911	30,305	185,216	(16,335)	201,551	137,078	27,693	10,620	12,286	9,309	3,862	1,002	(299)
Nonoperating gains													
Investment return, net	156,646	22,932	179,578	-	179,578	156,646	22,932	-	-	-	-	-	-
Total nonoperating losses, net	156,646	22,932	179,578	-	179,578	156,646	22,932	-	-	-	-	-	-
Excess of (deficiency in) revenue and over expenses and losses	311,557	53,237	364,794	(16,335)	381,129	293,724	50,625	10,620	12,286	9,309	3,862	1,002	(299)
Excess of revenue, net over expenses and losses attributed to noncontrolling interests	(17,834)	(2,611)	(20,445)	(15,091)	(5,354)	-	-	-	-	(4,131)	(1,352)	-	129
Excess of (deficiency in) revenue over expenses and losses attributed to Virtua-West Jersey Health System, Inc.	293,723	50,626	344,349	(31,426)	375,775	293,724	50,625	10,620	12,286	5,178	2,510	1,002	(170)
Other changes in net assets without donor restrictions - Virtua-West Jersey Health, Inc.													
Restricted net assets released for property, plant, and equipment	872	127	999	-	999	872	127	-	-	-	-	-	-
Transfers with affiliates, net	(117,732)	(17,235)	(134,967)	-	(134,967)	(117,732)	(17,235)	-	-	-	-	-	-
Income distributions	-	-	-	10,821	(10,821)	-	-	(5,218)	(6,417)	(1,109)	(1,425)	(408)	3,756
Others	-	-	-	(219)	219	-	-	-	-	251	2	(34)	-
Increase in net assets without donor restrictions - Virtua-West Jersey Health System, Inc.	176,863	33,518	210,381	(20,824)	231,205	176,864	33,517	5,402	5,869	4,320	1,087	560	3,586
Noncontrolling interests													
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	17,834	2,611	20,445	15,091	5,354	-	-	-	-	4,131	1,352	-	(129)
Distributions	(14,578)	(2,134)	(16,712)	-	(16,712)	-	-	(5,015)	(6,166)	(2,324)	(2,815)	(392)	-
Other	(31)	(4)	(35)	-	(35)	-	-	-	-	-	(2)	(33)	-
Membership interest transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions	10,783	1,579	12,362	-	12,362	-	-	-	-	3,200	-	-	9,162
Increase (decrease) in net assets without donor restrictions - noncontrolling interests	14,008	2,052	16,060	15,091	969	-	-	(5,015)	(6,166)	5,007	(1,465)	(425)	9,033
Net assets with donor restrictions													
Contributions, net	204	30	234	-	234	204	30	-	-	-	-	-	-
Net assets released from restrictions for operations	(82)	(12)	(94)	-	(94)	(82)	(12)	-	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(872)	(127)	(999)	-	(999)	(872)	(127)	-	-	-	-	-	-
Transfers with affiliates, net	831	122	953	-	953	831	122	-	-	-	-	-	-
Increase in net assets with donor restrictions	81	13	94	-	94	81	13	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	190,952	35,583	226,535	(5,733)	232,268	176,945	33,530	387	(297)	9,327	(378)	135	12,619
Net assets - beginning of year	1,406,840	269,927	1,676,767	(43,697)	1,720,464	1,361,863	263,969	12,912	46,117	5,088	26,695	3,820	-
Net assets - end of year	\$ 1,597,792	\$ 305,510	\$ 1,903,302	\$ (49,430)	\$ 1,952,732	\$ 1,538,808	\$ 297,499	\$ 13,299	\$ 45,820	\$ 14,415	\$ 26,317	\$ 3,955	\$ 12,619

Virtua Health

COMBINING BALANCE SHEETS INFORMATION - VIRTUA LOURDES HOSPITAL GROUP

December 31, 2023
(Dollar amounts in thousands)

	LOURDES HOSPITAL GROUP	RECLASSIFYING/ ELIMINATING ENTRIES	TOTAL	VIRTUA OUR LADY OF LOURDES HOSPITAL, INC.	VIRTUA WILLINGBORO HOSPITAL, INC.
ASSETS					
Current assets					
Cash and cash equivalents	\$ 15	\$ -	\$ 15	\$ 10	\$ 5
Patient accounts receivable	62,965	-	62,965	48,977	13,988
Other current assets	19,965	-	19,965	15,183	4,782
Total current assets	82,945	-	82,945	64,170	18,775
Property, plant, and equipment, net	270,213	-	270,213	197,426	72,787
Right of use assets	9,292	-	9,292	8,747	545
Other long-term assets					
Due from affiliates, net	2,457	-	2,457	2,282	175
Investment in unconsolidated joint ventures	9,175	-	9,175	9,175	-
Goodwill and other intangibles, net	19,509	-	19,509	19,459	50
Other assets	414	-	414	351	63
	31,555	-	31,555	31,267	288
Total assets	\$ 394,005	\$ -	\$ 394,005	\$ 301,610	\$ 92,395
LIABILITIES AND NET ASSETS					
Current liabilities					
Current maturities of lease liability	\$ 2,561	\$ -	\$ 2,561	\$ 2,176	\$ 385
Accounts payable and accrued expenses	30,589	-	30,589	24,531	6,058
Due to affiliates, net	146,315	-	146,315	82,284	64,031
Accrued compensation and related liabilities	12,465	-	12,465	9,286	3,179
Estimated settlements due to third-party payers	6,170	-	6,170	5,501	669
Total current liabilities	198,100	-	198,100	123,778	74,322
Long-term liabilities					
Estimated settlements due to third-party payers	5,778	-	5,778	4,793	985
Lease liability, net of current maturities	7,204	-	7,204	7,018	186
Other liabilities	1,638	-	1,638	1,311	327
Total liabilities	212,720	-	212,720	136,900	75,820
Net assets					
Without donor restrictions :					
Virtua Health Inc.	178,768	-	178,768	162,375	16,393
Total net assets without donor restrictions	178,768	-	178,768	162,375	16,393
With donor restrictions	2,517	-	2,517	2,335	182
Total net assets	181,285	-	181,285	164,710	16,575
Total liabilities and net assets	\$ 394,005	\$ -	\$ 394,005	\$ 301,610	\$ 92,395

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA LOURDES HOSPITAL GROUP

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Lourdes Hospital Group	Reclassifying/ Eliminating Entries	Total	Virtua Our Lady of Lourdes Hospital, Inc.	Virtua Willingboro Hospital, Inc.
Net assets without donor restrictions					
Revenue:					
Patient service revenue	\$ 595,157	\$ -	\$ 595,157	\$ 474,380	\$ 120,777
Other revenue	11,970	(124)	12,094	9,313	2,781
Equity in income of unconsolidated joint ventures	3,410	-	3,410	3,410	-
Total revenue	610,537	(124)	610,661	487,103	123,558
Expenses:					
Salaries and wages	176,449	-	176,449	130,378	46,071
Professional fees	51,989	-	51,989	44,842	7,147
Employees' fringe benefits	42,860	-	42,860	31,762	11,098
Other operating expenses	306,011	(124)	306,135	251,445	54,690
Depreciation and amortization	24,171	-	24,171	18,023	6,148
Total expenses	601,480	(124)	601,604	476,450	125,154
Income from operations and excess of revenue over expenses	9,057	-	9,057	10,653	(1,596)
Other changes in net assets without donor restrictions - Virtua Lourdes Hospital Group					
Net assets released for property, plant, and equipment	136	-	136	52	84
Transfers with affiliates, net	25,360	-	25,360	21,185	4,175
Increase in net assets without donor restrictions - Virtua Lourdes Hospital Group	34,553	-	34,553	31,890	2,663
Net assets with donor restrictions					
Contributions, net	342	-	342	330	12
Net assets released from restrictions for operations	(124)	-	(124)	(122)	(2)
Net assets released from restrictions for property, plant, and equipment	(136)	-	(136)	(52)	(84)
Transfers with affiliates, net	46	-	46	16	30
Increase (decrease) in net assets with donor restrictions	128	-	128	172	(44)
INCREASE IN NET ASSETS	34,681	-	34,681	32,062	2,619
Net assets - beginning of year	146,604	-	146,604	132,648	13,956
Net assets - end of year	\$ 181,285	\$ -	\$ 181,285	\$ 164,710	\$ 16,575

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA AMBULATORY GROUP

December 31, 2023
(Dollar amounts in thousands)

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
ASSETS							
Current assets							
Cash and cash equivalents	\$ 1,409	\$ -	\$ 1,409	\$ -	\$ -	\$ 361	\$ 1,048
Due from affiliates - net	-	(223)	223	103	120	-	-
Other current assets	1,138	-	1,138	-	-	1,138	-
Total current assets	2,547	(223)	2,770	103	120	1,499	1,048
Other long-term assets							
Investment in unconsolidated joint ventures	1,713	(11,576)	13,289	-	-	11,576	1,713
Total assets	\$ 4,260	\$ (11,799)	\$ 16,059	\$ 103	\$ 120	\$ 13,075	\$ 2,761
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,539	\$ -	\$ 1,539	\$ 1	\$ 3	\$ 761	\$ 774
Due to affiliates - net	143	(223)	366	-	-	366	-
Accrued compensation and related liabilities	180	-	180	-	-	180	-
Total current liabilities	1,862	(223)	2,085	1	3	1,307	774
Long-term liabilities							
Estimated settlements due to third-party payers	110	-	110	51	59	-	-
Other liabilities	149	-	149	-	-	149	-
Total liabilities	2,121	(223)	2,344	52	62	1,456	774
Net assets							
Without donor restrictions :							
Virtua Ambulatory Goup	2,139	(11,576)	13,715	51	58	11,619	1,987
Total net assets without donor restrictions	2,139	(11,576)	13,715	51	58	11,619	1,987
Total net assets	2,139	(11,576)	13,715	51	58	11,619	1,987
Total liabilities and net assets	\$ 4,260	\$ (11,799)	\$ 16,059	\$ 103	\$ 120	\$ 13,075	\$ 2,761

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA AMBULATORY GROUP

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
Net assets without donor restrictions							
Revenue:							
Other revenue	\$ 3,806	\$ -	\$ 3,806	\$ -	\$ -	\$ 3,153	\$ 653
Equity in income of unconsolidated joint ventures	3,770	(3,954)	7,724	-	-	3,954	3,770
Total revenue	7,576	(3,954)	11,530	-	-	7,107	4,423
Expenses:							
Salaries and wages	1,607	-	1,607	-	-	1,490	117
Employees' fringe benefits	450	-	450	-	-	439	11
Other operating expenses	2,236	-	2,236	-	-	1,897	339
Depreciation and amortization	2	-	2	-	-	-	2
Total expenses	4,295	-	4,295	-	-	3,826	469
Income from operations and excess of revenue over expenses	3,281	(3,954)	7,235	-	-	3,281	3,954
Other changes in net assets without donor restrictions							
Virtua Ambulatory Group							
Transfers with affiliates, net	(908)	-	(908)	212	(994)	1,855	(1,981)
Changes paid-in capital	-	(800)	800	-	-	-	800
INCREASE (DECREASE) IN NET ASSETS	2,373	(4,754)	7,127	212	(994)	5,136	2,773
Net assets (deficiency) - beginning of year	(234)	(6,822)	6,588	(161)	1,052	6,483	(786)
Net assets - end of year	\$ 2,139	\$ (11,576)	\$ 13,715	\$ 51	\$ 58	\$ 11,619	\$ 1,987

Virtua Health, Inc.

COMBINING BALANCE SHEETS INFORMATION - VIRTUA MEDICAL GROUP

December 31, 2023
(Dollar amounts in thousands)

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Cardiology Services, P.C.
ASSETS						
Current assets						
Cash and cash equivalents	\$ 13,010	\$ -	\$ 13,010	\$ 13,010	\$ -	\$ -
Patient accounts receivable	51,080	-	51,080	51,080	-	-
Due from affiliate, net	-	(813)	813	-	-	813
Other current assets	1,547	-	1,547	1,380	138	29
Total current assets	65,637	(813)	66,450	65,470	138	842
Property, plant, and equipment, net	70,639	-	70,639	70,639	-	-
Right of use assets	65,650	-	65,650	65,650	-	-
Other long-term assets						
Due from affiliates, net	57	-	57	57	-	-
Investment in unconsolidated joint ventures	11,262	-	11,262	-	11,262	-
Goodwill and other intangibles, net	7,549	-	7,549	7,549	-	-
Other assets	376	-	376	376	-	-
	19,244	-	19,244	7,982	11,262	-
Total assets	\$ 221,170	\$ (813)	\$ 221,983	\$ 209,741	\$ 11,400	\$ 842
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of lease liability	\$ 13,243	\$ -	\$ 13,243	\$ 13,243	\$ -	\$ -
Accounts payable and accrued expenses	16,436	-	16,436	16,433	-	3
Due to affiliates, net	25,210	(813)	26,023	15,596	10,427	-
Accrued compensation and related liabilities	36,197	-	36,197	35,365	-	832
Total current liabilities	91,086	(813)	91,899	80,637	10,427	835
Long-term liabilities						
Lease liability, net of current maturities	56,766	-	56,766	56,766	-	-
Other liabilities	441	-	441	436	-	5
Total liabilities	148,293	(813)	149,106	137,839	10,427	840
Net assets						
Without donor restrictions :						
Virtua Medical Group	72,820	-	72,820	71,845	973	2
Total net assets without donor restrictions	72,820	-	72,820	71,845	973	2
With donor restrictions	57	-	57	57	-	-
Total net assets	72,877	-	72,877	71,902	973	2
Total liabilities and net assets	\$ 221,170	\$ (813)	\$ 221,983	\$ 209,741	\$ 11,400	\$ 842

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA MEDICAL GROUP

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Cardiology Services, P.C.
Net assets without donor restrictions						
Revenue:						
Patient service revenue	\$ 375,828	\$ -	\$ 375,828	\$ 375,828	\$ -	\$ -
Other revenue	84,665	(13,060)	97,725	84,588	-	13,137
Equity in income of unconsolidated joint ventures	953	-	953	-	953	-
Total revenue	461,446	(13,060)	474,506	460,416	953	13,137
Expenses:						
Salaries and wages	353,644	-	353,644	342,096	-	11,548
Professional fees	6,727	(13,048)	19,775	19,775	-	-
Employees' fringe benefits	51,978	-	51,978	50,454	-	1,524
Other operating expenses	161,598	(12)	161,610	161,545	-	65
Depreciation and amortization	13,205	-	13,205	13,205	-	-
Total expenses	587,152	(13,060)	600,212	587,075	-	13,137
Income (loss) from operations and (deficiency in) excess of revenue over expenses	(125,706)	-	(125,706)	(126,659)	953	-
Other changes in net assets without donor restrictions - Virtua Medical Group						
Restricted net assets released for property, plant, and equipment	10	-	10	10	-	-
Transfers with affiliates, net	148,620	-	148,620	148,639	-	(19)
Increase (decrease) in net assets without donor restrictions - Virtua Medical Group	22,924	-	22,924	21,990	953	(19)
Net assets with donor restrictions						
Contributions, net	9	-	9	9	-	-
Net assets released from restrictions for operations	(13)	-	(13)	(13)	-	-
Net assets released from restrictions for property, plant, and equipment	(10)	-	(10)	(10)	-	-
Decrease in net assets with donor restrictions	(14)	-	(14)	(14)	-	-
INCREASE (DECREASE) IN NET ASSETS	22,910	-	22,910	21,976	953	(19)
Net assets - beginning of year	49,967	-	49,967	49,926	20	21
Net assets - end of year	\$ 72,877	\$ -	\$ 72,877	\$ 71,902	\$ 973	\$ 2

Virtua Health

COMBINING BALANCE SHEETS INFORMATION - POPULATION HEALTH MANAGEMENT GROUP

December 31, 2023
(Dollar amounts in thousands)

	Population Health Management Group	Reclassifying/ Eliminating Entries	Total	LHS Health Network, LLC	Virtua- Physician- Partners, LLC
ASSETS					
Current assets					
Cash and cash equivalents	\$ 261	\$ -	\$ 261	\$ 261	\$ -
Other current assets	968	-	968	968	-
Total current assets	1,229	-	1,229	1,229	-
Total assets	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ 1,229</u>	<u>\$ 1,229</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,501	\$ -	\$ 1,501	\$ 1,501	\$ -
Due to affiliates, net	9,063	-	9,063	9,063	-
Accrued compensation and related liabilities	417	-	417	417	-
Total current liabilities	10,981	-	10,981	10,981	-
Long-term liabilities					
Other liabilities	54	-	54	54	-
Total liabilities	11,035	-	11,035	11,035	-
Net deficiency					
Without donor restrictions :					
Population Health Management Group	(9,806)	-	(9,806)	(9,806)	-
Total net deficiency	(9,806)	-	(9,806)	(9,806)	-
Total liabilities and net assets (deficiency)	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ 1,229</u>	<u>\$ 1,229</u>	<u>\$ -</u>

Virtua Health, Inc.

COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
POPULATION HEALTH MANAGEMENT GROUP

For the year ended December 31, 2023
(Dollar amounts in thousands)

	Population Health Management Group	Reclassifying/ Eliminating Entries	Total	LHS Health Network, LLC	Virtua- Physician- Partners, LLC
Net assets without donor restrictions					
Revenue:					
Other revenue	\$ 9,394	\$ -	\$ 9,394	\$ 9,394	\$ -
Total revenue	9,394	-	9,394	9,394	-
Expenses:					
Salaries and wages	4,017	-	4,017	4,017	-
Professional fees	4,855	-	4,855	4,855	-
Employees' fringe benefits	1,460	-	1,460	1,460	-
Other operating expenses	813	-	813	813	-
Total expenses	11,145	-	11,145	11,145	-
(Loss) from operations and deficiency in revenue over expenses	(1,751)	-	(1,751)	(1,751)	-
Other changes in net assets without donor restrictions -					
Population Health Management Group					
Transfers with affiliates, net	13,846	-	13,846	(1,115)	14,961
INCREASE (DECREASE) IN NET ASSETS	12,095	-	12,095	(2,866)	14,961
Net deficiency - beginning of year	(21,901)	-	(21,901)	(6,940)	(14,961)
Net deficiency - end of year	\$ (9,806)	\$ -	\$ (9,806)	\$ (9,806)	\$ -