RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements and
Supplementary Information

December 31, 2022 and 2021

(With Independent Auditors' Report Thereon)

RWJ BARNABAS HEALTH, INC.

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Trustees
RWJ Barnabas Health, Inc.:

Opinion

We have audited the consolidated financial statements of RWJ Barnabas Health, Inc. (the Corporation), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, 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 the Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 the Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 and 2021 consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, including 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Short Hills, New Jersey
May 5, 2023

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

December 31, 2022 and 2021

(In thousands)

Assets		**2022**	**2021**
Current assets:			
Cash and cash equivalents	$	267,525	154,095
Short-term investments		434,257	755,551
Assets limited or restricted as to use		98,259	90,605
Patient accounts receivable		780,089	678,737
Estimated amounts due from third-party payors		185,029	107,097
Other current assets		309,288	374,803
Total current assets		2,074,447	2,160,888
Assets limited or restricted as to use, noncurrent portion		567,624	819,128
Investments		3,898,462	4,862,135
Property, plant, and equipment, net		3,590,972	2,910,166
Right-of-use assets		262,886	258,089
Other assets, net		920,235	667,089
Total assets	$	11,314,626	11,677,495
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	$	541,871	492,231
Accrued expenses and other current liabilities		1,299,590	1,116,185
Estimated amounts due to third-party payors		18,306	375,500
Long-term debt		42,948	38,468
Lease obligations		47,693	37,942
Self-insurance liabilities		124,039	100,562
Total current liabilities		2,074,447	2,160,888
Estimated amounts due to third-party payors, net of current portion		132,203	62,124
Self-insurance liabilities, net of current portion		358,435	324,618
Long-term debt, net of current portion		3,400,919	3,327,935
Lease obligations, net of current portion		236,923	234,433
Accrued pension liability		53,326	29,018
Other liabilities		158,714	149,930
Total liabilities		6,414,967	6,288,946
Net assets:			
Without donor restrictions:			
Controlling interest		4,583,671	5,118,766
Noncontrolling interest		25,991	121
Total net assets without donor restrictions		4,609,662	5,118,887
With donor restrictions		289,997	269,662
Total net assets		4,899,659	5,388,549
Total liabilities and net assets	$	11,314,626	11,677,495

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Operations

Years ended December 31, 2022 and 2021

(In thousands)

		2022	2021
Revenue:			
Patient service revenue	$	6,993,909	6,077,874
CARES Act grant revenue		48,143	65,110
Other revenue, net		555,436	483,539
Total revenue		7,597,488	6,626,523
Expenses:			
Salaries and wages		3,031,080	2,468,791
Physician fees and salaries		950,617	739,895
Employee benefits		598,017	505,911
Supplies		1,321,661	1,220,247
Other		1,497,484	1,247,553
Interest		106,486	100,983
Depreciation and amortization		303,225	271,024
Total expenses		7,808,570	6,554,404
(Loss) income from operations		(211,082)	72,119
Nonoperating (expenses) revenue:			
Investment (loss) income, net		(664,428)	346,699
Contribution received in acquisition		264,636	—
Other, net		11,109	(1,702)
Total nonoperating (expenses) revenue, net		(388,683)	344,997
(Deficiency) excess of revenue over expenses		(599,765)	417,116
Other changes:			
Pension changes other than net periodic benefit cost		(5,033)	471
Net assets released from restriction for purchases of property and equipment		49,725	19,494
Other, net		45,848	4,430
(Decrease) increase in net assets without donor restrictions	$	(509,225)	441,511

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2022 and 2021

(In thousands)

	Controlling interest	Noncontrolling interest	Without donor restrictions	With donor restrictions	Total net assets
Net assets at December 31, 2020	$ 4,677,244	132	4,677,376	182,052	4,859,428
Changes in net assets:					
Excess of revenue over expenses	416,769	347	417,116	—	417,116
Pension changes other than net periodic benefit cost	471	—	471	—	471
Change in interest in restricted net assets of unconsolidated foundation	19,494	—	19,494	(1,456)	18,038
Net assets released from restriction	—	—	—	(37,339)	(37,339)
Restricted contributions	—	—	—	127,042	127,042
Investment income on restricted investments, net	—	—	—	507	507
Distributions from noncontrolling interest	—	(358)	(358)	—	(358)
Other	4,788	—	4,788	(1,144)	3,644
Change in net assets	441,522	(11)	441,511	87,610	529,121
Net assets at December 31, 2021	5,118,766	121	5,118,887	269,662	5,388,549
Changes in net assets:					
(Deficiency) excess of revenue over expenses	(600,231)	466	(599,765)	—	(599,765)
Contribution received in acquisition	—	—	—	12,019	12,019
Pension changes other than net periodic benefit cost	(5,033)	—	(5,033)	—	(5,033)
Change in interest in restricted net assets of unconsolidated foundation	—	—	—	7,042	7,042
Net assets released from restriction	49,725	—	49,725	(53,223)	(3,498)
Restricted contributions	—	—	—	55,188	55,188
Investment loss on restricted investments, net	—	—	—	(631)	(631)
Acquisition of noncontrolling interest	—	25,742	25,742	—	25,742
Distributions from noncontrolling interest	—	(338)	(338)	—	(338)
Other	20,444	—	20,444	(60)	20,384
Change in net assets	(535,095)	25,870	(509,225)	20,335	(488,890)
Net assets at December 31, 2022	$ 4,583,671	25,991	4,609,662	289,997	4,899,659

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2022 and 2021

(In thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (488,890)	529,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution received in acquisitions	(276,655)	—
Acquisition of noncontrolling interest	(25,742)	—
Pension changes other than net periodic benefit cost	5,033	(471)
Depreciation and amortization expense	303,225	271,024
Amortization of bond financing costs, premiums, and discounts	(12,019)	(8,570)
Net change in unrealized losses on investments	779,674	11,113
Realized gains on investments	(20,657)	(279,307)
Unrealized gain on interest rate swaps	(30,395)	(1,636)
Equity in income of joint ventures	(92,991)	(84,396)
Distributions received from investments in joint ventures	77,623	63,419
Distributions to noncontrolling interests	338	358
Impairment of intangible asset	45,000	—
Gain on sale of assets	(1,635)	(2,232)
Gain on acquisition of subsidiary	(32,540)	—
Contributions restricted for long-term use	(29,580)	(16,756)
Loss (gain) on early extinguishment of debt, net	2,551	(702)
Changes in operating assets and liabilities:		
Patient accounts receivable	(61,961)	(89,513)
Reduction in the carrying amount in the right-of-use assets	56,576	57,877
Other assets	78,717	(221,892)
Accounts payable, accrued expenses, and other current liabilities	149,146	254,336
Estimated amounts due from and to third-party payors	(440,540)	(246,933)
Accrued pension liability	19,275	(1,976)
Lease obligation, self-insurance, and other long-term liabilities	(23,565)	(37,120)
Net cash (used in) provided by operating activities	(20,012)	195,744
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(719,851)	(612,465)
Purchases of investments	(9,711,346)	(6,121,220)
Proceeds from the sale of investments	10,399,895	6,469,873
Investment in joint venture	(72,974)	(180,343)
Cash received in acquisition of subsidiaries, net of cash paid	94,215	—
Proceeds from sale of assets	2,164	10,580
Net cash used in investing activities	(7,897)	(433,575)
Cash flows from financing activities:		
Proceeds from issuance of debt	—	870,301
Repayments of long-term debt	(160,216)	(90,466)
Payments for deferred financing costs	—	(5,301)
Distributions to noncontrolling interests	(338)	(358)
Proceeds from contributions restricted for long-term use	29,580	16,756
Proceeds from conditional grants and contributions for long-term use	4,778	2,327
Net cash (used in) provided by financing activities	(126,196)	793,259
Net (decrease) increase in cash and cash equivalents	(154,105)	555,428
Cash, cash equivalents, and restricted cash at beginning of year	676,993	121,565
Cash, cash equivalents, and restricted cash at end of year	$ 522,888	676,993
Cash and cash equivalents	$ 267,525	154,095
Restricted cash included in assets limited or restricted as to use	255,363	522,898
Total cash, cash equivalents, and restricted cash	$ 522,888	676,993
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 99,841	95,360
Finance lease obligations incurred	129,243	2,739
Supplemental disclosures of noncash investing and financing activities:		
Change in noncash acquisitions of property, plant, and equipment	$ 18,615	10,925

See accompanying notes to consolidated financial statements.

(1) Organization

RWJ Barnabas Health, Inc. (the Corporation) is a not for profit, tax exempt corporation located in West Orange, New Jersey. RWJ Barnabas Health, Inc. is the sole corporate member or sole shareholder of the Corporation's affiliated organizations. The Corporation was organized to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

The services and facilities of the Corporation include 12 acute care hospitals, 3 acute care children's hospitals, a pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, physical therapy services, retail pharmacy services, medical groups, multi-site imaging centers, an accountable care organization, a burn treatment facility, comprehensive cancer services, breast centers, and comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, and kidney transplant centers.

Trinitas Regional Medical Center Acquisition

The Corporation, Trinitas Regional Medical Center (Trinitas) and Trinitas Health (TH) closed on an affiliation transaction, effective January 1, 2022 (Trinitas Acquisition Date), whereby the Corporation has replaced TH as the sole member of Trinitas. TH merged with, and into Trinitas, with Trinitas as the surviving merger entity. Trinitas is a 554 bed, Catholic, acute care teaching hospital, headquartered in Elizabeth, New Jersey. Under the terms of the Definitive Agreement, dated November 11, 2020, the role of Trinitas as a full service, Catholic provider of acute healthcare services for the eastern Union County community will be enhanced. Together, both organizations will be able to increase access to high-quality healthcare in the northern and central New Jersey regions, and expand outreach to underserved communities. This includes a specific focus on cardiac care, oncology, emergency services, renal care/dialysis, women's health and wound care, as well as behavioral health services and others.

No cash consideration was exchanged at the closing of the transaction. The Corporation accounted for this business combination by applying the acquisition method, consistent with Financial Accounting Standards Codification (ASC) Topic 954-805 Health Care Entities Business Combinations (Topic 954-805), and accordingly, the inherent contribution received was valued as the excess of the fair value of the assets acquired over the fair value of the liabilities assumed. The results of Trinitas' operations have been included in the consolidated financial statements commencing on the Trinitas Acquisition Date.

(Continued)

(In thousands)

The estimated fair value of the assets acquired and liabilities assumed as of the Trinitas Acquisition Date is as follows:

		January 1, 2022
Current assets	$	196,174
Noncurrent assets (including property, plant and equipment)		322,915
Total assets acquired		519,089
Current liabilities		84,160
Noncurrent liabilities		158,274
Total liabilities assumed		242,434
Contribution received in acquisition	$	276,655
Net assets:		
Without donor restrictions	$	264,636
With donor restrictions		12,019
Total net assets	$	276,655

JAG-ONE Acquisition

On July 1, 2022 (JAG-ONE Acquisition Date), the Corporation acquired an additional 33.55% voting interest in JAG-ONE, a comprehensive outpatient physical and occupational therapy company which provides rehabilitative care, for a purchase price of $73,688. Upon completion of the transaction, the Corporation owns 86.19% of JAG-ONE and obtained operational control. As the controlling interest in the joint venture was obtained in the transaction, the Corporation accounted for this as a business combination under the acquisition method, consistent with ASC Topic 954-805. The fair value of the noncontrolling interest and the previously held equity interest in JAG-ONE was estimated by applying the income approach and market approach. The goodwill of $206,044 arising from the transaction relates to the estimated future economic benefits associated with assembled workforce as well as synergies and cost reductions expected to be achieved. The Corporation also recognized an intangible asset related to the JAG-ONE trade name of $13,813. The goodwill and intangible asset are included in other noncurrent assets, net in the consolidated balance sheet as of December 31, 2022.

(In thousands)

The following table summarizes the consideration paid for the acquisition and the estimated fair value of the assets acquired and liabilities assumed, the fair value of previously held equity interest, as well as the fair value of the noncontrolling interest at the JAG-ONE Acquisition Date:

		July 1, 2022
Cash consideration	$	73,688
Fair value of equity interest before the business combination		86,970
Fair value of consideration	$	160,658
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Current assets	$	17,984
Noncurrent assets		46,826
Current liabilities		(21,290)
Noncurrent liabilities		(76,977)
Total identifiable net liabilities assumed		(33,457)
Goodwill and intangible assets		219,857
Fair value of noncontrolling interest		(25,742)
Total	$	160,658

Included in the acquired noncurrent assets are right-of-use assets of $38,221. Acquired current liabilities include operating lease obligations of $10,723 and noncurrent liabilities include operating lease liabilities of $28,911. Additionally, included in noncurrent liabilities was $48,066 of long-term debt which was immediately repaid by the Corporation.

The Corporation recognized a gain of $32,540 as a result of the remeasuring to fair value its 52.64% equity interest in JAG-ONE held before the business combination. The gain is included within other, net within nonoperating (expenses) revenue in the consolidated statement of operations for the year ended December 31, 2022.

(In thousands)

The following table summarizes the amounts attributable to Trinitas and JAG-ONE since their respective Acquisition Dates that are included in the accompanying consolidated financial statements:

	Trinitas January 1, 2022 – December 31, 2022	JAG-ONE July 1, 2022 – December 31, 2022	Combined Year ended December 31, 2022
Total operating revenue	$ 312,384	58,297	370,681
Total operating expenses	342,264	56,715	398,979
(Loss) income from operations	(29,880)	1,582	(28,298)
Total nonoperating expenses, net	(10,475)	—	(10,475)
(Deficiency) excess of revenue over expenses	(40,355)	1,582	(38,773)
Other changes in net assets:			
Without donor restrictions	7,245	—	7,245
With donor restrictions	(1,706)	—	(1,706)
Change in net assets	5,539	—	5,539
(Decrease) increase in net assets	$ (34,816)	1,582	(33,234)

(In thousands)

The following table represents the proforma financial information, assuming the acquisition of Trinitas and JAG-ONE had taken place on January 1, 2021. The proforma financial information is not necessarily indicative of the results of operations as they would have been had the transaction been effected on January 1, 2021.

		Years ended December 31	
		2022	**2021**
Total operating revenue	$	7,650,722	7,047,013
Total operating expense		7,862,055	6,965,920
(Loss) income from operations		(211,333)	81,093
Total nonoperating (expenses) revenue		(685,859)	351,950
(Deficiency) excess of revenue over expenses		(897,192)	433,043
Other changes in net assets:			
Without donor restrictions		90,540	29,529
With donor restrictions		20,335	89,617
Change in net assets		110,875	119,146
(Decrease) increase in net assets	$	(786,317)	552,189

Proforma excess of revenue over expenses for the year ended December 31, 2022 excludes $264,636 of nonoperating revenue and $12,019 of net assets with donor restrictions which represents the contribution received as a result of the Trinitas acquisition. The gain on the sale of equity investment of $32,540 recognized in the JAG-ONE acquisitions has also been excluded from the proforma results.

(2) Significant Accounting Policies

(a) Basis of Accounting of Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and include all affiliates and other entities for which operating control is exercised by the Corporation. Investments in entities where the Corporation does not have operating control are recorded under the equity or cost method of accounting. The Corporation has included its equity share of income or losses from investments in unconsolidated affiliates in other operating revenue, net. Intercompany balances and transactions are eliminated in consolidation.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

(In thousands)

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid debt instruments with original maturities of three months or less, excluding assets limited or restricted as to use.

Cash and cash equivalents are maintained with domestic financial institutions with deposits, which exceed federally insured limits. It is the Corporation's policy to monitor the financial strength of these institutions.

(d) Patient Accounts Receivable

The Corporation has agreements with third-party payors that provide for payment at amounts different from its established charges. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Management regularly reviews accounts and contracts to record explicit price concessions that are netted against patient accounts receivable in the consolidated balance sheets. The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The concentration of patient accounts receivable as of December 31, 2022 and 2021 was as follows:

	December 31	
	2022	**2021**
Medicare	24 %	23 %
Medicaid	14	14
Blue cross	20	20
Commercial and managed care	28	29
Self-pay patients and other	14	14
	100 %	100 %

(e) Revenue

(i) Patient Service Revenue

The Corporation's patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from a facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to acute care patients (in-house). The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of year-end.

The majority of the Corporation’s services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. For further discussion on third-party reimbursement, refer to note 5. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Implicit price concessions are determined based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2022 or 2021. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense. There was no bad debt expense for the years ended December 31, 2022 or 2021.

(In thousands)

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. The Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients. Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established charges. The Corporation has determined that it has provided sufficient implicit price concessions for these accounts. Price concessions, including charity care, are not reported as revenue.

The Corporation has elected the financing component practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payors pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Corporation has determined that the nature, amount, timing, and uncertainty of patient service revenue and cash flows are affected by payors and service lines. The following tables reflect patient service revenue from third-party payors, government subsidies, and others (including uninsured patients) for the years ended December 31, 2022 and 2021:

		2022	
	Inpatient	**Outpatient**	**Total**
Medicare	$ 1,461,615	868,797	2,330,412
Medicaid	649,432	569,120	1,218,552
Blue cross	745,621	897,358	1,642,979
Commercial and managed care	726,236	650,206	1,376,442
Self-pay patients and other	140,949	170,974	311,923
State of New Jersey subsidy revenue	113,601	—	113,601
Total patient service revenue	$ 3,837,454	3,156,455	6,993,909

(Continued)

(In thousands)

	2021		
	Inpatient	**Outpatient**	**Total**
Medicare	$ 1,301,637	715,207	2,016,844
Medicaid	555,847	463,227	1,019,074
Blue cross	707,139	750,241	1,457,380
Commercial and managed care	654,763	545,376	1,200,139
Self-pay patients and other	144,024	143,018	287,042
State of New Jersey subsidy revenue	97,395	—	97,395
Total patient service revenue	$ 3,460,805	2,617,069	6,077,874

(ii) Other Revenue, net

Other revenue, net includes income from grants, equity in the income of healthcare joint ventures, gain on sale of a business, unrestricted contributions, net assets released from restriction for operations, cafeteria sales, and parking. Grant revenue and contributions of the Corporation are nonexchange transactions in which no commensurate value is exchanged. In such cases, contribution accounting is applied under ASC Topic 958-605, *Not-for-Profit Entities, Revenue Recognition*. See note 3 for grant funding received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Federal Emergency Management Agency (FEMA). Equity in the income of joint ventures is evaluated under ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

Additionally, pharmacy sales and other contracts related to healthcare services are included in other revenue and consist of contracts, which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable.

(f) Supplies

Supplies are carried at the lower of cost, determined principally on an average cost basis, or net realizable value. Supplies, totaling $116,483 and $123,840, are included in other current assets in the consolidated balance sheets at December 31, 2022 and 2021, respectively.

(g) Assets Limited or Restricted as to Use

Assets limited or restricted as to use include assets held by trustees under bond indenture agreements, assets restricted for self-insurance, assets held for supplemental retirement benefits, and assets restricted by donors for specific purposes or endowment. Amounts required to meet current liabilities of the Corporation are classified as current assets. Restricted cash of $255,363 and $522,898 as of December 31, 2022 and 2021, respectively, is included in assets limited or restricted as to use and assets limited or restricted as to use, noncurrent portion, in the consolidated balance sheets. The balance as of December 31, 2022 includes the construction fund from the issuance of the Series 2021A bonds (note 10).

(h) Investments and Investment Income

A significant portion of the Corporation's investments are held in an investment portfolio maintained for the benefit of the Corporation and its affiliates. Debt securities are designated as trading. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based on quoted market prices. Donated investments are recorded at their fair value, based on quoted market prices at the date of receipt.

Alternative investments (nontraditional, not readily marketable asset classes) within the investment portfolio are structured such that the Corporation holds interests in private investment funds, consisting of hedge funds, private equity funds, and real estate funds. These investments are reported at fair value as estimated and reported by general partners, based upon the underlying net asset value (NAV) of the fund or partnership as a practical expedient. Because of inherent uncertainty in these valuations, those estimated values may significantly differ from the values that would have been used had a ready market for the investments existed, and differences could be material.

Investment income not restricted by donors including realized and unrealized gains and losses on investments and changes in the fair value of alternative investments are included in nonoperating (expenses) revenue. Investment income and realized gains and losses on assets restricted by donors for specific purposes or endowment are included in net assets with donor restrictions.

(i) Property, Plant, and Equipment

Property, plant, and equipment expenditures are recorded at cost or, if donated or impaired, at fair value at the date of donation or impairment. Finance leases are recorded at the present value of the future minimum lease payments at the inception of the lease and are included in property, plant, and equipment.

Depreciation expense is computed on a straight-line basis using estimated useful lives of the assets, ranging from 2 to 40 years. Real estate and equipment held under finance leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term. Such amortization is included in depreciation expense. Gifts of long-lived assets, such as land, buildings, or equipment, are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, and are excluded from the excess of revenue over expenses in the consolidated statements of operations. 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 net assets with donor restrictions. Absent explicit 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.

(Continued)

(j) Leases

The Corporation determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease obligations, current and long-term, in the consolidated balance sheets. ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the Corporation's incremental borrowing rate. The ROU asset also includes any prepaid rent while excluding lease incentives and initial direct costs incurred.

Lease expense for operating minimum lease payments is recognized on a straight-line basis over the full lease term. Finance leases are included in property, plant, and equipment and long-term debt in the consolidated balance sheets. Finance lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the explicit interest rate, when available. If an explicit interest rate is not available, the Corporation applies its incremental borrowing rate. Finance lease assets are amortized on a straight-line basis over the full lease term and presented in depreciation and amortization in the consolidated statement of operations. Interest on lease payments is calculated using the effective interest method and presented in interest expense in the consolidated statement of operations.

(k) Deferred Financing Costs

Deferred financing costs represent costs incurred to obtain debt financing arrangements. Amortization of these costs is provided using the effective-interest method over the terms of the applicable indebtedness. Deferred financing costs are presented as a reduction of the related debt.

(l) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statements of operations.

Pledges receivable represent an unconditional promise to give cash and other assets to the Corporation's affiliates over a period not greater than 20 years. Such amounts are recorded at their present value at the date the promise is received, net of an allowance for uncollectible pledges. Such amounts are included as externally designated or restricted noncurrent assets limited as to use in the consolidated balance sheets.

(In thousands)

(m) Net Assets including Noncontrolling Interest

Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor-restricted. Net assets with donor restrictions represent funds, including contributions and accumulated investment returns, whose use has been restricted by donors to a specific period or purpose or that have been restricted by donors to be maintained in perpetuity to provide a permanent source of income. Generally, the donors of these donor-restricted assets permit the use of part of the income earned on related investments for specific purposes.

The consolidated financial statements include all assets, liabilities, revenues, and expenses of less than 100% owned entities that the Corporation controls in accordance with the applicable accounting guidance. Accordingly, the Corporation has reflected a noncontrolling interest for the portion of the Corporation's revenue and expenses not controlled by the Corporation, separate in the consolidated balance sheets and consolidated statements of changes in net assets.

Net assets without and with donor restrictions are available for the following purposes:

		December 31	
		2022	**2021**
Without donor restrictions:			
Undesignated	$	4,609,662	5,118,887
With donor restrictions:			
Perpetual in nature		33,221	31,346
Purpose restricted		177,570	159,056
Time restricted		79,206	79,260
Net assets	$	4,899,659	5,388,549

(n) Performance Indicator

The consolidated statements of operations include a performance indicator, which is the (deficiency) excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from (deficiency) excess of revenue over expenses, include certain changes in pension obligations, capital contributions, and other transactions.

The Corporation differentiates its ongoing operating activities by providing income from operations as a sub performance indicator. Investment income, net, contribution received in acquisition, and other, net which is inclusive of net periodic benefit costs other than service costs, interest rate swap mark-to-market adjustments, gains and losses on early extinguishment of debt, gain on equity investment, termination of definitive agreement fees and other transactions, which are not considered to be components of the Corporation's ongoing activities, are excluded from (loss) income from operations and reported as nonoperating (expenses) revenue in the consolidated statements of operations. Investment income earned on assets limited as to use under bond indenture agreements is included in other revenue in the consolidated statements of operations.

(o) Income Taxes

The Corporation and its affiliates, excluding its for-profit subsidiaries and nominee owned captive professional medical services corporation, are not-for-profit corporations and are exempt from federal and state income taxes on related income under existing provisions of the Internal Revenue Code and State of New Jersey statutes.

The Corporation's for-profit subsidiaries have recorded various deferred income tax assets and liabilities that reflect temporary differences between the amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes. These amounts, where applicable, to the Corporation are included as other assets or other liabilities in the consolidated balance sheets as appropriate. In addition, the provision for income taxes recorded by the Corporation's for-profit subsidiaries, where applicable, have been made for in the consolidated results of operations of the Corporation and is included in other expenses in the consolidated statement of operations.

Certain for-profit subsidiaries have federal net operating loss (NOL) carryforwards of approximately $24,827 that expire through 2037 and State of New Jersey NOL carryforwards of approximately $80,436 that also expire through 2042. Certain for-profit subsidiaries have federal NOL carryforwards of approximately $54,986 that expire indefinitely. At December 31, 2022 and 2021, all deferred tax assets related to these NOL carryforwards have been fully reserved due to the uncertainty of realizing the tax benefits associated with these amounts.

The Corporation and its affiliates recognize the financial statements effects of tax positions when they are more likely than not, based on technical merits, that the positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Corporation does not have any significant uncertain tax positions as of December 31, 2022 and 2021.

(p) Self-Insurance

Under the Corporation's self-insurance programs, claims are recorded based upon actuarial estimation, including both reported and incurred but not reported claims, taking into consideration the severity of incidents and the expected timing of claim payments (note 13a, b, and c).

(q) Impairment of Long-Lived Assets

Management routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets, or a related group of assets, may not be recoverable from estimated undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds its estimated recoverability, an asset impairment charge is recognized for the difference between the fair value and carrying value of the asset.

 (Continued)

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are changed, the carrying value of affected assets is allocated over the remaining useful lives. In estimating the future cash flows for determining whether an asset is impaired, the Corporation groups its assets at the lowest level for which there are identifiable cash flows independent of other groups of assets. No impairment charge was recorded during the year ended December 31, 2022 or 2021.

(r) Goodwill and Intangible Assets

Goodwill and intangible assets are accounted for under ASC Topic 350, *Intangibles – Goodwill and Other*. Goodwill represents the excess of the aggregate purchase price over the fair value of net assets acquired in business combinations. As disclosed in note 1, the Corporation recognized $206,044 in goodwill and $13,813 in intangible assets related to the acquisition of JAG-ONE. Identifiable intangible assets are initially recorded at fair value at the time of acquisition using the income approach. Goodwill and intangible assets have indefinite useful lives and are not amortized, but are subjected to impairment tests. The Corporation performs impairment testing at least annually or more frequently if events or circumstances change creating a reasonable possibility that an impairment may exist. As of December 31, 2022, the Corporation impaired its intangible asset related to the Rutgers Health brand name. The impairment expense of $45,000 is included in other expenses in the consolidated statement of operations. Included in other assets are goodwill of approximately $213,000 and 7,000, respectively, and intangible assets of $13,813 and $45,000, respectively, as of December 31, 2022 and 2021.

(s) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

(3) CARES Act and FEMA

On March 27, 2020, the President signed into law the CARES Act. The CARES Act provides financial relief under several programs including a funding advance of Medicare payments, deferral of the employer portion of payroll taxes and establishment of the Provider Relief Fund (PRF). Under the PRF, the Corporation recognized approximately $48,143 and $65,110 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, all relief funds have been recognized as revenue and the total amount received and recognized from the period of 2020 through 2022 was approximately $684,000.

The Corporation received approximately $556,000 in Medicare payment advances under the Medicare Accelerated and Advanced Payment Program. Medicare started recouping these advances in April 2021 with final recoupments made by September 30, 2022. As of December 31, 2021, approximately $207,000 had been recouped, with the balance of approximately $349,000 recorded in the current portion of estimated amounts due to third party payors.

The Corporation also elected to defer the deposit and payment of the employer's share of Social Security taxes allowed under the CARES Act. As of December 31, 2022, these deferred amounts were repaid. As of December 31, 2021, approximately $42,000 was outstanding and included in accrued expenses and other current liabilities.

The Corporation also recognizes revenue on awarded project worksheets as expenses are incurred and determined to be eligible for FEMA reimbursement. The Corporation recognized $29,253 and $93,817 as other revenue in the consolidated statements of operations for reimbursement of eligible operating expenses for the years ended December 31, 2022 and 2021, respectively. In addition, $9,358 was recognized as other changes in net assets in the consolidated statement of operations related to reimbursement of capital expenditures for the year ended December 31, 2022. The Corporation has a balance due from FEMA of $28,261 and $67,591 in other current assets in the consolidated balances sheet as of December 31, 2022 and 2021, respectively.

(4) Charity Care and Community Benefit

In accordance with the Corporation’s mission and philosophy, the Corporation’s hospitals and affiliates commit substantial resources to both the indigent population and the broader community. The Corporation’s charity care policy is to provide care without regard to the patient’s ability to pay for services rendered. To the extent that patients do not have the ability to pay, services rendered to those patients are reported as charity care.

The Corporation’s hospitals utilize a cost to charge ratio methodology to convert charity care to cost. The cost to charge ratio is calculated utilizing the Corporation’s cost accounting system or filed cost reports.

The amount of charity care at estimated cost, net of state subsidy funding, the Corporation provided to the indigent population and broader community for the years ended December 31, 2022 and 2021 was $144,792 and $141,357, respectively.

The State of New Jersey’s regulations provide for the distribution of funds from a Charity Care Fund, which is intended to partially offset the cost of services provided to the uninsured. For the years ended December 31, 2022 and 2021, the Corporation’s hospitals recorded distributions from the Charity Care Fund of $57,379 and $19,934, respectively, which are included in patient service revenue.

(5) Healthcare Reimbursement System

(a) The Corporation records patient service revenue at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. Patient service revenue consists of amounts charged for services rendered less estimated discounts for contractual and other allowances for patients covered by Medicare, Medicaid, and other health plans and discounts offered to patients under the Corporation’s uninsured discount program.

The Medicare program currently pays for most services at predetermined rates; however, certain services and specified expenses continue to be reimbursed on a cost basis. The Medicaid program also currently reimburses the Corporation at predetermined rates for inpatient services and on a cost reimbursement methodology for outpatient services. Regulations require annual retroactive settlements for cost-based reimbursement and other payment arrangements through cost reports filed by the Corporation.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These agreements have retrospective audit clauses, allowing the payor to review and adjust claims subsequent to initial payment.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount. In accounting for Medicare and Medicaid cost report settlements, the Corporation records all third-party receivables and liabilities at their estimated realizable values. Management periodically reviews recorded amounts receivable from, or payable to, third-party payors and adjusts these balances as new information becomes available. In addition, revenue received under certain third-party agreements is subject to audit.

During the years ended December 31, 2022 and 2021, certain of the Corporation’s prior year third-party cost reports were audited and settled, or tentatively settled by third-party payors. Adjustments resulting from such audits, settlements, and management reviews are reflected as adjustments to patient service revenue in the period that the adjustments become known. Accordingly, the Corporation evaluated the results of these settlements on its open cost reports. The effect of cost report settlements and other adjustments increased patient service revenue by approximately $22,728 and $16,915 for the years ended December 31, 2022 and 2021, respectively. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements. Medicare cost reports for all years prior to 2018 have been audited and settled. Medicaid cost reports for all years prior to 2020 have been audited and settled for all acute care hospitals. For the pediatric rehabilitation hospital, Medicaid cost reports have been audited by the fiscal intermediary through 2020. Settlement has been finalized through 2020. The fiscal intermediary may reopen certain years related to specific settlement items in the cost report year.

The Corporation has a compliance program to monitor conformity with applicable laws and regulations, but the possibility of future government review and interpretation exists. The Corporation is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing.

(b) The Corporation and others in the healthcare industry are subject to certain inherent risks, including the following:

- Substantial dependence on revenue derived from reimbursement by the Federal Medicare and State Medicaid programs that have been reduced in recent years and which entail exposure to various healthcare fraud statutes;
- Government regulations, government budgetary constraints, and proposed legislative and regulatory changes.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation’s consolidated financial statements, and it is reasonably possible that a change in such estimates may occur. Management of the Corporation believes that adequate provision has been made in the consolidated financial statements for the matters discussed above and their ultimate resolution will not have a material effect on the consolidated financial statements.

(In thousands)

(6) Investments and Assets Limited or Restricted as to Use

Investments and assets limited or restricted as to use consist of the following:

		December 31	
		2022	**2021**
Investments and assets limited or restricted as to use:			
Cash and cash equivalents and money market funds	$	659,272	933,698
Government obligations/municipal bonds		423,180	340,876
Corporate bonds		665,822	1,196,208
Certificates of deposit		—	5,914
Mutual funds		1,291,452	1,859,288
Equity securities		518,104	540,805
Unit investment trusts		1,215	1,269
Asset-backed securities		255,350	377,889
Mortgage-backed securities		93,104	153,818
Alternative investments		943,695	983,930
Pledges receivable, net		134,668	119,167
Other investments		2,293	2,634
Accrued interest		10,447	11,923
Total investments and assets limited or restricted as to use	$	4,998,602	6,527,419

These amounts are reflected in the consolidated balance sheets as follows:

		December 31	
		2022	**2021**
Current portion:			
Investments	$	434,257	755,551
Assets limited or restricted as to use		98,259	90,605
Noncurrent assets limited or restricted as to use		567,624	819,128
Investments		3,898,462	4,862,135
	$	4,998,602	6,527,419

(In thousands)

Investments and assets limited or restricted as to use are classified as follows:

	December 31	
	2022	2021
Investments	$ 4,332,719	5,617,686
Self-insurance funds	25,968	24,802
Donor-restricted funds and pledges receivable, net	259,992	234,884
Funds held by bond trustees under bond indenture agreements	253,653	536,456
Internally designated funds for specific use	2,870	2,870
Other limited use funds	123,400	110,721
	$ 4,998,602	6,527,419

Assets held under bond indenture agreements are maintained for the following purposes:

	December 31	
	2022	2021
Capital project funds	$ 188,118	477,559
Interest funds	65,535	58,889
Principal funds	—	8
	$ 253,653	536,456

The Corporation's investments are exposed to various kinds and levels of risk. Fixed income securities, including fixed income mutual funds, expose the Corporation to interest rate risk, credit risk, and liquidity risk. As interest rates change, the values of many fixed income securities are affected. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is a risk that a financial asset may not be readily sold.

Corporate bonds, equity mutual funds, equity securities, and commercial mortgage-backed securities expose the Corporation to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is the risk associated with a particular fund's operating performance. Liquidity risk, as previously defined, tends to be higher for international funds and small capitalization equity funds.

The Corporation has incorporated an Investment Policy Statement (IPS) into its investment program. The IPS, which has been formally adopted by the Board of Trustees, contains standards designed to ensure adequate diversification by asset category and geography. The IPS also limits fixed income investments by credit rating, which serves to further mitigate the risk associated with the investment program. At December 31, 2022 and 2021, management believes that its investment positions are in accordance with guidelines established by the IPS.

(In thousands)

(7) Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures such as operating expenses and construction costs not financed with debt are as follows:

	December 31	
	2022	2021
Cash and cash equivalents	$ 267,525	154,095
Short-term investments	434,257	755,551
Patient accounts receivable	780,089	678,737
Estimated amounts due from third party payors and other current assets	299,521	295,329
	$ 1,781,392	1,883,712

Current financial assets not available for general use because of contractual or donor-imposed restrictions were $98,259 and $90,605 at December 31, 2022 and 2021, respectively. Amounts not available for general use include amounts set aside for scheduled principal payments on debt, self-insurance funds, and perpetual, time, and purpose-restricted assets.

As of December 31, 2022, the Corporation has unrestricted cash and investments on hand to cover 224 days of operating expenses. The Corporation's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. Besides short-term investments, the Corporation has $3,898,462 classified as long-term investments at December 31, 2022, of which most is available for general use. In the event of an unanticipated liquidity need, the Corporation could draw upon a $50,000 secured revolving promissory note (note 10).

(8) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include cash and cash equivalents and debt and equity securities that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate bonds.

(In thousands)

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Corporation currently holds no Level 3 investments.

The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis, and exclude pledges receivable, net, other investments, and accrued interest receivable as of December 31, 2022 and 2021:

	December 31, 2022				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents and money market funds	$ 659,272	659,272	—	—	—
Equity securities	518,104	518,104	—	—	—
Equity mutual funds	926,074	903,081	22,993	—	—
Fixed income mutual funds	365,378	365,378	—	—	—
Certificates of deposit	—	—	—	—	—
Unit investment trusts	1,215	1,215	—	—	—
Commercial mortgage-backed securities	93,104	—	93,104	—	—
Corporate bonds	665,822	—	665,822	—	—
Asset-backed securities	255,350	—	255,350	—	—
Government bonds	207,059	—	207,059	—	—
Government mortgage-backed securities	186,872	—	186,872	—	—
Municipal bonds	29,249	—	29,249	—	—
Alternative investments	943,695	—	—	—	943,695
Total	$ 4,851,194	2,447,050	1,460,449	—	943,695

(In thousands)

	December 31, 2021				
	Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Investment categories:					
Cash and cash equivalents and money market funds	$ 933,698	933,698	—	—	—
Equity securities	540,805	540,805	—	—	—
Equity mutual funds	1,457,273	1,422,936	34,337	—	—
Fixed income mutual funds	402,015	402,015	—	—	—
Certificates of deposit	5,914	—	5,914	—	—
Unit investment trusts	1,269	1,269	—	—	—
Commercial mortgage-backed securities	153,818	—	153,818	—	—
Corporate bonds	1,196,208	—	1,196,208	—	—
Asset-backed securities	377,889	—	377,889	—	—
Government bonds	176,092	—	176,092	—	—
Government mortgage-backed securities	121,631	—	121,631	—	—
Municipal bonds	43,153	—	43,153	—	—
Alternative investments	983,930	—	—	—	983,930
Total	$ 6,393,695	3,300,723	2,109,042	—	983,930

The following discussion describes the valuation methodologies used for financial assets measured at fair value for investment and pension plan assets. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. The disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. Care should be exercised in deriving conclusions about the Corporation’s business, its value, or consolidated financial position based on the fair value information of financial assets presented.

Fair values for the Corporation’s fixed income securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Inputs include direct or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets and quoted prices for identical assets or liabilities in inactive markets; other inputs that may be considered in fair value determination include interest rates and yield curves, volatilities, and credit risk. Pricing evaluations generally reflect discounted expected future cash flows, which incorporate yield curves for instruments with similar characteristics, such as credit rating, duration, and yields. Each designates specific pricing services or indexes for each sector of the market based upon the provider's expertise. The Corporation's fixed income securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

(In thousands)

Fair values of equity securities have been determined by the Corporation from observable market quotations, when available.

Mutual funds and unit investment trusts are valued at the NAV of shares held at year-end, based on published market quotations on active markets.

Fair values of commercial mortgage-backed securities and asset-backed securities have been determined by the Corporation based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk, or quoted market prices and recent transactions, when available.

Fair values of U.S. government bonds/municipal bonds and corporate bonds have been determined by the Corporation from observable market quotations, when available. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

Fair values of bank loans are determined by the Corporation using quoted prices of securities with similar coupon rates and maturity dates or discounted cash flows.

The following tables summarize redemption terms and the Corporation's commitments for the hedge funds and others as of December 31, 2022 and 2021:

	2022			
Description of investment	**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge funds	$ 271,582	—	Monthly – annually	45–90 days written notice
Private equity	176,679	69,189	—	—
Real estate	249,709	9,553	Quarterly	90 days written notice
Other	245,725	14,729	—	—
	$ 943,695	93,471		

(In thousands)

		2021			
Description of investment		**Carrying value**	**Unfunded commitment**	**Redemption frequency**	**Redemption notice required**
Hedge funds	$	381,797	—	Monthly – annually	45–90 days written notice
Private equity		155,656	106,861	—	—
Real estate		231,939	44,508	Quarterly	90 days written notice
Other		214,538	17,830	—	—
	$	983,930	169,199		

Investments in hedge funds, interests in investment funds with complex portfolio-construction and risk management techniques, are typically carried at estimated fair value based on the NAV of the shares in each investment company or partnership. Changes in unrealized gains or losses on investments, including those for which partial liquidations were effected in the course of the year, are calculated as the difference between the NAV of the investment at year-end less the NAV of the investment at the beginning of the year, as adjusted for contributions and redemptions made during the year. At December 31, 2022, the Corporation holds $51,854 of investments in hedge funds which are subject to semi-annual redemptions with a 20% withdrawal limitation on the invested balance. Generally, no dividends or other distributions are paid.

Investments in private equity funds, typically structured as limited partnership interests, are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund. The fair value of limited partnership interests is generally based on fair value capital balances reported by the underlying partnerships, subject to management review and adjustment.

Real estate funds invest primarily in institutional quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts. Fair value is estimated based on the NAV of the shares in each partnership. The Partnership distributes current income to the partners on a quarterly basis based on each partners' interest. Partners can choose to participate in a reinvestment plan in which all distributions are automatically invested in additional units. Redemptions can generally be made quarterly with 90 days' prior written notice after an initial lock-up period expires.

Investments in other alternative investments consist of private debt funds structured as a limited partnership interest with ability to invest in short-term opportunities, and are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are not permitted and investment is through the life of the fund. The Corporation also invests in certain venture capital funds. Investments in venture capital funds, typically structured as limited partnerships, consist of ownership stakes in small to medium sized start-up firms. These firms generally have high growth potential and are characterized by higher risk/reward profiles. Distributions under this investment structure are typically made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund.

(In thousands)

(9) Property, Plant, and Equipment

Property, plant, and equipment consist of the following as of December 31, 2022 and 2021:

		2022	2021
Land and improvements	$	179,701	167,565
Buildings and leasehold improvements		3,593,412	3,319,333
Fixed equipment		445,450	435,393
Major movable equipment		2,452,854	2,181,221
Real estate and equipment under finance leases		186,130	55,502
		6,857,547	6,159,014
Less accumulated depreciation and amortization (including accumulated amortization of real estate and equipment under finance leases of $31,744 and $23,626)		4,168,592	3,858,717
		2,688,955	2,300,297
Construction in progress		902,017	609,869
Property, plant, and equipment, net	$	3,590,972	2,910,166

The Corporation will fund the construction of a new clinical and research building for the Rutgers Cancer Institute of New Jersey (CINJ). The new building is adjacent to, and integrated with, Robert Wood Johnson University Hospital (RWJUH) New Brunswick. In June 2021, the Corporation broke ground on the free standing cancer hospital. The estimated cost is expected to be approximately $735,000. From inception of the project through December 31, 2022, approximately $289,000 has been incurred related to this project.

As of December 31, 2022, the Corporation had committed approximately $1,073,000 to complete the construction of the Rutgers CINJ project noted above and other renovation and expansion projects at various affiliates of the Corporation as well as amounts committed for the EPIC project (note 13e).

(In thousands)

(10) Long-Term Debt

Long-term debt consists of the following:

		December 31	
		2022	**2021**
Master Trust indebtedness:			
New Jersey Health Care Facilities Financing Authority (NJHCFFA) Revenue and Refunding Bonds:			
RWJ Barnabas Health Obligated Group Issue, 2021A $351,355 serial bonds maturing through July 1, 2045 with interest rates ranging from 4.00% to 5.00%; $400,490 of term bonds maturing July 1, 2051 with interest rates ranging from 2.040% to 2.625%	$	740,095	751,845
RWJ Barnabas Health Obligated Group Issue, Series 2019A Serial Bonds maturing through July 1, 2029 with an interest rate of 5.00%		13,265	15,470
RWJ Barnabas Health Obligated Group Issue, Series 2019B-1 Five Year Put Bonds maturing on July 1, 2043 with an interest rate of 5.00%		69,725	69,725
RWJ Barnabas Health Obligated Group Issue, Series 2019B-2 Six Year Put Bonds maturing on July 1, 2042 with an interest rate of 5.00%		70,555	70,555
RWJ Barnabas Health Obligated Group Issue, Series 2019B-3 Seven Year Put Bonds maturing on July 1, 2045 with an interest rate of 5.00%		70,550	70,550
RWJ Barnabas Health Obligated Group Issue, Series 2017A (previously Children’s Specialized Hospital Issue, Series 2013A) maturing on July 1, 2036 with an interest rate of 3.03%		7,033	7,438
RWJ Barnabas Health Obligated Group Issue, Series 2016A $399,565 serial bonds maturing through July 1, 2036 with interest rates ranging from 3.50% to 5.00%; $279,570 of term bonds maturing on July 1, 2043 with interest rates ranging from 4.00% to 5.00%		670,615	679,135
Barnabas Health Issue, Series 2014A term bonds $100,000 maturing on July 1, 2044 with an interest rate of 5.00%; $29,925 maturing on July 1, 2044 with an interest rate of 4.25%		129,925	129,925

(Continued)

(In thousands)

	December 31	
	2022	**2021**
Robert Wood Johnson University Hospital Issue, Series 2014A $11,075 serial bonds maturing through 2034 with an interest rate of 5.00%; $45,210 term bonds maturing from 2039 to 2043 with an interest rate of 5.00%	$ 55,925	55,925
Robert Wood Johnson University Hospital Issue, Series 2013A $9,230 serial bonds maturing through 2023 with interest rates ranging from 3.00% to 5.00%; $93,285 term bonds maturing from 2024 to 2043 with interest rates ranging from 5.25% to 5.50%	95,765	98,125
Barnabas Health Issue, Series 2012A serial bonds maturing through 2022 with an interest rate of 5.00%	—	9,000
RWJ Barnabas Health, Series 2019 serial bonds maturity through July 1, 2049 with an interest rate of 3.48%	302,333	302,333
RWJ Barnabas Health Private Placement Taxable Notes, Series 2018 maturing through July 1, 2044 with interest rates ranging from 4.04% to 4.40%	300,000	300,000
RWJ Barnabas Health Taxable Revenue Bonds, Series 2016 $100,000 maturing July 1, 2026 with an interest rate of 2.954%; $394,952 maturing July 1, 2046 with an interest rate of 3.949%	494,952	494,952
Barnabas Health System Taxable Revenue Bonds, Series 2012 term bonds maturing on July 1, 2028 with an interest rate of 4.00%	81,240	81,240
Total Master Trust Indebtedness	3,101,978	3,136,218
Notes payable	34	—
Finance leases with various interest rates	155,763	32,166
Total long-term debt	3,257,775	3,168,384
Plus unamortized bond premium	205,371	218,751
Less:		
Unamortized bond discount	945	1,160
Deferred financing costs, net	18,334	19,572
Current portion	42,948	38,468
Long-term portion	$ 3,400,919	3,327,935

Under the terms of the Master Trust Indenture (MTI), Barnabas Health, Inc., Children's Specialized Hospital (CSH), Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center (including Monmouth Medical Center, Southern Campus), Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., RWJUH, Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center (CBMC), formerly known as Saint Barnabas Medical Center, are members of an Obligated Group. Substantially all of the Corporation's debt is subject to the provisions of the MTI.

To secure its payment obligations, the Obligated Group has granted to the Trustee a first lien and security interest in the gross revenue of each member of the Obligated Group.

Obligated Group members are jointly and severally liable under the MTI. The Corporation does have the right to name designated affiliates. Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, the Corporation may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The Corporation's Obligated Group is required to maintain certain financial covenants in connection with the NJHCFFA and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan), TD Bank and U.S. Bank.

On August 19, 2021, the Corporation legally defeased all of the outstanding New Jersey Health Care Facilities Financing Authority Revenue and Refunding Bonds, Barnabas Health Issue, Series 2012A that mature on and after July 1, 2023. The principal amount of the defeased bonds was $81,250. U.S. Bank National Association is the bond trustee and escrow agent. The principal amount of the remaining Series 2012A Bonds that was not defeased is $9,000 and was called for redemption on July 1, 2022 with accrued interest. The transaction resulted in a gain on extinguishment of debt of $702 which is recorded in other, net within nonoperating (expenses) revenue.

On September 30, 2021, the Obligated Group issued New Jersey Health Care Facilities Financing Authority, RWJ Barnabas Health Revenue Bonds, Series 2021A in the amount of $751,845 as obligations under the MTI. These bonds mature on July 1, 2051 and consist of principal of $351,355 and $400,490 in Serial and Term Bonds, respectively. Series 2021A was issued at a premium of $118,456 for a total source of funds of $870,301. Principal payments are due annually on July 1 and interest payments are due semi-annually until maturity. The bond proceeds are used to fund the construction of the Rutgers CINJ as well as various other capital projects.

On January 27, 2022, in connection with the Definitive Agreement, the Corporation legally defeased all of the outstanding NJHCFFA Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding NJHCFFA Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A. The total payment for the defeased bonds was $72,252. The transaction resulted in a loss on extinguishment of debt of $2,551 which is recorded in other, net within nonoperating (expenses) revenue.

(In thousands)

The Corporation has entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. Under the terms of these agreements, the Corporation is paying fixed interest rates ranging from 0.90275% to 1.3625% in exchange for variable rate payments equal to 70% of the effective Federal funds rate. The notional amounts on these swap agreements are tied to the outstanding principal on the underlying bond series. The Corporation has the option to terminate the interest rate swap agreements on or before July 1, 2034. As of December 31, 2022 and 2021, the fair value of the interest rate swap agreements, net of a credit value adjustment of $4,231 and $1,103, was $36,540 and $6,145, respectively, and is included in other assets, net.

On March 31, 2022, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of $50,000 with JPM for routine working capital needs. The Note contained an accordion feature that allowed the Corporation to increase the loan by an additional $50,000. The terms of the Note include a commitment fee of 0.12%. The interest rate is based on an adjusted term SOFR Rate for the interest period plus 0.55% per annum. As of December 31, 2022, $5,025 of the Note was used in the form of standby letters of credit (LOC) that provides liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn from the Note during the term. The Note expired on March 30, 2023 and was replaced with a $50,000 secured revolving promissory note (New Note) with JPM expiring on April 1, 2024. The terms of the New Note have not changed from the prior Note.

Scheduled maturities on long-term debt and future minimum payments on finance lease obligations at December 31, 2022 are as follows:

	Long-term debt	Finance leases	Total
2023	$ 37,745	10,060	47,805
2024	45,697	9,502	55,199
2025	46,058	9,579	55,637
2026	132,596	9,694	142,290
2027	53,382	8,618	62,000
Thereafter	2,786,534	196,425	2,982,959
Total	3,102,012	243,878	3,345,890
Plus unamortized bond premium	205,371	—	205,371
Less:			
Amount representing interest on finance lease obligations	—	88,115	88,115
Unamortized bond discount	945	—	945
Deferred financing costs, net	18,334	—	18,334
Current portion	37,745	5,203	42,948
Long-term portion	$ 3,250,359	150,560	3,400,919

(11) Employee Benefit Plans

The Corporation maintains a single noncontributory defined-benefit plan, the RWJ Barnabas Health Retirement Income Plan (the RWJBH Plan). Participation in the RWJBH Plan is closed to new entrants and is currently frozen to future benefit accruals. Benefits under the RWJBH Plan are substantially based on years of service and employee's career earnings. The Corporation will contribute to the RWJBH Plan based on actuarially determined amounts necessary to provide assets sufficient to meet anticipated benefit payments to plan participants and to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006, and Internal Revenue Service regulations.

In March 2022, the Administrative Committee of the Board of Trustees approved a plan to offer a single payment (lump sum), in lieu of the annuity benefit, to former vested employees in the RWJBH Plan with accrued benefits. ASC 715, *Compensation – Retirement Benefits,* requires settlement accounting when lump sum payments exceed the sum of service cost and interest cost for the plan year. When applying settlement accounting, the plan must recognize a portion of the unrecognized gains or losses as a one-time charge. The portion of the unrecognized gain or loss that is recognized immediately is equal to the percentage of the obligation that is settled. Since the RWJBH Plan's lump sum payments of $49,211 exceeded the 2022 service and interest cost of $31,990, settlement accounting was required for the 2022 plan year. As a result, there was a one-time charge to non-operating expenses of $15,654 in 2022.

GAAP requires recognition on the balance sheet of the funded status of defined-benefit pension plans and the recognition in net assets without donor restrictions of unrecognized actuarial gains and losses and prior service costs and credits. The funded status is measured as the difference between the fair value of the RWJBH Plan's assets and the projected benefit obligation of the RWJBH Plan.

Included in net assets without donor restrictions at December 31, 2022 and 2021 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of approximately $2,312 and $2,431, respectively, and unrecognized actuarial losses of approximately $261,491 and $254,651, respectively. Unrecognized prior service cost is the impact of changes in plan benefits applied retrospectively to employee service previously rendered. Unrecognized actuarial losses represent unexpected changes in the projected benefit obligation and plan assets over time, primarily due to changes in assumed discount rates and investment experience. Using the measurement date of

(Continued)

(In thousands)

December 31, the following table sets forth the funded status of the RWJBH Plan and the amounts recognized in the Corporation's consolidated financial statements:

		December 31	
		2022	**2021**
Changes in benefit obligation:			
Benefit obligation at beginning of period	$	1,072,292	1,128,203
Interest cost		31,990	30,703
Actuarial (gains) losses		(186,554)	(19,011)
Benefits paid and expenses		(45,236)	(67,603)
Settlements		(49,211)	—
Benefit obligation at end of year		823,281	1,072,292
Change in plan assets:			
Fair value of plan assets at beginning of period		1,043,274	1,096,738
Actual return on plan assets		(178,872)	9,739
Employer contributions		—	4,400
Benefits paid and expenses		(45,236)	(67,603)
Settlements		(49,211)	—
Fair value of plan assets at end of year		769,955	1,043,274
Funded status – accrued pension liability	$	(53,326)	(29,018)

The actuarial gain in 2022 resulted in an overall decrease in the December 31, 2022 projected benefit obligation of approximately $186,554, which was primarily attributable to an increase in the discount rate assumption from 2021 to 2022.

In 2022, there was no change to the mortality assumption. During 2021, the Society of Actuaries published updated mortality table MP-2021. The Corporation utilized the updated mortality tables resulting in an increase in the projected benefit obligations in the amount of $3,900 at December 31, 2021.

The actuarially computed net periodic pension cost for the years ended December 31, 2022 and 2021 included the following components, which are included in other nonoperating revenue, net:

		2022	**2021**
Interest costs	$	31,990	30,703
Expected return on plan assets		(35,460)	(34,799)
Amortization of actuarial loss and prior service credit		7,091	6,520
Settlement loss		15,654	—
Net periodic pension cost	$	19,275	2,424

(In thousands)

The projected unit credit method is the actuarial cost method used to compute pension expense.

The weighted average assumptions used in determining the net periodic pension cost was discount rates of 3.09% and 2.82%, an expected long-term rate of return on plan assets of 3.55% and 3.30% and the weighted average interest crediting rate for cash balance plans was 2.25% for the years ended December 31, 2022 and 2021, respectively.

The weighted average assumption used in the accounting for the projected benefit obligation was a discount rate of 5.82% and 3.09% and the weighted average interest crediting rate for cash balance plans was 4.79% and 2.25% as of December 31, 2022 and 2021, respectively.

Expected benefit payments by year, as of December 31, 2022, are as follows:

2023	$	69,804
2024		73,869
2025		75,822
2026		77,301
2027		75,200
2028–2032		332,887

The consolidated assets of the RWJBH Plan are managed under a liability-driven investment (LDI) strategy. Under the LDI strategy, the expected rate of return on plan assets at December 31, 2022 is based upon the assumption that plan assets will be invested primarily in fixed income and other related securities based upon their ability to perform similarly to the characteristics of the plan liabilities over time.

The following tables present the Corporation's fair value hierarchy for those pension plan assets measured at fair value as of December 31, 2022 and 2021. At December 31, 2022 or 2021, the Corporation held no Level 3 assets.

			December 31, 2022			
		Fair value	**Level 1**	**Level 2**	**Level 3**	**NAV**
Cash and cash equivalents	$	19,184	19,184	—	—	—
Corporate bonds		361,343	—	361,343	—	—
Government bonds		131,828	—	131,828	—	—
Bond funds		87,133	—	87,133	—	—
Bank loans		6,568	—	6,568	—	—
Other investments		13,535	—	13,535	—	—
Alternative investments		150,364	—	—	—	150,364
	$	769,955	19,184	600,407	—	150,364

(In thousands)

	December 31, 2021				
	Fair value	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	$ 90,654	90,654	—	—	—
Corporate bonds	471,512	—	471,512	—	—
Government bonds	143,439	—	143,439	—	—
Bond funds	143,710	—	143,710	—	—
Bank loans	6,891	—	6,891	—	—
Other investments	13,728	—	13,728	—	—
Alternative investments	173,340	—	—	—	173,340
	$ 1,043,274	90,654	779,280	—	173,340

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Alternative investments include private equity investments, hedge funds, and other.

	2022			
Description of investment	Carrying value	Unfunded commitment	Redemption frequency	Redemption notice required
Hedge fund	$ 10,172	—	Semi-annually	90 days
Private equity	66,503	82,989	—	—
Other	73,689	—	—	—
	$ 150,364	82,989		

	2021			
Description of investment	Carrying value	Unfunded commitment	Redemption frequency	Redemption notice required
Hedge fund	$ 33,607	—	Semi-annually	90 days
Private equity	75,875	101,905	—	—
Other	63,858	—	—	—
	$ 173,340	101,905		

The Corporation maintains multiple defined-contribution retirement plans for its employees. Benefit expense for these plans for the years ended December 31, 2022 and 2021 was $90,459 and $84,392, respectively. The Corporation also has several supplemental executive retirement plans for certain key individuals. The plans were funded during 2022 and 2021 based upon the benefit formula as outlined in the plan documents.

(Continued)

(In thousands)

(12) Leases

The following table presents the components of the ROU assets, liabilities, and expenses related to leases and their classification in the consolidated balance sheets and statements of operations as of and for the years ended December 31, 2022 and 2021:

Components of lease balances	Classification in consolidated balance sheets	2022	2021
Assets:			
Operating lease assets	ROU asset	$ 262,886	258,089
Finance lease assets	Property, plant, and equipment, net	154,386	31,876
Total leased assets		$ 417,272	289,965
Liabilities:			
Operating lease liabilities:			
Current	Lease obligations	$ 47,693	37,942
Long term	Lease obligations, net of current portion	236,923	234,433
Total operating lease liabilities		284,616	272,375
Finance lease liabilities:			
Current	Long-term debt	5,203	4,228
Long term	Long-term debt, net of current portion	150,560	27,938
Total finance lease liabilities		155,763	32,166
Total lease liabilities		$ 440,379	304,541

Components of lease expense	Classification in consolidated statements of operations	2022	2021
Operating lease expense	Other operating expenses	$ 56,576	56,249
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	8,118	3,804
Interest on lease liabilities	Interest	4,614	1,138
Total finance lease expense		12,732	4,942
Variable and short-term lease expense	Other operating expenses	20,994	15,347
Total lease expense		$ 90,302	76,538

The Corporation determines if an arrangement is a lease at the inception of the contract. The ROU assets represent the Corporation's right to use the underlying assets for the lease term and the lease liabilities represent the Corporation's obligation to make lease payments arising from the leases. ROU 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 to determine the present value of lease payments. The incremental borrowing rates for the portfolio of leases are based upon indicative borrowing rates for taxable debt with terms that correspond to the various lease terms.

The Corporation's operating leases are primarily for real estate, including medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. Finance leases are primarily for real estate and medical equipment. Real estate lease agreements typically have initial terms of 5 to 10 years, and equipment lease agreements typically have initial terms between 2 and 5 years. The Corporation has certain long-term land leases whose original terms range from 50 to 98 years. Leases with an initial term of 12 months or less (short-term leases) are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term from 1 to 20 years. The Corporation has the option to renew its land leases that can extend the lease term significantly. The exercise of lease renewal options is at the Corporation's sole discretion. Renewal options are assessed at the commencement date, modification date, and when a reassessment event has occurred. The renewal option is included in the lease term when it is reasonably certain to be exercised. Certain leases also include options to purchase the leased property. 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.

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 ROU asset or liability balances. Real estate leases generally include rental escalation clauses that are factored into the determination of lease expense when appropriate. Escalations based on an index, such as the Consumer Price Index, are estimated at the commencement date and differences to the initial estimate are treated as variable lease payments. The lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

The Corporation has elected the practical expedient that allows lessees to choose to not separate lease and nonlease components by class of underlying asset and is applying this expedient to all real estate asset classes. The Corporation elected the practical expedient package to not reassess at adoption (i) whether expired or existing contracts contain leases under the new definition of a lease, (ii) lease classification for expired or existing leases, or (iii) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

Sublease income is included in other revenue in the consolidated statements of operations and amounted to $4,074 and $4,981 for the years ended December 31, 2022 and 2021, respectively.

(In thousands)

The weighted average lease terms and discount rates for operating and finance leases at December 31, 2022 and 2021 are presented in the following table:

	2022	2021
Weighted average remaining lease term:		
Operating leases	10.3 years	10.2 years
Finance leases	24.8 years	10.5 years
Weighted average discount rate:		
Operating leases	3.80 %	3.40 %
Finance leases	3.40	3.96

Cash flow and other information related to leases is included in the following table for the years ended December 31, 2022 and 2021:

		2022	2021
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash outflows from operating leases	$	53,888	53,097
Operating cash inflows from operating leases		—	1,647
Operating cash outflows from finance leases		4,614	1,138
Financing cash outflows from finance leases		5,647	4,555
ROU assets obtained in exchange for lease obligations:			
Operating leases	$	7,324	19,459
Finance leases		129,243	2,739

(Continued)

(In thousands)

Future maturities of lease liabilities at December 31, 2022 are presented in the following table:

		Operating leases	Finance leases	Total
2023	$	53,579	10,060	63,639
2024		46,810	9,502	56,312
2025		39,759	9,579	49,338
2026		35,033	9,694	44,727
2027		31,867	8,618	40,485
Thereafter		157,131	196,425	353,556
Total lease payments		364,179	243,878	608,057
Less imputed interest		79,563	88,115	167,678
Total lease obligations		284,616	155,763	440,379
Less current obligations		47,693	5,203	52,896
Long-term lease obligations	$	236,923	150,560	387,483

(13) Commitments and Contingencies

(a) Professional and General Liabilities

Commercial Professional Insurance Co. Ltd. (CPIC), is an off-shore captive insurance company located in Bermuda, which writes professional liability, comprehensive general liability, and other casualty lines of business for the Corporation and its affiliates. CPIC is a wholly owned affiliate of CBMC and is consolidated in the accompanying consolidated financial statements. Investments and other assets maintained by CPIC are reported in assets limited as to use under externally designated or restricted assets in the consolidated balance sheets. The Corporation has estimated a range of losses for its potential liability for professional liability, comprehensive general liability, and other casualty lines of business related to CPIC based upon its own past experience and industry experience data. These estimates include ultimate costs for unreported incidents and losses not covered by current insurance limits on a present value basis.

For policy years beginning July 1, 2004, CPIC provides payment of claims on a reimbursement basis for the Corporation’s self-insurance program. For professional liability, the most recent limits are $1 million for each medical incident with a $3 million aggregate for CSH claims, $10 million for each medical incident with no aggregate for all other facilities, and a buffer layer of $5 million for each medical incident with an annual aggregate limit of $5 million. For general liability, the limit is $1 million for each and every general liability occurrence with no aggregate. Prior to July 1, 2018, the Corporation purchased excess coverage of $150 million from various carriers for amounts in excess of CPIC’s retained limits. Beginning July 1, 2018, the excess coverage is funded through CPIC. CPIC purchases reinsurance through various carriers.

Prior to December 31, 2016, certain affiliates of the Corporation were insured through Systems and Affiliated Members Limited (SAAML). In February 2017, CPIC and SAAML finalized a merger, with CPIC as the surviving company, at which time all affiliates were insured by CPIC. CPIC issues policies providing professional liability and comprehensive general liability coverage for all the Corporation's affiliates and subsidiaries under a combined insurance program.

At December 31, 2022 and 2021, total liabilities, which include tail coverage, were $378,320 and $334,286, respectively. The liabilities have been discounted at 2.5% and are included in self-insurance liabilities in the accompanying consolidated balance sheets. The undiscounted liability was $400,304 and $354,586 as of December 31, 2022 and 2021, respectively. The liabilities also include $42,697 and $38,765 of claims at December 31, 2022 and 2021, respectively, which are expected to be reimbursed by CPIC. Such amounts are included in other assets, net, in the accompanying consolidated balance sheets.

(b) Workers' Compensation

The Corporation is self-insured for the majority of workers' compensation benefits and has a commercial insurance policy excess of $1,000 each and every claim. At December 31, 2022 and 2021, the accrual for estimated workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and totaled $65,315 and $59,812, respectively. The liabilities also include $11,034 and $10,616 of claims as of December 31, 2022 and 2021, respectively, which are expected to be reimbursed by the excess carrier. Such amounts are included in other assets, net. The Corporation's obligation to pay workers' compensation benefits from the runoff of a legacy workers' compensation program, which ended in 2013, is supported by an unsecured letter of credit in the amount of $4,850 (note 10).

(c) Employee Health Insurance

The Corporation maintains self-insured employee health benefit programs to provide coverage for its employees. At December 31, 2022 and 2021, the accrual for estimated employee health insurance claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported of approximately $38,840 and $31,083, respectively, and is included in self-insurance liabilities in the consolidated balance sheets.

(d) Litigation

Various investigations, lawsuits, and claims arising in the normal course of operations are pending or on appeal against the Corporation. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities that may arise from such actions would not materially affect the consolidated financial position or results of operations of the Corporation.

(e) EHR Platform

The Corporation entered into an agreement with EPIC to deploy an integrated Electronic Health Record (EHR) with supporting revenue cycle, data analytics, and consumer-facing digital capabilities. When completed, this integration will, among other things, establish one EHR across all ambulatory sites to support the ability to manage physicians as one integrated practice and support the consolidation of the various revenue cycle systems to an integrated solution.

(Continued)

(In thousands)

The implementation will be done in phases. The first go-live was completed in May 2021. The anticipated completion date of the entire project is 2024. Through December 31, 2022, the Corporation has incurred approximately $500,000 in capital and operating costs and anticipates spending an additional $250,000 to complete the project.

(f) Other

Approximately 23% of the Corporation's employees were covered by collective bargaining agreements for the years ended December 31, 2022 and 2021, of which 14% expire in the next year.

(14) Functional Expenses

The Corporation provides general healthcare services primarily to residents within its geographic area and supports research and educational programs. Expenses are allocated based on estimated time and effort contingent upon the location and/or specialty the expense was incurred. Expenses related to providing these services and supporting functions are as follows for the years ended December 31, 2022 and 2021:

	2022		
	Healthcare services	General and administrative	Total
Salaries and wages	$ 2,532,797	498,283	3,031,080
Physician fees and salaries	855,555	95,062	950,617
Employee benefits	502,334	95,683	598,017
Supplies	1,302,740	18,921	1,321,661
Other	1,016,746	480,738	1,497,484
Interest	93,297	13,189	106,486
Depreciation and amortization	259,143	44,082	303,225
Total	$ 6,562,612	1,245,958	7,808,570

	2021		
	Healthcare services	General and administrative	Total
Salaries and wages	$ 2,121,803	346,988	2,468,791
Physician fees and salaries	665,905	73,990	739,895
Employee benefits	435,083	70,828	505,911
Supplies	1,216,644	3,603	1,220,247
Other	948,989	298,564	1,247,553
Interest	87,403	13,580	100,983
Depreciation and amortization	227,647	43,377	271,024
Total	$ 5,703,474	850,930	6,554,404

(15) Investments in Joint Ventures

Corporation has invested in a number of joint ventures to provide specialty healthcare services. These services include surgical, diagnostic imaging, home care and hospice, rehabilitation, medical transportation, and fitness and wellness programs. The investments range from 25% to 51% ownership. The Corporation does not exercise operating control over these investments; accordingly, they are recorded under the equity method of accounting and report only the Corporation's share of net income attributable to the investee as equity in earnings in other revenue in the accompanying consolidated statements of operations. Financial information for the equity method investees for the years ended December 31, 2022 and 2021 includes net operating revenue of $1,034,026 and $854,785, net income of $252,666 and $231,400, and net income attributable to the Corporation of $92,991 and $84,396, respectively. For the year ended December 31, 2022 and 2021, the Corporation invested capital of $72,974 and $180,343 in joint ventures.

As disclosed in note 1, effective July 1, 2022, the Corporation purchased an additional of 33.55% equity interest in JAG-ONE for $73,688 and obtained operational control over the entity. As a result of the change in control, the equity investment of $54,431 was reversed resulting in a gain of $32,540 which is included in other, net within nonoperating (expenses) revenue.

Total investments in joint ventures amounted to $552,799 and $521,268 at December 31, 2022 and 2021, respectively. These amounts are included in other assets, net in the consolidated balance sheets.

(16) Affiliation with Rutgers, The State University of New Jersey

The Corporation, Rutgers, the State University of New Jersey (Rutgers), and Rutgers Health Group (RHG) entered into a Master Affiliation Agreement (MAA) in 2018 with the goal of integrating medical education, advanced research and healthcare delivery.

The MAA requires reciprocal commitments and the alignment of each party's respective strategic, operational, and financial interests, and activities as part of a coordinated and mutually supportive academic health system. The Corporation and Rutgers have executed on strategies contemplated in the MAA including integrating the clinical operations of the Faculty of Robert Wood Johnson Medical School (RWJMS) and the Rutgers CINJ through Integrated Practice Agreements (IPA). Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation is responsible for the operations of the clinical practices and related financial results. This included establishing a unified medical records system across the Corporation's entire medical group (including RWJMS and CINJ) and creating a unified and integrated patient experience.

As of December 31, 2022 and 2021, the Corporation owed Rutgers $211,935 and $92,404, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other liabilities in the consolidated balance sheets.

(Continued)

(17) Affiliations

The Corporation and Saint Peter’s Healthcare System (SPHCS) had entered into a Definitive Agreement on September 10, 2020 to integrate the two healthcare systems. On June 14, 2022, the Corporation mutually agreed with the leadership of SPHCS to end the proposed transaction. In accordance with the Definitive Agreement, the Corporation incurred a $30,000 break-up fee in connection with the termination of this transaction. The amount is recorded as nonoperating (expenses) revenue in the consolidated statement of operations.

(18) Subsequent Events

Management evaluated all events occurring subsequent to December 31, 2022 and through May 5, 2023, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period, except as previously disclosed.

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Balance Sheet Information

December 31, 2022

(In thousands)

Assets	Barnabas Health, Inc.	Children's Specialized Hospital	Clara Maass Medical Center	Community Medical Center	Jersey City Medical Center	Monmouth Medical Center	Newark Beth Israel Medical Center	Robert Wood Johnson University Hospital
Current assets:								
Cash and cash equivalents	$ 19,850	1,468	5	9	16	12	363	848
Short-term investments	696,062	—	—	—	—	—	—	—
Assets limited or restricted as to use	61,639	5	—	—	61	—	—	5,314
Patient accounts receivable	668	17,834	32,132	46,746	47,182	60,298	79,009	209,699
Due from affiliates	468,146	83,184	68,228	301,054	32,024	556,022	291,724	1,346,527
Estimated amounts due from third-party payors	—	819	23,459	5,925	34,502	15,283	29,872	40,968
Other current assets	70,694	12,159	11,802	15,543	19,752	26,761	35,049	47,726
Total current assets	1,317,059	115,469	135,626	369,277	133,537	658,376	436,017	1,651,082
Assets limited or restricted as to use, noncurrent portion	224,327	2,211	2,724	2,809	2,098	3,647	26,018	12,743
Investments	3,608,132	—	—	—	—	—	1,005	—
Property, plant, and equipment, net	324,827	121,394	120,319	212,057	394,933	181,337	210,150	1,216,039
Right-of-use assets	50,140	1,838	220	12,578	43,960	6,223	2,799	8,717
Due from affiliates	88,894	—	—	—	—	—	—	—
Other assets, net	480,586	31,569	1,500	10,706	6,705	55,149	204	53,551
Total assets	$ 6,093,965	272,481	260,389	607,427	581,233	904,732	676,193	2,942,132
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	$ 110,976	4,221	24,853	20,255	26,372	28,939	34,068	126,868
Accrued expenses and other current liabilities	226,222	18,437	25,990	39,896	53,247	54,177	76,908	212,740
Estimated amounts due to third-party payors	89	664	1,139	3,990	2,852	1,380	3,301	1,727
Long-term debt	620	862	1,463	1,457	3,128	1,934	4,262	22,389
Lease obligations	4,595	672	122	1,575	6,002	896	659	1,323
Due to affiliates	4,448,499	263	1,204	3,523	680	191,033	61	265,370
Self-insurance liabilities	50,848	—	—	—	—	—	—	—
Total current liabilities	4,841,849	25,119	54,771	70,696	92,281	278,359	119,259	630,417
Estimated amounts due to third-party payors, net of current portion	—	—	6,053	19,260	13,363	3,378	26,576	8,540
Self-insurance liabilities, net of current portion	138,273	—	—	—	—	—	—	—
Long-term debt, less current portion	285,060	39,492	152,048	138,290	316,740	281,186	320,651	1,187,558
Lease obligations, less current portion	47,333	1,330	102	11,216	40,850	5,431	2,393	7,683
Accrued pension liability	53,326	—	—	—	—	—	—	—
Other liabilities	49,828	2,211	2,860	2,809	7,130	4,607	19,064	15,409
Due to affiliates	—	38,763	—	—	—	—	—	—
Total liabilities	5,415,669	106,915	215,834	242,271	470,364	572,961	487,943	1,849,607
Net assets	678,296	165,566	44,555	365,156	110,869	331,771	188,250	1,092,525
Total liabilities and net assets	$ 6,093,965	272,481	260,389	607,427	581,233	904,732	676,193	2,942,132

(Continued)

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Balance Sheet Information

December 31, 2022

(In thousands)

Assets		Robert Wood Johnson University Hospital at Hamilton	Robert Wood Johnson University Hospital Rahway	Cooperman Barnabas Medical Center	Consolidating entries and eliminations	Total obligated group	Other entities	Consolidating entries and eliminations	Consolidated balance
Current assets:									
Cash and cash equivalents	$	38	5	67	—	22,681	244,844	—	267,525
Short-term investments		—	—	—	—	696,062	—	(261,805)	434,257
Assets limited or restricted as to use		132	323	—	—	67,474	30,785	—	98,259
Patient accounts receivable		18,728	15,138	126,024	—	653,458	126,631	—	780,089
Due from affiliates		74,104	48,163	1,175,701	(3,995,530)	449,347	1,427,861	(1,877,208)	—
Estimated amounts due from third-party payors		2,291	1,818	21,811	—	176,748	8,281	—	185,029
Other current assets		6,412	5,149	27,934	—	278,981	69,343	(39,036)	309,288
Total current assets		101,705	70,596	1,351,537	(3,995,530)	2,344,751	1,907,745	(2,178,049)	2,074,447
Assets limited or restricted as to use, noncurrent portion		2,117	1,435	29,538	—	309,667	257,957	—	567,624
Investments		112	23	685	—	3,609,957	26,700	261,805	3,898,462
Property, plant, and equipment, net		98,340	39,461	397,259	—	3,316,116	274,856	—	3,590,972
Right-of-use assets		4,890	319	12,711	—	144,395	118,491	—	262,886
Due from affiliates		—	—	—	(38,763)	50,131	14,812	(64,943)	—
Other assets, net		2,760	32	5,853	(127,555)	521,060	537,102	(137,927)	920,235
Total assets	$	209,924	111,866	1,797,583	(4,161,848)	10,296,077	3,137,663	(2,119,114)	11,314,626
Liabilities and Net Assets									
Current liabilities:									
Accounts payable	$	15,641	14,663	62,301	—	469,157	72,714	—	541,871
Accrued expenses and other current liabilities		11,299	11,321	89,747	—	819,984	512,843	(33,237)	1,299,590
Estimated amounts due to third-party payors		1,111	584	1,160	—	17,997	309	—	18,306
Long-term debt		1,652	175	10,481	—	48,423	324	(5,799)	42,948
Lease obligations		630	80	2,258	—	18,812	28,881	—	47,693
Due to affiliates		641	239	3,547	(3,995,530)	919,530	957,678	(1,877,208)	—
Self-insurance liabilities		—	—	—	—	50,848	73,191	—	124,039
Total current liabilities		30,974	27,062	169,494	(3,995,530)	2,344,751	1,645,940	(1,916,244)	2,074,447
Estimated amounts due to third-party payors, net of current portion		1,213	6,062	3,193	—	87,638	44,565	—	132,203
Self-insurance liabilities, net of current portion		—	—	—	—	138,273	220,162	—	358,435
Long-term debt, net of current portion		116,727	17,175	469,398	—	3,324,325	81,474	(4,880)	3,400,919
Lease obligations, less current portion		4,426	246	11,109	—	132,119	104,804	—	236,923
Accrued pension liability		—	—	—	—	53,326	—	—	53,326
Other liabilities		2,170	987	11,369	(2,555)	115,889	42,825	—	158,714
Due to affiliates		—	—	14,813	(38,763)	14,813	50,130	(64,943)	—
Total liabilities		155,510	51,532	679,376	(4,036,848)	6,211,134	2,189,900	(1,986,067)	6,414,967
Net assets		54,414	60,334	1,118,207	(125,000)	4,084,943	947,763	(133,047)	4,899,659
Total liabilities and net assets	$	209,924	111,866	1,797,583	(4,161,848)	10,296,077	3,137,663	(2,119,114)	11,314,626

See accompanying independent auditors' report.

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Balance Sheet Information

December 31, 2021

(In thousands)

Assets	Barnabas Health, Inc.	Children's Specialized Hospital	Clara Maass Medical Center	Community Medical Center	Jersey City Medical Center	Monmouth Medical Center	Newark Beth Israel Medical Center	Robert Wood Johnson University Hospital
Current assets:								
Cash and cash equivalents	$ 214,753	1,077	6	10	16	11	363	859
Short-term investments	795,118	—	—	—	—	—	—	—
Assets limited or restricted as to use	54,940	4	—	—	66	—	—	5,559
Patient accounts receivable	—	12,481	26,894	44,278	41,866	56,500	61,757	205,567
Due from affiliates	85,798	90,547	89,255	386,117	142,304	650,929	408,462	1,400,666
Estimated amounts due from third-party payors	—	2,259	11,559	2,263	15,373	5,659	24,194	23,947
Other current assets	65,405	8,358	20,408	22,850	20,901	26,777	38,178	65,451
Total current assets	1,216,014	114,726	148,122	455,518	220,526	739,876	532,954	1,702,049
Assets limited or restricted as to use, noncurrent portion	514,776	3,576	2,864	2,873	2,142	5,658	31,856	12,766
Investments	4,785,674	—	—	—	—	—	1,153	140
Property, plant, and equipment, net	349,837	95,041	125,628	182,002	342,448	141,284	159,843	862,430
Right-of-use assets	51,621	5,373	442	11,038	46,450	3,000	3,469	43,678
Due from affiliates	19,051	—	—	—	—	—	—	—
Other assets, net	465,637	24,600	1,391	12,417	5,022	51,143	76	62,025
Total assets	$ 7,402,610	243,316	278,447	663,848	616,588	940,961	729,351	2,683,088
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	$ 99,177	3,715	23,046	20,947	24,286	29,613	31,118	110,456
Accrued expenses and other current liabilities	233,591	17,375	27,713	37,406	48,447	66,301	94,423	216,943
Estimated amounts due to third-party payors	89	697	19,558	50,197	22,708	43,858	37,434	112,232
Long-term debt	2,568	1,017	2,316	1,358	1,538	3,474	4,776	12,694
Lease obligations	3,481	1,432	223	1,238	5,190	638	1,176	6,183
Due to affiliates	4,849,624	—	194	774	175	171,921	7	17,988
Self-insurance liabilities	41,434	—	—	—	—	—	—	—
Total current liabilities	5,229,964	24,236	73,050	111,920	102,344	315,805	168,934	476,496
Estimated amounts due to third-party payors, net of current portion	—	—	3,210	17,434	6,654	2,785	14,682	7,946
Self-insurance liabilities, net of current portion	122,180	—	—	—	—	—	—	—
Long-term debt, less current portion	286,105	40,545	153,834	127,570	320,848	241,873	325,968	1,142,134
Lease obligations, less current portion	48,581	4,134	221	9,845	42,767	2,395	2,475	38,509
Accrued pension liability	29,018	—	—	—	—	—	—	—
Other liabilities	60,542	3,576	3,002	2,873	4,739	6,623	25,989	14,787
Due to affiliates	—	19,051	—	—	—	—	—	—
Total liabilities	5,776,390	91,542	233,317	269,642	477,352	569,481	538,048	1,679,872
Net assets	1,626,220	151,774	45,130	394,206	139,236	371,480	191,303	1,003,216
Total liabilities and net assets	$ 7,402,610	243,316	278,447	663,848	616,588	940,961	729,351	2,683,088

(Continued)

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Balance Sheet Information

December 31, 2021

(In thousands)

Assets	Robert Wood Johnson University Hospital at Hamilton	Robert Wood Johnson University Hospital Rahway	Cooperman Barnabas Medical Center	Consolidating entries and eliminations	Total obligated group	Other entities	Consolidating entries and eliminations	Consolidated balance
Current assets:								
Cash and cash equivalents	$ 140	5	79	—	217,319	(63,224)	—	154,095
Short-term investments	—	—	—	—	795,118	—	(39,567)	755,551
Assets limited or restricted as to use	167	284	—	—	61,020	29,585	—	90,605
Patient accounts receivable	16,832	14,443	112,428	—	593,046	85,691	—	678,737
Due from affiliates	109,281	72,893	1,281,374	(4,659,925)	57,701	729,782	(787,483)	—
Estimated amounts due from third-party payors	2,037	1,576	17,875	—	106,742	355	—	107,097
Other current assets	7,741	8,400	33,337	—	317,806	90,596	(33,599)	374,803
Total current assets	136,198	97,601	1,445,093	(4,659,925)	2,148,752	872,785	(860,649)	2,160,888
Assets limited or restricted as to use, noncurrent portion	2,249	1,214	31,703	—	611,677	207,451	—	819,128
Investments	139	27	2,387	—	4,789,520	33,048	39,567	4,862,135
Property, plant, and equipment, net	86,978	29,929	380,482	—	2,755,902	154,264	—	2,910,166
Right-of-use assets	5,092	411	12,005	—	182,579	75,510	—	258,089
Due from affiliates	—	—	—	(19,051)	—	14,813	(14,813)	—
Other assets, net	2,869	902	5,841	(127,587)	504,336	312,418	(149,665)	667,089
Total assets	$ 233,525	130,084	1,877,511	(4,806,563)	10,992,766	1,670,289	(985,560)	11,677,495
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	$ 15,687	14,587	60,542	—	433,174	59,057	—	492,231
Accrued expenses and other current liabilities	13,694	11,198	90,171	—	857,262	288,255	(29,332)	1,116,185
Estimated amounts due to third-party payors	14,790	10,446	58,877	—	370,886	4,614	—	375,500
Long-term debt	1,647	122	10,914	—	42,424	310	(4,266)	38,468
Lease obligations	590	165	2,166	—	22,482	15,460	—	37,942
Due to affiliates	165	3	164	(4,659,925)	381,090	406,393	(787,483)	—
Self-insurance liabilities	—	—	—	—	41,434	59,128	—	100,562
Total current liabilities	46,573	36,521	222,834	(4,659,925)	2,148,752	833,217	(821,081)	2,160,888
Estimated amounts due to third-party payors, net of current portion	1,156	5,937	2,320	—	62,124	—	—	62,124
Self-insurance liabilities, net of current portion	—	—	—	—	122,180	202,438	—	324,618
Long-term debt, net of current portion	118,862	17,379	481,637	—	3,256,755	81,859	(10,679)	3,327,935
Lease obligations, less current portion	4,535	250	10,221	—	163,933	70,500	—	234,433
Accrued pension liability	—	—	—	—	29,018	—	—	29,018
Other liabilities	2,471	752	8,861	(2,587)	131,628	18,302	—	149,930
Due to affiliates	—	—	14,813	(19,051)	14,813	—	(14,813)	—
Total liabilities	173,597	60,839	740,686	(4,681,563)	5,929,203	1,206,316	(846,573)	6,288,946
Net assets	59,928	69,245	1,136,825	(125,000)	5,063,563	463,973	(138,987)	5,388,549
Total liabilities and net assets	$ 233,525	130,084	1,877,511	(4,806,563)	10,992,766	1,670,289	(985,560)	11,677,495

See accompanying independent auditors' report.

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Statement of Operations and Changes in Net Assets Information

Year ended December 31, 2022

(In thousands)

	Barnabas Health, Inc.	Children's Specialized Hospital	Clara Maass Medical Center	Community Medical Center	Jersey City Medical Center	Monmouth Medical Center	Newark Beth Israel Medical Center	Robert Wood Johnson University Hospital
Revenue:								
Patient service revenue	$ —	150,141	360,168	458,368	456,789	577,580	669,877	1,761,696
CARES Act grant revenue	—	98	2,435	3,062	3,070	3,900	4,707	11,991
Other revenue, net	1,269,383	23,962	8,531	8,149	25,851	24,481	50,370	54,365
Total revenue	1,269,383	174,201	371,134	469,579	485,710	605,961	724,954	1,828,052
Expenses:								
Salaries and wages	289,644	93,474	145,023	185,306	176,824	232,221	249,537	623,913
Physician fees and salaries	58,078	10,813	25,947	47,352	71,641	70,180	97,653	246,619
Employee benefits	408,581	22,457	27,969	32,159	31,788	39,049	59,492	87,368
Supplies	12,286	5,818	52,920	92,112	75,347	111,740	122,450	395,886
Other	413,949	33,913	99,453	119,002	129,536	158,020	170,857	388,330
Interest	10,958	2,614	6,009	4,528	9,817	10,182	9,100	29,255
Depreciation and amortization	32,359	8,219	14,145	17,971	24,559	27,908	23,330	78,621
Total expenses	1,225,855	177,308	371,466	498,430	519,512	649,300	732,419	1,849,992
Income (loss) from operations	43,528	(3,107)	(332)	(28,851)	(33,802)	(43,339)	(7,465)	(21,940)
Nonoperating (expenses) revenue, net:								
Investment (loss) income, net	(648,824)	—	1	—	—	—	(286)	(205)
Contribution received in acquisition	—	—	—	—	—	—	—	—
Other, net	(15,587)	—	(260)	(559)	(289)	(453)	(581)	(265)
Total nonoperating (expenses) revenue, net	(664,411)	—	(259)	(559)	(289)	(453)	(867)	(470)
(Deficiency) excess of revenue over expenses	(620,883)	(3,107)	(591)	(29,410)	(34,091)	(43,792)	(8,332)	(22,410)
Pension changes other than net periodic benefit cost	(5,033)	—	—	—	—	—	—	—
Net assets released from restriction for purchases of property and equipment	—	12,466	534	2,053	1,473	10,368	2,464	6,297
Other, net	(322,008)	9,855	(579)	139	474	(1,471)	2,940	102,936
Total other changes in net assets	(327,041)	22,321	(45)	2,192	1,947	8,897	5,404	109,233
(Decrease) increase in net assets without donor restrictions	(947,924)	19,214	(636)	(27,218)	(32,144)	(34,895)	(2,928)	86,823
Change in net assets with donor restrictions	—	(5,422)	61	(1,832)	3,777	(4,814)	(125)	2,486
Net assets, beginning of year	1,626,220	151,774	45,130	394,206	139,236	371,480	191,303	1,003,216
Net assets, end of year	$ 678,296	165,566	44,555	365,156	110,869	331,771	188,250	1,092,525

(Continued)

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Statement of Operations and Changes in Net Assets Information

Year ended December 31, 2022

(In thousands)

	Robert Wood Johnson University Hospital at Hamilton	Robert Wood Johnson University Hospital Rahway	Cooperman Barnabas Medical Center	Consolidating entries and eliminations	Total obligated group	Other entities	Consolidating entries and eliminations	Consolidated balance
Revenue:								
Patient service revenue	$ 193,883	121,411	1,071,714	—	5,821,627	1,172,282	—	6,993,909
CARES Act grant revenue	1,305	812	7,180	—	38,560	9,583	—	48,143
Other revenue, net	3,930	6,115	17,221	(1,062,823)	429,535	751,613	(625,712)	555,436
Total revenue	199,118	128,338	1,096,115	(1,062,823)	6,289,722	1,933,478	(625,712)	7,597,488
Expenses:								
Salaries and wages	80,355	59,219	323,601	—	2,459,117	571,963	—	3,031,080
Physician fees and salaries	15,480	13,876	126,277	—	783,916	602,766	(436,065)	950,617
Employee benefits	10,409	8,775	60,204	(303,555)	484,696	163,336	(50,015)	598,017
Supplies	41,314	23,633	241,222	—	1,174,728	151,083	(4,150)	1,321,661
Other	62,116	37,615	320,954	(756,836)	1,176,909	453,908	(133,333)	1,497,484
Interest	4,291	623	18,836	(2,432)	103,781	4,854	(2,149)	106,486
Depreciation and amortization	10,001	4,934	31,444	—	273,491	29,734	—	303,225
Total expenses	223,966	148,675	1,122,538	(1,062,823)	6,456,638	1,977,644	(625,712)	7,808,570
Income (loss) from operations	(24,848)	(20,337)	(26,423)	—	(166,916)	(44,166)	—	(211,082)
Nonoperating (expenses) revenue, net:								
Investment (loss) income, net	(27)	(10)	(591)	—	(649,942)	(14,486)	—	(664,428)
Contribution received in acquisition	—	—	—	—	—	264,636	—	264,636
Other, net	—	(323)	(511)	—	(18,828)	29,937	—	11,109
Total nonoperating (expenses) revenue, net	(27)	(333)	(1,102)	—	(668,770)	280,087	—	(388,683)
(Deficiency) excess of revenue over expenses	(24,875)	(20,670)	(27,525)	—	(835,686)	235,921	—	(599,765)
Pension changes other than net periodic benefit cost	—	—	—	—	(5,033)	—	—	(5,033)
Net assets released from restriction for purchases of property and equipment	488	105	10,055	—	46,303	3,422	—	49,725
Other, net	18,982	11,701	2,153	—	(174,878)	210,970	9,756	45,848
Total other changes in net assets	19,470	11,806	12,208	—	(133,608)	214,392	9,756	90,540
(Decrease) increase in net assets without donor restrictions	(5,405)	(8,864)	(15,317)	—	(969,294)	450,313	9,756	(509,225)
Change in net assets with donor restrictions	(109)	(47)	(3,301)	—	(9,326)	33,477	(3,816)	20,335
Net assets, beginning of year	59,928	69,245	1,136,825	(125,000)	5,063,563	463,973	(138,987)	5,388,549
Net assets, end of year	$ 54,414	60,334	1,118,207	(125,000)	4,084,943	947,763	(133,047)	4,899,659

See accompanying independent auditors' report.

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Statement of Operations and Changes in Net Assets Information

Year ended December 31, 2021

(In thousands)

	Barnabas Health, Inc.	Children's Specialized Hospital	Clara Maass Medical Center	Community Medical Center	Jersey City Medical Center	Monmouth Medical Center	Newark Beth Israel Medical Center	Robert Wood Johnson University Hospital
Revenue:								
Patient service revenue	$ —	144,637	319,803	443,206	413,359	565,130	605,345	1,645,904
CARES Act grant revenue	—	2,537	949	2,501	3,455	4,302	30,019	115
Other revenue, net	1,047,141	22,674	26,362	13,612	28,126	30,568	58,023	62,021
Total revenue	1,047,141	169,848	347,114	459,319	444,940	600,000	693,387	1,708,040
Expenses:								
Salaries and wages	222,658	87,165	133,464	172,611	160,293	215,204	223,493	563,999
Physician fees and salaries	—	10,886	21,545	33,685	56,515	57,692	87,984	186,684
Employee benefits	396,769	22,291	27,102	31,493	31,565	37,607	61,878	87,695
Supplies	5,575	5,458	54,170	87,204	69,028	103,629	119,881	392,564
Other	336,390	29,471	87,775	117,992	109,590	160,017	169,993	355,646
Interest	11,444	2,465	6,095	3,864	9,492	9,377	8,929	25,489
Depreciation and amortization	32,563	6,705	13,823	16,712	24,029	21,016	18,359	72,794
Total expenses	1,005,399	164,441	343,974	463,561	460,512	604,542	690,517	1,684,871
Income (loss) from operations	41,742	5,407	3,140	(4,242)	(15,572)	(4,542)	2,870	23,169
Nonoperating revenue (expenses), net:								
Investment income (loss), net	343,832	—	—	—	—	—	(154)	746
Other, net	1,560	—	(108)	(345)	(194)	(155)	(238)	(177)
Total nonoperating revenue (expenses), net	345,392	—	(108)	(345)	(194)	(155)	(392)	569
Excess (deficiency) of revenue over expenses	387,134	5,407	3,032	(4,587)	(15,766)	(4,697)	2,478	23,738
Pension changes other than net periodic benefit cost	471	—	—	—	—	—	—	—
Net assets released from restriction for purchases of property and equipment	—	657	937	1,273	1,119	3,471	813	5,281
Other, net	(258,195)	—	(146)	164	140	2,021	1,217	90,273
Total other changes in net assets	(257,724)	657	791	1,437	1,259	5,492	2,030	95,554
Increase (decrease) in net assets without donor restrictions	129,410	6,064	3,823	(3,150)	(14,507)	795	4,508	119,292
Change in net assets with donor restrictions	—	2,453	211	3,004	(160)	7,859	(206)	(2,510)
Net assets, beginning of year	1,496,810	143,257	41,096	394,352	153,903	362,826	187,001	886,434
Net assets, end of year	$ 1,626,220	151,774	45,130	394,206	139,236	371,480	191,303	1,003,216

(Continued)

RWJ BARNABAS HEALTH, INC.

Consolidating Schedule – Statement of Operations and Changes in Net Assets Information

Year ended December 31, 2021

(In thousands)

	Robert Wood Johnson University Hospital at Hamilton	Robert Wood Johnson University Hospital Rahway	Cooperman Barnabas Medical Center	Consolidating entries and eliminations	Total obligated group	Other entities	Consolidating entries and eliminations	Consolidated balance
Revenue:								
Patient service revenue	$ 190,923	119,043	1,002,602	—	5,449,952	627,922	—	6,077,874
CARES Act grant revenue	7,442	8,334	5,279	—	64,933	177	—	65,110
Other revenue, net	5,094	10,016	28,196	(970,163)	361,670	521,159	(399,290)	483,539
Total revenue	203,459	137,393	1,036,077	(970,163)	5,876,555	1,149,258	(399,290)	6,626,523
Expenses:								
Salaries and wages	76,511	55,536	288,449	—	2,199,383	269,408	—	2,468,791
Physician fees and salaries	16,420	13,732	103,386	—	588,529	401,943	(250,577)	739,895
Employee benefits	10,964	8,706	60,665	(313,198)	463,537	79,133	(36,759)	505,911
Supplies	43,236	21,917	223,387	—	1,126,049	97,839	(3,641)	1,220,247
Other	55,089	32,982	280,642	(656,030)	1,079,557	274,151	(106,155)	1,247,553
Interest	4,319	549	18,667	(935)	99,755	3,386	(2,158)	100,983
Depreciation and amortization	9,373	4,793	35,529	—	255,696	15,328	—	271,024
Total expenses	215,912	138,215	1,010,725	(970,163)	5,812,506	1,141,188	(399,290)	6,554,404
Income (loss) from operations	(12,453)	(822)	25,352	—	64,049	8,070	—	72,119
Nonoperating revenue (expenses), net:								
Investment income (loss), net	(7)	7	(299)	—	344,125	2,574	—	346,699
Other, net	—	(216)	(178)	—	(51)	(1,651)	—	(1,702)
Total nonoperating revenue (expenses), net	(7)	(209)	(477)	—	344,074	923	—	344,997
Excess (deficiency) of revenue over expenses	(12,460)	(1,031)	24,875	—	408,123	8,993	—	417,116
Pension changes other than net periodic benefit cost	—	—	—	—	471	—	—	471
Net assets released from restriction for purchases of property and equipment	—	176	5,767	—	19,494	—	—	19,494
Other, net	1,824	300	7,467	—	(154,935)	160,307	(942)	4,430
Total other changes in net assets	1,824	476	13,234	—	(134,970)	160,307	(942)	24,395
Increase (decrease) in net assets without donor restrictions	(10,636)	(555)	38,109	—	273,153	169,300	(942)	441,511
Change in net assets with donor restrictions	60	202	(2,898)	—	8,015	88,266	(8,671)	87,610
Net assets, beginning of year	70,504	69,598	1,101,614	(125,000)	4,782,395	206,407	(129,374)	4,859,428
Net assets, end of year	$ 59,928	69,245	1,136,825	(125,000)	5,063,563	463,973	(138,987)	5,388,549

See accompanying independent auditors' report.