



**RWJ BARNABAS HEALTH, INC.**

Consolidated Financial Statements and  
Supplementary Information

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

## RWJ BARNABAS HEALTH, INC.

### Table of Contents

	<b>Page</b>
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
<b>Supplementary Information</b>	
Consolidating Schedule – Balance Sheet Information	42
Consolidating Schedule – Statement of Operations and Changes in Net Assets Information	46



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, 2021 and 2020, 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, 2021 and 2020, and the results of its operations, the changes in its net assets, 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 available to be 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 consolidating financial statement 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  
April 27, 2022

**RWJ BARNABAS HEALTH, INC.**

Consolidated Balance Sheets

December 31, 2021 and 2020

(In thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 154,095	100,380
Short-term investments	755,551	578,074
Assets limited or restricted as to use	90,605	142,603
Patient accounts receivable	678,737	589,224
Estimated amounts due from third-party payors	107,097	31,022
Other current assets	374,803	238,624
Total current assets	2,160,888	1,679,927
Assets limited or restricted as to use, noncurrent portion	819,128	273,902
Investments	4,862,135	5,032,506
Property, plant, and equipment, net	2,910,166	2,563,409
Right-of-use assets	258,089	269,663
Other assets, net	667,089	457,500
Total assets	\$ 11,677,495	10,276,907
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 492,231	388,370
Accrued expenses and other current liabilities	1,116,185	949,233
Estimated amounts due to third-party payors	375,500	207,932
Long-term debt	38,468	9,224
Lease obligations	37,942	42,237
Self-insurance liabilities	100,562	82,931
Total current liabilities	2,160,888	1,679,927
Estimated amounts due to third-party payors, net of current portion	62,124	400,550
Self-insurance liabilities, net of current portion	324,618	265,940
Long-term debt, net of current portion	3,327,935	2,592,403
Lease obligations, net of current portion	234,433	237,046
Accrued pension liability	29,018	31,465
Other liabilities	149,930	210,148
Total liabilities	6,288,946	5,417,479
Net assets:		
Without donor restrictions	5,118,887	4,677,376
With donor restrictions	269,662	182,052
Total net assets	5,388,549	4,859,428
Total liabilities and net assets	\$ 11,677,495	10,276,907

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Operations

Years ended December 31, 2021 and 2020

(In thousands)

	<u>2021</u>	<u>2020</u>
Revenue:		
Patient service revenue	\$ 6,077,874	5,036,674
CARES Act grant revenue	65,110	570,657
Other revenue, net	<u>483,539</u>	<u>293,244</u>
Total revenue	<u>6,626,523</u>	<u>5,900,575</u>
Expenses:		
Salaries and wages	2,468,791	2,232,692
Physician fees and salaries	739,895	600,371
Employee benefits	505,911	446,884
Supplies	1,220,247	1,086,619
Other	1,247,553	1,068,852
Interest	100,983	101,203
Depreciation and amortization	<u>271,024</u>	<u>257,470</u>
Total expenses	<u>6,554,404</u>	<u>5,794,091</u>
Income from operations	<u>72,119</u>	<u>106,484</u>
Nonoperating revenue (expenses):		
Investment income, net	346,699	798,807
Other, net	<u>(1,702)</u>	<u>1,680</u>
Total nonoperating revenue, net	<u>344,997</u>	<u>800,487</u>
Excess of revenue over expenses	417,116	906,971
Other changes:		
Pension changes other than net periodic benefit cost	471	(11,282)
Net assets released from restriction for purchases of property and equipment	19,494	18,107
Other, net	<u>4,430</u>	<u>3,792</u>
Increase in net assets without donor restrictions	<u>\$ 441,511</u>	<u>917,588</u>

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2021 and 2020

(In thousands)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Net assets at December 31, 2019	\$ 3,759,788	173,036	3,932,824
Changes in net assets:			
Excess of revenue over expenses	906,971	—	906,971
Pension changes other than net periodic benefit cost	(11,282)	—	(11,282)
Change in interest in restricted net assets of unconsolidated foundation	—	(1,817)	(1,817)
Net assets released from restriction	18,107	(19,790)	(1,683)
Restricted contributions	—	30,321	30,321
Investment income on restricted investments, net	—	491	491
Other	3,792	(189)	3,603
Change in net assets	<u>917,588</u>	<u>9,016</u>	<u>926,604</u>
Net assets at December 31, 2020	<u>4,677,376</u>	<u>182,052</u>	<u>4,859,428</u>
Changes in net assets:			
Excess of revenue over expenses	417,116	—	417,116
Pension changes other than net periodic benefit cost	471	—	471
Change in interest in restricted net assets of unconsolidated foundation	—	(1,456)	(1,456)
Net assets released from restriction	19,494	(37,339)	(17,845)
Restricted contributions	—	127,042	127,042
Investment income on restricted investments, net	—	507	507
Other	4,430	(1,144)	3,286
Change in net assets	<u>441,511</u>	<u>87,610</u>	<u>529,121</u>
Net assets at December 31, 2021	\$ <u><u>5,118,887</u></u>	<u><u>269,662</u></u>	<u><u>5,388,549</u></u>

See accompanying notes to consolidated financial statements.

**RWJ BARNABAS HEALTH, INC.**

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

(In thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 529,121	926,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(471)	11,282
Depreciation and amortization expense	271,024	257,470
Amortization of bond financing costs, premiums, and discounts	(8,570)	(7,639)
Net change in unrealized losses (gains) on investments	11,113	(561,802)
Realized gains on investments	(279,307)	(157,599)
Unrealized gain on interest rate swaps	(1,636)	(4,509)
Equity in income of joint ventures	(84,396)	(50,967)
Distributions received from investments in joint ventures	63,419	43,154
Distributions to noncontrolling interests	358	—
Impairment of goodwill	—	9,314
(Gain) loss on sale of assets	(2,232)	677
Contributions restricted for long-term use	(16,756)	(14,544)
Loss on early extinguishment of debt, net	(702)	—
Changes in operating assets and liabilities:		
Patient accounts receivable	(89,513)	(35,758)
Reduction in the carrying amount in the right-of-use assets	57,877	61,438
Other assets	(221,892)	(38,852)
Accounts payable, accrued expenses, and other current liabilities	254,336	199,989
Estimated amounts due from and to third-party payors	(246,933)	535,673
Accrued pension liability	(1,976)	(1,371)
Lease obligation, self-insurance, and other long-term liabilities	(37,120)	(34,629)
Net cash provided by operating activities	<u>195,744</u>	<u>1,137,931</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(612,465)	(469,290)
Purchases of investments	(6,121,220)	(7,639,324)
Proceeds from the sale of investments	6,469,873	6,870,462
Investment in joint venture	(180,343)	(137,732)
Cash paid in acquisition	—	(1,020)
Proceeds from sale of assets	10,580	692
Net cash used in investing activities	<u>(433,575)</u>	<u>(1,376,212)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	870,301	—
Borrowings under letter of credit	—	20,000
Repayments of long-term debt	(90,466)	(10,943)
Repayments under letter of credit	—	(20,000)
Payments for deferred financing costs	(5,301)	—
Distributions to noncontrolling interests	(358)	—
Proceeds from contributions restricted for long-term use	16,756	14,544
Proceeds from conditional grants and contributions for long-term use	2,327	5,958
Net cash provided by financing activities	<u>793,259</u>	<u>9,559</u>
Net increase (decrease) in cash and cash equivalents	555,428	(228,722)
Cash, cash equivalents, and restricted cash at beginning of year	<u>121,565</u>	<u>350,287</u>
Cash, cash equivalents, and restricted cash at end of year	\$ <u>676,993</u>	\$ <u>121,565</u>
Cash and cash equivalents	\$ 154,095	100,380
Restricted cash included in assets limited or restricted as to use	<u>522,898</u>	<u>21,185</u>
Total cash, cash equivalents, and restricted cash	\$ <u>676,993</u>	\$ <u>121,565</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 95,360	93,978
Finance lease obligations incurred	2,739	1,169
Supplemental disclosures of noncash investing and financing activities:		
Change in noncash acquisitions of property, plant, and equipment	\$ 10,925	63,457

See accompanying notes to consolidated financial statements.



## **RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

### **(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 11 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, 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.

### **(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. Intercompany balances and transactions are eliminated in consolidation.

#### **(b) Recently Adopted Accounting Pronouncements**

The Corporation adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* for the year ended December 31, 2021. ASU 2018-14 modifies, adds and removes certain disclosure requirements for employers that sponsor defined benefit and other postretirement benefits and has been applied retrospectively.

#### **(c) 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

**(d) 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.

**(e) 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, 2021 and 2020 was as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Medicare	23 %	23 %
Medicaid	14	13
Blue Cross	20	20
Commercial and managed care	29	31
Self-pay patients and other	14	13
	<u>100 %</u>	<u>100 %</u>

**(f) 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 the 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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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, 2021 or 2020. 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, 2021 or 2020.

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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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, 2021 and 2020:

	<b>2021</b>		
	<b>Inpatient</b>	<b>Outpatient</b>	<b>Total</b>
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	<u>\$ 3,460,805</u>	<u>2,617,069</u>	<u>6,077,874</u>
	<b>2020</b>		
	<b>Inpatient</b>	<b>Outpatient</b>	<b>Total</b>
Medicare	\$ 1,122,101	538,394	1,660,495
Medicaid	499,744	363,005	862,749
Blue Cross	576,847	588,548	1,165,395
Commercial and managed care	596,208	458,167	1,054,375
Self-pay patients and other	124,020	109,064	233,084
State of New Jersey subsidy revenue	60,576	—	60,576
Total patient service revenue	<u>\$ 2,979,496</u>	<u>2,057,178</u>	<u>5,036,674</u>

(ii) *Other Revenue*

Other revenue includes income from grants, equity in the income of healthcare joint ventures, unrestricted contributions, net assets released from restriction for operations, cafeteria sales, and parking. Grant revenue and contributions of the Corporation are nonexchange transactions in

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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. 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.

#### **(g) Supplies**

Supplies are carried at the lower of cost, determined principally on an average cost basis, or net realizable value. Supplies, totaling \$123,840 and \$126,584, are included in other current assets in the consolidated balance sheets at December 31, 2021 and 2020, respectively.

#### **(h) 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 \$522,898 and \$21,185 as of December 31, 2021 and 2020, 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, 2021 includes the construction fund from the issuance of the Series 2021A bonds (note 10).

#### **(i) 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

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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.

#### **(j) 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.

#### **(k) 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.

#### **(l) 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

During 2021, the Corporation incurred \$5,301 of deferred financing costs related to the issuance of the tax-exempt Series 2021A bonds (note 10). No deferred financing costs were incurred during 2020. In connection with the refunding and refinancing that occurred during 2021, \$416 of unamortized deferred financing costs were written off and are included in nonoperating revenue (expenses) in the accompanying consolidated statement of operations.

***(m) 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.

***(n) Net Assets***

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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Without donor restrictions:		
Undesignated	\$ 5,118,887	4,677,376
With donor restrictions:		
Perpetual in nature	31,346	32,513
Purpose restricted	159,056	149,232
Time restricted	79,260	307
Net assets	<u>\$ 5,388,549</u>	<u>4,859,428</u>

**(o) Performance Indicator**

The consolidated statements of operations include a performance indicator, which is the excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from 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, net periodic benefit costs other than service costs, interest rate swap mark-to-market adjustments, gain on early extinguishment of debt, and other transactions, which are not considered to be components of the Corporation's ongoing activities, are excluded from income from operations and reported as nonoperating 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.

**(p) 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.



## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

Certain for-profit subsidiaries have federal net operating loss (NOL) carryforwards of approximately \$26,268 that expire through 2037 and State of New Jersey NOL carryforwards of approximately \$59,334 that also expire through 2041. Certain for-profit subsidiaries have federal NOL carryforwards of approximately \$32,512 that expire indefinitely. At December 31, 2021 and 2020, 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, 2021 and 2020.

#### **(q) 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).

#### **(r) 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.

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, 2021 or 2020.

#### **(s) 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. Intangible assets represent the acquisition of the Rutgers Health brand name (see note 16). 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. Included in other assets are goodwill and intangible assets of approximately \$7,000 and \$45,000, respectively, at both December 31, 2021 and 2020.

## RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

### (3) COVID-19 Pandemic and Government Funding

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The pandemic adversely affected the Corporation's results of operations during 2020 and continued to affect the Corporation's results during 2021. However, the Corporation experienced a gradual and steady recovery in volumes in 2021 as compared to 2020 despite the surges caused by the Delta and Omicron variants.

On March 27, 2020, the President signed into law the CARES Act, which provides economic assistance to a wide array of industries, including healthcare. 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). The U.S. Department of Health and Human Services (HHS) is expected to provide \$175,000,000 to assist healthcare providers in the recovery of lost revenues attributable to COVID-19 and healthcare-related expenses. Under the PRF, the Corporation has received approximately \$47,000 and \$636,000 for the years ended December 31, 2021 and 2020. These funds are considered a grant that is not subject to repayment, provided the Corporation maintains compliance with the related terms, conditions, and reporting requirements of the grant set forth by HHS. The compliance and reporting requirements, as issued and updated by HHS, may continue to evolve, which could impact the amounts recognized by the Corporation through this program. The Corporation has recognized approximately \$65,110 and \$570,657 as CARES Act grant revenue for the years ended December 31, 2021 and 2020. The remaining deferred payments may be recognized as operating revenue in future periods, subject to compliance with current rules and conditions and ongoing regulatory clarifications.

During the year ended December 31, 2020, 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 expected by August 2022. As of December 31, 2021, approximately \$207,000 has been recouped, with the balance of approximately \$349,000 recorded in the current portion of estimated amounts due to third party payors. As of December 31, 2020, approximately \$212,000 is recorded in current portion of estimated amounts due to third-party payors, with the balance of approximately \$344,000 recorded as long-term in the consolidated balance sheet.

The Corporation elected to defer the deposit and payment of the employer's share of Social Security taxes incurred from March 27, 2020 through December 31, 2021 as allowed under the CARES Act. The program requires payment of 50% of the deferred taxes by December 31, 2021 and 50% by December 31, 2022. As of December 31, 2020, the Corporation accumulated approximately \$88,000 of deferred employer payroll taxes that are recorded within accrued expenses and other current liabilities and other liabilities in the consolidated balance sheet. As of December 31, 2021, approximately \$46,000 of this amount was repaid, the balance of approximately \$42,000 is included in accrued expenses and other current liabilities.

During 2021, the Corporation applied for and received approval for the reimbursement of qualifying expenses under the Federal Emergency Management Agency (FEMA). For the year ended December 31, 2021, the Corporation recognized approximately \$94,000 of FEMA funds within other revenue in the consolidated statement of operations.

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

#### (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 and affiliates also provide other benefits through a broad range of community service programs and charitable activities. The amount of charity care, community service programs, and charitable activities, at estimated cost, provided to the indigent population and broader community for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Cost of charity care and community benefit programs:		
Estimated cost of charity care provided, less state subsidy funding	\$ 141,357	142,473
Unpaid cost of public programs, Medicaid, and other means – tested programs	434,505	413,925
Other programs:		
Cash and in-kind donations	\$ 2,934	3,528
Education and research	82,243	65,137
Subsidized departments	116,066	83,611
Other community benefits	12,224	21,213

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 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, 2021 and 2020, the Corporation's hospitals received distributions from the Charity Care Fund of \$19,934 and \$13,397, 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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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, 2021 and 2020, 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 \$16,915 and \$15,755 for the years ended December 31, 2021 and 2020, 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 2017 have been audited and settled. Medicaid cost reports for all years prior to 2019 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 2019. Settlement has been finalized through 2019. 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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.

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments and assets limited or restricted as to use:		
Cash and cash equivalents and money market funds	\$ 933,698	697,663
Government obligations/municipal bonds	340,876	453,014
Corporate bonds	1,196,208	1,179,987
Certificates of deposit	5,914	5,853
Mutual funds	1,859,288	1,882,570
Equity securities	540,805	408,568
Unit investment trusts	1,269	1,061
Asset-backed securities	377,889	417,747
Mortgage-backed securities	153,818	135,484
Alternative investments	983,930	800,096
Pledges receivable, net	119,167	31,400
Other investments	2,634	2,699
Accrued interest	11,923	10,943
	<u>11,923</u>	<u>10,943</u>
Total investments and assets limited or restricted as to use	\$ <u>6,527,419</u>	<u>6,027,085</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current portion:		
Investments	\$ 755,551	578,074
Assets limited or restricted as to use	90,605	142,603
Noncurrent assets limited or restricted as to use	819,128	273,902
Investments	<u>4,862,135</u>	<u>5,032,506</u>
	\$ <u>6,527,419</u>	<u>6,027,085</u>

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Investments	\$ 5,617,686	5,610,580
Self-insurance funds	24,802	25,108
Donor-restricted funds and pledges receivable, net	234,884	151,467
Funds held by bond trustees under bond indenture agreements	536,456	53,677
Internally designated funds for specific use	2,870	60,840
Other limited use funds	110,721	125,413
	<u>\$ 6,527,419</u>	<u>6,027,085</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Capital project funds	\$ 477,559	—
Interest funds	58,889	53,669
Principal funds	8	8
	<u>\$ 536,456</u>	<u>53,677</u>

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, 2021 and 2020, management believes that its investment positions are in accordance with guidelines established by the IPS.

## RWJ BARNABAS HEALTH, INC.

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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	
	2021	2020
Cash and cash equivalents	\$ 154,095	100,380
Short-term investments	755,551	578,074
Patient accounts receivable	678,737	589,224
Estimated amounts due from third party payors and other current assets	295,329	88,428
	<u>\$ 1,883,712</u>	<u>1,356,106</u>

Current financial assets not available for general use because of contractual or donor-imposed restrictions were \$90,605 and \$142,603 at December 31, 2021 and 2020, 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, 2021, the Corporation has unrestricted cash and investments on hand to cover 335 days of operating expenses. Day's cash on hand includes Medicare advances of approximately \$349,000 received as part of the CARES Act. 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 \$4,862,135 classified as long-term investments at December 31, 2021, 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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, 2021 and 2020:

	<b>December 31, 2021</b>				
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
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	<u>\$ 6,393,695</u>	<u>3,300,723</u>	<u>2,109,042</u>	<u>—</u>	<u>983,930</u>



**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

	<b>December 31, 2020</b>				
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Investment categories:					
Cash and cash equivalents and money market funds	\$ 697,663	697,663	—	—	—
Equity securities	408,568	408,568	—	—	—
Equity mutual funds	1,510,039	1,510,039	—	—	—
Fixed income mutual funds	372,531	372,531	—	—	—
Certificates of deposit	5,853	—	5,853	—	—
Unit investment trusts	1,061	1,061	—	—	—
Commercial mortgage-backed securities	135,484	—	135,484	—	—
Corporate bonds	1,179,987	—	1,179,987	—	—
Asset-backed securities	417,747	—	417,747	—	—
Government bonds	175,878	—	175,878	—	—
Government mortgage-backed securities	214,319	—	214,319	—	—
Municipal bonds	62,817	—	62,817	—	—
Alternative investments	800,096	—	—	—	800,096
Total	<u>\$ 5,982,043</u>	<u>2,989,862</u>	<u>2,192,085</u>	<u>—</u>	<u>800,096</u>

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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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.

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, 2021 and 2020:

<u>Description of investment</u>	<b>2021</b>			
	<u>Carrying value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice required</u>
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	—	—
	<u>\$ 983,930</u>	<u>169,199</u>		

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

<u>Description of investment</u>	<b>2020</b>			
	<u>Carrying value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice required</u>
Hedge funds	\$ 314,635	—	Monthly – annually	45–90 days written notice
Private equity	113,893	129,948	—	—
Real estate	192,826	21,094	Quarterly	90 days written notice
Other	<u>178,742</u>	<u>21,636</u>	—	—
	<u>\$ 800,096</u>	<u>172,678</u>		

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, 2021, the Corporation holds \$154,028 of investments in hedge funds, which are subject to a 50% withdrawal limitation on the invested balance per quarter. As of December 31, 2021, \$50,000 of the balance was subject to lock-up which expired on February 1, 2022. 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,

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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.

**(9) Property, Plant, and Equipment**

Property, plant, and equipment consist of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 167,565	155,987
Buildings and leasehold improvements	3,319,333	3,180,964
Fixed equipment	435,393	417,208
Major movable equipment	2,181,221	2,039,051
Real estate and equipment under finance leases	<u>55,502</u>	<u>52,919</u>
	6,159,014	5,846,129
Less accumulated depreciation and amortization (including accumulated amortization of real estate and equipment under finance leases of \$23,626 and \$19,822)	<u>3,858,717</u>	<u>3,632,227</u>
	2,300,297	2,213,902
Construction in progress	<u>609,869</u>	<u>349,507</u>
Property, plant, and equipment, net	<u>\$ 2,910,166</u>	<u>2,563,409</u>

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, 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. For the year ended December 31, 2021, approximately \$135,000 has been incurred related to this project.

As of December 31, 2021, the Corporation had committed approximately \$950,000 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).

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

**(10) Long-Term Debt**

Long-term debt consists of the following:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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%	\$ 751,845	—
RWJ Barnabas Health Obligated Group Issue, Series 2019A Serial Bonds maturing through July 1, 2029 with an interest rate of 5.00%	15,470	17,490
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%	7,438	7,829
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%	679,135	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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
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%	98,125	100,375
Barnabas Health Issue, Series 2012A serial bonds maturing through 2022 with an interest rate of 5.00%	9,000	90,250
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	3,136,218	2,470,284
Finance leases with various interest rates	32,166	33,982
Total long-term debt	3,168,384	2,504,266
Plus unamortized bond premium	218,751	114,557
Less:		
Unamortized bond discount	1,160	1,376
Deferred financing costs, net	19,572	15,820
Current portion	38,468	9,224
Long-term portion	\$ 3,327,935	2,592,403

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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., Robert Wood Johnson University Hospital (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 defeased bonds will be called for optional redemption on July 1, 2022 at a redemption price equal to 100% of the principal amount plus accrued interest. The principal amount of the remaining Series 2012A Bonds that was not defeased is \$9,000 and will be called for redemption on July 1, 2022 with accrued interest due on January 1, 2022 and July 1, 2022. The transaction resulted in a gain on extinguishment of debt of \$702 which is recorded in other, net within nonoperating 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 will be used to fund the construction of the Rutgers CINJ as well as various other capital projects. As of December 31, 2021, \$343,893 of the bond proceeds was reimbursed from the construction fund.

On March 25, 2020, April 7, 2020, and June 30, 2021 the Corporation 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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

the option to terminate the interest rate swap agreements on or before July 1, 2034. As of December 31, 2021 and 2020, the fair value of the interest rate swap agreements, net of a credit value adjustment of \$1,103 and \$739, was \$6,145 and \$4,509, respectively, and is included in other assets, net.

On March 31, 2021, 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% and a LIBOR spread at 0.55%. As of December 31, 2021, \$5,575 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 31, 2022 and was replaced with a \$50,000 secured revolving promissory note (New Note) with JPM expiring on March 31, 2023. The terms of the New 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 April 27, 2022, there were no borrowings outstanding.

Scheduled maturities on long-term debt and future minimum payments on finance lease obligations at December 31, 2021 are as follows:

	<u>Long-term debt</u>	<u>Finance leases</u>	<u>Total</u>
2022	\$ 34,240	5,239	39,479
2023	37,734	4,398	42,132
2024	45,686	3,741	49,427
2025	46,046	3,743	49,789
2026	132,596	3,755	136,351
Thereafter	<u>2,839,916</u>	<u>19,280</u>	<u>2,859,196</u>
Total	3,136,218	40,156	3,176,374
Plus unamortized bond premium	218,751	—	218,751
Less:			
Amount representing interest on finance lease obligations	—	7,990	7,990
Unamortized bond discount	1,160	—	1,160
Deferred financing costs, net	19,572	—	19,572
Current portion	<u>34,240</u>	<u>4,228</u>	<u>38,468</u>
Long-term portion	<u>\$ 3,299,997</u>	<u>27,938</u>	<u>3,327,935</u>

**(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



**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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.

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 restriction at December 31, 2021 and 2020 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of approximately \$2,431 and \$2,551, respectively, and unrecognized actuarial losses of approximately \$254,651 and \$255,002, 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 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:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Changes in benefit obligation:		
Benefit obligation at beginning of period	\$ 1,128,203	1,050,229
Interest cost	30,703	36,641
Actuarial (gains) losses	(19,011)	110,975
Benefits paid and expenses	<u>(67,603)</u>	<u>(69,642)</u>
Benefit obligation at end of year	<u>1,072,292</u>	<u>1,128,203</u>
Change in plan assets:		
Fair value of plan assets at beginning of period	1,096,738	1,028,675
Actual return on plan assets	9,739	133,505
Employer contributions	4,400	4,200
Benefits paid and expenses	<u>(67,603)</u>	<u>(69,642)</u>
Fair value of plan assets at end of year	<u>1,043,274</u>	<u>1,096,738</u>
Funded status – accrued pension liability	<u>\$ (29,018)</u>	<u>(31,465)</u>

The actuarial gain in 2021 resulted in an overall decrease in the December 31, 2021 projected benefit obligation of approximately \$19,011, which was primarily attributable to an increase in the discount rate assumption from 2020 to 2021.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

The actuarial loss in 2020 resulted in an overall increase in December 31, 2020 projected benefit obligation of approximately \$110,975, which was primarily attributable to a decrease in the discount rate assumption from 2019 to 2020.

During 2021 and 2020, the Society of Actuaries published updated mortality table MP-2021 and MP-2020. 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 and a decrease in the projected benefit obligation in the amount of \$5,100 at December 31, 2020.

The actuarially computed net periodic pension cost for the years ended December 31, 2021 and 2020 included the following components, which are included in other nonoperating revenue, net:

	<u>2021</u>	<u>2020</u>
Interest costs	\$ 30,703	36,641
Expected return on plan assets	(34,799)	(40,162)
Amortization of actuarial loss and prior service credit	<u>6,520</u>	<u>6,349</u>
Net periodic pension cost	<u>\$ 2,424</u>	<u>2,828</u>

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 2.82% and 3.59%, an expected long-term rate of return on plan assets of 3.30% and 4.05% and the weighted average interest crediting rate for cash balance plans was 2.25% and 2.30% for the years ended December 31, 2021 and 2020, respectively.

The weighted average assumption used in the accounting for the projected benefit obligation was a discount rate of 3.09% and 2.82% and the weighted average interest crediting rate for cash balance plans was 2.25% as of December 31, 2021 and 2020, respectively.

Expected benefit payments by year as of December 31, 2021 are as follows:

2022	\$ 72,912
2023	74,154
2024	74,824
2025	77,470
2026	78,845
2027–2031	328,699

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, 2021 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.

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

The following tables present the Corporation's fair value hierarchy for those pension plan assets measured at fair value as of December 31, 2021 and 2020. At December 31, 2021 or 2020, the Corporation held no Level 3 assets.

	<b>December 31, 2021</b>				
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
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
	<b>\$ 1,043,274</b>	<b>90,654</b>	<b>779,280</b>	<b>—</b>	<b>173,340</b>

	<b>December 31, 2020</b>				
	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>NAV</b>
Cash and cash equivalents	\$ 39,885	39,885	—	—	—
Corporate bonds	501,653	—	501,653	—	—
Government bonds	175,518	—	175,518	—	—
Bond funds	186,259	—	186,259	—	—
Bank loans	7,178	—	7,178	—	—
Other investments	14,208	—	14,208	—	—
Alternative investments	172,037	—	—	—	172,037
	<b>\$ 1,096,738</b>	<b>39,885</b>	<b>884,816</b>	<b>—</b>	<b>172,037</b>

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.

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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

<u>Description of investment</u>	<b>2020</b>			
	<u>Carrying value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice required</u>
Hedge fund	\$ 51,351	—	Semi-annually	90 days
Private equity	70,343	82,833	—	—
Other	50,343	—	—	—
	<u>\$ 172,037</u>	<u>82,833</u>		

The Corporation maintains multiple defined-contribution retirement plans for its employees. Benefit expense for these plans for the years ended December 31, 2021 and 2020 was \$84,392 and \$83,041, respectively. The Corporation also has several supplemental executive retirement plans for certain key individuals. The plans were funded during 2021 and 2020 based upon the benefit formula as outlined in the plan documents.

**(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, 2021 and 2020:

<u>Components of lease balances</u>	<u>Classification in consolidated balance sheets</u>	<u>2021</u>	<u>2020</u>
Assets:			
Operating lease assets	ROU asset	\$ 258,089	269,663
Finance lease assets	Property, plant, and equipment, net	31,876	33,097
Total leased assets		<u>\$ 289,965</u>	<u>302,760</u>
Liabilities:			
Operating lease liabilities:			
Current	Lease obligations	\$ 37,942	42,237
Long term	Lease obligations, net of current portion	234,433	237,046
Total operating lease liabilities		<u>272,375</u>	<u>279,283</u>
Finance lease liabilities:			
Current	Long-term debt	4,228	4,562
Long term	Long-term debt, net of current portion	27,938	29,420
Total finance lease liabilities		<u>32,166</u>	<u>33,982</u>
Total lease liabilities		<u>\$ 304,541</u>	<u>313,265</u>

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

Components of lease expense	Classification in consolidated statements of operations	2021	2020
Operating lease expense	Other operating expenses	\$ 56,249	59,531
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	3,804	1,165
Interest on lease liabilities	Interest	1,138	1,542
Total finance lease expense		4,942	2,707
Variable and short-term lease expense	Other operating expenses	15,347	14,933
Total lease expense		\$ <u>76,538</u>	<u>77,171</u>

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

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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 \$4,981 and \$5,719 for the years ended December 31, 2021 and 2020, respectively.

The weighted average lease terms and discount rates for operating and finance leases at December 31, 2021 and 2020 are presented in the following table:

	<u>2021</u>	<u>2020</u>
Weighted average remaining lease term:		
Operating leases	10.2 years	9.7 years
Finance leases	10.5 years	11.2 years
Weighted average discount rate:		
Operating leases	3.40 %	3.55 %
Finance leases	3.96	3.97

Cash flow and other information related to leases is included in the following table for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 53,097	56,502
Operating cash inflows from operating leases	1,647	1,907
Operating cash outflows from finance leases	1,138	1,542
Financing cash outflows from finance leases	4,555	5,552
ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ 19,459	89,147
Finance leases	2,739	1,169

**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

Future maturities of lease liabilities at December 31, 2021 are presented in the following table:

	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2022	\$ 42,214	5,239	47,453
2023	32,788	4,398	37,186
2024	28,190	3,741	31,931
2025	26,118	3,743	29,861
2026	23,654	3,755	27,409
Thereafter	<u>153,899</u>	<u>19,280</u>	<u>173,179</u>
Total lease payments	306,863	40,156	347,019
Less imputed interest	<u>34,488</u>	<u>7,990</u>	<u>42,478</u>
Total lease obligations	272,375	32,166	304,541
Less current obligations	<u>37,942</u>	<u>4,228</u>	<u>42,170</u>
Long-term lease obligations	<u>\$ 234,433</u>	<u>27,938</u>	<u>262,371</u>

**(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.

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

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, 2021 and 2020, total liabilities, which include tail coverage, were \$334,286 and \$269,601, 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 \$354,586 and \$287,986 as of December 31, 2021 and 2020, respectively. The liabilities also include \$38,765 and \$21,197 of claims at December 31, 2021 and 2020, 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, 2021 and 2020, 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 \$59,812 and \$55,405, respectively. The liabilities also include \$10,616 and \$11,072 of claims as of December 31, 2021 and 2020, 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 \$5,400 (note 10).

#### **(c) Employee Health Insurance**

The Corporation maintains self-insured employee health benefit programs to provide coverage for its employees. At December 31, 2021 and 2020, 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 \$31,083 and \$23,865, 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.



**RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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, 2021, the Corporation has incurred approximately \$323,000 in capital and operating costs and anticipates spending an additional \$427,000 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, 2021 and 2020, of which 12% 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, 2021 and 2020:

	<b>2021</b>		
	<b>Healthcare services</b>	<b>General and administrative</b>	<b>Total</b>
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	<u>\$ 5,703,474</u>	<u>850,930</u>	<u>6,554,404</u>

	<b>2020</b>		
	<b>Healthcare services</b>	<b>General and administrative</b>	<b>Total</b>
Salaries and wages	\$ 1,907,440	325,252	2,232,692
Physician fees and salaries	540,334	60,037	600,371
Employee benefits	379,852	67,032	446,884
Supplies	1,085,520	1,099	1,086,619
Other	797,990	270,862	1,068,852
Interest	86,451	14,752	101,203
Depreciation and amortization	218,074	39,396	257,470
Total	<u>\$ 5,015,661</u>	<u>778,430</u>	<u>5,794,091</u>

## **RWJ BARNABAS HEALTH, INC.**

### Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

#### **(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 53% 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, 2021 and 2020 includes net operating revenue of \$854,785 and \$554,891, net income of \$231,400 and \$136,987, and net income attributable to the Corporation of \$84,396 and \$50,967, respectively. For the year ended December 31, 2021, the Corporation invested capital of \$180,343 in joint ventures, of which \$152,005 of the investment related to joint ventures formed during 2021.

Total investments in joint ventures amounted to \$521,268 and \$319,948 at December 31, 2021 and 2020, 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 to partner and create the state's largest academic healthcare system with the goal of integrating medical education, advanced research, and healthcare delivery to produce world class clinical services and outcomes.

The Corporation, Rutgers, and RHG are separate and distinct legal entities. 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. A Joint Committee was established for strategic planning and oversight featuring equal representation from the Corporation and Rutgers. The Corporation and Rutgers have continued to execute 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) effective July 1, 2020 and July 1, 2021, respectively. Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation will be responsible for the operations of the clinical practices and related financial results. This includes 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.

The MAA required the Corporation to invest \$100,000 through June 30, 2019 of which \$45,000 was capitalized for the right to use the Rutgers Health brand name. In addition, more than \$1,000,000 over 20 years will be invested to expand the education and research mission of the integrated academic health system. During the years ended December 31, 2021 and 2020, the Corporation made payments to Rutgers in the amounts of \$60,963 and \$43,834, respectively, related to the MAA. As of December 31, 2021 and 2020, the Corporation owed Rutgers \$92,404 and \$58,808, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other liabilities in the consolidated balance sheets.

## **RWJ BARNABAS HEALTH, INC.**

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(In thousands)

### **(17) Potential Affiliations**

The Corporation and Saint Peter's Healthcare System (SPHCS) entered into a Definitive Agreement on September 10, 2020 to integrate the two healthcare systems. Under the terms of the Definitive Agreement, SPHCS, headquartered in New Brunswick, New Jersey, with its flagship hospital, Saint Peter's University Hospital, a 478-bed acute care teaching hospital and acute care children's hospital, will remain as a full-service provider of acute healthcare services, and would continue its mission and identity as a Catholic hospital in adherence with the standards of care stated in the Ethical and Religious Directives for Catholic Health Care Services. The Corporation has committed to making significant strategic capital investments in facilities, technology and innovation to enhance and expand clinical services provided at SPHCS.

Approvals will be necessary from state and federal officials, and others, before any of the transactions are considered complete. It is not currently possible to determine if, or when, the transactions will be completed.

### **(18) Subsequent Events**

The Corporation, Trinitas Regional Medical Center (Trinitas) and Trinitas Health (TH) closed on their affiliation transaction, effective January 1, 2022, 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.

On January 27, 2022, in connection with the Definitive Agreement, the Corporation legally defeased all of the outstanding New Jersey Health Care Facilities Financing Authority Refunding and Revenue Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2016A and all of the outstanding New Jersey Health Care Facilities Financing Authority Refunding Bonds, Trinitas Regional Medical Center Obligated Issue, Series 2017A. The total payment for the defeased bonds was \$72,252.

Management evaluated all events occurring subsequent to December 31, 2021 and through April 27, 2022, 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, 2021

(In thousands)

<b>Assets</b>	<b>Barnabas Health, Inc.</b>	<b>Children's Specialized Hospital</b>	<b>Clara Maass Medical Center</b>	<b>Community Medical Center</b>	<b>Jersey City Medical Center</b>	<b>Monmouth Medical Center</b>	<b>Newark Beth Israel Medical Center</b>	<b>Robert Wood Johnson University Hospital</b>
<b>Current assets:</b>								
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
<b>Total current assets</b>	<b>1,216,014</b>	<b>114,726</b>	<b>148,122</b>	<b>455,518</b>	<b>220,526</b>	<b>739,876</b>	<b>532,954</b>	<b>1,702,049</b>
<b>Assets limited or restricted as to use, noncurrent portion</b>	<b>514,776</b>	<b>3,576</b>	<b>2,864</b>	<b>2,873</b>	<b>2,142</b>	<b>5,658</b>	<b>31,856</b>	<b>12,766</b>
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
<b>Total assets</b>	<b>\$ 7,402,610</b>	<b>243,316</b>	<b>278,447</b>	<b>663,848</b>	<b>616,588</b>	<b>940,961</b>	<b>729,351</b>	<b>2,683,088</b>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities:</b>								
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	—	—	—	—	—	—	—
<b>Total current liabilities</b>	<b>5,229,964</b>	<b>24,236</b>	<b>73,050</b>	<b>111,920</b>	<b>102,344</b>	<b>315,805</b>	<b>168,934</b>	<b>476,496</b>
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	—	—	—	—	—	—
<b>Total liabilities</b>	<b>5,776,390</b>	<b>91,542</b>	<b>233,317</b>	<b>269,642</b>	<b>477,352</b>	<b>569,481</b>	<b>538,048</b>	<b>1,679,872</b>
<b>Net assets</b>	<b>1,626,220</b>	<b>151,774</b>	<b>45,130</b>	<b>394,206</b>	<b>139,236</b>	<b>371,480</b>	<b>191,303</b>	<b>1,003,216</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,402,610</b>	<b>243,316</b>	<b>278,447</b>	<b>663,848</b>	<b>616,588</b>	<b>940,961</b>	<b>729,351</b>	<b>2,683,088</b>

**RWJ BARNABAS HEALTH, INC.**

Consolidating Schedule – Balance Sheet Information

December 31, 2021

(In thousands)

<b>Assets</b>	<b>Robert Wood Johnson University Hospital at Hamilton</b>	<b>Robert Wood Johnson University Hospital Rahway</b>	<b>Cooperman Barnabas Medical Center</b>	<b>Consolidating entries and eliminations</b>	<b>Total obligated group</b>	<b>Other entities</b>	<b>Consolidating entries and eliminations</b>	<b>Consolidated balance</b>
<b>Current assets:</b>								
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
<b>Total current assets</b>	<b>136,198</b>	<b>97,601</b>	<b>1,445,093</b>	<b>(4,659,925)</b>	<b>2,148,752</b>	<b>872,785</b>	<b>(860,649)</b>	<b>2,160,888</b>
<b>Assets limited or restricted as to use, noncurrent portion</b>								
Investments	2,249	1,214	31,703	—	611,677	207,451	—	819,128
Property, plant, and equipment, net	139	27	2,387	—	4,789,520	33,048	39,567	4,862,135
Right-of-use assets	86,978	29,929	380,482	—	2,755,902	154,264	—	2,910,166
Due from affiliates	5,092	411	12,005	—	182,579	75,510	—	258,089
Other assets, net	—	—	—	(19,051)	—	14,813	(14,813)	—
	2,869	902	5,841	(127,587)	504,336	312,418	(149,665)	667,089
<b>Total assets</b>	<b>\$ 233,525</b>	<b>130,084</b>	<b>1,877,511</b>	<b>(4,806,563)</b>	<b>10,992,766</b>	<b>1,670,289</b>	<b>(985,560)</b>	<b>11,677,495</b>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities:</b>								
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
<b>Total current liabilities</b>	<b>46,573</b>	<b>36,521</b>	<b>222,834</b>	<b>(4,659,925)</b>	<b>2,148,752</b>	<b>833,217</b>	<b>(821,081)</b>	<b>2,160,888</b>
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)	—
<b>Total liabilities</b>	<b>173,597</b>	<b>60,839</b>	<b>740,686</b>	<b>(4,681,563)</b>	<b>5,929,203</b>	<b>1,206,316</b>	<b>(846,573)</b>	<b>6,288,946</b>
<b>Net assets</b>	<b>59,928</b>	<b>69,245</b>	<b>1,136,825</b>	<b>(125,000)</b>	<b>5,063,563</b>	<b>463,973</b>	<b>(138,987)</b>	<b>5,388,549</b>
<b>Total liabilities and net assets</b>	<b>\$ 233,525</b>	<b>130,084</b>	<b>1,877,511</b>	<b>(4,806,563)</b>	<b>10,992,766</b>	<b>1,670,289</b>	<b>(985,560)</b>	<b>11,677,495</b>

See accompanying independent auditors' report.

**RWJ BARNABAS HEALTH, INC.**

Consolidating Schedule – Balance Sheet Information

December 31, 2020

(In thousands)

<b>Assets</b>	<b>Barnabas Health, Inc.</b>	<b>Children's Specialized Hospital</b>	<b>Clara Maass Medical Center</b>	<b>Community Medical Center</b>	<b>Jersey City Medical Center</b>	<b>Monmouth Medical Center</b>	<b>Newark Beth Israel Medical Center</b>	<b>Robert Wood Johnson University Hospital</b>
<b>Current assets:</b>								
Cash and cash equivalents	\$ 179,957	985	6	10	16	25	630	2,048
Short-term investments	578,074	—	—	—	—	—	—	—
Assets limited or restricted as to use	49,590	10	—	—	63	—	—	5,565
Patient accounts receivable	—	11,454	29,217	41,229	39,564	52,988	60,979	168,462
Due from affiliates	66,556	84,449	152,693	412,830	118,646	654,549	364,323	975,806
Estimated amounts due from third-party payors	—	117	2,401	73	5,899	9,307	8,372	4,534
Other current assets	66,221	8,430	7,890	11,180	13,413	19,136	26,897	39,901
<b>Total current assets</b>	<b>940,398</b>	<b>105,445</b>	<b>192,207</b>	<b>465,322</b>	<b>177,601</b>	<b>736,005</b>	<b>461,201</b>	<b>1,196,316</b>
<b>Assets limited or restricted as to use, noncurrent portion</b>	<b>28,445</b>	<b>3,916</b>	<b>2,293</b>	<b>2,495</b>	<b>1,523</b>	<b>7,106</b>	<b>30,160</b>	<b>13,571</b>
Investments	4,997,108	—	—	—	—	—	1,171	(327)
Property, plant, and equipment, net	276,467	74,664	129,143	164,142	312,631	132,233	133,945	696,388
Right-of-use assets	56,058	7,187	904	11,579	38,051	4,143	4,368	50,366
Due from affiliates	—	—	—	—	—	—	—	—
Other assets, net	411,125	26,176	1,184	9,507	5,255	51,673	132	61,009
<b>Total assets</b>	<b>\$ 6,709,601</b>	<b>217,388</b>	<b>325,731</b>	<b>653,045</b>	<b>535,061</b>	<b>931,160</b>	<b>630,977</b>	<b>2,017,323</b>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 83,667	5,176	18,078	16,998	21,597	25,023	24,947	81,054
Accrued expenses and other current liabilities	212,574	14,768	68,573	34,552	53,122	54,571	81,796	183,657
Estimated amounts due to third-party payors	89	—	10,644	31,398	8,343	19,427	19,639	59,118
Long-term debt	194	1,134	754	220	206	390	379	2,884
Lease obligations	3,450	1,783	649	1,971	5,889	1,209	1,294	6,797
Due to affiliates	4,333,419	—	5	19	128	161,724	59	503
Self-insurance liabilities	33,579	—	—	—	—	—	—	—
<b>Total current liabilities</b>	<b>4,666,972</b>	<b>22,861</b>	<b>98,703</b>	<b>85,158</b>	<b>89,285</b>	<b>262,344</b>	<b>128,114</b>	<b>334,013</b>
Estimated amounts due to third-party payors, net of current portion	—	—	20,360	56,585	27,351	42,556	45,490	114,241
Self-insurance liabilities, net of current portion	100,195	—	—	—	—	—	—	—
Long-term debt, less current portion	306,791	41,756	160,445	101,583	224,447	249,222	238,529	612,455
Lease obligations, less current portion	50,925	5,566	258	9,575	32,550	2,929	3,241	44,185
Accrued pension liability	31,465	—	—	—	—	—	—	—
Other liabilities	56,443	3,948	4,869	5,792	7,525	11,283	28,602	25,995
Due to affiliates	—	—	—	—	—	—	—	—
<b>Total liabilities</b>	<b>5,212,791</b>	<b>74,131</b>	<b>284,635</b>	<b>258,693</b>	<b>381,158</b>	<b>568,334</b>	<b>443,976</b>	<b>1,130,889</b>
<b>Net assets</b>	<b>1,496,810</b>	<b>143,257</b>	<b>41,096</b>	<b>394,352</b>	<b>153,903</b>	<b>362,826</b>	<b>187,001</b>	<b>886,434</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,709,601</b>	<b>217,388</b>	<b>325,731</b>	<b>653,045</b>	<b>535,061</b>	<b>931,160</b>	<b>630,977</b>	<b>2,017,323</b>

**RWJ BARNABAS HEALTH, INC.**

Consolidating Schedule – Balance Sheet Information

December 31, 2020

(In thousands)

<b>Assets</b>	<b>Robert Wood Johnson University Hospital at Hamilton</b>	<b>Robert Wood Johnson University Hospital Rahway</b>	<b>Cooperman Barnabas Medical Center</b>	<b>Consolidating entries and eliminations</b>	<b>Total obligated group</b>	<b>Other entities</b>	<b>Consolidating entries and eliminations</b>	<b>Consolidated balance</b>
<b>Current assets:</b>								
Cash and cash equivalents	\$ 66	1,455	129	—	185,327	(84,947)	—	100,380
Short-term investments	—	—	—	—	578,074	—	—	578,074
Assets limited or restricted as to use	161	215	—	—	55,604	86,999	—	142,603
Patient accounts receivable	15,473	11,881	96,206	—	527,453	61,771	—	589,224
Due from affiliates	126,229	77,211	1,272,685	(4,257,006)	48,971	594,283	(643,254)	—
Estimated amounts due from third-party payors	247	—	72	—	31,022	—	—	31,022
Other current assets	5,794	3,856	21,630	—	224,348	42,983	(28,707)	238,624
Total current assets	147,970	94,618	1,390,722	(4,257,006)	1,650,799	701,089	(671,961)	1,679,927
<b>Assets limited or restricted as to use, noncurrent portion</b>								
Investments	1,884	965	31,192	—	123,550	150,352	—	273,902
Property, plant, and equipment, net	156	18	3,194	—	5,001,320	31,186	—	5,032,506
Right-of-use assets	90,008	32,945	385,628	—	2,428,194	135,215	—	2,563,409
Due from affiliates	5,899	762	12,151	—	191,468	78,195	—	269,663
Other assets, net	—	—	—	—	—	19,813	(19,813)	—
Other assets, net	2,809	863	5,788	(127,650)	447,871	152,646	(143,017)	457,500
Total assets	\$ 248,726	130,171	1,828,675	(4,384,656)	9,843,202	1,268,496	(834,791)	10,276,907
<b>Liabilities and Net Assets</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 12,333	11,986	46,958	—	347,817	40,553	—	388,370
Accrued expenses and other current liabilities	11,687	11,749	76,664	—	803,713	169,038	(23,518)	949,233
Estimated amounts due to third-party payors	8,173	4,526	31,825	—	193,182	14,750	—	207,932
Long-term debt	1,303	74	5,333	—	12,871	239	(3,886)	9,224
Lease obligations	831	352	2,543	—	26,768	15,469	—	42,237
Due to affiliates	22	19	614	(4,257,006)	239,506	403,748	(643,254)	—
Self-insurance liabilities	—	—	—	—	33,579	49,352	—	82,931
Total current liabilities	34,349	28,706	163,937	(4,257,006)	1,657,436	693,149	(670,658)	1,679,927
Estimated amounts due to third-party payors, net of current portion	14,147	16,083	63,225	—	400,038	512	—	400,550
Self-insurance liabilities, net of current portion	—	—	—	—	100,195	165,745	—	265,940
Long-term debt, net of current portion	120,995	13,841	455,012	—	2,525,076	82,273	(14,946)	2,592,403
Lease obligations, less current portion	5,027	413	9,922	—	164,591	72,455	—	237,046
Accrued pension liability	—	—	—	—	31,465	—	—	31,465
Other liabilities	3,704	1,530	15,152	(2,650)	162,193	47,955	—	210,148
Due to affiliates	—	—	19,813	—	19,813	—	(19,813)	—
Total liabilities	178,222	60,573	727,061	(4,259,656)	5,060,807	1,062,089	(705,417)	5,417,479
Net assets	70,504	69,598	1,101,614	(125,000)	4,782,395	206,407	(129,374)	4,859,428
Total liabilities and net assets	\$ 248,726	130,171	1,828,675	(4,384,656)	9,843,202	1,268,496	(834,791)	10,276,907

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)

	<b>Barnabas Health, Inc.</b>	<b>Children's Specialized Hospital</b>	<b>Clara Maass Medical Center</b>	<b>Community Medical Center</b>	<b>Jersey City Medical Center</b>	<b>Monmouth Medical Center</b>	<b>Newark Beth Israel Medical Center</b>	<b>Robert Wood Johnson University Hospital</b>
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	<u>1,047,141</u>	<u>169,848</u>	<u>347,114</u>	<u>459,319</u>	<u>444,940</u>	<u>600,000</u>	<u>693,387</u>	<u>1,708,040</u>
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	<u>1,005,399</u>	<u>164,441</u>	<u>343,974</u>	<u>463,561</u>	<u>460,512</u>	<u>604,542</u>	<u>690,517</u>	<u>1,684,871</u>
Income (loss) from operations	<u>41,742</u>	<u>5,407</u>	<u>3,140</u>	<u>(4,242)</u>	<u>(15,572)</u>	<u>(4,542)</u>	<u>2,870</u>	<u>23,169</u>
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	<u>345,392</u>	<u>—</u>	<u>(108)</u>	<u>(345)</u>	<u>(194)</u>	<u>(155)</u>	<u>(392)</u>	<u>569</u>
Excess (deficiency) of revenue over expenses	<u>387,134</u>	<u>5,407</u>	<u>3,032</u>	<u>(4,587)</u>	<u>(15,766)</u>	<u>(4,697)</u>	<u>2,478</u>	<u>23,738</u>
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	<u>(257,724)</u>	<u>657</u>	<u>791</u>	<u>1,437</u>	<u>1,259</u>	<u>5,492</u>	<u>2,030</u>	<u>95,554</u>
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	\$ <u>1,626,220</u>	<u>151,774</u>	<u>45,130</u>	<u>394,206</u>	<u>139,236</u>	<u>371,480</u>	<u>191,303</u>	<u>1,003,216</u>



**RWJ BARNABAS HEALTH, INC.**

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

Year ended December 31, 2021

(In thousands)

	<b>Robert Wood Johnson University Hospital at Hamilton</b>	<b>Robert Wood Johnson University Hospital Rahway</b>	<b>Cooperman Barnabas Medical Center</b>	<b>Consolidating entries and eliminations</b>	<b>Total obligated group</b>	<b>Other entities</b>	<b>Consolidating entries and eliminations</b>	<b>Consolidated balance</b>
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	<u>203,459</u>	<u>137,393</u>	<u>1,036,077</u>	<u>(970,163)</u>	<u>5,876,555</u>	<u>1,149,258</u>	<u>(399,290)</u>	<u>6,626,523</u>
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	<u>215,912</u>	<u>138,215</u>	<u>1,010,725</u>	<u>(970,163)</u>	<u>5,812,506</u>	<u>1,141,188</u>	<u>(399,290)</u>	<u>6,554,404</u>
Income (loss) from operations	<u>(12,453)</u>	<u>(822)</u>	<u>25,352</u>	<u>—</u>	<u>64,049</u>	<u>8,070</u>	<u>—</u>	<u>72,119</u>
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	<u>(7)</u>	<u>(209)</u>	<u>(477)</u>	<u>—</u>	<u>344,074</u>	<u>923</u>	<u>—</u>	<u>344,997</u>
Excess (deficiency) of revenue over expenses	<u>(12,460)</u>	<u>(1,031)</u>	<u>24,875</u>	<u>—</u>	<u>408,123</u>	<u>8,993</u>	<u>—</u>	<u>417,116</u>
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	<u>1,824</u>	<u>476</u>	<u>13,234</u>	<u>—</u>	<u>(134,970)</u>	<u>160,307</u>	<u>(942)</u>	<u>24,395</u>
Increase (decrease) in net assets without donor restrictions	<u>(10,636)</u>	<u>(555)</u>	<u>38,109</u>	<u>—</u>	<u>273,153</u>	<u>169,300</u>	<u>(942)</u>	<u>441,511</u>
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	\$ <u>59,928</u>	<u>69,245</u>	<u>1,136,825</u>	<u>(125,000)</u>	<u>5,063,563</u>	<u>463,973</u>	<u>(138,987)</u>	<u>5,388,549</u>

See accompanying independent auditors' report.

**RWJ BARNABAS HEALTH, INC.**

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

Year ended December 31, 2020

(In thousands)

	<b>Barnabas Health, Inc.</b>	<b>Children's Specialized Hospital</b>	<b>Clara Maass Medical Center</b>	<b>Community Medical Center</b>	<b>Jersey City Medical Center</b>	<b>Monmouth Medical Center</b>	<b>Newark Beth Israel Medical Center</b>	<b>Robert Wood Johnson University Hospital</b>
<b>Revenue:</b>								
Patient service revenue	\$ 125	135,790	260,943	365,628	344,108	497,914	522,707	1,368,296
CARES Act grant revenue	—	5,418	20,356	44,769	50,754	57,538	81,444	131,860
Other revenue, net	944,000	18,670	5,388	2,541	18,699	17,598	39,608	44,986
Total revenue	<u>944,125</u>	<u>159,878</u>	<u>286,687</u>	<u>412,938</u>	<u>413,561</u>	<u>573,050</u>	<u>643,759</u>	<u>1,545,142</u>
<b>Expenses:</b>								
Salaries and wages	208,449	82,549	125,784	147,698	151,426	200,753	213,189	525,868
Physician fees and salaries	22,661	10,792	21,368	27,474	54,753	55,013	87,262	152,217
Employee benefits	324,625	19,057	26,711	30,037	30,935	36,707	59,012	85,132
Supplies	3,304	5,135	46,891	77,031	63,132	98,518	104,384	335,146
Other	318,515	26,557	74,649	106,754	90,295	135,188	143,257	312,753
Interest	11,676	1,617	6,218	3,820	9,451	9,497	9,062	25,232
Depreciation and amortization	29,315	6,936	13,404	15,308	20,668	20,967	17,242	71,942
Total expenses	<u>918,545</u>	<u>152,643</u>	<u>315,025</u>	<u>408,122</u>	<u>420,660</u>	<u>556,643</u>	<u>633,408</u>	<u>1,508,290</u>
Income (loss) from operations	<u>25,580</u>	<u>7,235</u>	<u>(28,338)</u>	<u>4,816</u>	<u>(7,099)</u>	<u>16,407</u>	<u>10,351</u>	<u>36,852</u>
<b>Nonoperating revenue (expenses), net:</b>								
Investment income (loss), net	793,683	—	—	—	—	—	16	(6)
Other, net	4,253	—	(203)	(436)	(226)	(354)	(454)	(207)
Total nonoperating revenue (expenses), net	<u>797,936</u>	<u>—</u>	<u>(203)</u>	<u>(436)</u>	<u>(226)</u>	<u>(354)</u>	<u>(438)</u>	<u>(213)</u>
Excess (deficiency) of revenue over expenses	<u>823,516</u>	<u>7,235</u>	<u>(28,541)</u>	<u>4,380</u>	<u>(7,325)</u>	<u>16,053</u>	<u>9,913</u>	<u>36,639</u>
Pension changes other than net periodic benefit cost	(11,282)	—	—	—	—	—	—	—
Net assets released from restriction for purchases of property and equipment	—	1,493	780	2,191	936	1,246	1,754	5,046
Net assets transferred	9,668	—	—	—	—	—	—	—
Other, net	(56,963)	(230)	(172)	1,657	19,043	1,420	2,419	13,988
Total other changes in net assets	<u>(58,577)</u>	<u>1,263</u>	<u>608</u>	<u>3,848</u>	<u>19,979</u>	<u>2,666</u>	<u>4,173</u>	<u>19,034</u>
Increase (decrease) in net assets without donor restrictions	764,939	8,498	(27,933)	8,228	12,654	18,719	14,086	55,673
Change in net assets with donor restrictions	—	5,264	115	(214)	2,634	4,895	(1,362)	(6,114)
Net assets, beginning of year	731,871	129,495	68,914	386,338	138,615	339,212	174,277	836,875
Net assets, end of year	\$ <u>1,496,810</u>	<u>143,257</u>	<u>41,096</u>	<u>394,352</u>	<u>153,903</u>	<u>362,826</u>	<u>187,001</u>	<u>886,434</u>

**RWJ BARNABAS HEALTH, INC.**

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

Year ended December 31, 2020

(In thousands)

	<b>Robert Wood Johnson University Hospital at Hamilton</b>	<b>Robert Wood Johnson University Hospital Rahway</b>	<b>Cooperman Barnabas Medical Center</b>	<b>Consolidating entries and eliminations</b>	<b>Total obligated group</b>	<b>Other entities</b>	<b>Consolidating entries and eliminations</b>	<b>Consolidated balance</b>
Revenue:								
Patient service revenue	\$ 175,818	94,815	858,955	—	4,625,099	411,575	—	5,036,674
CARES Act grant revenue	24,016	21,678	82,618	—	520,451	50,206	—	570,657
Other revenue, net	1,184	6,136	13,581	(864,201)	248,190	306,850	(261,796)	293,244
Total revenue	<u>201,018</u>	<u>122,629</u>	<u>955,154</u>	<u>(864,201)</u>	<u>5,393,740</u>	<u>768,631</u>	<u>(261,796)</u>	<u>5,900,575</u>
Expenses:								
Salaries and wages	72,397	48,633	265,147	—	2,041,893	190,799	—	2,232,692
Physician fees and salaries	13,561	10,698	88,932	—	544,731	222,297	(166,657)	600,371
Employee benefits	11,478	8,678	55,194	(273,285)	414,281	56,175	(23,572)	446,884
Supplies	43,012	19,076	199,511	—	995,140	97,520	(6,041)	1,086,619
Other	50,283	30,042	239,481	(590,916)	936,858	195,354	(63,360)	1,068,852
Interest	4,355	531	18,737	—	100,196	3,173	(2,166)	101,203
Depreciation and amortization	9,260	4,722	34,412	—	244,176	13,294	—	257,470
Total expenses	<u>204,346</u>	<u>122,380</u>	<u>901,414</u>	<u>(864,201)</u>	<u>5,277,275</u>	<u>778,612</u>	<u>(261,796)</u>	<u>5,794,091</u>
Income (loss) from operations	<u>(3,328)</u>	<u>249</u>	<u>53,740</u>	<u>—</u>	<u>116,465</u>	<u>(9,981)</u>	<u>—</u>	<u>106,484</u>
Nonoperating revenue (expenses), net:								
Investment income (loss), net	(26)	4	50	—	793,721	5,086	—	798,807
Other, net	—	(252)	(399)	—	1,722	(42)	—	1,680
Total nonoperating revenue (expenses), net	<u>(26)</u>	<u>(248)</u>	<u>(349)</u>	<u>—</u>	<u>795,443</u>	<u>5,044</u>	<u>—</u>	<u>800,487</u>
Excess (deficiency) of revenue over expenses	<u>(3,354)</u>	<u>1</u>	<u>53,391</u>	<u>—</u>	<u>911,908</u>	<u>(4,937)</u>	<u>—</u>	<u>906,971</u>
Pension changes other than net periodic benefit cost	—	—	—	—	(11,282)	—	—	(11,282)
Net assets released from restriction for purchases of property and equipment	—	76	4,585	—	18,107	—	—	18,107
Net assets transferred	—	—	—	—	9,668	(9,668)	—	—
Other, net	1,779	1,547	1,692	—	(13,820)	15,815	1,797	3,792
Total other changes in net assets	<u>1,779</u>	<u>1,623</u>	<u>6,277</u>	<u>—</u>	<u>2,673</u>	<u>6,147</u>	<u>1,797</u>	<u>10,617</u>
Increase (decrease) in net assets without donor restrictions	<u>(1,575)</u>	<u>1,624</u>	<u>59,668</u>	<u>—</u>	<u>914,581</u>	<u>1,210</u>	<u>1,797</u>	<u>917,588</u>
Change in net assets with donor restrictions	431	(21)	3,865	—	9,493	(6,395)	5,918	9,016
Net assets, beginning of year	71,648	67,995	1,038,081	(125,000)	3,858,321	211,592	(137,089)	3,932,824
Net assets, end of year	\$ <u>70,504</u>	<u>69,598</u>	<u>1,101,614</u>	<u>(125,000)</u>	<u>4,782,395</u>	<u>206,407</u>	<u>(129,374)</u>	<u>4,859,428</u>

See accompanying independent auditors' report.