

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

**Virtua Health, Inc.**

December 31, 2021 and 2020



## Contents

	Page
Report of Independent Certified Public Accountants	4
Consolidated Financial Statements	
Consolidated balance sheets	7
Consolidated statements of operations and changes in net assets	9
Consolidated statements of cash flows	11
Notes to consolidated financial statements	12
Supplementary Information	
Consolidating balance sheet information - Virtua Health, Inc.	51
Consolidating statement of operations and changes in net assets information - Virtua Health, Inc.	52
Combining balance sheet information - Virtua Obligated Group	53
Combining statement of operations and changes in net assets information - Virtua Obligated Group	54
Combining balance sheet information - Virtua-Memorial Hospital Burlington County, Inc.	55
Combining statement of operations and changes in net assets information - Virtua - Memorial Hospital Burlington County, Inc.	56
Combining balance sheet information - Virtua - West Jersey Health System, Inc.	57
Combining statement of operations and changes in net assets information - Virtua - West Jersey Health System, Inc.	58
Combining balance sheet information - Virtua Lourdes Hospital Group	59
Combining statement of operations and changes in net assets information - Virtua Lourdes Hospital Group	60

## Contents

Combining balance sheet information - Virtua Ambulatory Group	61
Combining statement of operations and changes in net assets information - Virtua Ambulatory Group	62
Combining balance sheet information - Virtua Medical Group	63
Combining statement of operations and changes in net assets information - Virtua Medical Group	64
Combining balance sheet information - Population Health Management Group	65
Combining statement of operations and changes in net assets information - Population Health Management Group	66
Combining balance sheet information - Virtua Health Foundation Group	67
Combining statement of operations and changes in net assets information - Virtua Health Foundation Group	68

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Virtua Health, Inc.

### Opinion

We have audited the consolidated financial statements of Virtua Health, Inc., (“Virtua Health”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Virtua Health as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for opinion

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

### Responsibilities of management for the financial statements

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

**Supplementary Information**

The accompanying consolidating and combining information on pages 51 to 68 is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Grant Thornton LLP*

Philadelphia, Pennsylvania  
May 6, 2022

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS

December 31,  
(In thousands)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 182,722	\$ 334,231
Assets limited as to use	22,641	23,031
Patient accounts receivable	245,165	189,285
Assets held for sale	11,600	-
Other current assets	<u>89,048</u>	<u>93,363</u>
Total current assets	551,176	639,910
<b>ASSETS LIMITED AS TO USE:</b>		
By Board of Trustees' designation	1,961,244	1,670,539
Insurance funds	41,326	27,630
Restricted funds	<u>22,041</u>	<u>20,829</u>
	2,024,611	1,718,998
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	1,060,442	1,086,820
<b>RIGHT OF USE ASSETS</b>	119,533	119,149
<b>OTHER LONG-TERM ASSETS:</b>		
Investment in unconsolidated joint ventures	214,141	234,461
Goodwill and other intangibles, net	254,838	96,090
Other assets	24,079	24,609
Beneficial interest in perpetual trust	<u>9,812</u>	<u>9,179</u>
	<u>502,870</u>	<u>364,339</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,258,632</u>	<u>\$ 3,929,216</u>

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

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31,  
(In thousands)

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 48,110	\$ 46,459
Current maturities of lease liability	28,822	32,230
Accounts payable and accrued expenses	218,787	222,042
Accrued compensation and related liabilities	118,445	108,045
Accrued interest payable	3,605	3,896
Estimated settlements due to third-party payers	<u>137,116</u>	<u>71,139</u>
Total current liabilities	554,885	483,811
<b>LONG-TERM LIABILITIES:</b>		
Estimated settlements due to third-party payers	19,328	123,691
Self-insurance liabilities	54,843	53,809
Accrued retirement benefits	18,813	30,657
Long-term debt, net of current maturities	705,243	752,805
Lease liability, net of current maturities	103,112	98,275
Other liabilities	<u>9,496</u>	<u>26,651</u>
Total liabilities	1,465,720	1,569,699
<b>NET ASSETS:</b>		
Without donor restrictions:		
Virtua Health, Inc.	2,550,807	2,223,422
Noncontrolling interests	<u>207,420</u>	<u>102,740</u>
	2,758,227	2,326,162
With donor restrictions	<u>34,685</u>	<u>33,355</u>
Total net assets	<u>2,792,912</u>	<u>2,359,517</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,258,632</u>	<u>\$ 3,929,216</u>

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



Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended December 31,  
(In thousands)

	<u>2021</u>	<u>2020</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUE:</b>		
Patient service revenue	\$ 2,116,195	\$ 1,684,555
Other revenue	165,837	229,711
Equity in income of unconsolidated joint ventures	79,003	50,173
	<u>2,361,035</u>	<u>1,964,439</u>
Total revenue	2,361,035	1,964,439
<b>EXPENSES:</b>		
Salaries and wages	975,238	904,524
Professional fees	31,949	43,727
Employees' fringe benefits	206,082	194,012
Other operating expenses	804,637	699,204
Interest	16,942	15,754
Depreciation and amortization	126,576	115,749
	<u>2,161,424</u>	<u>1,972,970</u>
Total expenses	2,161,424	1,972,970
<b>INCOME (LOSS) FROM OPERATIONS (includes \$58,423 in 2021 and \$12,910 in 2020 of income attributed to noncontrolling interests)</b>	199,611	(8,531)
<b>NONOPERATING GAINS AND LOSSES:</b>		
Investment return, net	171,196	154,572
Other accrued retirement credit	2,093	767
	<u>173,289</u>	<u>155,339</u>
Total nonoperating gains, net	173,289	155,339
<b>EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES</b>	372,900	146,808
<b>EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO NONCONTROLLING INTERESTS</b>	<u>(58,423)</u>	<u>(12,910)</u>
<b>EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO VIRTUA HEALTH, INC.</b>	314,477	133,898

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED

Years ended December 31,  
(In thousands)

	<u>2021</u>	<u>2020</u>
<b>EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO VIRTUA HEALTH, INC.</b>	\$ 314,477	\$ 133,898
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA HEALTH, INC.:</b>		
Net assets released for property, plant, and equipment	2,373	799
Other changes in accrued retirement benefits	<u>10,535</u>	<u>(9,213)</u>
Increase in net assets without donor restrictions - Virtua Health, Inc.	327,385	125,484
<b>NONCONTROLLING INTERESTS:</b>		
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	58,423	12,910
Distributions	(26,579)	(12,688)
Membership interest changes, net	<u>72,836</u>	<u>50,000</u>
Increase in net assets without donor restrictions - noncontrolling interests	104,680	50,222
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions, net	5,080	5,883
Investment return, net	276	276
Increase in beneficial interest in perpetual trust	633	734
Net assets released from restrictions for operations	(2,286)	(2,398)
Net assets released from restrictions for property, plant, and equipment	<u>(2,373)</u>	<u>(799)</u>
Increase in net assets with donor restrictions	<u>1,330</u>	<u>3,696</u>
<b>INCREASE IN NET ASSETS</b>	433,395	179,402
<b>NET ASSETS - beginning of year</b>	<u>2,359,517</u>	<u>2,180,115</u>
<b>NET ASSETS - end of year</b>	<u>\$ 2,792,912</u>	<u>\$ 2,359,517</u>

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,  
(In thousands)

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 433,395	\$ 179,402
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Other changes in accrued retirement benefits	(10,535)	9,213
Gain on acquisitions	(49,047)	-
Loss from early extinguishment of debt	-	4,182
Equity in income of unconsolidated joint ventures	(79,003)	(50,173)
Distributions from unconsolidated joint ventures	76,660	52,934
Distributions to noncontrolling interests	26,579	11,434
Membership interest changes, net	(72,836)	(50,000)
Restricted contributions, including change in beneficial interest in perpetual trust and net assets from acquisition	(5,713)	(6,617)
Depreciation and amortization	126,576	115,749
Amortization of premium, discount and financing costs	(535)	(592)
Amortization of intangible assets	1,348	413
Net realized and unrealized (gains) losses on investments	(177,510)	(159,509)
Changes in certain assets and liabilities:		
Patient accounts receivable	(50,576)	(7,263)
Other assets	10,174	(16,438)
Accounts payable and accrued expenses	(9,347)	(237)
Accrued compensation and related liabilities	10,400	30,837
Accrued interest payable	(291)	248
Self-insurance liabilities	4,222	9,389
Lease liabilities, net	(427)	5,476
Other liabilities	(17,507)	16,497
Accrued retirement benefits	(1,309)	(2,310)
Estimated settlements due to third-party payers	30,910	1,356
	<u>245,628</u>	<u>143,991</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant, and equipment	(106,905)	(177,706)
Purchases of investments	(234,814)	(226,283)
Sales of investments	106,828	140,275
Investment in unconsolidated joint ventures	(393)	(1,907)
Cash paid, net for acquisitions	(22,134)	(40,847)
	<u>(257,418)</u>	<u>(306,468)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(46,613)	(12,787)
Estimated settlements due to third-party payers - Medicare Advances	(69,296)	187,376
Proceeds from issuance of long-term debt	-	250,000
Payments for financing costs	-	(359)
Distributions to noncontrolling interests	(26,579)	(12,688)
Net restricted contributions and pledge payments	2,769	3,319
	<u>(139,719)</u>	<u>414,861</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(151,509)</u>	<u>252,384</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>334,231</u>	<u>81,847</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 182,722</u>	<u>\$ 334,231</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest, net of capitalized interest	<u>\$ 17,405</u>	<u>\$ 16,152</u>
Change in accrued capital expenditures in accounts payable and accrued expenses	<u>\$ (4,567)</u>	<u>\$ (4,345)</u>

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

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE A - ORGANIZATION**

Virtua Health, Inc. is a nonprofit corporation incorporated in New Jersey to establish, operate, maintain, and conduct a regional health network serving Atlantic, Burlington, Camden, Cape May, Mercer, Ocean, and Gloucester counties in New Jersey; Pennsylvania and Delaware. The consolidated financial statements include the accounts of Virtua Health, Inc., and its controlled entities (collectively, "Virtua Health").

Virtua Health is composed of the following controlled entities:

***Virtua Hospital Group***

Virtua-Memorial Hospital Burlington County, Inc., ("Virtua-Memorial") owns and operates a 383-licensed-bed, tax exempt acute care hospital in Mount Holly, New Jersey. Virtua-Memorial provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, behavioral health, and ambulatory care.

Virtua-Memorial and an unrelated corporation own Virtua-SCA Holdings, LLC ("SCA Holdings") in which Virtua-Memorial maintains a 51.00% ownership interest and control in SCA Holdings unconsolidated ambulatory surgical centers, and a 55.00% ownership interest and control in SCA Holdings consolidated ambulatory surgical centers. The financial results of the latter are consolidated into Virtua-Memorial's financial statements. SCA Holdings' has ownership interest in multiple joint ventured ambulatory surgical centers throughout New Jersey. The purpose of SCA Holdings is to acquire, own and operate ambulatory surgical centers and to maintain a majority equity interest in such owned centers.

Virtua-Memorial and an unrelated corporation own Virtua-SCA Holdings II, LLC ("SCA Holdings II"), established in December 2020 (Note D), in which Virtua-Memorial maintains a 55.00% ownership interest and control. The financial results are consolidated into Virtua-Memorial's financial statements. SCA Holdings II has ownership interest in four joint ventured ambulatory surgical centers located in Delaware and Pennsylvania. The purpose of SCA Holdings II is to acquire, own and operate ambulatory surgical centers outside of the State of New Jersey and to maintain a majority equity interest in such owned centers.

Virtua-Memorial and an unrelated corporation own Emmaus Holdings, LLC ("Emmaus Holdings") in which Virtua-Memorial maintains a 50.10% ownership interest and control. The financial results are consolidated into Virtua-Memorial's financial statements. The purpose of Emmaus Holdings is to hold a majority equity interest in an ambulatory surgical center.

Virtua-Memorial and an unrelated corporation own Virtua-USP Princeton, LLC ("Virtua-USP Princeton") in which Virtua-Memorial maintains a 68.20% ownership interest and control. The financial results are consolidated into Virtua-Memorial's financial statements. The purpose of Virtua-USP Princeton is to hold a majority equity interest in an ambulatory surgical center.

In March 2021, Virtua-Memorial purchased (Note D) the remaining interest of Memorial Ambulatory Surgery Center ("MASC") from an unrelated corporation at which time the financial results became consolidated into Virtua-Memorial's financial statements. The purpose of MASC is to perform outpatient surgery procedures in Burlington County. Prior to March 2021, Virtua-Memorial maintained a 61.18% ownership interest with no control (Note J).

Virtua Our Lady of Lourdes Hospital, Inc. ("Virtua-Lourdes"), owns and operates a 340-licensed-bed, tax exempt tertiary acute care hospital in Camden, New Jersey. Virtua-Lourdes provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services,

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE A - ORGANIZATION - CONTINUED**

including medical, surgical, transplant, cardiac, neurology, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care. Virtua-Lourdes also provides a variety of outpatient services in space leased from a third-party developer in Cherry Hill, New Jersey. Our Lady of Lourdes School of Nursing, Inc. is a controlled subsidiary of Virtua-Lourdes.

Virtua-Lourdes and an unrelated corporation own Centennial SurgUnit, LLC ("CS") in which Virtua-Lourdes maintains a 51.00% ownership interest and control. The purpose of CS is to operate an ambulatory surgical center located in Voorhees, New Jersey. The financial results of CS were consolidated into the financial statements until July 1, 2020, then were deconsolidated thereafter due to a change in control (Note J).

Virtua-West Jersey Health System, Inc. ("Virtua-West Jersey") owns and operates a 600-licensed-bed, tax-exempt health system that includes two general acute care hospitals, which are located in Marlton, and Voorhees, New Jersey. Virtua-West Jersey provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care. Virtua-West Jersey owns and operates facilities in Berlin and Camden, New Jersey, which provide emergent care and other outpatient services, and rents space in the building where the Camden facility is located, primarily to outside social services programs. Virtua-West Jersey also provides a variety of outpatient services in space leased from a third-party developer in two Virtua Health and Wellness Centers, one in Voorhees, New Jersey and one in Washington Township, New Jersey, as well as in a fitness center located in Voorhees, New Jersey.

Virtua-West Jersey and an unrelated corporation own Voorhees Endoscopy Holding ASC, LLC ("Voorhees Endo Holding") in which Virtua-West Jersey maintains a 51.00% ownership interest and control. The financial results are consolidated into Virtua-West Jersey's financial statements. The purpose of Voorhees Endo Holding is to own a majority equity interest in an ambulatory surgical center.

Virtua-West Jersey and an unrelated corporation own River Drive Holding Co., LLC ("River Drive Holding"), established in February 2020 (Note D), in which Virtua-West Jersey maintains a 51.00% ownership interest and control. The financial results are consolidated into Virtua-West Jersey's financial statements. The purpose of River Drive Holding is to own a majority equity interest in an ambulatory surgical center.

Virtua-West Jersey and an unrelated corporation own Access Holding Co., LLC ("Access Holding"), established in September 2020 (Note D), in which Virtua-West Jersey maintains a 56.53% ownership interest and control. The financial results are consolidated into Virtua-West Jersey's financial statements. The purpose of Access Holding is to own a majority equity interest in an ambulatory surgical center.

Virtua-West Jersey and an unrelated corporation own Virtua Campus Holdings, LLC ("Campus Holding"), established in December 2021 (Note D), in which Virtua-West Jersey maintains a 51.70% ownership interest and control. The financial results are consolidated into Virtua-West Jersey's financial statements. The purpose of Campus Holding is to own a majority equity interest in an ambulatory surgical center.

Virtua-West Jersey and an unrelated corporation own South Jersey Vascular Management ("SJVM"), established in May 2021 (Note D), in which Virtua-West Jersey maintains a 51.00% ownership interest and control. The financial results are consolidated into Virtua-West Jersey's financial statements. The purpose of SJVM is to provide office-based physician services and surgical procedures.

Virtua-West Jersey is also the sole corporate member of West Jersey RENEW, Inc., a nonprofit corporation, which is inactive.

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE A - ORGANIZATION - CONTINUED**

Virtua Willingboro Hospital, Inc. (“Virtua-Willingboro”) owns and operates a 169-licensed-bed, tax exempt acute care hospital in Willingboro, New Jersey. Virtua-Willingboro provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including behavioral health, medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care.

***Virtua Medical Group***

Virtua Medical Group, PA (“VMG”) is a not-for-profit captive professional association consisting of 854 clinicians, primarily specialty and primary care physicians. VMG provides services to Virtua’s hospitals and also at many owned and leased physician-practice sites located throughout southern New Jersey.

Lourdes Medical Associates, PA (“LMA”) is a for-profit captive professional association that provided primarily specialty and primary care physician services. On November 1, 2020, all of LMA’s clinical services were transferred to VMG.

Lourdes Ancillary Services, Inc. (“LAS”) is a not-for-profit corporation that ceased operations in 2019, but maintains ownership in Health Management Services Organization, Inc. (“HMSO”), a for-profit company that maintains a minority equity interest in Lourdes Specialty Hospital of Southern New Jersey, LLC, a long-term acute care hospital located within Virtua-Willingboro. For reporting purposes, HMSO is included in the operations of VMG. LAS also is the sole member of LHS Health Network, Inc., which is reported under Population Health Management, noted below.

Lourdes Cardiology Services, PC (“LCS”) is a not-for profit captive professional corporation consisting of 19 clinicians, primarily cardiologists. LCS provides professional services to Virtua’s hospitals and also at many owned and leased physician-practice sites located throughout southern New Jersey.

***Virtua Long-Term Care and Other Services***

Virtua Health and Rehabilitation Center at Berlin, Inc., is a not-for-profit health care organization, which operates a 128-bed skilled nursing facility in Berlin, New Jersey.

Virtua Health and Rehabilitation Center at Mount Holly, Inc., is a not-for-profit health care organization, which operates a 180-bed skilled nursing facility in Mount Holly, New Jersey.

Virtua Home Care-Community Nursing Services (“CNS”) is a not-for-profit corporation. CNS operates a Health Promotions Solutions service line pursuant to two contracts with Burlington County, New Jersey, which go through June 2022 and December 2023, including their renewable option periods. CNS holds the sole membership interest in VRI, Inc. (“VRI”), a for-profit organization. VRI primarily consists of retail shops, management of a bioidentical hormone replacement therapy practice and ownership in Acentus Practice Management, LLC (Note J), a joint venture physician billing company.

***Virtua Foundation Group***

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

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE A - ORGANIZATION - CONTINUED**

In 2003, Memorial Hospital of Burlington County Foundation (“MHBCF”), a not-for-profit corporation established to promote the scientific, educational, and charitable activities and policies of Virtua-Memorial, and West Jersey Health and Hospital Foundation, Inc. (“WJHHF”), a not-for-profit corporation, which raised funds for the benefit of Virtua-West Jersey, its subsidiaries, and the community, combined their operations and transferred their net assets into VHF. The restricted funds of MHBCF and WJHHF are administered in a manner consistent with the original donors’ intentions.

Our Lady of Lourdes Health Foundation, Inc. (“OLLHF”) is a not-for-profit corporation established to promote and support Lourdes, its sole corporate member and affiliated corporations, and the health care of the population of southern New Jersey, by developing the resources necessary to attain these goals.

The Board of Trustees of VHF and OLLHF agreed to merge, to more efficiently carry out their shared purpose of raising funds to support the charitable health care mission and objectives of Virtua Health. On March 1, 2022, VHF and OLLHF filed a Certificate of Merger with the Department of Treasury, Division of Revenue and Enterprise Services. VHF is the surviving corporation.

***Insurance Captive***

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

***Virtua Population Health Management Group***

VirtuaPhysicianPartners, LLC (“VPP”) is a limited liability company and was a clinically integrated network that enhanced the access, quality, cost-efficiency and experience of healthcare for patients, and whose sole member is Virtua Health, Inc. VPP ceased operations as a clinically integrated network as of December 31, 2020, but the entity has not been dissolved.

LHS Health Network, Inc., d/b/a Virtua Integrated Network (“VIN”) is a for-profit clinically integrated network that enhances the access, quality, cost-efficiency and experience of healthcare for patients. HMSO is the sole member of VIN.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

Virtua Health, through Virtua-West Jersey, and Virtua-Memorial, owns interests in several companies that are included in the consolidated financial statements. The noncontrolling interests of these companies, SCA Holdings, SCA Holdings II, Emmaus Holdings, Virtua-USP Princeton, Voorhees Endo Holding, River Drive Holding, Access Holding, Campus Holding and SJVM are reported as a component of net assets. CS was reported as a noncontrolling interest through June 30, 2020. Significant intercompany balances and transactions have been eliminated. Joint ventures in which Virtua Health has financial interest and shares control equally with unrelated investors are accounted for under the equity method as discussed in Note J. As disclosed in Note L, the assets of any member in the Obligated Group may not be available to meet the obligations of other members of Virtua Health.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Basis of Accounting***

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

***Use of Estimates***

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

***Fair Value of Financial Instruments***

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

***Cash and Cash Equivalents***

Cash and cash equivalents include various checking, savings, time deposits, and money market accounts with initial maturities of three months or less. At December 31, 2021 and 2020, certain cash balances with financial institutions exceeded federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

***Patient Accounts Receivable***

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

***Assets Limited as to Use, Investments, and Investment Income***

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

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

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

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

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

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

***Property, Plant, and Equipment***

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

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

Construction in progress represents amounts expended or incurred toward property and equipment projects that have not been completed. No depreciation or amortization has been recorded for these items. Interest cost incurred, net of investment income earned on borrowed funds during the period of construction, is capitalized as a component of the cost of acquiring those assets. In cases where internal cash reserves are used to fund construction, interest is capitalized based on average accumulated expenditures multiplied by the weighted-average interest rate on existing debt. Capitalized interest was \$172 for the year ended December 31, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Gifts of long-lived assets such as land, buildings, or equipment are reported as other changes in net assets without restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

***Assets Held For Sale***

On October 14, 2021, Virtua Health executed an Asset Purchase agreement with an unrelated party to transfer the interests of Virtua Health and Rehabilitation Center at Mount Holly, Inc. and Virtua Health and Rehabilitation Center at Berlin, Inc. ("Facilities"), which will include substantially all of the healthcare operations and certain assets, including patient accounts receivable and property, plant and equipment of the Facilities. As a result, these assets totaling \$11,600 were reclassified as assets held for sale in current assets in the accompanying consolidated balance sheet at December 31, 2021. These assets were recorded at the lower of their carrying amount or their fair value less estimated costs to sell. This did not result in any impairment charge for the year ended December 31, 2021. The transaction was closed on April 28, 2022, which resulted in an estimated \$30,000 gain on the sale of these assets.

***Leases***

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Impairment of Long-Lived Assets***

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. For the year ended December 31, 2021, management recorded no impairment losses. For the year ended December 31, 2020, management recorded an impairment loss related to the ROU assets at the Moorestown Fitness Center of \$4,182 as a result of its closure, which is included in other operating expenses in the consolidated statement of operations and changes in net assets.

***Donor-Restricted Gifts***

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

***Goodwill and Other Intangibles***

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of businesses acquired. Other intangibles represent certificates of need to perform cardiology services in Camden County, New Jersey, and surgical services in other states, a license to operate long-term care beds, and various other state licenses and professional accreditations, all of which have an indefinite useful life. A trade name is being amortized over its expected useful life of ten years and noncompete agreements are being amortized over their terms, which are five years. The additions to goodwill and intangibles relate to acquisitions, additional membership interest acquisitions of existing consolidated joint ventures with non-controlling interests, and consolidations of previously unconsolidated joint ventures as described in Notes A and D of \$160,096 and \$50,271, for the years ended December 31, 2021 and 2020, respectively. For the year ended December 31, 2021, the amount includes \$83,405 related to additional membership interest acquisitions of existing consolidated joint ventures and previously unconsolidated joint ventures. For the year ended December 31, 2020, \$12,906 of goodwill and intangibles, net was reduced as part of the deconsolidation of CS. Amortization expense related to intangible assets is included as other operating expenses in the consolidated statements of operations and changes in net assets, which was \$1,348 and \$413 for the years ended December 31, 2021 and 2020, respectively.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Goodwill and other intangibles, net at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Goodwill	\$ 220,411	\$ 66,772
Other intangibles:		
Certificates of need	20,364	20,364
Long-term care bed license	3,100	3,100
Noncompete agreements, net of accumulated amortization of \$1,336 and \$303 at December 31, 2021 and 2020, respectively	4,346	2,248
Trademark, net accumulated amortization of \$525 and \$315 at December 31, 2021 and 2020, respectively	1,575	1,785
Other intangibles, net accumulated amortization of \$105 and \$0 at December 31, 2021 and 2020, respectively	5,042	1,821
	<u>34,427</u>	<u>29,318</u>
	<u>\$ 254,838</u>	<u>\$ 96,090</u>

Goodwill and other intangibles that are considered to have an indefinite useful life are not amortized but are tested for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. Qualitative factors are first assessed to determine whether an impairment is necessary to perform quantitative impairment tests for goodwill. If the conclusion of the qualitative assessment is more likely than not that goodwill is not impaired, a quantitative impairment test is not required. If a quantitative impairment test is required, that testing consists of performing an internal valuation analysis and considering other publicly available market information. If the carrying amount of goodwill exceeds the estimated fair value, an impairment charge to current operations is recorded to reduce the carrying value to the estimated fair value. The qualitative impairment test of goodwill and other intangibles was completed and determined there were no impairments for the years ended December 31, 2021 and 2020. Other intangibles that have a finite useful life have expected amortization expense over the next five years of \$4,463.

**Other Assets**

Other assets at December 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Insurance recoveries, net of current portion	\$ 21,517	\$ 21,155
Other	2,562	3,454
	<u>\$ 24,079</u>	<u>\$ 24,609</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Beneficial Interest in Perpetual Trust***

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

***Net Assets With Donor Restrictions***

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

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

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

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

Changes in donor restricted funds related to endowments for the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Endowment net assets - beginning of year	\$ 1,860	\$ 1,802
Investment return - net realized and unrealized gains	58	58
Endowment net assets - end of year	\$ 1,918	\$ 1,860

***Patient Service Revenue***

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

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

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

***Performance Indicator***

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

***Advertising Costs***

Virtua Health expenses advertising costs as incurred. For the years ended December 31, 2021 and 2020, advertising costs were \$10,970 and \$9,493, respectively, which are included in other operating expenses in the accompanying consolidated statements of operations and changes in net assets.

***Tax Status***

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

***Reclassifications***

Certain reclassifications have been made to prior year balances in order to conform to the current-year presentation.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE C - IMPACT OF THE COVID-19 PANDEMIC**

The COVID-19 disease, which is caused by the novel coronavirus, was declared a pandemic in March of 2020. The number of cases globally and in Virtua Health's region has fluctuated significantly since that time up through the end of 2021. This is due to many factors, most significantly the multiple variants of the disease that have resulted from mutations to the virus' genome. Virtua Health's overall patient volumes and associated revenues declined significantly in the second quarter of 2020. Volumes began to recover in the third quarter of 2020 and have continued on an upward trajectory since. By the end of 2021, almost all inpatient and outpatient service volumes were at or above pre-pandemic levels. This is despite the subsequent impact of two significant virus variants, one commencing in late 2020, the second in late 2021. The latter resulted in the highest volume of COVID-19 positive patients that Virtua Health experienced at any time during the pandemic. Over the course of the pandemic, Virtua Health has incurred additional costs for labor, testing, personal protective equipment, third-party contract services and many other operating costs associated with providing patient care and ensuring the safety of employees and patients. Management continues to actively monitor disease-related impacts on operating revenues and expenses. Based on the continuing uncertainties relative to the future course of COVID-19, while not anticipated at this time, it is impossible to determine with absolute certainty whether or not there could be a material impact on operations for the year ending December 31, 2022.

Virtua Health received grant payments, which are considered nonexchange transactions, from the federal government distributed under the Coronavirus Aid, Recovery and Economic Security ("CARES") Act. For the years ended December 31, 2021 and 2020, Virtua Health received total payments of \$31,250 and \$136,965, respectively, which includes \$1,958 and \$8,714 being passed through the County of Camden, New Jersey for years ended December 31, 2021 and 2020, respectively. Of the total payments received, \$24,030 and \$136,177, respectively, was included in other revenue in the consolidated statements of operations and changes in net assets for years ended December 31, 2021 and 2020, respectively. The unrecognized amounts of \$8,007 and \$787 at December 31, 2021 and 2020, respectively, are included in estimated settlements due to third-party payers in the consolidated balance sheets. Virtua Health also recognized in other revenue in the consolidated statements of operations and changes in net assets \$1,530 and \$11,632, for the years ended December 31, 2021 and 2020, respectively, related to Federal Emergency Management Agency ("FEMA") amounts. FEMA amounts of \$17,930 were received during 2021. The unrecognized amount of \$4,768 at December 31, 2021, is included in estimated settlements due to third-party payers in the consolidated balance sheet. The CARES Act and FEMA payments are subject to audit and compliance with federal regulations, and future grant payments are uncertain at this time.

The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program ("Medicare Advances") for patient services. Under the program, Virtua Health received \$187,376 in April 2020, and recorded these payments in estimated settlements due to third-party payers in the consolidated balance sheet at December 31, 2020. The recoupment period began in April 2021 as a portion of amounts billed to Medicare for services provided are offset against the advance payments received until the advance is fully recouped by the Medicare program. During the year ended December 31, 2021, Medicare recouped \$69,296, which resulted in \$118,080 included in estimated settlements due to third-party payers in the consolidated balance sheet at December 31, 2021. Virtua Health will have until September 2022 to offset future claims against the advance. If the advance has not been entirely offset by claims at the end of this period, Virtua Health will be required to repay the remaining amount.

Additionally, the Internal Revenue Service ("IRS") allowed Virtua Health to defer remittance of payroll taxes of \$33,390 through the year ended December 31, 2020, which is included in accrued compensation and related liabilities and other liabilities in the consolidated balance sheet. 50% of the deferred payroll taxes was paid by December 31, 2021, with the remaining balance of \$16,965 due by December 31, 2022.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE D - ACQUISITIONS

At various dates during 2021 and 2020, Virtua Health acquired controlling membership interests of previously unrelated clinical ventures, additional membership interest acquisition of existing consolidated joint ventures with non-controlling interests and the previously unconsolidated joint ventures (Note J), through cash consideration or change in control. At those various dates, the ventures were consolidated. Certain membership interests in the ventures were acquired through holding company interests in conjunction with other partners, as described in Note A.

	2021				2020
	Previously Unrelated Clinical Ventures	Previously Consolidated Joint Venture with Non-controlling Interest	Previously Unconsolidated Joint Ventures	Total	Total Previously Unrelated Clinical Ventures
Results of the acquisitions:					
Net working capital and tangible assets	\$ 4,620	\$ -	\$ 13,981	\$ 18,601	\$ 4,356
Investment in unconsolidated joint venture	-	-	-	-	45,116
Intangible assets	2,733	1,270	2,454	6,457	5,353
Goodwill	74,783	37,133	41,723	153,639	44,918
Total assets acquired	82,136	38,403	58,158	178,697	99,743
Consideration:					
Virtua Health:					
Cash consideration paid	(26,485)	(1,485)	(1,520)	(29,490)	(42,199)
Investment in unconsolidated joint ventures	-	-	(27,324)	(27,324)	-
Membership interest charges	(55,651)		(17,185)	(72,836)	(57,544)
Total consideration	(82,136)	(1,485)	(46,029)	(129,650)	(99,743)
Gain on acquisitions	\$ -	\$ 36,918	\$ 12,129	\$ 49,047	\$ -

For the year ended December 31, 2021, the additional membership interest acquisition of existing consolidated joint ventures with non-controlling interests and the previously unconsolidated joint ventures generated a non-cash gain on acquisitions of \$49,047, which is included in other revenue in the consolidated statement of operations and changes in net assets. The amount of the non-cash gain on acquisitions related to the noncontrolling interest holders is \$32,999, which is included in excess of revenue and nonoperating gains, net over expenses attributed to noncontrolling interests in the consolidated statement of operations and changes in net assets.



Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE E - LIQUIDITY AND AVAILABILITY OF RESOURCES**

At December 31, 2021 and 2020, the adjusted working capital was \$1,991,134 and \$1,848,600 and the adjusted average days' cash on hand was 391 days and 399 days, respectively, both of which include the assets limited as to use by Board of Trustees' designation.

In addition to cash flows provided by operating activities, the financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following at December 31, 2021 and 2020:

	2021	2020
Cash	\$ 182,722	\$ 334,231
Patient accounts receivable	245,165	189,285
Assets limited as to use		
By Board of Trustees' designation	1,939,200	1,650,159
Insurance funds	55,671	42,342
	2,422,758	2,216,017
Available lines of credit	154,846	154,594
	\$ 2,577,604	\$ 2,370,611

**NOTE F - CHARITY CARE AND STATE SUBSIDY**

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE F - CHARITY CARE AND STATE SUBSIDY - CONTINUED**

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

The cost of providing charity care, based on Virtua Health's estimated cost-to-charge ratios, for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
NJHCPAP	\$ 13,798	\$ 16,237
Virtua Health Program	5,800	9,153
	<u>\$ 19,598</u>	<u>\$ 25,390</u>

Virtua Health received \$3,406 and \$2,764 of State of New Jersey Charity Care Subsidy Funds for the years ended December 31, 2021 and 2020, respectively. These amounts are included in patient service revenue in the consolidated statements of operations and changes in net assets.

**NOTE G - PATIENT SERVICE REVENUE**

Patient service revenue recognized from major payer sources based on primary insurance designation for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Managed care	71%	68%
Medicare and Medicaid (fee for service plans only)	23	26
Other third-party payers	4	4
Self-pay	2	2
	<u>100%</u>	<u>100%</u>

Patient service revenue by type of service for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Inpatient	47%	50%
Outpatient	40	38
Physician services	13	12
	<u>100%</u>	<u>100%</u>

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

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE G - PATIENT SERVICE REVENUE - CONTINUED**

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

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

The Medicare cost reports have been audited and finalized through December 31, 2018, except for the December 31, 2011 and December 31, 2017 reports for Virtua-Memorial. The Medicaid cost reports have been audited and finalized through December 31, 2018. Virtua Health also has outstanding appeal issues relating to prior-year settled cost reports. Differences between the estimated settlements and the amounts settled are recorded in the year of settlement. Estimated favorable results of appeal items are recorded when realization is reasonably assured. These estimates are included in estimated settlements due to third-party payers in the consolidated balance sheets. Management uses the expected-value method when determining these amounts. In the opinion of management, adequate provision has been made for any adjustment, which may result from the final settlement of these cost reports, and any appeal issues. For the years ended December 31, 2021 and 2020, patient service revenue includes net favorable settlements and adjustments for cost reports, audit and appeal items from prior years of \$3,130 and \$4,928, respectively.

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

During 2021, Virtua Health became eligible to receive additional Medicaid funding under the New Jersey County Option Hospital Fee Pilot Program. This program is administered through the New Jersey Department of Human Services-Division of Medical Assistance and Health Services and went into effect in Camden County, New Jersey during 2021. The program requires that participating hospitals pay quarterly assessed fees based on estimated Medicaid utilization data within the county, and such payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as State Directed Payments. The State Directed Payments are subject to an annual settlement based actual Medicaid utilization data and other factors. In the second half of 2021, when the program began, Virtua Health paid assessments of \$10,514, which are included in other operating expenses in the consolidated statement of operations and changes in net assets and received Medicaid State Directed Payments of \$19,082, which are included in patient service revenue in the consolidated statement of operations and changes in net assets.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE H - ASSETS LIMITED AS TO USE**

Investments and assets limited as to use, stated at fair value at December 31, 2021 and 2020, consist of the following:

	2021	2020
By Board of Trustees' designation:		
Private placement funds - fixed income	\$ 950,584	\$ 793,685
Private placement funds - equity	988,616	856,474
Split dollar investments	22,044	20,380
	<u>\$ 1,961,244</u>	<u>\$ 1,670,539</u>
Insurance funds:		
Cash and short-term investments	\$ 1,315	\$ 1,247
Private placement funds - fixed income	26,557	20,532
Private placement funds - equity	27,799	20,563
	55,671	42,342
Less assets limited as to use that are required for current liabilities	<u>(14,345)</u>	<u>(14,712)</u>
	<u>\$ 41,326</u>	<u>\$ 27,630</u>
Under debt agreements:		
Cash and short-term investments	\$ 8,296	\$ 8,319
Less assets limited as to use that are required for current liabilities	<u>(8,296)</u>	<u>(8,319)</u>
	<u>\$ -</u>	<u>\$ -</u>
Under debt agreements, assets are maintained for the following purposes:		
Debt service interest fund	\$ 2,603	\$ 2,826
Debt service principal fund	5,693	5,493
	<u>\$ 8,296</u>	<u>\$ 8,319</u>
Restricted funds:		
Cash and short-term investments	\$ 1,456	\$ 1,217
Mutual funds - fixed income	693	742
Mutual funds - equity	1,112	991
Private placement funds - fixed income	9,751	8,880
Private placement funds - equity	9,029	8,999
	<u>\$ 22,041</u>	<u>\$ 20,829</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE H - ASSETS LIMITED AS TO USE - CONTINUED**

Investment income and realized and unrealized gains and losses, net of fees for assets limited as to use and cash equivalents for the years ended December 31, 2021 and 2020, are composed of the following:

	<u>2021</u>	<u>2020</u>
Other revenue - investment returns	\$ 410	\$ 431
Nonoperating gains and losses:		
Investment return, net:		
Interest and dividend income	\$ 286	\$ 493
Net realized gains and losses on sales of investments	41,672	27,834
Net change in unrealized gains and losses on investments	135,562	131,399
Investment management fees	<u>(6,324)</u>	<u>(5,154)</u>
	<u>\$ 171,196</u>	<u>\$ 154,572</u>
Net assets with donor restrictions - net realized and unrealized gains	<u>\$ 276</u>	<u>\$ 276</u>

**NOTE I - FAIR VALUE MEASUREMENTS**

***Fair Value Measurements***

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

***Asset Valuation Techniques***

Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

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

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

*Investment Contract* - The fair value of the investment contract is provided by the respective insurance company and is equal to the funds deposited by Virtua Health and accrued income. The investment contract is reported as Level 3.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE I - FAIR VALUE MEASUREMENTS - CONTINUED

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

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

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

At December 31, 2021 and 2020, there were no withdrawal restrictions or unfunded commitments on investments reported at NAV.

The information at December 31, 2021 and 2020, about the financial assets that are measured at fair value on a recurring basis using the market approach, is as follows:

Assets	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Cash and short-term investments	\$ 11,067	\$ 11,067	\$ -	\$ -
Mutual funds:				
Fixed income	693	693	-	-
Equity	1,112	1,112	-	-
Split dollar - cash surrender value	22,044	-	22,044	-
Beneficial interest in perpetual trust	9,812	-	-	9,812
	44,728	\$ 12,872	\$ 22,044	\$ 9,812
Private placement funds (at NAV):				
Fixed income <sup>(a)</sup>	986,589			
Domestic equity <sup>(b)</sup>	566,674			
International equity <sup>(c)</sup>	459,073			
	2,012,336			
	\$ 2,057,064			

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE I - FAIR VALUE MEASUREMENTS - CONTINUED

Assets	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Cash and short-term investments	\$ 10,783	\$ 10,783	\$ -	\$ -
Mutual funds:				
Fixed income	742	742	-	-
Equity	991	991	-	-
Split dollar - cash surrender value	20,380	-	20,380	-
Beneficial interest in perpetual trust	9,179	-	-	9,179
	<u>42,075</u>	<u>\$ 12,516</u>	<u>\$ 20,380</u>	<u>\$ 9,179</u>
Private placement funds (at NAV):				
Fixed income <sup>(a)</sup>	823,097			
Domestic equity <sup>(b)</sup>	475,154			
International equity <sup>(c)</sup>	410,882			
	<u>1,709,133</u>			
	<u>\$ 1,751,208</u>			

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

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

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

**Transfers Between Levels**

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

There were no transfers into or out of the levels per the tables above, for the years ended December 31, 2021 and 2020.

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
(in thousands)

**NOTE I - FAIR VALUE MEASUREMENTS - CONTINUED**

The table below sets forth the change in the fair value of investments measured using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020, as follows:

	Investment Contract	Beneficial Interest in Perpetual Trusts	Total
Balance - December 31, 2019	\$ 659	\$ 8,445	\$ 9,104
Net realized gains	10	172	182
Net unrealized gains	-	562	562
Purchases	15	-	15
Sales	(684)	-	(684)
Balance - December 31, 2020	-	9,179	9,179
Net realized gains	-	260	260
Net unrealized gains	-	373	373
Balance - December 31, 2021	<u>\$ -</u>	<u>\$ 9,812</u>	<u>\$ 9,812</u>

**NOTE J - INVESTMENT IN UNCONSOLIDATED JOINT VENTURES**

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

Specifically related to the SCA Holdings, SCA II Holdings, Emmaus Holdings, Virtua-USP Princeton, Voorhees Endo, River Drive Holding, and Access Holding joint ventures ("Holding Companies"), Virtua Health consolidates these joint ventures. The operating agreements of the physician ventures that are within the Holding Companies do not allow Virtua Health or the Holding Companies to control operating or financial decisions related to the ventures. Regardless of the proportionate ownership of capital investment in these physician ventures, all decisions are made by the respective venture's operating board. In each case, the operating board is composed equally of members appointed by Virtua Health and the physician investors as a group. Accordingly, Virtua Health and the Holding Companies account for their interest in these physician ventures on the equity method of accounting.



Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE J - INVESTMENT IN UNCONSOLIDATED JOINT VENTURES - CONTINUED

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

	Membership Percentage		Investment in Unconsolidated Affiliates		Equity Earnings in Unconsolidated Affiliates	
	December 31, 2021	2020	December 31, 2021	2020	Year ended December 31, 2021	2020
Virtua-Memorial:						
Memorial Ambulatory Surgery Center, LLC	-	61.18%	\$ -	\$ 620	\$ (24)	\$ 111
Vantage Surgical Center, LLC	51.00%	51.00%	2,818	2,158	1,880	1,206
Burlington County Endoscopy Center, LLC	53.33%	52.00%	7,057	7,055	3,350	2,714
SCA Holdings:	51.00%	51.00%				
Seashore Surgical Institute, LLC <sup>(a)</sup>			6,772	6,837	1,294	199
Surgicare of Central Jersey, LLC <sup>(a)</sup>			-	14,841	2,349	1,515
Bergen-Passaic Eye Surgery Center <sup>(a)</sup>			-	6,734	3,205	1,955
Virtua-USP Princeton	68.20%	68.20%				
Surgical Specialist at Princeton, LLC <sup>(b)</sup>			11,092	10,806	3,171	2,309
Emmaus Holdings, LLC <sup>(c)</sup>	50.10%	50.10%				
Emmaus Surgical Center, LLC			7,306	7,281	1,579	1,260
Virtua-Lourdes:						
Centennial Surgunit, LLC	51.00%	51.00%	8,323	8,095	2,752	1,366
Virtua-West Jersey:						
Summit Surgical, LLC	62.66%	62.37%	8,624	8,678	1,795	301
South Jersey Musculoskeletal Institute, LLC	56.30%	55.34%	2,703	2,238	4,739	3,290
Ambulatory Surgery Center at Virtua Washington Township, LLC	56.30%	62.44%	710	1,814	1,795	1,745
Jersey Shore, LLC	53.57%	53.57%	11,710	11,415	1,599	1,314
Ramapo Valley Surgical	52.66%	52.46%	9,211	9,625	999	1,247
Virtua Adult Imaging Services	50.00%	50.00%	4,540	5,700	3,316	3,371
Center for Ambulatory and Minimally Invasive Surgery, LLC	54.88%	54.42%	12,852	12,764	3,606	2,265
Freehold Endoscopy Associates, LLC	60.00%	60.00%	8,344	7,532	2,645	1,679
Gastro-Surgi Center of New Jersey, LLC	51.79%	51.79%	12,402	12,506	2,929	2,409
Fresenius Medical Care, LLC	30.00%	30.00%	722	710	829	548
Virtua Penn Radiation Oncology Leasing, LLC	50.00%	50.00%	6,498	6,498	2,858	2,813
Virtua Penn Radiation Oncology Partners, LLC	51.00%	51.00%	17,657	17,904	2,814	1,891
Mt. Laurel Endoscopy	51.92%	51.00%	900	616	888	222
USTRC Gloucester LLC	29.00%	29.00%	409	674	(265)	-
Specialized Surgical Center of Central NJ	55.00%	55.00%	2,460	1,873	1,539	(52)
River Drive Holding Co., LLC <sup>(d)</sup>						
River Drive Surgery Center, LLC <sup>(d)</sup>	51.00%	51.00%	45,672	45,062	11,838	5,480
Voorhees Endo Holding:						
The Voorhees NJ Endoscopy ASC, LLC <sup>(e)</sup>	51.00%	51.00%	13,431	13,064	10,894	6,296
VRI:						
Acentus Practice Management, LLC	50.00%	50.00%	1,091	885	3,856	1,747
HMSO:						
Lourdes Specialty Hospital of Southern NJ, LLC	20.00%	20.00%	5,644	5,676	333	622
Tyler Dialysis, LLC, cost basis	19.00%	19.00%	5,193	4,800	440	350
			<u>\$ 214,141</u>	<u>\$ 234,461</u>	<u>\$ 79,003</u>	<u>\$ 50,173</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE J - INVESTMENT IN UNCONSOLIDATED JOINT VENTURES - CONTINUED**

- (a) SCA Holdings owns 51.00% of Seashore Surgical Institute, LLC at December 31, 2021 and 2020. At December 31, 2020 SCA Holdings also owned 55.00% of Surgicare of Central Jersey, LLC and 56.13% of Bergen-Passaic Eye Surgery Center. Virtua-Memorial holds a 51.00% membership percentage of SCA Holdings unconsolidated ambulatory surgical center, and effectively owns a 26.01% interest in Seashore Surgical Institute, LLC at December 31, 2021 and 2020, and owned a 28.05% interest in Surgicare of Central Jersey, LLC, and 28.63% interest in Bergen-Passaic Eye Surgery Center at December 31, 2020. Surgicare of Central Jersey, LLC and Bergen-Passaic Eye Surgery Center were consolidated into SCA Holdings as of December 31, 2021.
- (b) Virtua-USP Princeton owns 56.85% of Surgical Specialists at Princeton, LLC at December 31, 2021 and 2020. Virtua-Memorial holds a 68.20% membership percentage of Virtua-USP Princeton and thus effectively owns a 38.77% interest in Surgical Specialists at Princeton, LLC at December 31, 2021 and 2020.
- (c) Emmaus Holdings, LLC owns 50.33% and 50.10% of the Emmaus Surgical Center, LLC at December 31, 2021 and 2020, respectively. Virtua-Memorial holds a 50.10% membership percentage in Emmaus Holdings and thus effectively owns a 25.22% interest in the Emmaus Surgical Center, LLC at December 31, 2021, and owned a 25.10% interest in Emmaus Surgical Center, LLC at December 31, 2020.
- (d) River Drive Holding owns 51.00% of River Drive Surgery Center, LLC at December 31, 2021 and 2020. Virtua-West Jersey holds a 51.00% membership percentage in River Drive Holding and thus effectively owns a 26.01% interest in the River Drive Surgery Center, LLC at December 31, 2021 and 2020.
- (e) Voorhees Endo Holding owns 51.00% of The Voorhees NJ Endoscopy ASC, LLC at December 31, 2021 and 2020. Virtua-West Jersey holds a 51.00% membership percentage in The Voorhees Endo Holding and thus effectively owns a 26.01% interest in the Voorhees NJ Endoscopy ASC, LLC at December 31, 2021 and 2020.

Operating revenues for the combined group of ventures accounted for under the equity method of accounting were \$388,177 and \$303,900 for the years ended December 31, 2021 and 2020, respectively.

Virtua Health provides employee leasing, rental, and management services to and receives billing services from certain of its joint ventures. The total revenue, included in other revenue, from these services was \$17,854 and \$16,611 for the years ended December 31, 2021 and 2020, respectively. The total expenses, included in other operating expense are \$13,736 and \$10,745 for the years ended December 31, 2021 and 2020, respectively. The total amounts of the receivable, which are included in other current assets, related to these services are \$4,208 and \$3,998 at December 31, 2021 and 2020, respectively.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE K - PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment at December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 112,354	\$ 112,665
Land improvements	90,048	82,604
Buildings and improvements	865,586	832,423
Fixed equipment	252,228	253,295
Furniture and equipment	<u>1,047,864</u>	<u>981,646</u>
	2,368,080	2,262,633
Less accumulated depreciation and amortization	<u>(1,371,186)</u>	<u>(1,266,036)</u>
	996,894	996,597
Construction in progress	<u>63,548</u>	<u>90,223</u>
	<u>\$ 1,060,442</u>	<u>\$ 1,086,820</u>

Depreciation and amortization expense related to property, plant, and equipment was \$126,576 and \$115,749 for the years ended December 31, 2021 and 2020, respectively.

Virtua has committed to an information technology project, which has \$17,792 remaining on the commitment, and is expected to be fully completed in 2022.

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
(in thousands)

**NOTE L - LONG-TERM DEBT**

Long-term debt at December 31, 2021 and 2020, consisted of the following:

	2021	2020
New Jersey Health Care Facilities Financing Authority (“NJHCFFA”):		
\$60,000 Virtua Health Issue, Series 2004 Variable Rate Revenue Bonds - less issuance cost of \$175 and \$198 at December 31, 2021 and 2020, respectively <sup>(a)</sup>	\$ 42,965	\$ 44,882
\$185,000 Virtua Health Issue, Series 2009B-E Variable Rate Revenue Bonds - less issuance cost of \$1,217 and \$1,279 at December 31, 2021 and 2020, respectively <sup>(b)</sup>	183,783	183,721
\$140,020 Virtua Health Issue, Series 2013 Fixed Rate Revenue Refunding Bonds - plus net original issue premium and issuance cost of \$3,285 and \$4,036 at December 31, 2021 and 2020, respectively <sup>(c)</sup>	109,130	120,796
\$205,435 Virtua Health Issue, Series 2019 Fixed Rate Refunding Bonds - less issuance cost of \$505 and \$544 at December 31, 2021 and 2020, respectively <sup>(d)</sup>	199,300	199,261
\$250,000 Virtua Health Issue, Series 2020 Fixed Rate Term Loan - less issuance cost of \$262 and \$354 at December 31, 2021 and 2020, respectively <sup>(e)</sup>	216,483	249,646
Finance lease obligations, with various interest rates, secured by lease equipment	1,593	958
Other	99	-
	753,353	799,264
Less current maturities of long-term debt	(48,110)	(46,459)
	\$ 705,243	\$ 752,805

(a) The NJHCFFA Variable Rate Revenue Bonds, Virtua Health Issue, Series 2004 (the “Series 2004 Bonds”) were issued for the purpose of refinancing the 2001 Capital Asset Program loan and funding and reimbursing costs of various capital improvements and equipment purchases by Virtua-Memorial and Virtua-West Jersey. Annual principal payments range from \$2,025 to \$6,385, maturing on July 1 of each year through 2033. Interest is payable monthly at a variable rate not to exceed 10%. The interest rate was 0.08% and 0.04% at December 31, 2021 and 2020, respectively. The Series 2004 Bonds are variable rate demand bonds secured by an irrevocable letter of credit with a bank, which expires on May 31, 2024. No amounts were outstanding on the letter of credit at December 31, 2021 and 2020.

(b) NJHCFFA Variable Rate Revenue Bonds, Virtua Health Issue, Series 2009B-E (the “Series 2009B-E Bonds”) were issued in connection with the Series 2009A Bonds for the purpose of constructing and equipping the Voorhees replacement hospital, funding capitalized interest, and paying certain finance costs. Annual principal payments range from \$34,820 to \$39,245, maturing on July 1, 2039 through 2043. Interest is payable monthly at a variable rate not to exceed 12%. The interest rates were 0.05%, 0.05%, 0.07%, and 0.06% at December 31, 2021 and 0.06%, 0.07%, 0.10%, and 0.04% at December 31, 2020, respectively. The Series 2009B-E Bonds are variable rate demand

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE L - LONG-TERM DEBT - CONTINUED

bonds secured by irrevocable letters of credit with two banks; with one bank for Series B-C providing two letters of credit for a total of \$100,000, which expire on January 2, 2023; and another bank for Series D-E providing two letters of credit for a total of \$85,000, which expire on January 2, 2024. No amounts were outstanding on the letters of credit at December 31, 2021 and 2020.

- (c) The NJHCFFA Fixed Rate Revenue Refunding Bonds, Virtua Health Issue, Series 2013 (the "Series 2013 Bonds") were issued to refund the outstanding Series 1998 Bonds and certain Series 2009A Bonds and pay for costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds bear interest between 4.00% and 5.00%, payable on January 1 and July 1. Annual principal payments range from \$11,330 to \$15,515, maturing on July 1 of each year through 2029.
- (d) The NJHCFFA Fixed Rate Refunding Bonds, Virtua Health Issue, Series 2019 (the "Series 2019 Bonds") were issued to refund the outstanding Series 2009A Bonds. Interest is payable monthly at a fixed rate of 3.20%. Annual principal payments range from \$15,665 to \$27,880, maturing on July 1, 2030 through 2038. The bonds were issued as a private placement with a bank as the direct purchasing bank.
- (e) The Virtua Health Series 2020 Term Loan (the "Series 2020 Term Loan") was issued to finance capital needs for technology projects, joint venture investments, and other valid corporate purposes. Interest is payable monthly at a fixed rate of 2.37%. Annual principal payments range from \$34,045 to \$38,265, maturing on July 1 of each year through 2027. The term loan was issued as a taxable private placement with a bank as the direct purchasing bank.

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

Under the terms of its bond trust agreements, Virtua Health has the option to convert the variable rate demand bonds to a fixed rate term mode. For all series of variable rate demand bonds backed by bank letters of credit and subjected to remarketing agreements, in the event that any or all of the bonds are tendered by the bondholder and are unable to be remarketed, the letters of credit are drawn upon by the bond trustee to purchase the unremarketed bonds. Draws for this purpose under the letters of credit are repaid with interest over a period of one to three years under existing term-out provisions, noting certain bonds have a one-year interest-only period prior to the repayment period. All series of variable rate demand bonds are subjected to mandatory tender for purchase prior to the expiration of the letter of credit if a substitute facility has not been made effective. The Series 2009 B-C Bonds have a three-year loan provision for converting a letter of credit draw for the purchase of bonds in connection with the letter of credit expiration.

The Series 2004, 2009B-E, 2013 and 2019 Bonds and the Series 2020 Term Loan are all secured equally and ratably on a parity basis by notes issued under the master trust indenture (the "Master Trust Indenture"), with Virtua Health, Inc., Virtua-West Jersey, and Virtua-Memorial as obligated issuers (the "Virtua Obligated Group"). The notes are secured by a pledge of gross receipts of the Virtua Obligated Group and a mortgage on the Voorhees replacement hospital. The Virtua Obligated Group is obligated to pay the principal or redemption price and interest on the bonds under loan agreements with the NJHCFFA. The Master Trust Indenture and other bond agreements require the Virtua Obligated Group to comply with certain financial covenants. At December 31, 2021 and 2020, the Virtua Obligated Group has complied with all financial covenants related to the bonds.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE L - LONG-TERM DEBT - CONTINUED**

***Future Principal Payments***

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

Years Ending December 31,

2022	\$	48,110
2023		49,314
2024		50,563
2025		51,879
2026		53,361
Thereafter		<u>499,000</u>
	<u>\$</u>	<u>752,227</u>

***Lines and Letters of Credit***

Virtua Health has a revolving credit line in place with a bank for \$60,000, which expires in December 2022. The interest rate is based on either the term SOFR (“Secured Overnight Financing Rate”) reference rate for the interest period (one-month) plus 85 basis points (the term SOFR one-month rate was 0.05% at December 31, 2021), or the prime rate minus 150 basis points (the prime rate was 3.25% at both December 31, 2021 and 2020). There were no amounts outstanding under the line of credit at December 31, 2021 and 2020. The line of credit has a provision for letters of credit. There were \$5,154 in letter of credit commitments with expiration dates in 2022 as of December 31, 2021. These were not drawn upon and are in connection with Virtua Health’s insurance captive, a capital project, and a site requirement.

Virtua Health has a second revolving credit line in place with another bank for \$50,000, which expires in December 2022. The interest rate is based on either the daily simple SOFR interest period plus 70 basis points (the daily simple SOFR was 0.05% at December 31, 2021), or the prime rate minus 150 basis points (the prime rate was 3.25% at both December 31, 2021 and 2020). There were no amounts outstanding on the line of credit at December 31, 2021 and 2020.

Virtua Health has a third revolving credit line in place with a different bank for \$50,000, which expires in December 2022. The interest rate is based on either the adjusted LIBOR (“London Interbank Offered Rate”) for certain interest periods plus 80 basis points (one-month LIBOR was 0.10% and 0.14% at December 31, 2021 and 2020, respectively), or the prime rate minus 25 basis points (the prime rate was 3.25% at both December 31, 2021 and 2020). There were no amounts outstanding on the line of credit at December 31, 2021 and 2020.

***Fair Value***

Virtua Health used current quoted market prices in estimating the fair value of its long-term debt, excluding financing lease obligations. As of December 31, 2021 and 2020, the fair values were \$805,964 and \$881,686, respectively. Fair value of long-term debt was determined using the market approach, which is considered a Level 2 measurement.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE M - LEASES

The following table presents the components of the right of use assets and liabilities related to leases and their classification in the consolidated balance sheets at December 31, 2021 and 2020:

Component of Lease Balances	Classification in Consolidated Balance Sheet	2021	2020
Assets:			
Operating lease	Right of use assets	\$ 119,533	\$ 119,149
Finance lease	Property, plant, and equipment, net	1,658	937
		<u>\$ 121,191</u>	<u>\$ 120,086</u>
Liabilities:			
Operating lease			
Current	Current maturities of lease liability	\$ 28,822	\$ 32,230
Long-term	Lease liability, net of current maturities	103,112	98,275
		<u>131,934</u>	<u>130,505</u>
Finance lease			
Current	Current maturities of long-term debt	612	349
Long-term	Long-term debt, net of current maturities	981	609
		<u>1,593</u>	<u>958</u>
		<u>\$ 133,527</u>	<u>\$ 131,463</u>

The following table presents the components of lease expense and their classification in the consolidated statements of operations and changes in net assets for the years ended December 31, 2021 and 2020:

Component of Lease Balances	Classification in Consolidated Statement of Operations and Changes in Net Assets	2021	2020
Operating lease expense	Other operating expenses	\$ 35,155	\$ 45,101
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	457	371
Interest on lease liabilities	Interest expense	39	37
		<u>496</u>	<u>408</u>
Variable and short-term lease expense	Other operating expenses	15,560	22,189
		<u>\$ 51,211</u>	<u>\$ 67,698</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE M - LEASES - CONTINUED

The weighted-average lease terms and discount rates for operating and finance leases at December 31, 2021 and 2020 are as follows:

	2021	2020
Weighted-average remaining lease term (years)		
Operating leases	6.54 years	6.26 years
Finance leases	2.49 years	3.05 years
Weighted-average discount rate		
Operating leases	3.67%	3.65%
Finance leases	3.45%	3.31%

Cash flow related to leases for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows related to operating leases	\$ 39,008	\$ 37,829
Operating cash outflows related to finance leases	443	371
Financing cash outflows related to finance leases	60	37
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	27,374	13,787
Finance leases	665	-

The future minimum rental commitments for all noncancelable operating and finance leases at December 31, 2021 are as follows:

	Operating Leases	Finance Leases	Total
Years Ending December 31,			
2022	\$ 33,843	\$ 660	\$ 34,503
2023	24,127	556	24,683
2024	21,974	337	22,311
2025	17,161	112	17,273
2026	14,564	11	14,575
Thereafter	38,975	-	38,975
	150,644	1,676	152,320
Less: Imputed interest	(18,710)	(83)	(18,793)
	131,934	1,593	133,527
Less: Current maturities	(28,822)	(612)	(29,434)
	<u>\$ 103,112</u>	<u>\$ 981</u>	<u>\$ 104,093</u>



Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE N - RETIREMENT BENEFIT PLANS**

***Defined Contribution Plans***

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

The amount of expense related to these two plans was \$27,306 and \$24,596 for the years ended December 31, 2021 and 2020, respectively, and is included in employees' fringe benefits in the consolidated statements of operations and changes in net assets.

***Defined Benefit Plan***

Virtua Health has a noncontributory defined benefit pension plan (the "Virtua Pension Equity Plan"), which covered employees as defined, and accrued benefit formulas as defined for those who met prescribed eligibility requirements. Effective December 31, 2020, the Virtua Pension Equity Plan froze benefits for all remaining non-union employees who were still accruing a benefit. The Virtua Pension Equity Plan uses a measurement date of December 31. The mortality table used for projecting the benefit obligations is the Pri-2012 with projected improvements using the MP-2020 projection scale for the years ended December 31, 2021 and 2020.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE N - RETIREMENT BENEFIT PLANS - CONTINUED

The information at December 31, 2021 and 2020, and for the years then ended, about the Virtua Pension Equity Plan is as follows:

	<u>2021</u>	<u>2020</u>
Weighted-average assumptions used to determine benefit obligations - end of year:		
Discount rate	2.65%	3.40%
Rate of compensation increase	3.00%	3.00%
Accumulated benefit obligation - end of year	<u>\$ 250,973</u>	<u>\$ 276,861</u>
Changes in benefit obligations:		
Benefit obligations - beginning of year	\$ 276,861	\$ 253,418
Service cost	1,041	1,427
Interest cost	7,067	8,479
Actuarial gain	(12,067)	31,373
Benefits paid	<u>(21,929)</u>	<u>(17,836)</u>
Benefit obligations - end of year	250,973	276,861
Changes in plan assets:		
Fair value of plan assets - beginning of year	247,163	233,593
Actual return on plan assets	7,629	31,406
Employer contributions	-	-
Benefits paid	<u>(21,929)</u>	<u>(17,836)</u>
Fair value of plan assets - end of year	<u>232,863</u>	<u>247,163</u>
Funded status of the plan - end of year	<u>\$ (18,110)</u>	<u>\$ (29,698)</u>
Amounts recognized in the consolidated balance sheets - noncurrent accrued retirement benefits	<u>\$ (18,110)</u>	<u>\$ (29,698)</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE N - RETIREMENT BENEFIT PLANS - CONTINUED

	2021	2020
Amounts recognized in net assets without restrictions:		
Actuarial loss	\$ 126,231	\$ 117,018
Prior service cost	(3)	(3)
Net (gain) loss	(10,533)	9,215
Total amounts recognized in net assets without restrictions	\$ 115,695	\$ 126,230
Components of net periodic benefit cost recognized in employee fringe benefits:		
Service cost	\$ 1,040	\$ 1,427
Components recognized in nonoperating gains and losses in other accrual retirement credit:		
Interest cost	7,067	8,479
Expected return on plan assets	(13,783)	(13,677)
Amortization of actuarial loss	4,620	4,427
Amortization of prior service credit	3	3
	(2,093)	(768)
Total net periodic benefit (credit) cost	(1,053)	659
Other changes in accrued retirement benefits recognized in net assets without restrictions:		
Current-year actuarial gain	(5,912)	13,643
Recognized actuarial loss	(4,620)	(4,427)
Recognition of prior service cost	(3)	(3)
Total recognized in net assets without restrictions	(10,535)	9,213
Total recognized in net periodic benefit (credit) cost and change in net assets without restrictions	\$ (11,588)	\$ 9,872
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	2.65%	3.40%
Expected long-term rate of return on plan assets	5.80%	6.10%
Rate of compensation increase	3.00%	3.00%

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE N - RETIREMENT BENEFIT PLANS - CONTINUED

The Virtua Pension Equity Plan amortizes prior service cost as a result of plan amendments on a straight-line basis over the expected average future lifetime of active participants expected to benefit under the plan. Plan amendments for the prior West Jersey Health System Retirement Plan were amortized on a decreasing-amount basis, based on the expected future service of active participants as of the date first recognized in each future year.

**Plan Assets**

The pension plan's actual weighted-average asset allocations and target asset allocations, by asset category, at December 31, 2021 and 2020 are as follows:

Asset Category	Target Allocation	2021	2020
Fixed income	30% - 80%	68%	69%
Equity securities	20% - 65%	27	27
Alternative investments/real estate	0% - 10%	5	4
		100%	100%

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

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

The plan assets in the defined benefit pension plan measured at fair value, using NAV, at December 31, 2021 and 2020, are as follows:

	2021	2020
Common/collective trust funds:		
Fixed income <sup>(a)</sup>	\$ 157,996	\$ 169,681
Domestic equity <sup>(b)</sup>	35,784	39,587
International equity <sup>(c)</sup>	27,162	27,781
U.S. real estate <sup>(d)</sup>	11,921	10,114
	\$ 232,863	\$ 247,163

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

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

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

NOTE N - RETIREMENT BENEFIT PLANS - CONTINUED

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

**Cash Flows**

Contributions

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

Estimated Future Benefit Payments:

2022	\$	18,764
2023		18,514
2024		17,874
2025		17,668
2026		17,228
2027-2031		79,721

**Multi-employer Plan**

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

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

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

Until such events above occur, Virtua Health's share, if any, of the unfunded vested liabilities cannot be determined. At December 31, 2021, Virtua Health has no plans to withdraw from the Multi-employer Plan.

**Virtua Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 31, 2021 and 2020**  
**(in thousands)**

**NOTE N - RETIREMENT BENEFIT PLANS - CONTINUED**

Virtua Health's participation in the Multi-employer Plan for the years ended December 31, 2021 and 2020, is outlined below:

- The Multi-employer Plan's Employer Identification Number is 36-6052390, and the three-digit plan number is 001.
- The PPA zone status is based on information that Virtua Health received from the Multi-employer Plan's sponsor and is certified by the Multi-employer Plan's actuary. The Multi-employer Plan is in the green zone, which indicates that it is at least 80% funded. The most recent PPA zone status available in 2021 and 2020 is for the Multi-employer Plan years ended January 31, 2021 and 2020, respectively.
- A financial improvement plan or a rehabilitation plan is neither pending nor has one been implemented for the Multi-employer Plan.
- Virtua Health was not required to pay a surcharge to the Multi-employer Plan.
- On April 29, 2021, the bargaining unit members voted to ratify a new collective bargaining agreement which runs through February 28, 2024. This agreement covers approximately 8% of the Registered Nurse workforce.
- Virtua Health contributed \$4,527 and \$4,109 to the Multi-employer Plan for the years ended December 31, 2021 and 2020, respectively. Virtua Health did not contribute more than 5% of the total contributions to the Multi-employer Plan and was not listed in the Form 5500 for the Multi-employer Plan years ended January 31, 2021 and 2020.

At the date the consolidated financial statements were issued, the Form 5500 was not available for the Multi-employer Plan year ended January 31, 2022.

**NOTE O - CONTINGENCIES AND COMMITMENTS**

***Self-Insured Malpractice and General Liability and Litigation***

Virtua Health's captive insurance company, VAI, commenced business principally to reinsure the primary layer of exposure underwritten by a third-party insurer for claims-made-basis hospital professional liability, physicians professional liability, and occurrence-basis general liability. For the years ended December 31, 2021 and 2020, malpractice professional liability coverage is limited to \$1,000 per claim and \$3,000 aggregate per facility, and general liability coverage is limited to \$1,000 per claim. In addition to the primary layer by VAI, Virtua Health maintains excess coverage from third-party insurers for amounts above the limits insured by VAI.

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE O - CONTINGENCIES AND COMMITMENTS - CONTINUED**

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

Claims reserve activity for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Claims reserves and IBNR - beginning of the year	\$ 71,553	\$ 68,613
Less: Insurance recoveries on unpaid claims	(26,230)	(24,379)
Claims reserves and IBNR, net - beginning of the year	45,323	44,234
Incurred related to:		
Current year	14,175	11,338
Prior year	(2,898)	3,157
Total incurred	11,277	14,495
Change in IBNR	8,244	(2,634)
Paid related to:		
Current year	(617)	(151)
Prior year	(10,671)	(10,621)
Total incurred	(11,288)	(10,772)
Claims reserves and IBNR, net - end of the year	53,556	45,323
Add: Insurance recoveries on unpaid claims	27,882	26,230
Claims reserves and IBNR - end of the year	\$ 81,438	\$ 71,553

**Self-Funded Healthcare Plan for Employees**

Virtua Health has a self-funded healthcare employee benefit plan that is administered by a third-party administrator. Virtua Health obtains an excess insurance policy for claims to a member in excess of \$1,000. The reserves for claims that are not paid at December 31, 2021 and 2020 totaled \$12,379 and \$9,359, respectively, and are reported within accounts payable and accrued expenses in the consolidated balance sheets.

**Litigation**

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE O - CONTINGENCIES AND COMMITMENTS - CONTINUED**

***Promise to Give in Future Period***

On December 21, 2021, Virtua Health and VHF entered into a Master Affiliation Agreement with Rowan University Foundation in order to collaborate for the development and operation of an affiliated academic health system, the purpose of which is to promote and enhance clinical education, research and clinical activities for residents of New Jersey and surrounding states. As part of a separate Gift Agreement to further the initiative, Virtua Health and VHF made a pledge totaling \$85,000 to be paid in ten gift installments. The annual payments range from \$25,000 to \$4,375. The first installment in the amount of \$25,000 was made on December 23, 2021, which was unconditional and included in other operating expenses in the consolidated statement of operations and changes in net assets for the year ended December 31, 2021. The remainder of the gift installments under the pledge are conditional depending on various milestone/barriers as defined in the Gift Agreement. As such, the remaining pledge of \$60,000 is not recorded in the consolidated financial statements at December 31, 2021.

**NOTE P - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2021 and 2020 are restricted for the following programs:

	<u>2021</u>	<u>2020</u>
Temporarily - Subject to expenditure for specific purpose:		
Property, plant, and equipment and other	\$ 20,710	\$ 20,658
Education and nursing scholarships	4,153	3,508
	<u>24,863</u>	<u>24,166</u>
Permanently - Investment in perpetuity whose income is expendable to support:		
Scholarships and other	9,822	9,189
	<u>\$ 34,685</u>	<u>\$ 33,355</u>

**NOTE Q - CONCENTRATIONS OF CREDIT RISK**

Virtua Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. The mix of accounts receivable from patients and third-party payers at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Managed care	45%	48%
Medicare and Medicaid	23	25
Self-pay	14	12
Other third-party payers	18	15
	<u>100%</u>	<u>100%</u>



Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020  
(in thousands)

**NOTE R - FUNCTIONAL EXPENSES**

Virtua Health's primary mission is to provide health care services to its patients. The majority of all operating expenses incurred by Virtua Health are related to the provision of health care services. Virtua Health provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2021 and 2020, are as follows:

	Healthcare Services	General and Administrative	Total
<u>2021</u>			
Salaries and wages	\$ 806,892	\$ 168,346	\$ 975,238
Professional fees	31,377	572	31,949
Employers' fringe benefits	161,090	44,992	206,082
Other operating expenses	708,941	95,696	804,637
Interest	16,938	4	16,942
Depreciation and amortization	101,212	25,364	126,576
	<u>\$ 1,826,450</u>	<u>\$ 334,974</u>	<u>\$ 2,161,424</u>
<u>2020</u>			
Salaries and wages	\$ 755,249	\$ 149,275	\$ 904,524
Professional fees	42,628	1,099	43,727
Employers' fringe benefits	152,528	41,484	194,012
Other operating expenses	609,066	90,138	699,204
Interest	15,750	4	15,754
Depreciation and amortization	92,706	23,043	115,749
	<u>\$ 1,667,927</u>	<u>\$ 305,043</u>	<u>\$ 1,972,970</u>

**NOTE S - SUBSEQUENT EVENTS**

Virtua Health has evaluated its December 31, 2021 consolidated financial statements for subsequent events through May 6, 2022, the date the consolidated financial statements were issued. Virtua Health is not aware of any subsequent events, which require recognition or disclosure in the consolidated financial statements, except as noted elsewhere in the notes to the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS INFORMATION - VIRTUA HEALTH, INC.

December 31, 2021

	Virtua Health, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Lourdes Health Care Services	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation Group	Virtua Assurance
<b>ASSETS</b>											
<b>CURRENT ASSETS:</b>											
Cash and cash equivalents	\$ 182,722	\$ -	\$ 182,722	\$ -	\$ 158,633	\$ 12	\$ 4,345	\$ 12,353	\$ 4,425	\$ 1,980	\$ 974
Assets limited as to use	22,641	(491)	23,132	-	8,296	-	491	-	-	-	14,345
Patient accounts receivable	245,165	-	245,165	-	156,993	68,130	-	20,042	-	-	-
Assets held for sale	11,600	-	11,600	-	-	-	11,600	-	-	-	-
Due from affiliate, net	-	(235,970)	235,970	-	226,171	-	61	9,738	-	-	-
Other current assets	89,048	-	89,048	619	69,646	13,999	408	1,975	863	1,350	188
<b>Total current assets</b>	<b>551,176</b>	<b>(236,461)</b>	<b>787,637</b>	<b>619</b>	<b>619,739</b>	<b>82,141</b>	<b>16,905</b>	<b>44,108</b>	<b>5,288</b>	<b>3,330</b>	<b>15,507</b>
<b>ASSETS LIMITED AS TO USE:</b>											
By Board of Trustees' designation	1,961,244	-	1,961,244	-	1,884,529	-	-	-	-	76,715	-
Insurance funds	41,326	-	41,326	-	1,315	-	-	-	-	-	40,011
Restricted funds	22,041	-	22,041	-	1,413	-	-	-	-	20,628	-
<b>Total</b>	<b>2,024,611</b>	<b>-</b>	<b>2,024,611</b>	<b>-</b>	<b>1,887,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,343</b>	<b>40,011</b>
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	<b>1,060,442</b>	<b>-</b>	<b>1,060,442</b>	<b>-</b>	<b>744,367</b>	<b>248,326</b>	<b>603</b>	<b>67,133</b>	<b>-</b>	<b>13</b>	<b>-</b>
<b>RIGHT OF USE ASSETS</b>	<b>119,533</b>	<b>-</b>	<b>119,533</b>	<b>-</b>	<b>70,029</b>	<b>11,665</b>	<b>176</b>	<b>37,663</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER LONG-TERM ASSETS:</b>											
Due from affiliates, net	-	(62,504)	62,504	-	60,851	1,485	100	68	-	-	-
Investment in unconsolidated joint ventures	214,141	-	214,141	-	193,890	8,323	1,091	10,837	-	-	-
Goodwill and other intangibles, net	254,838	-	254,838	-	231,176	19,929	-	3,733	-	-	-
Other assets	24,079	-	24,079	-	21,571	414	-	197	-	1,897	-
Beneficial interest in perpetual trust	9,812	(9,812)	19,624	-	9,812	-	-	-	-	9,812	-
<b>Total</b>	<b>502,870</b>	<b>(72,316)</b>	<b>575,186</b>	<b>-</b>	<b>517,300</b>	<b>30,151</b>	<b>1,191</b>	<b>14,835</b>	<b>-</b>	<b>11,709</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 4,258,632</b>	<b>\$ (308,777)</b>	<b>\$ 4,567,409</b>	<b>\$ 619</b>	<b>\$ 3,838,692</b>	<b>\$ 372,283</b>	<b>\$ 18,875</b>	<b>\$ 163,739</b>	<b>\$ 5,288</b>	<b>\$ 112,395</b>	<b>\$ 55,518</b>
<b>LIABILITIES AND NET ASSETS</b>											
<b>CURRENT LIABILITIES:</b>											
Current maturities of long-term debt	\$ 48,110	\$ (711)	\$ 48,821	\$ -	\$ 48,110	\$ -	\$ 711	\$ -	\$ -	\$ -	\$ -
Current maturities of lease liability	28,822	-	28,822	-	13,314	2,218	2,474	10,816	-	-	-
Accounts payable and accrued expenses	218,787	(14,427)	233,214	994	156,313	33,476	5,896	17,104	782	288	18,361
Due to affiliates, net	-	(235,124)	235,124	3,433	-	135,956	1,467	39,231	24,048	30,714	275
Accrued compensation and related liabilities	118,445	-	118,445	-	71,861	13,869	1,823	30,432	460	-	-
Accrued interest payable	3,605	(135)	3,740	-	3,605	-	135	-	-	-	-
Estimated settlements due to third-party payers	137,116	-	137,116	-	76,525	51,196	2,861	6,534	-	-	-
<b>Total current liabilities</b>	<b>554,885</b>	<b>(250,397)</b>	<b>805,282</b>	<b>4,427</b>	<b>369,728</b>	<b>236,715</b>	<b>15,367</b>	<b>104,117</b>	<b>25,290</b>	<b>31,002</b>	<b>18,636</b>
<b>LONG-TERM LIABILITIES:</b>											
Estimated settlements due to third-party payers	19,328	-	19,328	-	10,786	8,345	197	-	-	-	-
Self insurance liabilities	54,843	(24,531)	79,374	-	54,843	-	-	-	-	-	24,531
Accrued retirement benefits	18,813	-	18,813	-	18,813	-	-	-	-	-	-
Due to affiliates, net	-	(18,904)	18,904	-	-	-	-	-	-	18,904	-
Long-term debt, net of current maturities	705,243	(5,133)	710,376	-	705,243	-	5,133	-	-	-	-
Lease liability, net of current maturities	103,112	-	103,112	-	64,030	9,838	-	29,244	-	-	-
Other liabilities	9,496	-	9,496	-	7,546	1,311	291	306	42	-	-
<b>Total liabilities</b>	<b>1,465,720</b>	<b>(298,965)</b>	<b>1,764,685</b>	<b>4,427</b>	<b>1,230,989</b>	<b>256,209</b>	<b>20,988</b>	<b>133,667</b>	<b>25,332</b>	<b>49,906</b>	<b>43,167</b>
<b>NET ASSETS (DEFICIENCY):</b>											
<b>Without donor restrictions :</b>											
Virtua Health, Inc.	2,550,807	-	2,550,807	(3,808)	2,369,460	114,577	(2,213)	30,004	(20,044)	50,480	12,351
Noncontrolling interests	207,420	-	207,420	-	207,420	-	-	-	-	-	-
<b>Total net assets without donor restrictions</b>	<b>2,758,227</b>	<b>-</b>	<b>2,758,227</b>	<b>(3,808)</b>	<b>2,576,880</b>	<b>114,577</b>	<b>(2,213)</b>	<b>30,004</b>	<b>(20,044)</b>	<b>50,480</b>	<b>12,351</b>
<b>With donor restrictions</b>											
	34,685	(9,812)	44,497	-	30,823	1,497	100	68	-	12,009	-
<b>Total net assets (deficiency)</b>	<b>2,792,912</b>	<b>(9,812)</b>	<b>2,802,724</b>	<b>(3,808)</b>	<b>2,607,703</b>	<b>116,074</b>	<b>(2,113)</b>	<b>30,072</b>	<b>(20,044)</b>	<b>62,489</b>	<b>12,351</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 4,258,632</b>	<b>\$ (308,777)</b>	<b>\$ 4,567,409</b>	<b>\$ 619</b>	<b>\$ 3,838,692</b>	<b>\$ 372,283</b>	<b>\$ 18,875</b>	<b>\$ 163,739</b>	<b>\$ 5,288</b>	<b>\$ 112,395</b>	<b>\$ 55,518</b>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Health Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Lourdes Health Care Services	Virtua Obligated Group	Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation Group	Virtua Assurance
NET ASSETS WITHOUT DONOR RESTRICTIONS:											
Revenue:											
Patient service revenue	\$ 2,116,195	\$ -	\$ 2,116,195	\$ -	\$ 1,313,347	\$ 506,182	\$ 18,438	\$ 278,228	\$ -	\$ -	\$ -
Other revenue	165,837	(210,095)	375,932	-	259,036	14,252	2,422	82,888	3,048	237	14,049
Equity in income of unconsolidated joint ventures	79,003	-	79,003	-	71,622	2,752	3,856	773	-	-	-
Total revenue	2,361,035	(210,095)	2,571,130	-	1,644,005	523,186	24,716	361,889	3,048	237	14,049
Expenses:											
Salaries and wages	975,238	(835)	976,073	-	557,589	144,256	16,254	254,015	3,959	-	-
Professional fees	31,949	(42,212)	74,161	-	37,858	33,732	40	763	1,968	-	-
Employees' fringe benefits	206,082	(49,236)	255,318	-	176,536	33,052	5,358	38,900	1,472	-	-
Other operating expenses	804,637	(117,563)	922,200	-	490,984	253,013	12,178	129,734	(3,614)	27,343	12,562
Interest	16,942	(249)	17,191	-	16,942	-	249	-	-	-	-
Depreciation and amortization	126,576	-	126,576	-	94,954	19,634	917	11,066	-	5	-
Total expenses	2,161,424	(210,095)	2,371,519	-	1,374,663	483,687	34,996	434,478	3,785	27,348	12,562
INCOME (LOSS) FROM OPERATIONS (includes \$58,423 of income attributed to noncontrolling interests)	199,611	-	199,611	-	269,342	39,499	(10,280)	(72,589)	(737)	(27,111)	1,487
NONOPERATING GAINS AND LOSSES:											
Investment return, net	171,196	-	171,196	-	158,837	-	-	-	-	8,101	4,258
Other accrued retirement costs	2,093	-	2,093	-	2,093	-	-	-	-	-	-
Total nonoperating gains, net	173,289	-	173,289	-	160,930	-	-	-	-	8,101	4,258
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES	372,900	-	372,900	-	430,272	39,499	(10,280)	(72,589)	(737)	(19,010)	5,745
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO NONCONTROLLING INTERESTS	(58,423)	-	(58,423)	-	(58,423)	-	-	-	-	-	-
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES ATTRIBUTED TO VIRTUA HEALTH, INC.	314,477	-	314,477	-	371,849	39,499	(10,280)	(72,589)	(737)	(19,010)	5,745
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA HEALTH, INC.											
Restricted net assets released for property, plant, and equipment	2,373	-	2,373	-	2,153	220	-	-	-	-	-
Other changes in accrued retirement benefits	10,535	-	10,535	-	10,535	-	-	-	-	-	-
Transfers with affiliates, net	-	-	-	-	(124,576)	16,797	12,338	95,441	-	-	-
Increase (decrease) in net assets without donor restrictions - Virtua Health, Inc.	327,385	-	327,385	-	259,961	56,516	2,058	22,852	(737)	(19,010)	5,745
NONCONTROLLING INTERESTS:											
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	58,423	-	58,423	-	58,423	-	-	-	-	-	-
Distributions	(26,579)	-	(26,579)	-	(26,579)	-	-	-	-	-	-
Membership interest changes	72,836	-	-	-	-	-	-	-	-	-	-
Increase in net assets without donor restrictions - noncontrolling interests	104,680	-	31,844	-	31,844	-	-	-	-	-	-
NET ASSETS WITH DONOR RESTRICTIONS :											
Contributions, net	5,080	-	5,080	-	4,363	720	2	2	-	(7)	-
Investment return, net	276	-	276	-	-	-	-	-	-	276	-
Increase in beneficial interest in perpetual trust	633	(633)	1,266	-	633	-	-	-	-	633	-
Net assets released from restrictions for operations	(2,286)	-	(2,286)	-	(2,076)	(209)	-	-	-	(1)	-
Net assets released from restrictions for property, plant, and equipment	(2,373)	-	(2,373)	-	(2,153)	(220)	-	-	-	-	-
Transfers with affiliates, net	-	-	-	-	(79)	79	-	-	-	-	-
Increase (decrease) in net assets with donor restrictions	1,330	(633)	1,963	-	688	370	2	2	-	901	-
INCREASE (DECREASE) IN NET ASSETS	433,395	(633)	434,028	-	365,329	56,886	2,060	22,854	(737)	(18,109)	5,745
NET ASSETS (DEFICIENCY) - beginning of year	2,359,517	(9,179)	2,368,696	(3,808)	2,242,374	59,188	(4,173)	7,218	(19,307)	80,598	6,606
NET ASSETS (DEFICIENCY) - end of year	\$ 2,792,912	\$ (9,812)	\$ 2,802,724	\$ (3,808)	\$ 2,607,703	\$ 116,074	\$ (2,113)	\$ 30,072	\$ (20,044)	\$ 62,489	\$ 12,351

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA OBLIGATED GROUP

December 31, 2021

	Virtua Obligated Group	Reclassifying/ Eliminating Entries	Total	Virtua Health, Inc.	Virtua-Memorial Hospital of Burlington County, Inc.	Virtua- West Jersey Health System, Inc.
<b>ASSETS</b>						
<b>CURRENT ASSETS:</b>						
Cash and cash equivalents	\$ 158,633	\$ -	\$ 158,633	\$ 386	\$ 14,343	\$ 143,904
Assets limited as to use	8,296	(7,805)	16,101	8,296	566	7,239
Patient accounts receivable	156,993	-	156,993	-	53,955	103,038
Due from affiliate, net	226,171	(70,974)	297,145	297,145	-	-
Other current assets	69,646	(70)	69,716	39,909	6,632	23,175
Total current assets	619,739	(78,849)	698,588	345,736	75,496	277,356
<b>ASSETS LIMITED AS TO USE:</b>						
By Board of Trustees' designation	1,884,529	-	1,884,529	40,070	177,386	1,667,073
Insurance funds	1,315	-	1,315	1,315	-	-
Restricted funds	1,413	-	1,413	-	1,413	-
	1,887,257	-	1,887,257	41,385	178,799	1,667,073
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>						
	744,367	-	744,367	-	135,959	608,408
<b>RIGHT OF USE ASSETS</b>						
	70,029	-	70,029	21,438	38,152	10,439
<b>OTHER LONG-TERM ASSETS:</b>						
Due from affiliates, net	60,851	(720,991)	781,842	333,003	448,839	-
Investment in unconsolidated joint ventures	193,890	(12,351)	206,241	12,351	35,045	158,845
Goodwill and other intangibles, net	231,176	-	231,176	-	191,886	39,290
Other assets	21,571	-	21,571	21,518	7	46
Beneficial interest in perpetual trust	9,812	-	9,812	-	9,812	-
	517,300	(733,342)	1,250,642	366,872	685,589	198,181
<b>TOTAL ASSETS</b>	<b>\$ 3,838,692</b>	<b>\$ (812,191)</b>	<b>\$ 4,650,883</b>	<b>\$ 775,431</b>	<b>\$ 1,113,995</b>	<b>\$ 2,761,457</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES:</b>						
Current maturities of long-term debt	\$ 48,110	\$ (12,644)	\$ 60,754	\$ 47,400	\$ 1,293	\$ 12,061
Current maturities of lease liability	13,314	-	13,314	4,338	4,864	4,112
Accounts payable and accrued expenses	156,313	(70)	156,383	70,516	16,246	69,621
Due to affiliates, net	-	(53,389)	53,389	-	454	52,935
Accrued compensation and related liabilities	71,861	-	71,861	32,021	13,252	26,588
Accrued interest payable	3,605	(3,027)	6,632	3,605	156	2,871
Estimated settlements due to third-party payers	76,525	-	76,525	4,768	24,907	46,850
Total current liabilities	369,728	(69,130)	438,858	162,648	61,172	215,038
<b>LONG-TERM LIABILITIES:</b>						
Estimated settlements due to third-party payers	10,786	-	10,786	-	4,474	6,312
Self insurance liabilities	54,843	-	54,843	54,843	-	-
Accrued retirement benefits	18,813	-	18,813	18,110	-	703
Due to affiliates, net	-	(214,019)	214,019	-	-	214,019
Long-term debt, net of current maturities	705,243	(516,691)	1,221,934	704,262	7,109	510,563
Lease liability, net of current maturities	64,030	-	64,030	20,702	36,286	7,042
Other liabilities	7,546	-	7,546	2,417	2,190	2,939
Total liabilities	1,230,989	(799,840)	2,030,829	962,982	111,231	956,616
<b>NET ASSETS (DEFICIENCY):</b>						
Without donor restrictions:						
Virtua Obligated Group	2,369,460	(12,351)	2,381,811	(199,037)	828,368	1,752,480
Noncontrolling interests	207,420	-	207,420	-	157,645	49,775
Total net assets (deficiency) without donor restrictions	2,576,880	(12,351)	2,589,231	(199,037)	986,013	1,802,255
With donor restrictions	30,823	-	30,823	11,486	16,751	2,586
Total net assets (deficiency)	2,607,703	(12,351)	2,620,054	(187,551)	1,002,764	1,804,841
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 3,838,692</b>	<b>\$ (812,191)</b>	<b>\$ 4,650,883</b>	<b>\$ 775,431</b>	<b>\$ 1,113,995</b>	<b>\$ 2,761,457</b>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Obligated Group	Eliminating Entries	Total	Virtua Health, Inc.	Virtua-Memorial Hospital Burlington County, Inc.	Total	Virtua-West Jersey Health System, Inc. Voorhees	Marlton
NET ASSETS WITHOUT DONOR RESTRICTIONS:								
Revenue:								
Patient service revenue	\$ 1,313,347	\$ -	\$ 1,313,347	\$ -	\$ 403,417	\$ 909,930	\$ 751,695	\$ 158,235
Other revenue	259,036	(300,712)	59,324	458,233	61,150	40,365	37,330	3,035
Equity in income of unconsolidated joint ventures	71,622	-	71,622	-	16,804	54,818	46,940	7,878
Total revenue	1,644,005	(300,712)	1,944,717	458,233	481,371	1,005,113	835,965	169,148
Expenses:								
Salaries and wages	557,589	(3,908)	561,497	163,625	124,589	273,283	219,844	53,439
Professional fees	37,658	-	37,658	782	12,488	24,388	18,863	5,525
Employees' fringe benefits	176,536	(57,132)	233,668	139,609	29,055	65,004	54,712	10,292
Other operating expenses	490,984	(228,587)	719,571	137,186	192,364	390,021	324,278	65,743
Interest	16,942	(11,085)	28,027	17,031	343	10,653	9,122	1,531
Depreciation and amortization	94,954	-	94,954	-	21,435	73,519	63,794	9,725
Total expenses	1,374,663	(300,712)	1,675,375	458,233	380,274	836,868	690,613	146,255
INCOME FROM OPERATIONS (includes \$58,423 of income attributed to noncontrolling interests)	269,342	-	269,342	-	101,097	168,245	145,352	22,893
NONOPERATING GAINS AND LOSSES:								
Investment return, net	158,837	(5,745)	164,582	8,087	13,882	142,613	122,120	20,493
Other accrued retirement costs	2,093	-	2,093	2,093	-	-	-	-
Total nonoperating gains, net	160,930	(5,745)	166,675	10,180	13,882	142,613	122,120	20,493
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES	430,272	(5,745)	436,017	10,180	114,979	310,858	267,472	43,386
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO NONCONTROLLING INTERESTS	(58,423)	-	(58,423)	-	(45,746)	(12,677)	(10,855)	(1,822)
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO VIRTUA OBLIGATED GROUP	371,849	(5,745)	377,594	10,180	69,233	298,181	256,617	41,564
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA OBLIGATED GROUP								
Restricted net assets released for property, plant, and equipment	2,153	-	2,153	-	1	2,152	1,843	309
Other changes in accrued retirement benefits	10,535	-	10,535	10,535	-	-	-	-
Transfers with affiliates, net	(124,576)	-	(124,576)	(44,408)	7,400	(87,568)	(74,984)	(12,584)
Increase (decrease) in net assets without donor restrictions - Virtua Obligated Group	259,961	(5,745)	265,706	(23,693)	76,634	212,765	183,476	29,289
NONCONTROLLING INTERESTS:								
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	58,423	-	58,423	-	45,746	12,677	10,855	1,822
Distributions	(26,579)	-	(26,579)	-	(14,081)	(12,498)	(10,702)	(1,796)
Membership interest changes	72,836	-	72,836	-	54,055	18,781	16,082	2,699
Increase in net assets without donor restrictions - noncontrolling interests	104,680	-	104,680	-	85,720	18,960	16,235	2,725
NET ASSETS WITH DONOR RESTRICTIONS :								
Contributions, net	4,363	-	4,363	3,708	650	5	5	-
Increase in beneficial interest in perpetual trust	633	-	633	-	633	-	-	-
Net assets released from restrictions for operations	(2,076)	-	(2,076)	(2,000)	(58)	(18)	(15)	(3)
Net assets released from restrictions for property, plant, and equipment	(2,153)	-	(2,153)	-	(1)	(2,152)	(1,843)	(309)
Transfers with affiliates, net	(79)	-	(79)	(2,059)	(81)	2,061	1,765	296
Increase (decrease) in net assets with donor restrictions:	688	-	688	(351)	1,143	(104)	(88)	(16)
INCREASE (DECREASE) IN NET ASSETS	365,329	(5,745)	371,074	(24,044)	163,497	231,621	199,623	31,998
NET ASSETS (DEFICIENCY) - beginning of year	2,242,374	(6,606)	2,248,980	(163,507)	839,267	1,573,220	1,312,164	261,056
NET ASSETS (DEFICIENCY) - end of year	\$ 2,607,703	\$ (12,351)	\$ 2,620,054	\$ (187,551)	\$ 1,002,764	\$ 1,804,841	\$ 1,511,787	\$ 293,054

Virtua Health, Inc.

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

December 31, 2021

	Virtua-Memorial Hospital Burlington County, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital of Burlington County, Inc.	MASC	Emmaus Holdings, LLC	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Virtua-USP Princeton, LLC
<b>ASSETS</b>									
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents	\$ 14,343	\$ -	\$ 14,343	\$ 259	\$ 1,453	\$ 723	\$ 8,990	\$ 2,918	\$ -
Assets limited as to use	566	-	566	566	-	-	-	-	-
Patient accounts receivable	53,955	-	53,955	44,743	726	-	5,856	2,630	-
Other current assets	6,632	(1,182)	7,814	4,650	374	-	1,167	802	821
Total current assets	75,496	(1,182)	76,678	50,218	2,553	723	16,013	6,350	821
<b>ASSETS LIMITED AS TO USE:</b>									
By Board of Trustees' designation	177,386	-	177,386	177,386	-	-	-	-	-
Restricted funds	1,413	-	1,413	1,413	-	-	-	-	-
	178,799	-	178,799	178,799	-	-	-	-	-
PROPERTY, PLANT, AND EQUIPMENT, NET	135,959	-	135,959	128,049	575	-	4,490	2,845	-
RIGHT OF USE ASSETS	38,152	-	38,152	15,021	625	-	11,339	11,167	-
<b>OTHER LONG-TERM ASSETS:</b>									
Due from affiliates, net	448,839	-	448,839	448,839	-	-	-	-	-
Investment in unconsolidated joint ventures	35,045	(84,380)	119,425	94,255	-	7,306	6,772	-	11,092
Goodwill and other intangibles, net	191,886	-	191,886	-	667	-	111,631	79,588	-
Other assets	7	-	7	-	-	-	-	7	-
Beneficial interest in perpetual trust	9,812	-	9,812	9,812	-	-	-	-	-
	685,589	(84,380)	769,969	552,906	667	7,306	118,403	79,595	11,092
<b>TOTAL ASSETS</b>	<b>\$ 1,113,995</b>	<b>\$ (85,562)</b>	<b>\$ 1,199,557</b>	<b>\$ 924,993</b>	<b>\$ 4,420</b>	<b>\$ 8,029</b>	<b>\$ 150,245</b>	<b>\$ 99,957</b>	<b>\$ 11,913</b>
<b>LIABILITIES AND NET ASSETS</b>									
<b>CURRENT LIABILITIES:</b>									
Current maturities of long-term debt	\$ 1,293	\$ -	\$ 1,293	\$ 848	\$ 167	\$ -	\$ 72	\$ 206	\$ -
Current maturities of lease liability	4,864	-	4,864	2,393	564	-	815	1,092	-
Accounts payable and accrued expenses	16,246	(1,182)	17,428	12,513	1,620	-	1,856	1,439	-
Due to affiliates, net	454	-	454	454	-	-	-	-	-
Accrued compensation and related liabilities	13,252	-	13,252	11,247	467	-	1,043	495	-
Accrued interest payable	156	-	156	156	-	-	-	-	-
Estimated settlements due to third-party payers	24,907	-	24,907	24,907	-	-	-	-	-
Total current liabilities	61,172	(1,182)	62,354	52,518	2,818	-	3,786	3,232	-
<b>LONG-TERM LIABILITIES:</b>									
Estimated settlements due to third-party payers	4,474	-	4,474	4,474	-	-	-	-	-
Long-term debt, net of current maturities	7,109	-	7,109	6,476	67	-	149	417	-
Lease liability, net of current maturities	36,286	-	36,286	14,216	96	-	11,581	10,393	-
Other liabilities	2,190	-	2,190	2,190	-	-	-	-	-
Total liabilities	111,231	(1,182)	112,413	79,874	2,981	-	15,516	14,042	-
MEMBER EQUITY	-	(103,565)	103,565	-	-	6,458	42,673	45,689	8,745
RETAINED EARNINGS	-	(48,093)	48,093	-	-	1,571	40,322	3,032	3,168
<b>TOTAL EQUITY</b>	<b>-</b>	<b>(151,658)</b>	<b>151,658</b>	<b>-</b>	<b>-</b>	<b>8,029</b>	<b>82,995</b>	<b>48,721</b>	<b>11,913</b>
<b>NET ASSETS</b>									
<b>Without donor restrictions :</b>									
Virtua-Memorial Hospital of Burlington County, Inc.	828,368	(1,439)	829,807	828,368	1,439	-	-	-	-
Noncontrolling interests	157,645	68,717	88,928	-	-	-	51,734	37,194	-
Total net assets without donor restrictions	986,013	67,278	918,735	828,368	1,439	-	51,734	37,194	-
<b>With donor restrictions</b>									
	16,751	-	16,751	16,751	-	-	-	-	-
Total net assets	1,002,764	67,278	935,486	845,119	1,439	-	51,734	37,194	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,113,995</b>	<b>\$ (85,562)</b>	<b>\$ 1,199,557</b>	<b>\$ 924,993</b>	<b>\$ 4,420</b>	<b>\$ 8,029</b>	<b>\$ 150,245</b>	<b>\$ 99,957</b>	<b>\$ 11,913</b>

VIRTUA HEALTH, INC.

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

For the year ended December 31, 2021

	Virtua-Memorial Hospital Burlington County, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital Burlington County, Inc.	MASC	Emmaus Holdings LLC	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Virtua-USP Princeton, LLC
NET ASSETS WITHOUT DONOR RESTRICTIONS:									
Revenue:									
Patient service revenue	\$ 403,417	\$ -	\$ 403,417	\$ 349,825	\$ 6,837	\$ -	\$ 20,460	\$ 26,295	\$ -
Other revenue	61,150	(18,534)	79,684	30,344	1	-	48,876	461	2
Equity in income of unconsolidated joint ventures	16,804	(10,193)	26,997	15,399	-	1,579	6,848	-	3,171
Total revenue	481,371	(28,727)	510,098	395,568	6,838	1,579	76,184	26,756	3,173
Expenses:									
Salaries and wages	124,589	(2,146)	126,735	113,917	2,146	-	3,812	6,860	-
Professional fees	12,488	-	12,488	11,588	52	7	144	592	5
Employees' fringe benefits	29,055	(834)	29,689	26,684	634	-	963	1,408	-
Other operating expenses	192,364	(556)	192,922	168,249	4,156	1	9,153	11,363	-
Interest	343	-	343	324	16	-	2	1	-
Depreciation and amortization	21,435	-	21,435	19,129	160	-	899	1,247	-
Total expenses	380,274	(3,338)	383,612	339,891	7,164	8	14,973	21,571	5
INCOME (LOSS) FROM OPERATIONS (includes \$45,746 of income attributed to noncontrolling interests)	101,097	(25,389)	126,486	55,677	(326)	1,571	61,211	5,185	3,168
NONOPERATING GAINS AND LOSSES:									
Investment return, net	13,882	326	13,556	13,556	-	-	-	-	-
Total nonoperating gains and losses, net	13,882	326	13,556	13,556	-	-	-	-	-
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES	114,979	(25,063)	140,042	69,233	(326)	1,571	61,211	5,185	3,168
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO NONCONTROLLING INTERESTS	(45,746)	(22,704)	(23,042)	-	-	-	(20,889)	(2,153)	-
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES ATTRIBUTED TO VIRTUA-MEMORIAL HOSPITAL BURLINGTON COUNTY, INC.	69,233	(47,767)	117,000	69,233	(326)	1,571	40,322	3,032	3,168
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA-MEMORIAL HOSPITAL BURLINGTON COUNTY, INC.									
Restricted net assets released for property, plant, and equipment	1	-	1	1	-	-	-	-	-
Transfers with affiliates, net	7,400	-	7,400	7,400	-	-	-	-	-
Paid-in capital	-	(18,928)	18,928	-	685	-	7,765	10,478	-
Income distributions	-	12,362	(12,362)	-	(183)	(816)	(8,313)	(1,259)	(1,791)
Gain/loss from valuation	-	(668)	668	-	668	-	-	-	-
Others	-	(584)	584	-	595	(11)	-	-	-
Increase in net assets without donor restrictions - Virtua-Memorial Hospital Burlington County, Inc.	76,634	(55,585)	132,219	76,634	1,439	744	39,774	12,251	1,377
NONCONTROLLING INTERESTS:									
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	45,746	22,704	23,042	-	-	-	20,889	2,153	-
Distributions	(14,081)	-	(14,081)	-	-	(824)	(9,833)	(2,589)	(835)
Membership interest changes	54,055	-	54,055	-	-	-	29,740	24,315	-
Increase (decrease) in net assets without donor restrictions - noncontrolling interests	85,720	22,704	63,016	-	-	(824)	40,796	23,879	(835)
NET ASSETS WITH DONOR RESTRICTIONS :									
Contributions, net	650	-	650	650	-	-	-	-	-
Increase in beneficial interest in perpetual trust	633	-	633	633	-	-	-	-	-
Net assets released from restrictions for operations	(58)	-	(58)	(58)	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(1)	-	(1)	(1)	-	-	-	-	-
Transfers with affiliates, net	(81)	-	(81)	(81)	-	-	-	-	-
Increase in net assets with donor restrictions	1,143	-	1,143	1,143	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	163,497	(32,881)	196,378	77,777	1,439	(80)	80,570	36,130	542
NET ASSETS - beginning of year	839,267	(51,499)	890,766	767,342	-	8,109	54,159	49,785	11,371
NET ASSETS - end of year	\$ 1,002,764	\$ (84,380)	\$ 1,087,144	\$ 845,119	\$ 1,439	\$ 8,029	\$ 134,729	\$ 85,915	\$ 11,913



Virtua Health, Inc.

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

December 31, 2021

	Virtua- West Jersey Health System, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua-West Jersey Health System, Inc.	Access Holding Company	Campus Holding, LLC	River Drive Holding Company	South Jersey Vascular Management	Voorhees Endoscopy Holding Co., LLC
<b>ASSETS</b>									
<b>CURRENT ASSETS:</b>									
Cash and cash equivalents	\$ 143,904	\$ -	\$ 143,904	\$ 142,397	\$ 1,226	\$ 278	\$ 2	\$ -	\$ 1
Assets limited as to use	7,239	-	7,239	7,239	-	-	-	-	-
Patient accounts receivable	103,038	-	103,038	102,002	487	549	-	-	-
Other current assets	23,175	-	23,175	21,724	456	186	-	809	-
Total current assets	277,356	-	277,356	273,362	2,169	1,013	2	809	1
<b>ASSETS LIMITED AS TO USE:</b>									
By Board of Trustees' designation	1,667,073	-	1,667,073	1,667,073	-	-	-	-	-
	1,667,073	-	1,667,073	1,667,073	-	-	-	-	-
<b>PROPERTY, PLANT, AND EQUIPMENT, NET</b>	608,408	-	608,408	606,952	164	881	-	411	-
<b>RIGHT OF USE ASSETS</b>	10,439	-	10,439	9,169	-	-	-	1,270	-
<b>OTHER LONG-TERM ASSETS:</b>									
Investment in unconsolidated joint ventures	158,845	(43,059)	201,904	142,801	-	-	45,672	-	13,431
Goodwill and other intangibles, net	39,290	-	39,290	7,387	4,379	24,496	-	3,028	-
Other assets	46	-	46	46	-	-	-	-	-
	198,181	(43,059)	241,240	150,234	4,379	24,496	45,672	3,028	13,431
<b>TOTAL ASSETS</b>	<b>\$ 2,761,457</b>	<b>\$ (43,059)</b>	<b>\$ 2,804,516</b>	<b>\$ 2,706,790</b>	<b>\$ 6,712</b>	<b>\$ 26,390</b>	<b>\$ 45,674</b>	<b>\$ 5,518</b>	<b>\$ 13,432</b>
<b>LIABILITIES AND NET ASSETS</b>									
<b>CURRENT LIABILITIES:</b>									
Current maturities of long-term debt	\$ 12,061	\$ -	\$ 12,061	\$ 12,056	\$ 5	\$ -	\$ -	\$ -	\$ -
Current maturities of lease liability	4,112	-	4,112	4,112	-	-	-	-	-
Accounts payable and accrued expenses	69,621	-	69,621	66,282	2,020	710	-	609	-
Due to affiliates, net	52,935	-	52,935	52,935	-	-	-	-	-
Accrued compensation and related liabilities	26,588	-	26,588	26,395	-	146	-	47	-
Accrued interest payable	2,871	-	2,871	2,871	-	-	-	-	-
Estimated settlements due to third-party payers	46,850	-	46,850	46,850	-	-	-	-	-
Total current liabilities	215,038	-	215,038	211,501	2,025	856	-	656	-
<b>LONG-TERM LIABILITIES:</b>									
Estimated settlements due to third-party payers	6,312	-	6,312	6,312	-	-	-	-	-
Accrued retirement benefits	703	-	703	703	-	-	-	-	-
Due to affiliates, net	214,019	-	214,019	214,019	-	-	-	-	-
Long-term debt, net of current maturities	510,563	-	510,563	510,563	-	-	-	-	-
Lease liability, net of current maturities	7,042	-	7,042	5,687	-	-	-	1,355	-
Other liabilities	2,939	-	2,939	2,939	-	-	-	-	-
Total liabilities	956,616	-	956,616	951,724	2,025	856	-	2,011	-
<b>MEMBER EQUITY</b>	-	(59,839)	59,839	-	3,108	16,575	33,842	3,775	2,539
<b>RETAINED EARNINGS</b>	-	(23,874)	23,874	-	1,395	22	11,832	(268)	10,893
<b>TOTAL EQUITY</b>	-	(83,713)	83,713	-	4,503	16,597	45,674	3,507	13,432
<b>NET ASSETS:</b>									
<b>Without donor restrictions :</b>									
Virtua-West Jersey Health System, Inc.	1,752,480	-	1,752,480	1,752,480	-	-	-	-	-
Noncontrolling interests	49,775	40,654	9,121	-	184	8,937	-	-	-
Total net assets without donor restrictions	1,802,255	40,654	1,761,601	1,752,480	184	8,937	-	-	-
<b>With donor restrictions</b>									
	2,586	-	2,586	2,586	-	-	-	-	-
Total net assets	1,804,841	40,654	1,764,187	1,755,066	184	8,937	-	-	-
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,761,457</b>	<b>\$ (43,059)</b>	<b>\$ 2,804,516</b>	<b>\$ 2,706,790</b>	<b>\$ 6,712</b>	<b>\$ 26,390</b>	<b>\$ 45,674</b>	<b>\$ 5,518</b>	<b>\$ 13,432</b>

VIRTUA HEALTH, INC.

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

For the year ended December 31, 2021

	Virtua-West Jersey Health System, Inc.		Virtua-West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-West Jersey Health System, Inc.		Access Holding Company	Campus Holding, LLC	River Drive Holding Company	South Jersey Vascular Management	Voorhees Endoscopy Holding Co., LLC
	Voorhees Division	Marlton Division	Consolidated			Voorhees	Marlton					
NET ASSETS WITHOUT DONOR RESTRICTIONS:												
Revenue:												
Patient service revenue	\$ 751,695	\$ 158,235	\$ 909,930	\$ -	\$ 909,930	\$ 744,332	\$ 156,999	\$ 8,366	\$ 233	\$ -	\$ -	\$ -
Other revenue	37,330	3,035	40,365	(913)	41,278	35,320	2,698	408	-	-	2,852	-
Equity in income of unconsolidated joint ventures	46,940	7,878	54,818	(12,253)	67,071	37,967	6,372	-	-	11,838	-	10,894
Total revenue	835,965	169,148	1,005,113	(13,166)	1,018,279	817,619	166,069	8,774	233	11,838	2,852	10,894
Expenses:												
Salaries and wages	219,844	53,439	273,283	-	273,283	216,993	52,960	2,707	67	-	556	-
Professional fees	18,863	5,525	24,388	-	24,388	18,136	5,403	387	1	-	461	-
Employees' fringe benefits	54,712	10,292	65,004	-	65,004	54,374	10,235	346	4	-	45	-
Other operating expenses	324,278	65,743	390,020	(913)	390,933	320,816	65,162	2,826	120	6	2,003	1
Interest	9,122	1,531	10,653	-	10,653	9,120	1,531	2	-	-	-	-
Depreciation and amortization	63,794	9,725	73,519	-	73,519	63,684	9,706	66	8	-	55	-
Total expenses	690,613	148,255	836,867	(913)	837,780	683,123	144,997	6,334	200	6	3,120	1
INCOME (LOSS) FROM OPERATIONS (includes \$12,677 of income attributed to noncontrolling interests)	145,352	22,893	168,245	(12,253)	180,498	134,496	21,072	2,440	33	11,832	(268)	10,893
NONOPERATING GAINS AND LOSSES:												
Investment return, net	122,120	20,493	142,613	-	142,613	122,120	20,493	-	-	-	-	-
Total nonoperating gains and losses, net	122,120	20,493	142,613	-	142,613	122,120	20,493	-	-	-	-	-
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES	267,472	43,386	310,858	(12,253)	323,111	256,616	41,565	2,440	33	11,832	(268)	10,893
EXCESS OF REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO NONCONTROLLING INTERESTS	(10,855)	(1,822)	(12,677)	(11,621)	(1,056)	-	-	(1,045)	(11)	-	-	-
EXCESS OF (DEFICIT IN) REVENUE AND NONOPERATING GAINS (LOSSES), NET OVER EXPENSES ATTRIBUTED TO VIRTUA-WEST JERSEY HEALTH SYSTEM, INC.	256,617	41,564	298,181	(23,874)	322,055	256,616	41,565	1,395	22	11,832	(268)	10,893
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA-WEST JERSEY HEALTH, INC.												
Restricted net assets released for property, plant, and equipment	1,843	309	2,152	-	2,152	1,843	309	-	-	-	-	-
Transfers with affiliates, net	(74,984)	(12,584)	(87,568)	-	(87,568)	(74,984)	(12,584)	-	-	-	-	-
Paid-in capital	-	-	-	(10,495)	10,495	-	-	-	8,570	-	1,925	-
Income distributions	-	-	-	11,954	(11,954)	-	-	(863)	-	(5,723)	-	(5,368)
Increase in net assets without donor restrictions - Virtua-West Jersey Health System, Inc.	183,476	29,289	212,765	(22,415)	235,180	183,475	29,290	532	8,592	6,109	1,657	5,525
NONCONTROLLING INTERESTS:												
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	10,855	1,822	12,677	11,621	1,056	-	-	1,045	11	-	-	-
Distributions	(10,702)	(1,796)	(12,498)	-	(12,498)	-	-	(1,841)	-	(5,499)	-	(5,158)
Membership interest changes	16,082	2,699	18,781	-	18,781	-	-	-	16,931	-	1,850	-
Increase (decrease) in net assets without donor restrictions - noncontrolling interests	16,235	2,725	18,960	11,621	7,339	-	-	(796)	16,942	(5,499)	1,850	(5,158)
NET ASSETS WITH DONOR RESTRICTIONS:												
Contributions, net	5	-	5	-	5	5	-	-	-	-	-	-
Net assets released from restrictions for operations	(15)	(3)	(18)	-	(18)	(15)	(3)	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(1,843)	(309)	(2,152)	-	(2,152)	(1,843)	(309)	-	-	-	-	-
Transfers with affiliates, net	1,765	296	2,061	-	2,061	1,765	296	-	-	-	-	-
Decrease in net assets with donor restrictions	(88)	(16)	(104)	-	(104)	(88)	(16)	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	199,623	31,998	231,621	(10,794)	242,415	183,387	29,274	(264)	25,534	610	3,507	367
NET ASSETS - beginning of year	1,312,164	261,056	1,573,220	(32,264)	1,605,484	1,284,420	257,984	4,951	-	45,064	-	13,065
NET ASSETS - end of year	\$ 1,511,787	\$ 293,054	\$ 1,804,841	\$ (43,058)	\$ 1,847,899	\$ 1,467,807	\$ 287,258	\$ 4,687	\$ 25,534	\$ 45,674	\$ 3,507	\$ 13,432

Virtua Health

COMBINING BALANCE SHEETS INFORMATION - VIRTUA LOURDES HOSPITAL GROUP

December 31, 2021

	Virtua Lourdes Hospital Group	Reclassifying/ Eliminating Entries	Total	Virtua Our Lady of Lourdes Hospital, Inc.	Virtua Willingboro Hospital, Inc.
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 12	\$ -	\$ 12	\$ 9	\$ 3
Patient accounts receivable	68,130	-	68,130	52,158	15,972
Other current assets	13,999	-	13,999	12,147	1,852
Total current assets	82,141	-	82,141	64,314	17,827
PROPERTY, PLANT, AND EQUIPMENT, NET	248,326	-	248,326	177,907	70,419
RIGHT OF USE ASSETS	11,665	-	11,665	10,515	1,150
OTHER LONG-TERM ASSETS:					
Due from affiliates, net	1,485	-	1,485	1,415	70
Investment in unconsolidated joint ventures	8,323	-	8,323	8,323	-
Goodwill and other intangibles, net	19,929	-	19,929	19,879	50
Other assets	414	-	414	351	63
	30,151	-	30,151	29,968	183
<b>TOTAL ASSETS</b>	<b>\$ 372,283</b>	<b>\$ -</b>	<b>\$ 372,283</b>	<b>\$ 282,704</b>	<b>\$ 89,579</b>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Current maturities of lease liability	\$ 2,218	\$ -	\$ 2,218	\$ 1,742	\$ 476
Accounts payable and accrued expenses	33,476	-	33,476	27,364	6,112
Due to affiliates, net	135,956	-	135,956	79,023	56,933
Accrued compensation and related liabilities	13,869	-	13,869	10,110	3,759
Estimated settlements due to third-party payers	51,196	-	51,196	39,953	11,243
Total current liabilities	236,715	-	236,715	158,192	78,523
LONG-TERM LIABILITIES					
Estimated settlements due to third-party payers	8,345	-	8,345	7,655	690
Lease liability, net of current maturities	9,838	-	9,838	9,072	766
Other liabilities	1,311	-	1,311	1,025	286
Total liabilities	256,209	-	256,209	175,944	80,265
NET ASSETS					
Without donor restrictions :					
Virtua Lourdes Hospital Group	114,577	-	114,577	105,340	9,237
Total net assets without donor restrictions	114,577	-	114,577	105,340	9,237
With donor restrictions	1,497	-	1,497	1,420	77
Total net assets	116,074	-	116,074	106,760	9,314
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 372,283</b>	<b>\$ -</b>	<b>\$ 372,283</b>	<b>\$ 282,704</b>	<b>\$ 89,579</b>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Lourdes Hospital Group	Reclassifying/ Eliminating Entries	Total	Virtua Our Lady of Lourdes Hospital, Inc.	Virtua Willingboro Hospital, Inc.
NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Revenue:					
Patient service revenue	\$ 506,182	\$ -	\$ 506,182	\$ 397,560	\$ 108,622
Other revenue	14,252	(209)	14,461	11,578	2,883
Equity in income of unconsolidated joint ventures	2,752	-	2,752	2,752	-
Total revenue	523,186	(209)	523,395	411,890	111,505
Expenses:					
Salaries and wages	144,256	-	144,256	105,463	38,793
Professional fees	33,732	-	33,732	29,560	4,172
Employees' fringe benefits	33,052	-	33,052	24,024	9,028
Other operating expenses	253,013	(209)	253,222	204,884	48,338
Depreciation and amortization	19,634	-	19,634	14,928	4,706
Total expenses	483,687	(209)	483,896	378,859	105,037
INCOME FROM OPERATIONS AND EXCESS OF REVENUE OVER EXPENSES	39,499	-	39,499	33,031	6,468
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA LOURDES HOSPITAL GROUP					
Net assets released for property, plant, and equipment	220	-	220	195	25
Transfers with affiliates, net	16,797	-	16,797	14,911	1,886
Increase in net assets without donor restrictions - Virtua Lourdes Hospital Group	56,516	-	56,516	48,137	8,379
NET ASSETS WITH DONOR RESTRICTIONS :					
Contributions, net	720	-	720	720	-
Net assets released from restrictions for operations	(209)	-	(209)	(209)	-
Net assets released from restrictions for property, plant, and equipment	(220)	-	(220)	(195)	(25)
Transfers with affiliates, net	79	-	79	54	25
Increase in net assets with donor restrictions	370	-	370	370	-
INCREASE IN NET ASSETS	56,886	-	56,886	48,507	8,379
NET ASSETS - beginning of year	59,188	-	59,188	58,253	935
NET ASSETS - end of year	\$ 116,074	\$ -	\$ 116,074	\$ 106,760	\$ 9,314

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA AMBULATORY GROUP

December 31, 2021

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and cash equivalents	\$ 4,345	\$ -	\$ 4,345	\$ 463	\$ 1,520	\$ 260	\$ 2,102
Assets limited as to use	491	-	491	360	131	-	-
Assets held for sale	11,600	-	11,600	6,569	5,031	-	-
Due from affiliates, net	61	-	61	-	-	61	-
Other current assets	408	-	408	-	1	160	247
Total current assets	16,905	-	16,905	7,392	6,683	481	2,349
PROPERTY, PLANT, AND EQUIPMENT, NET	603	-	603	-	-	-	603
RIGHT OF USE ASSETS	176	-	176	-	-	-	176
<b>OTHER LONG-TERM ASSETS:</b>							
Due from affiliates - net	100	-	100	32	68	-	-
Investment in unconsolidated joint ventures	1,091	(5,022)	6,113	-	-	5,022	1,091
	1,191	(5,022)	6,213	32	68	5,022	1,091
<b>TOTAL ASSETS</b>	<b>\$ 18,875</b>	<b>\$ (5,022)</b>	<b>\$ 23,897</b>	<b>\$ 7,424</b>	<b>\$ 6,751</b>	<b>\$ 5,503</b>	<b>\$ 4,219</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Current maturities of long-term debt	\$ 711	\$ -	\$ 711	\$ 521	\$ 190	\$ -	\$ -
Current maturities of lease liability	2,474	-	2,474	-	-	-	2,474
Accounts payable and accrued expenses	5,896	-	5,896	860	1,110	129	3,797
Due to affiliates, net	1,467	-	1,467	384	151	-	932
Accrued compensation and related liabilities	1,823	-	1,823	852	744	187	40
Accrued interest payable	135	-	135	99	36	-	-
Estimated settlements due to third-party payers	2,861	-	2,861	1,333	1,528	-	-
Total current liabilities	15,367	-	15,367	4,049	3,759	316	7,243
<b>LONG-TERM LIABILITIES:</b>							
Estimated settlements due to third-party payers	197	-	197	110	87	-	-
Long-term debt, net of current maturities	5,133	-	5,133	3,759	1,374	-	-
Other liabilities	291	-	291	72	74	145	-
Total liabilities	20,988	-	20,988	7,990	5,294	461	7,243
<b>NET ASSETS (DEFICIENCY)</b>							
Without donor restrictions :							
Virtua Ambulatory Group	(2,213)	(5,022)	2,809	(598)	1,389	5,042	(3,024)
Total net assets (deficiency) without donor restrictions	(2,213)	(5,022)	2,809	(598)	1,389	5,042	(3,024)
With donor restrictions	100	-	100	32	68	-	-
Total net assets (deficiency)	(2,113)	(5,022)	2,909	(566)	1,457	5,042	(3,024)
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 18,875</b>	<b>\$ (5,022)</b>	<b>\$ 23,897</b>	<b>\$ 7,424</b>	<b>\$ 6,751</b>	<b>\$ 5,503</b>	<b>\$ 4,219</b>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
NET ASSETS WITHOUT DONOR RESTRICTIONS:							
Revenue:							
Patient service revenue	\$ 18,438	\$ -	\$ 18,438	\$ 9,361	\$ 9,011	\$ -	\$ 66
Other revenue	2,422	-	2,422	134	3	1,480	805
Equity in income of unconsolidated joint ventures	3,856	(1,822)	5,678	-	-	1,822	3,856
Total revenue	24,716	(1,822)	26,538	9,495	9,014	3,302	4,727
Expenses:							
Salaries and wages	16,254	-	16,254	7,586	7,200	1,115	353
Professional fees	40	-	40	20	20	-	-
Employees' fringe benefits	5,358	-	5,358	2,504	2,376	368	110
Other operating expenses	12,178	-	12,178	4,294	5,219	229	2,436
Interest	249	-	249	183	66	-	-
Depreciation and amortization	917	-	917	406	505	-	6
Total expenses	34,996	-	34,996	14,993	15,386	1,712	2,905
(LOSS) INCOME FROM OPERATIONS AND (DEFICIENCY IN) EXCESS OF REVENUE OVER EXPENSES	(10,280)	(1,822)	(8,458)	(5,498)	(6,372)	1,590	1,822
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA AMBULATORY GROUP							
Transfers with affiliates, net	12,338	-	12,338	4,202	4,699	3,437	-
Paid-in capital	-	(3,200)	3,200	-	-	-	3,200
Increase (decrease) in net assets without donor restrictions - Virtua Ambulatory Group	2,058	(5,022)	7,080	(1,296)	(1,673)	5,027	5,022
NET ASSETS WITH DONOR RESTRICTIONS :							
Contributions, net	2	-	2	1	1	-	-
Increase in net assets with donor restrictions	2	-	2	1	1	-	-
INCREASE (DECREASE) IN NET ASSETS	2,060	(5,022)	7,082	(1,295)	(1,672)	5,027	5,022
NET ASSETS (DEFICIENCY) - beginning of year	(4,173)	-	(4,173)	729	3,129	15	(8,046)
NET ASSETS (DEFICIENCY) - End of year	\$ (2,113)	\$ (5,022)	\$ 2,909	\$ (566)	\$ 1,457	\$ 5,042	\$ (3,024)

Virtua Health, Inc.

COMBINING BALANCE SHEETS INFORMATION - VIRTUA MEDICAL GROUP

December 31, 2021

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Medical Associates, P.A.	Lourdes Cardiology Services, P.C.
<b>ASSETS</b>							
CURRENT ASSETS:							
Cash and cash equivalents	\$ 12,353	\$ -	\$ 12,353	\$ 12,226	\$ 29	\$ 50	\$ 48
Patient accounts receivable	20,042	-	20,042	20,042	-	-	-
Due from affiliate, net	9,738	-	9,738	9,738	-	-	-
Other current assets	1,975	-	1,975	1,930	-	-	45
Total current assets	44,108	-	44,108	43,936	29	50	93
PROPERTY, PLANT, AND EQUIPMENT, NET	67,133	-	67,133	67,133	-	-	-
RIGHT OF USE ASSETS	37,663	-	37,663	37,663	-	-	-
OTHER LONG-TERM ASSETS:							
Due from affiliates, net	68	-	68	68	-	-	-
Investment in unconsolidated joint ventures	10,837	-	10,837	-	10,837	-	-
Goodwill and other intangibles, net	3,733	-	3,733	3,733	-	-	-
Other assets	197	-	197	197	-	-	-
	14,835	-	14,835	3,998	10,837	-	-
<b>TOTAL ASSETS</b>	<b>\$ 163,739</b>	<b>\$ -</b>	<b>\$ 163,739</b>	<b>\$ 152,730</b>	<b>\$ 10,866</b>	<b>\$ 50</b>	<b>\$ 93</b>
<b>LIABILITIES AND NET ASSETS</b>							
CURRENT LIABILITIES:							
Current maturities of lease liability	\$ 10,816	\$ -	\$ 10,816	\$ 10,816	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	17,104	-	17,104	16,381	-	678	45
Due to affiliates, net	39,231	-	39,231	-	9,363	29,045	823
Accrued compensation and related liabilities	30,432	-	30,432	29,528	-	274	630
Estimated settlements due to third-party payers	6,534	-	6,534	1,930	-	2,182	2,422
Total current liabilities	104,117	-	104,117	58,655	9,363	32,179	3,920
LONG-TERM LIABILITIES							
Lease liability, net of current maturities	29,244	-	29,244	29,244	-	-	-
Other liabilities	306	-	306	303	-	-	3
Total liabilities	133,667	-	133,667	88,202	9,363	32,179	3,923
NET ASSETS (DEFICIENCY):							
Without donor restrictions:							
Virtua Medical Group	30,004	-	30,004	64,460	1,503	(32,129)	(3,830)
Total net assets (deficiency) without donor restrictions	30,004	-	30,004	64,460	1,503	(32,129)	(3,830)
With donor restrictions	68	-	68	68	-	-	-
Total net assets (deficiency)	30,072	-	30,072	64,528	1,503	(32,129)	(3,830)
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 163,739</b>	<b>\$ -</b>	<b>\$ 163,739</b>	<b>\$ 152,730</b>	<b>\$ 10,866</b>	<b>\$ 50</b>	<b>\$ 93</b>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Medical Associates, P.A.	Lourdes Cardiology Services, P.C.
NET ASSETS WITHOUT DONOR RESTRICTIONS:							
Revenue:							
Patient service revenue	\$ 278,228	\$ -	\$ 278,228	\$ 278,173	\$ -	\$ -	\$ 55
Other revenue	82,888	(15,199)	98,087	83,705	(126)	-	14,508
Equity in income of unconsolidated joint ventures	773	-	773	-	773	-	-
Total revenue	361,889	(15,199)	377,088	361,878	647	-	14,563
Expenses:							
Salaries and wages	254,015	-	254,015	241,220	-	-	12,795
Professional fees	763	(15,197)	15,960	15,960	-	-	-
Employees' fringe benefits	38,900	-	38,900	37,233	-	-	1,667
Other operating expenses	129,734	(2)	129,736	129,609	26	-	101
Depreciation and amortization	11,066	-	11,066	11,008	58	-	-
Total expenses	434,478	(15,199)	449,677	435,030	84	-	14,563
(LOSS) INCOME FROM OPERATIONS AND (DEFICIENCY IN) EXCESS OF REVENUE OVER EXPENSES	(72,589)	-	(72,589)	(73,152)	563	-	-
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - VIRTUA MEDICAL GROUP							
Transfers with affiliates, net	95,441	-	95,441	93,882	-	-	1,559
Increase in net assets without donor restrictions - Virtua Medical Group	22,852	-	22,852	20,730	563	-	1,559
NET ASSETS WITH DONOR RESTRICTIONS :							
Contributions, net	2	-	2	2	-	-	-
Increase in net assets with donor restrictions	2	-	2	2	-	-	-
INCREASE IN NET ASSETS	22,854	-	22,854	20,732	563	-	1,559
NET ASSETS (DEFICIENCY) - beginning of year	7,218	-	7,218	43,796	940	(32,129)	(5,389)
NET ASSETS (DEFICIENCY) - end of year	\$ 30,072	\$ -	\$ 30,072	\$ 64,528	\$ 1,503	\$ (32,129)	\$ (3,830)



Virtua Health

COMBINING BALANCE SHEETS INFORMATION - POPULATION HEALTH MANAGEMENT GROUP

December 31, 2021

	Population Health Management Group	Reclassifying/ Eliminating Entries	Total	LHS Health Network, LLC	Virtua- Physician- Partners, LLC
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 4,425	\$ -	\$ 4,425	\$ 24	\$ 4,401
Other current assets	863	-	863	863	-
Total current assets	5,288	-	5,288	887	4,401
TOTAL ASSETS	<u>\$ 5,288</u>	<u>\$ -</u>	<u>\$ 5,288</u>	<u>\$ 887</u>	<u>\$ 4,401</u>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 782	\$ -	\$ 782	\$ 419	\$ 363
Due to affiliates, net	24,048	-	24,048	5,049	18,999
Accrued compensation and related liabilities	460	-	460	460	-
Total current liabilities	25,290	-	25,290	5,928	19,362
LONG-TERM LIABILITIES:					
Other liabilities	42	-	42	42	-
Total liabilities	25,332	-	25,332	5,970	19,362
NET ASSETS (DEFICIENCY):					
Without donor restrictions :					
Population Health Management Group	(20,044)	-	(20,044)	(5,083)	(14,961)
Total net assets (deficiency)	(20,044)	-	(20,044)	(5,083)	(14,961)
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,288</u>	<u>\$ -</u>	<u>\$ 5,288</u>	<u>\$ 887</u>	<u>\$ 4,401</u>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Population Health Management Group	Reclassifying/ Eliminating Entries	Total	LHS Health Network, LLC	Virtua- Physician- Partners, LLC
NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Revenue:					
Other revenue	\$ 3,048	\$ -	\$ 3,048	\$ 3,048	\$ -
Total revenue	3,048	-	3,048	3,048	-
Expenses:					
Salaries and wages	3,959	-	3,959	3,959	-
Professional fees	1,968	-	1,968	1,968	-
Employees' fringe benefits	1,472	-	1,472	1,472	-
Other operating expenses	(3,614)	-	(3,614)	(3,614)	-
Total expenses	3,785	-	3,785	3,785	-
LOSS FROM OPERATIONS AND DEFICIENCY IN REVENUE OVER EXPENSES	(737)	-	(737)	(737)	-
DECREASE IN NET ASSETS	(737)	-	(737)	(737)	-
NET ASSETS (DEFICIENCY) - beginning of year	(19,307)	-	(19,307)	(4,346)	(14,961)
NET ASSETS (DEFICIENCY) - end of year	\$ (20,044)	\$ -	\$ (20,044)	\$ (5,083)	\$ (14,961)

Virtua Health, Inc.

COMBINING BALANCE SHEETS INFORMATION - VIRTUA HEALTH FOUNDATION GROUP

December 31, 2021

	Virtua Health Foundation Group	Reclassifying/ Eliminating Entries	Total	Virtua Health Foundation	Our Lady of Lourdes Health Foundation, Inc.
<b>ASSETS</b>					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 1,980	\$ -	\$ 1,980	\$ 1,269	\$ 711
Other current assets	1,350	-	1,350	1,258	92
Total current assets	3,330	-	3,330	2,527	803
ASSETS LIMITED AS TO USE:					
By Board of Trustees' designation	76,715	-	76,715	76,715	-
Restricted funds	20,628	-	20,628	19,314	1,314
	97,343	-	97,343	96,029	1,314
PROPERTY, PLANT, AND EQUIPMENT, NET	13	-	13	9	4
OTHER LONG-TERM ASSETS:					
Other assets	1,897	-	1,897	1,760	137
Beneficial interest in perpetual trust	9,812	-	9,812	9,812	-
	11,709	-	11,709	11,572	137
TOTAL ASSETS	<u>\$ 112,395</u>	<u>\$ -</u>	<u>\$ 112,395</u>	<u>\$ 110,137</u>	<u>\$ 2,258</u>
<b>LIABILITIES AND NET ASSETS</b>					
CURRENT LIABILITIES:					
Accounts payable and accrued expenses	\$ 288	\$ -	\$ 288	\$ 278	\$ 10
Due to affiliates, net	30,714	-	30,714	28,636	2,078
Total current liabilities	31,002	-	31,002	28,914	2,088
LONG-TERM LIABILITIES:					
Due to affiliates, net	18,904	-	18,904	17,419	1,485
Total liabilities	49,906	-	49,906	46,333	3,573
NET ASSETS (DEFICIENCY):					
Without donor restrictions:					
Virtua Health Foundation Group	50,480	-	50,480	51,805	(1,325)
Total net assets (deficiency) without donor restrictions	50,480	-	50,480	51,805	(1,325)
With donor restrictions	12,009	-	12,009	11,999	10
Total net assets (deficiency)	62,489	-	62,489	63,804	(1,315)
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 112,395</u>	<u>\$ -</u>	<u>\$ 112,395</u>	<u>\$ 110,137</u>	<u>\$ 2,258</u>

Virtua Health, Inc.

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

For the year ended December 31, 2021

	Virtua Health Foundation Group	Reclassifying/ Eliminating Entries	Total	Virtua Health Foundation	Our Lady of Lourdes Health Foundation, Inc.
NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Revenue:					
Other revenue	\$ 237	\$ -	\$ 237	\$ 168	\$ 69
Total revenue	237	-	237	168	69
Expenses:					
Other operating expenses	27,343	-	27,343	26,712	631
Depreciation and amortization	5	-	5	5	-
Total expenses	27,348	-	27,348	26,717	631
LOSS FROM OPERATIONS AND DEFICIENCY IN REVENUE OVER EXPENSES	(27,111)	-	(27,111)	(26,549)	(562)
NONOPERATING GAINS AND LOSSES:					
Investment return, net	8,101	-	8,101	8,101	-
Total nonoperating gains, net	8,101	-	8,101	8,101	-
DEFICIT IN REVENUE AND NONOPERATING GAINS, NET OVER EXPENSES ATTRIBUTED TO VIRTUA HEALTH FOUNDATION GROUP AND DECREASE IN NET ASSETS	(19,010)	-	(19,010)	(18,448)	(562)
NET ASSETS WITH DONOR RESTRICTIONS :					
Contributions, net	(7)	-	(7)	(7)	-
Investment income, net	276	-	276	276	-
Increase in beneficial interest in perpetual trust	633	-	633	633	-
Net assets released from restrictions for operations	(1)	-	(1)	-	(1)
Increase (decrease) in net assets with donor restrictions	901	-	901	902	(1)
DECREASE IN NET ASSETS	(18,109)	-	(18,109)	(17,546)	(563)
NET ASSETS (DEFICIENCY) - beginning of year	80,598	-	80,598	81,350	(752)
NET ASSETS (DEFICIENCY) - end of year	\$ 62,489	\$ -	\$ 62,489	\$ 63,804	\$ (1,315)