

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

Virtua Health, Inc.

December 31, 2024 and 2023



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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, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes 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, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Supplementary information

The accompanying supplementary information on pages 52 to 71 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.



Philadelphia, Pennsylvania
April 23, 2025

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS

December 31,
(Dollar amounts in thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 94,919	\$ 56,889
Assets limited as to use	22,886	25,990
Patient accounts receivable	297,535	272,187
Other current assets	<u>156,446</u>	<u>160,685</u>
Total current assets	571,786	515,751
Assets limited as to use		
By Board of Trustees' designation	2,171,464	1,981,875
Insurance funds	59,765	46,581
Restricted funds	<u>24,414</u>	<u>24,435</u>
	2,255,643	2,052,891
Property, plant, and equipment, net	1,085,527	1,031,597
Right of use assets	196,232	203,494
Other long-term assets		
Investment in unconsolidated joint ventures	200,342	204,500
Goodwill and other intangibles, net	539,089	470,977
Other assets	40,354	47,715
Beneficial interest in perpetual trust	<u>8,953</u>	<u>8,444</u>
	<u>788,738</u>	<u>731,636</u>
Total assets	<u><u>\$ 4,897,926</u></u>	<u><u>\$ 4,535,369</u></u>

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

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31,
(Dollar amounts in thousands)

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	\$ 54,656	\$ 51,904
Current maturities of lease liability	34,486	34,096
Accounts payable and accrued expenses	293,551	238,369
Accrued compensation and related liabilities	143,317	122,594
Accrued interest payable	2,923	3,455
Estimated settlements due to third-party payers	<u>20,167</u>	<u>16,229</u>
Total current liabilities	549,100	466,647
Long-term liabilities		
Estimated settlements due to third-party payers	18,205	17,389
Self-insurance liabilities	88,216	71,284
Accrued retirement benefits	16,259	27,285
Long-term debt, net of current maturities	563,023	613,543
Lease liability, net of current maturities	174,998	182,301
Other liabilities	<u>12,480</u>	<u>11,390</u>
Total liabilities	1,422,281	1,389,839
Net assets		
Without donor restrictions		
Virtua Health, Inc.	3,035,249	2,741,577
Noncontrolling interests	<u>404,634</u>	<u>368,261</u>
	3,439,883	3,109,838
With donor restrictions	<u>35,762</u>	<u>35,692</u>
Total net assets	<u>3,475,645</u>	<u>3,145,530</u>
Total liabilities and net assets	<u><u>\$ 4,897,926</u></u>	<u><u>\$ 4,535,369</u></u>

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended December 31,
(Dollar amounts in thousands)

	2024	2023
Net assets without donor restrictions		
Revenue		
Patient service revenue	\$ 3,024,083	\$ 2,606,547
Other revenue	136,305	132,974
Equity in income of unconsolidated joint ventures	80,127	66,092
Total revenue	3,240,515	2,805,613
Expenses		
Salaries and wages	1,406,257	1,205,346
Professional fees	57,779	51,039
Employees' fringe benefits	271,577	249,195
Other operating expenses	1,154,199	992,449
Interest	19,020	20,487
Depreciation and amortization	136,644	127,680
Total expenses	3,045,476	2,646,196
Income from operations (includes \$62,696 in 2024 and \$54,651 in 2023 of income attributed to noncontrolling interests)	195,039	159,417
Nonoperating gains and losses		
Investment return, net	155,043	215,701
Other accrued retirement cost	(2,154)	(54,099)
Total nonoperating gains, net	152,889	161,602
EXCESS OF REVENUE AND GAINS OVER EXPENSES AND LOSSES	347,928	321,019
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	(62,696)	(54,651)
Excess of revenue and gains over expenses and losses attributed to Virtua Health, Inc.	285,232	266,368

Continued on next page

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED

Years ended December 31,
(Dollar amounts in thousands)

	<u>2024</u>	<u>2023</u>
Excess of revenue and gains over expenses and losses attributed to Virtua Health, Inc. (continued from previous page)	\$ 285,232	\$ 266,368
Other changes in net assets without donor restrictions - Virtua Health, Inc.		
Net assets released for property, plant, and equipment	799	1,344
Other changes in accrued retirement benefits	<u>7,641</u>	<u>44,650</u>
Increase in net assets without donor restrictions - Virtua Health, Inc.	293,672	312,362
Noncontrolling interests		
Excess of revenues and gains over expenses and losses attributable to noncontrolling interests	62,696	54,651
Distributions	(63,133)	(48,984)
Other	(222)	(439)
Membership interest changes:		
Acquisitions and other changes, net	<u>37,032</u>	<u>53,372</u>
Increase in net assets without donor restrictions - noncontrolling interests	36,373	58,600
Net assets with donor restrictions		
Contributions, net	4,777	5,653
Investment return, net	244	336
Increase in beneficial interest in perpetual trust	509	618
Net assets released from restrictions for operations	(4,661)	(4,493)
Net assets released from restrictions for property, plant, and equipment	<u>(799)</u>	<u>(1,344)</u>
Increase in net assets with donor restrictions	<u>70</u>	<u>770</u>
INCREASE IN NET ASSETS	330,115	371,732
Net assets - beginning of year	<u>3,145,530</u>	<u>2,773,798</u>
Net assets - end of year	<u>\$ 3,475,645</u>	<u>\$ 3,145,530</u>

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

Virtua Health, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(Dollar amounts in thousands)

	2024	2023
Cash flows from operating activities:		
Increase in net assets	\$ 330,115	\$ 371,732
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Other changes in accrued retirement benefits	(7,641)	(44,650)
Gain on acquisitions	(19,276)	(5,488)
Equity in income of unconsolidated joint ventures	(80,127)	(66,092)
Distributions from unconsolidated joint ventures	77,027	65,934
Distributions to noncontrolling interests	63,133	48,984
Membership interest changes	(37,032)	(53,372)
Restricted contributions, including change in beneficial interest in perpetual trust	(5,286)	(6,271)
Depreciation and amortization	133,875	124,904
Amortization of premium and financing costs	(361)	(427)
Amortization of intangible assets	2,769	2,776
Net realized and unrealized (gains) losses investments	(159,588)	(220,474)
Changes in certain assets and liabilities:		
Patient accounts receivable	(24,968)	(36,616)
Other assets	19,514	(36,980)
Right of use assets and lease liabilities, net	302	(152)
Accounts payable and accrued expenses	55,043	6,002
Accrued compensation and related liabilities	20,722	19,652
Accrued interest payable	(532)	(170)
Self-insurance liabilities	10,982	4,881
Other liabilities	1,089	307
Accrued retirement benefits	(3,384)	56,294
Estimated settlements due to third-party payers	4,754	(1,237)
Net cash provided by operating activities	381,130	229,537
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(185,920)	(123,354)
Purchases of investments	(230,381)	(287,160)
Sales of investments	190,291	284,425
Investment in unconsolidated joint ventures, net	(46)	2,492
Cash paid for acquisitions, net	(8,479)	(24,618)
Net cash used in investing activities	(234,535)	(148,215)
Cash flows from financing activities:		
Repayment of long-term debt	(53,176)	(49,586)
Proceeds from long-term debt	5,592	8,263
Payments on financing costs	(152)	(197)
Distributions to noncontrolling interests	(63,133)	(48,984)
Net restricted contributions and pledge payments	2,304	3,190
Net cash used in financing activities	(108,565)	(87,314)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,030	(5,992)
Cash and cash equivalents - beginning of year	56,889	62,881
Cash and cash equivalents - end of year	<u>\$ 94,919</u>	<u>\$ 56,889</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	<u>\$ 19,552</u>	<u>\$ 20,657</u>
Change in accrued capital expenditures in accounts payable and accrued expenses	<u>\$ 1,218</u>	<u>\$ 4,850</u>

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE A - ORGANIZATION

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

Virtua Health is composed of the following controlled entities:

Virtua Hospital Group

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

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

- Virtua-SCA Holdings, LLC ("SCA Holdings") - 55.00% at December 31, 2024 and 2023
 - SCA Holdings has an interest in Surgical Center of South Jersey, L.P. ("SCSJ") of 69.02% at December 31, 2024 and 2023. In May 2024, a direct investment was made by Virtua-Memorial into SCSJ (Note C - Previously Consolidated Joint Venture With Non-Controlling Interest) - 9.40% at December 31, 2024
- Virtua-SCA Holdings II, LLC ("SCA Holdings II") - 55.00% at December 31, 2024 and 2023
- Virtua-SCA Holdings III, LLC ("SCA Holdings III") established May 2024 (Note C - Consolidated Joint Venture Previously Unconsolidated) - 80.39% at December 31, 2024
 - SCA Holdings III has interest in Burlington County Endoscopy Center, LLC ("BCEC") of 51.00% at December 31, 2024. In May 2024, a direct investment was made by Virtua-Memorial into BCEC (Note C - Consolidated Joint Venture Previously Unconsolidated) - 10.15% at December 31, 2024
- Emmaus Holdings, LLC ("Emmaus Holdings") - 50.10% at December 31, 2024 and 2023
- Virtua-USP Princeton, LLC ("Virtua-USP Princeton") - 68.20% at December 31, 2024 and 2023
- Endo Surgi Center of Old Bridge, LLC ("Endo Old Bridge") - 51.00% at December 31, 2024 and 2023
- Mercer County Surgery Center, LLC ("MCSC"), established in August 2023 (Note C) - 55.65% and 55.00% at December 31, 2024 and 2023, respectively

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

Virtua-West Jersey Health System, Inc. ("Virtua-West Jersey") is a not-for-profit, tax-exempt corporation. Virtua-West Jersey owns and operates a 600 licensed bed health system that includes two general acute care hospitals, which are located in Marlton, and Voorhees, New Jersey. Virtua-West Jersey provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, cardiac, obstetrical, gynecological, oncological, pediatric, emergency, and ambulatory care. Virtua-West Jersey owns and operates facilities in Berlin and Camden, New Jersey, which provide emergent care and other outpatient services, and rents space to third parties in the building where the Camden facility is located, primarily to outside social services programs. Virtua-West Jersey also provides a variety of outpatient services in space leased from a third-party developer in two Virtua Health and Wellness Centers, one in Voorhees, New Jersey and one in Washington Township, New Jersey.

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

- Voorhees Endoscopy Holding Co., LLC ("Voorhees Endo Holding") - 51.00% at December 31, 2024 and 2023
- River Drive Holding Co., LLC ("River Drive Holding") - 51.00% at December 31, 2024 and 2023
- Access Holding, LLC ("Access Holding") - 59.64% at December 31, 2024 and 2023
 - Access Holding has an interest in Atlantic Gastro Surgicenter, LLC ("AGSL") of 54.50% at December 31, 2024 and 2023. In January 2024, a direct investment was made by Virtua-West Jersey into AGSL (Note C - Divestitures and Other Changes) – 5.00% at December 31, 2024.
- Virtua Campus Holdings, LLC ("Campus Holdings") - 51.70% at December 31, 2024 and 2023
- SJV Management ("SJM") - 51.00% at December 31, 2024 and 2023
- Virtua-NJEYE Holdings, LLC ("NJEYE Holdings") - 51.00% at December 31, 2024 and 2023

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Virtua Medical Group

Virtua Medical Group, PA (“VMG”) is a not-for-profit, tax-exempt captive professional association consisting of 1,514 clinicians, primarily specialty and primary care physicians at December 31, 2024. VMG provides services to Virtua’s hospitals and also at many owned and leased physician-practice sites located primarily throughout southern New Jersey, with one practice in southeastern Pennsylvania, and three practices in Delaware.

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

Lourdes Cardiology Services, PC (“LCS”) is a not-for-profit, tax-exempt captive professional corporation incorporated in New Jersey that employs 20 clinicians, primarily cardiologists. LCS provides professional services to Virtua’s hospitals as well as VMG owned and leased physician-practice sites located throughout southern New Jersey.

Virtua Other Services

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

Virtua Health Foundation, Inc.

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

Insurance Captive

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

Virtua Population Health Management Group

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

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

Basis of Accounting

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

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in recording patient accounts receivable and patient service revenue, estimated settlements with third-party payers, 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, 2024 and 2023, certain cash balances with financial institutions exceeded federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Patient Accounts Receivable

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

Assets Limited as to Use, Investments, and Investment Income

Investments in marketable equity, debt securities, and other investments are presented at fair value in the consolidated balance sheets as disclosed in Notes G and H. 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 I.

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

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Property, Plant, and Equipment

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

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

Construction in progress represents amounts expended or incurred toward property and equipment projects that have not been completed. No depreciation or amortization has been recorded for these items. Interest cost incurred, net of investment income earned on borrowed funds during the period of construction, is capitalized as a component of the cost of acquiring those assets. In cases where internal cash reserves are used to fund construction, interest is capitalized based on average accumulated expenditures multiplied by the weighted-average interest rate on existing debt. Capitalized interest was \$958 and \$324 for the years ended December 31, 2024 and 2023, respectively.

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

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

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. For the years ended December 31, 2024 and 2023, management recorded no impairment losses.

Donor-Restricted Gifts

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

Goodwill and Other Intangibles

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of businesses acquired. Other intangibles represent certificates of need to perform cardiology services in Camden County, New Jersey, and surgical services in other states, a license to operate inpatient rehabilitation beds, and various other state licenses and professional accreditations, all of which have an indefinite useful life. A trade name is being amortized over its expected useful life of ten years and noncompete agreements are being amortized over their terms, which are five years. The additions to goodwill and intangibles relate to acquisitions, additional membership interest acquisitions of existing consolidated joint ventures with non-controlling interests, and consolidations of previously unconsolidated joint ventures as described in Notes A and C of \$70,881 and \$69,521, for the years ended December 31, 2024 and 2023, respectively. The amount includes \$43,984 and \$9,016 related to additional membership interest acquisitions of existing consolidated joint ventures and previously unconsolidated joint ventures for the years ended December 31, 2024 and 2023, respectively. Amortization expense related to intangible assets is included as other operating expenses in the consolidated statements of operations and changes in net assets, which was \$2,769 and \$2,776 for the years ended December 31, 2024 and 2023, respectively.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Goodwill and other intangibles, net at December 31, 2024 and 2023, are as follows:

	2024	2023
Goodwill	\$ 485,666	\$ 423,211
Other intangibles:		
Perpetual licenses, including certificates of need	45,178	40,166
Noncompete agreements, net of accumulated amortization of \$8,160 and \$5,601 at December 31, 2024 and 2023, respectively	7,300	6,445
Trademark, net of accumulated amortization of \$1,155 and \$945 at December 31, 2024 and 2023, respectively	945	1,155
	<u>53,423</u>	<u>47,766</u>
	<u><u>\$ 539,089</u></u>	<u><u>\$ 470,977</u></u>

Goodwill and other intangibles that are considered to have an indefinite useful life are not amortized but are tested for impairment at least annually and whenever events or circumstances change that indicate impairment may have occurred. Qualitative factors are first assessed to determine whether an impairment is necessary to perform quantitative impairment tests for goodwill. If the conclusion of the qualitative assessment is more likely than not that goodwill is not impaired, a quantitative impairment test is not required. If a quantitative impairment test is required, that testing consists of performing an internal valuation analysis and considering other publicly available market information. If the carrying amount of goodwill exceeds the estimated fair value, an impairment charge to current operations is recorded to reduce the carrying value to the estimated fair value. The qualitative impairment test of goodwill and other intangibles was completed, and it was determined that there were no impairments for the years ended December 31, 2024 and 2023. Other intangibles that have a finite useful life have expected amortization expense over the next five years of \$8,245.

Other Assets

Other assets at December 31, 2024 and 2023, are as follows:

	2024	2023
Insurance recoveries, net of current portion	\$ 17,011	\$ 23,635
Lease receivable, net with an unconsolidated joint venture	20,108	21,562
Other	3,235	2,518
	<u><u>\$ 40,354</u></u>	<u><u>\$ 47,715</u></u>

Beneficial Interest in Perpetual Trust

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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, 2024 and 2023, are as follows:

	2024	2023
Endowment net assets - beginning of year	\$ 1,700	\$ 1,848
Investment return - net	38	(148)
Endowment net assets - end of year	<u>\$ 1,738</u>	<u>\$ 1,700</u>

Patient Service Revenue

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

Advertising Costs

Virtua Health expenses advertising costs as incurred. For the years ended December 31, 2024 and 2023, advertising costs were \$12,826 and \$11,560, 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, VRI, VAI, VIN, VPP, SCA Holdings, SCA Holdings II, SCA Holdings III, Emmaus Holdings, Virtua-USP Princeton, Endo Old Bridge, Voorhees Endo Holding, River Drive Holding, Access Holding, Campus Holdings, SJVM, and NJEYE Holdings are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The not-for-profit affiliates of Virtua Health, except for VMG and LCS, are also exempt from state income taxes. Income taxes are not material to the consolidated financial statements.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE C - ACQUISITIONS AND DIVESTITURES

At various dates during the years ended December 31, 2024 and 2023, Virtua Health acquired (wholly or partially) controlling membership interests of previously unrelated clinical ventures, additional membership interests in existing consolidated joint ventures with non-controlling interests, and the previously unconsolidated joint ventures (Note I), through cash consideration or change in control. At those various dates, the ventures were consolidated. Certain membership interests were acquired through holding company interests in conjunction with other partners, as described in Note A. During the years ended December 31, 2024 and 2023, Virtua Health divested from a portion of a non-controlling interest venture.

	2024				
	Previously Unrelated Clinical Ventures	Previously Consolidated Joint Venture With Non-Controlling Interest	Consolidated Joint Venture Previously Unconsolidated	Divestitures and Other Changes	Total
Results of the acquisitions:					
Net working capital and tangible assets	\$ 1,745	\$ -	\$ (256)	\$ (1,311)	\$ 178
Intangible assets	3,154	-	5,272	-	8,426
Goodwill	22,281	-	38,712	1,462	62,455
Total assets acquired	27,180	-	43,728	151	71,059
Consideration:					
Virtua Health:					
Cash consideration (paid) received, net	(7,999)	(1,161)	664	17	(8,479)
Investment in unconsolidated joint ventures	-	-	(6,272)	-	(6,272)
Membership interest changes	(19,181)	3,493	(21,243)	(101)	(37,032)
Total consideration	(27,180)	2,332	(26,851)	(84)	(51,783)
Gain on acquisitions/divestitures	\$ -	\$ 2,332	\$ 16,877	\$ 67	\$ 19,276

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

For the years ended December 31, 2024 and 2023, 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 \$19,276 and \$5,488, respectively, which is included in other revenue in the consolidated statements of operations and changes in net assets. The amount of the non-cash gain on acquisitions related to the noncontrolling interest holders is \$23,195 and \$3,664 as of December 31, 2024 and 2023, respectively, which is included in excess of revenue and gains over expenses and losses attributed to noncontrolling interests in the consolidated statements of operations and changes in net assets.

NOTE D - LIQUIDITY AND AVAILABILITY OF RESOURCES

In addition to cash flows provided by operating activities, the financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 94,919	\$ 56,889
Patient accounts receivable	297,535	272,187
Assets limited as to use		
By Board of Trustees' designation	2,076,578	1,907,278
Insurance funds	74,667	64,590
	2,543,699	2,300,944
Available lines of credit	154,928	154,926
	<u>\$ 2,698,627</u>	<u>\$ 2,455,870</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE E - CHARITY CARE AND STATE SUBSIDY

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

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

The cost of providing charity care, based on Virtua Health's estimated cost-to-charge ratios, for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
NJHCPAP	\$ 27,748	\$ 19,470
Virtua Health Program	18,166	9,697
	<u>\$ 45,914</u>	<u>\$ 29,167</u>

Virtua Health received \$3,889 and \$5,670 of State of New Jersey Charity Care Subsidy Funds (NJCCSF) for the years ended December 31, 2024 and 2023, respectively. Effective with the State of New Jersey's fiscal year 2025 (commencing on July 1, 2024), a portion of the NJCCSF was shifted into a new Medicaid State Directed Payment Program (MSDPP). For the year ended December 31, 2024, Virtua Health received \$12,572 from the MSDPP. The NJCCSF and MSDPP funding is included in patient service revenue in the consolidated statements of operations and changes in net assets.

NOTE F - PATIENT SERVICE REVENUE

Patient service revenue recognized from major payer sources based on primary insurance designation for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
Managed care	73%	73%
Medicare and Medicaid (fee for service plans only)	21	21
Other third-party payers	4	4
Self-pay	2	2
	<u>100%</u>	<u>100%</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Patient service revenue by type of service for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
Inpatient	41%	43%
Outpatient	43	43
Physician services	16	14
	<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.

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

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

The Medicare cost reports have been audited and finalized through December 31, 2020, except for December 31, 2017 for Virtua-West Jersey. The Medicaid cost reports have been audited and finalized through December 31, 2022, for Virtua-West Jersey, Virtua-Mt. Holly, and Virtua-Our Lady of Lourdes and audited and finalized through December 31, 2021 for Virtua-Willingboro. 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, 2024 and 2023, patient service revenue includes net favorable settlements and adjustments for cost reports, audit, and appeal items from prior years of \$4,234 and \$3,164, respectively.

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
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Virtua Health is eligible to receive additional Medicaid funding under the New Jersey County Option Hospital Fee Pilot Program. This program is administered through the New Jersey Department of Human Services- Division of Medical Assistance and Health Services. The program was in effect for eligible providers in Camden County, New Jersey for all of 2024 and 2023, and for Burlington County, New Jersey it began on July 1, 2023. The program requires that participating providers pay quarterly assessed fees based on estimated Medicaid utilization data within the county, and the related payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as state directed payments. The state directed payments are subject to an annual settlement based on actual Medicaid utilization data and other factors.

For the years ended December 31, 2024 and 2023, related paid assessments are included in other operating expenses and Medicaid state directed revenue is included in patient service revenue in the consolidated statements of operations and changes in net assets as follows:

	<u>2024</u>	<u>2023</u>
Paid assessments:		
Camden county	\$ 29,395	\$ 22,165
Burlington county	<u>20,493</u>	<u>8,622</u>
	<u>\$ 49,888</u>	<u>\$ 30,787</u>
 New Jersey Medicaid directed revenue:		
Camden county	\$ 47,375	\$ 41,572
Burlington county	<u>51,091</u>	<u>23,933</u>
	<u>\$ 98,466</u>	<u>\$ 65,505</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE G - ASSETS LIMITED AS TO USE

Investments and assets limited as to use, stated at fair value at December 31, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
By Board of Trustees' designation:		
Cash and cash equivalents	\$ 2,155	\$ 2,064
Private placement funds - fixed income	995,874	958,805
Private placement funds - equity	1,019,088	934,184
Private credit - alternative	<u>59,461</u>	<u>12,225</u>
	2,076,578	1,907,278
Split dollar investments	<u>94,886</u>	<u>74,597</u>
	<u>\$ 2,171,464</u>	<u>\$ 1,981,875</u>
Insurance funds:		
Cash and cash equivalents	\$ 2,875	\$ 1,153
Private placement funds - fixed income	37,125	32,580
Private placement funds - equity	<u>34,667</u>	<u>30,857</u>
	74,667	64,590
Less assets limited as to use that are required for current liabilities	<u>(14,902)</u>	<u>(18,009)</u>
	<u>\$ 59,765</u>	<u>\$ 46,581</u>
Under debt agreements:		
Cash and cash equivalents	\$ 7,984	\$ 7,981
Less assets limited as to use that are required for current liabilities	<u>(7,984)</u>	<u>(7,981)</u>
	<u>\$ -</u>	<u>\$ -</u>
Under debt agreements, assets are maintained for the following purposes:		
Debt service interest fund	\$ 1,686	\$ 1,982
Debt service principal fund	<u>6,298</u>	<u>5,999</u>
	<u>\$ 7,984</u>	<u>\$ 7,981</u>
Restricted funds:		
Cash and cash equivalents	\$ 102	\$ 84
Mutual funds - fixed income	689	750
Mutual funds - equity	1,073	907
Private placement funds - fixed income	11,450	11,398
Private placement funds - equity	<u>11,100</u>	<u>11,296</u>
	<u>\$ 24,414</u>	<u>\$ 24,435</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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, 2024 and 2023, are composed of the following:

	2024	2023
Other revenue - investment returns	\$ 4,455	\$ 2,869
Nonoperating gains and losses:		
Investment return, net:		
Interest and dividend income	\$ 1,154	\$ 730
Net realized gains on sales of investments	35,965	71,577
Net change in unrealized gains and losses on investments	123,379	148,561
Investment management fees	(5,455)	(5,167)
	<u>\$ 155,043</u>	<u>\$ 215,701</u>
Net assets with donor restrictions - net realized gains and change in unrealized gains and losses	\$ 244	\$ 336

NOTE H - 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, 2024 and 2023.

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

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

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

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

At December 31, 2024 and 2023, there were no withdrawal restrictions or unfunded commitments on investments reported at NAV, except for \$35,529 and \$12,772 of an unfunded commitment to the private credit-alternative at December 31, 2024 and 2023, respectively.

The information at December 31, 2024 and 2023, pursuant to financial assets that are measured at fair value on a recurring basis using the market approach, is as follows:

Assets	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 13,116	\$ 13,116	\$ -	\$ -
Mutual funds:				
Fixed income	689	689	-	-
Equity	1,073	1,073	-	-
Split dollar - cash surrender value	94,886	-	94,886	-
Beneficial interest in perpetual trust	8,953	-	-	8,953
	118,717	\$ 14,878	\$ 94,886	\$ 8,953
Private placement funds (at NAV):				
Fixed income ^(a)	1,044,449			
Domestic equity ^(b)	660,327			
International equity ^(c)	404,528			
	2,109,304			
Private credit - alternative ^(d) (at NAV)	59,461			
	<u>\$ 2,287,482</u>			

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

- (a) *Fixed income* - Seeks favorable returns comparable to the broad fixed-income market by investing in bonds representing diverse sectors and maturities.
- (b) *Domestic equity* - Seeks to provide long-term capital growth by investing in common stocks of U.S. companies with various capitalizations, while managing volatility and maintaining diversification.
- (c) *International equity* - Seeks high, long-term returns comparable to the broad international stock market by investing in companies from developed and emerging countries around the world.
- (d) *Private credit - alternative* – Features of an investment with emphasis on opportunities in the United States that seeks to outperform the public fixed-income markets in the long term on a risk-adjusted basis while mitigating downside risk through direct investment in a diversified portfolio of private debt funds, and another investment that may invest globally without restriction, but expected to invest primarily in developed countries with a plurality in the United States, that seeks to outperform the public credit markets in the long term in an effort to provide further diversification of income streams for income-focused investors through underlying investment in a diversified portfolio of private market funds.

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

There were no transfers into or out of the levels per the tables above, for the years ended December 31, 2024 and 2023.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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, 2024 and 2023, as follows:

Balance - December 31, 2022	\$ 7,826
Net realized losses	(237)
Net unrealized gains	855
	<hr/>
Balance - December 31, 2023	8,444
Net realized gains	42
Net unrealized gains	467
	<hr/>
Balance - December 31, 2024	\$ 8,953
	<hr/>

NOTE I - INVESTMENT IN JOINT VENTURES

Consolidated Joint Ventures with Non-Controlling Interests

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

The ownership percentage for these joint ventures are as follows:

	Membership Percentage	
	December 31,	
	2024	2023
Virtua-Memorial:		
Virtua-SCA Holdings, LLC	55.00%	55.00%
SurgiCare of Central Jersey, LLC	55.00%	55.00%
Seashore Surgical Institute, LLC	51.00%	51.00%
Bergen-Passaic Cataract Laser & Surgery Center, LLC	53.44%	53.44%
Surgical Center of South Jersey, LP	69.02%	69.02%
Harrison Endo Surgical Center, LLC	55.00%	55.00%
Morris County Surgical Center, LLC	55.16%	57.16%
Surgical Center of South Jersey LP	9.40%	-
Virtua-SCA Holdings II, LLC	55.00%	55.00%
Limestone Medical Center, LLC	60.00%	60.00%
Delaware Surgery Center, LLC	59.07%	57.84%
Main Line Spine Surgery Center, LLC	52.80%	52.80%
Tri-County Surgery Center, LLC	55.00%	55.00%
Endoscopy Center of Bucks County, LP	44.88%	44.88%
Endoscopy Center of Bucks County, GP	51.00%	51.00%
Arusha, LLC d/b/a The Surgery Center of Chester County	51.25%	51.25%
Foundation Surgery Affiliate of Huntingdon Valley, LP		
d/b/a Huntington Valley Surgery Center	61.66%	61.06%
Foundation Affiliate of Huntingdon Valley, LP d/b/a Valley Pain Center	61.66%	61.06%
Christiana Spine Ambulatory Surgical Center, LLC	55.00%	-
Virtua-SCA Holdings III, LLC	80.39%	-
Burlington County Endoscopy Center, LLC	51.00%	-
Burlington County Endoscopy Center, LLC	10.15%	-
Endo Surgi Center of Old Bridge, LLC	51.00%	51.00%
Mercer County Surgery Center, LLC	55.65%	55.00%
Virtua-West Jersey:		
Access Holding Co, LLC	59.64%	59.64%
Atlantic Gastro Surgicenter, LLC	54.50%	54.50%
Atlantic Gastro Surgicenter, LLC	5.00%	-
Virtua Campus Holdings, LLC	51.70%	51.70%
Campus Eye Group ASC, LLC	66.33%	65.00%
River Drive Surgery Center, LLC	51.00%	51.00%
Virtua-NJEYE Holdings, LLC	51.00%	51.00%
Freehold Surgical Center, LLC	57.00%	57.00%
South Jersey Eye Physicians, LLC	55.01%	57.00%
Pavonia Surgical Center, LLC	57.00%	57.00%
SurgiCenter of Vineland, LLC	57.00%	57.00%
SJV Management, LLC	51.00%	51.00%

Investment in Unconsolidated Joint Ventures

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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

	Membership Percentage		Investment in Unconsolidated Affiliates		Equity Earnings in Unconsolidated Affiliates	
	December 31,		December 31,		Year Ended December 31,	
	2024	2023	2024	2023	2024	2023
Virtua-Memorial:						
Vantage Surgical Associates, LLC	51.68%	51.00%	\$ 4,389	\$ 3,820	\$ 2,054	\$ 1,450
Burlington County Endoscopy Center, LLC	-	56.32%	-	7,229	1,018	3,160
Virtua-SCA Holdings II: ^(a)	55.00%	55.00%				
Foundation Surgery:						
Huntingdon Valley, LLC and Valley Pain Center, LLC			236	228	24	13
ECBC General Partner, LLC:						
Endoscopy Center of Bucks County, LP			851	800	446	131
Emmaus Holdings ^(b)	50.10%	50.10%				
Emmaus Surgical Center, LLC			6,785	6,914	1,536	1,712
Virtua-USP Princeton ^(c)	68.20%	68.20%				
Surgical Specialist at Princeton, LLC			10,905	11,091	3,692	2,818
Virtua-Lourdes:						
Centennial Surgunit, LLC	59.19%	59.39%	9,120	9,175	3,084	3,410
Virtua-West Jersey:						
Summit Surgical Center, LLC	61.96%	61.68%	8,511	8,196	686	1,547
South Jersey Musculoskeletal Institute, LLC	53.02%	55.88%	3,596	3,029	4,707	4,659
Ambulatory Surgery Center at Virtua Washington Township, LLC	56.60%	57.96%	1,172	1,314	1,892	2,273
Shore Ambulatory Surgical Center, LLC ^(d)	-	-	-	-	-	(6,952)
Rockland Surgical Project, LLC	51.25%	51.25%	9,425	9,041	1,097	948
Virtua Adult Imaging Services	50.00%	50.00%	5,233	3,994	9,277	4,789
Center for Ambulatory and Minimally Invasive Surgery, LLC	55.39%	55.27%	12,922	12,810	4,067	3,841
Freehold Endoscopy Associates, LLC	60.00%	60.00%	8,319	8,148	2,509	2,535
Gastro-Surgi Center of New Jersey, LLC	51.79%	51.79%	12,744	12,845	3,137	3,133
Fresenius Medical Care, LLC	30.00%	30.00%	667	639	618	604
Virtua Penn Radiation Oncology Leasing, LLC	50.00%	50.00%	9,974	10,079	2,867	2,972
Virtua Penn Radiation Oncology Partners, LLC	51.00%	51.00%	18,651	18,324	3,388	2,078
Strive Physical Therapy	35.00%	35.00%	47	26	21	(11)
Mt. Laurel Endoscopy Center, LLC	58.32%	51.92%	1,401	1,259	2,527	2,062
USTRC Gloucester, LLC	29.00%	29.00%	346	320	36	(67)
Specialized Surgical Center of Central NJ	52.70%	52.70%	2,767	2,689	1,724	1,337
Atlantic Gastro Surgicenter, LLC	-	5.00%	-	439	-	20
Voorhees Endo Holding: ^(e)	51.00%	51.00%				
The Voorhees NJ Endoscopy ASC, LLC			13,586	13,298	11,962	10,620
River Drive Holding: ^(f)	51.00%	51.00%				
River Drive Surgery Center, LLC			44,760	45,818	12,241	12,287
VRI:						
Acentus Practice Management, LLC	50.00%	50.00%	2,054	1,713	4,321	3,770
HMSO:						
Lourdes Specialty Hospital of Southern NJ, LLC	20.00%	20.00%	6,688	6,069	619	435
Tyler Dialysis, LLC, cost basis	19.00%	19.00%	5,193	5,193	577	518
			\$ 200,342	\$ 204,500	\$ 80,127	\$ 66,092

(a) SCA Holdings II owns 62.25% and 61.64% of Foundation Surgery, Affiliate of Huntingdon Valley, LP, a holding company, at December 31, 2024 and 2023, respectively. Foundation Surgery owns 1.00% of Huntingdon Valley, LLC and Valley Pain Center, LLC at December 31, 2024 and owns 0.99% of Huntingdon Valley, LLC at December 31, 2023. SCA Holdings II also owns 51.00% of ECBC General Partner, LLC (ECBC GP) at December 31, 2024 and 2023. ECBC GP owns 12.00% of Endo Center of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Bucks County, LP at December 31, 2024 and 2023. SCA Holdings II also owns 44.88% of ECBC, LP at December 31, 2024 and 2023. Virtua-Memorial holds a 55.00% membership interest in SCA Holdings II and thus effectively owns a 34.24% and 33.90% interest in Foundation Surgery at December 31, 2024 and 2023, respectively, and a 28.05% interest in ECBC, LP at December 31, 2024 and 2023.

- (b) Emmaus Holdings, LLC owns 50.33% of Emmaus Surgical Center, LLC at December 31, 2024 and 2023. 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, 2024 and 2023.
- (c) Virtua-USP Princeton owns 63.25% and 61.93% of Surgical Specialists at Princeton, LLC at December 31, 2024 and 2023, respectively. Virtua-Memorial holds a 68.20% membership percentage of Virtua-USP Princeton and thus effectively owns a 43.14% and 42.24% interest in Surgical Specialists at Princeton, LLC at December 31, 2024 and 2023, respectively.
- (d) During 2023, Virtua-West Jersey divested its entire interest in Shore Ambulatory Surgical Center, LLC. The transaction led to an exit loss of \$8,034, which is recorded in equity in income of unconsolidated joint ventures in the consolidated statement of operations and changes in net assets.
- (e) Voorhees Endo Holding owns 51.00% of The Voorhees NJ Endoscopy ASC, LLC at December 31, 2024 and 2023. Virtua-West Jersey holds a 51.00% membership percentage in Voorhees Endo Holding and thus effectively owns a 26.01% interest in the Voorhees NJ Endoscopy ASC, LLC at December 31, 2024 and 2023.
- (f) River Drive Holding owns 51.00% of River Drive Surgery Center, LLC at December 31, 2024 and 2023. 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, 2024 and 2023.

Operating revenues for the combined group of ventures accounted for under the equity method of accounting were \$394,047 and \$371,336 for the years ended December 31, 2024 and 2023, respectively.

Virtua Health provides employee leasing, rental, and management services to and receives billing services from certain of its joint ventures. The total revenue, included in other revenue, from these services was \$19,911 and \$19,949 for the years ended December 31, 2024 and 2023, respectively. The total expenses, included in other operating expense related to the ownership interest in the medical revenue cycle joint venture are \$17,789 and \$15,597 for the years ended December 31, 2024 and 2023, respectively. The total amounts of the receivable, which is included in other current assets, related to these services are \$3,989 and \$3,645 at December 31, 2024 and 2023, respectively.

Additionally, Virtua Health acts as lessor for certain clinical space under a sales-type lease agreement, with an unconsolidated joint venture with annual lease payments of \$2,029 through July 2037, the lease term. The lease receivable is discounted and at December 31, 2024 and 2023, is included in other assets, with the current portion in other current assets in the consolidated balance sheets and interest revenue is recognized over the lease term. Interest revenue from this lease for the years ended December 31, 2024 and 2023, was \$614 and \$486, respectively, and is recorded as other revenue in the consolidated statements of operations and changes in net assets.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE J - PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Land	\$ 112,086	\$ 112,086
Land improvements	135,945	38,035
Buildings and improvements	923,207	981,341
Fixed equipment	211,437	251,984
Furniture and equipment	1,149,494	1,188,585
	<u>2,532,169</u>	<u>2,572,031</u>
Less accumulated depreciation and amortization	<u>(1,594,069)</u>	<u>(1,623,153)</u>
	938,100	948,878
Construction in progress	<u>147,427</u>	<u>82,719</u>
	<u>\$ 1,085,527</u>	<u>\$ 1,031,597</u>

Depreciation and amortization expense related to property, plant, and equipment was \$133,875 and \$124,904 for the years ended December 31, 2024 and 2023, respectively.

At December 31, 2024, remaining project commitments consist of: a) the campus transformation project at Virtua-Lourdes that includes a new seven-story tower and comprehensive renovations to the existing facility and campus for \$355,212, with completion of portions occurring through 2029, and b) the implementation of a new Enterprise Resource Planning system for \$21,491, expected to be completed in the summer of 2025.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE K - LONG-TERM DEBT

Long-term debt as of December 31, 2024 and 2023, consists of the following:

	<u>2024</u>	<u>2023</u>
New Jersey Health Care Facilities Financing Authority ("NJHCFFA"):		
Virtua Health Issue, Series 2004 Variable Rate Revenue Bonds - less issuance cost of \$110 and \$131 at December 31, 2024 and 2023, respectively ^(a)	\$ 36,715	\$ 38,879
Virtua Health Issue, Series 2009B-E Variable Rate Revenue Bonds - less issuance cost of \$1,031 and \$1,093 at December 31, 2024 and 2023, respectively ^(b)	183,969	183,907
Virtua Health Issue, Series 2013 Fixed Rate Revenue Refunding Bonds - plus net original issue premium and issuance cost of \$1,426 and \$1,972 at December 31, 2024 and 2023, respectively ^(c)	68,246	80,392
Virtua Health Issue, Series 2019 Fixed Rate Refunding Bonds - less issuance cost of \$389 and \$428 at December 31, 2024 and 2023, respectively ^(d)	199,416	199,377
Virtua Health Issue, Series 2020 Fixed Rate Term Loan - less issuance cost of \$67 and \$118 at December 31, 2024 and 2023, respectively ^(e)	112,108	147,732
Finance lease obligations, with various interest rates, secured by lease equipment	1,474	1,625
Consolidated Joint Venture long term debt - less issuance cost of \$41 and \$53 at December 31, 2024 and 2023, respectively	<u>15,751</u>	<u>13,535</u>
	617,679	665,447
Less current maturities of long-term debt	<u>(54,656)</u>	<u>(51,904)</u>
	<u>\$ 563,023</u>	<u>\$ 613,543</u>

^(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 \$2,275 to \$6,385, maturing on July 1 of each year through 2034. Interest is payable monthly at a variable rate not to exceed 10%. The interest rate was 3.15% and 3.40% at December 31, 2024 and 2023, respectively. The Series 2004 Bonds are variable rate demand bonds secured by an irrevocable letter of credit with a bank, which expires on June 5, 2026. No amounts were outstanding on the letter of credit at December 31, 2024 and 2023.

^(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 3.40%, 3.45%, 3.05%, and 2.8% at December 31, 2024 and 3.70%, 3.80%, 3.50%, and 3.20% at

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

December 31, 2023, respectively. The Series 2009B-E Bonds are variable rate demand bonds secured by irrevocable letters of credit with two banks; with one bank for Series B-C providing two letters of credit for a total of \$100,000, which expire on January 2, 2026; and another bank for Series D-E providing two letters of credit for a total of \$85,000, which expire on January 2, 2027. No amounts were outstanding on the letters of credit at December 31, 2024 and 2023.

- (c) The NJHCFFA Fixed Rate Revenue Refunding Bonds, Virtua Health Issue, Series 2013 (the "Series 2013 Bonds") were issued to refund the outstanding Series 1998 Bonds and certain Series 2009A Bonds and pay for costs of issuance of the Series 2013 Bonds. The Series 2013 Bonds bear interest between 4.50% and 5.00%, payable on January 1 and July 1. Annual principal payments range from \$12,160 to \$14,575, 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, through the maturity in 2038.
- (e) The Virtua Health Series 2020 Term Loan (the "Series 2020 Term Loan") was issued to finance capital needs for technology projects, joint venture investments, and other valid corporate purposes. Interest is payable monthly at a fixed rate of 2.37%. Annual principal payments range from \$36,525 to \$38,265, maturing on July 1 of each year through 2027. The term loan was issued as a taxable private placement with a bank as the direct lending bank, through the maturity in 2027.

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

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

The Series 2004, 2009B-E, 2013 and 2019 Bonds and the Series 2020 Term Loan are all secured equally and ratably on a parity basis by notes issued under the master trust indenture (the "Master Trust Indenture"), with Virtua Health, Inc., Virtua-West Jersey, and Virtua-Memorial as obligated issuers (the "Virtua Obligated Group"). The notes are secured by a pledge of gross receipts of the Virtua Obligated Group and a mortgage on the Voorhees replacement hospital. The Virtua Obligated Group is obligated to pay the principal or redemption price and interest on the bonds under loan agreements with the NJHCFFA. The Master Trust Indenture and other bond agreements require the Virtua Obligated Group to comply with certain financial covenants. At December 31, 2024 and 2023, 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, 2024 and 2023
(Dollar amounts in thousands)

Future Principal Payments

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

<u>Years Ending December 31,</u>	
2025	\$ 54,656
2026	55,021
2027	56,952
2028	19,256
2029	20,986
Thereafter	<u>411,020</u>
	<u>\$ 617,891</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 2025. The interest rate is based on either the term SOFR ("Secured Overnight Financing Rate") reference rate for the interest period (one-month) plus 70 basis points (the term SOFR one-month rate was 4.53% and 5.35% at December 31, 2024 and 2023, respectively), or the prime rate minus 150 basis points (the prime rate was 7.50% and 8.50% at December 31, 2024 and 2023, respectively). There were no amounts outstanding under the line of credit at December 31, 2024 and 2023. The line of credit has a provision for letters of credit. There were \$5,072 and \$5,074 in letter of credit commitments with expiration dates in 2025 as of December 31, 2024 and 2023, respectively. These were not drawn upon and are in connection with VAI, a capital project, and a site requirement.

Virtua Health has a second revolving credit line in place with another bank for \$50,000, which expires in December 2025. The interest rate is based on either the daily simple SOFR interest period plus 70 basis points (the daily simple SOFR was 4.49% and 5.38% at December 31, 2024 and 2023, respectively), or the prime rate minus 150 basis points (the prime rate was 7.50% and 8.50% at December 31, 2024 and 2023, respectively). There were no amounts outstanding on the line of credit at December 31, 2024 and 2023.

Virtua Health has a third revolving credit line in place with another bank for \$50,000, which expires in December 2025. The interest rate is based on either the term SOFR reference rate for the interest period (one-month) plus 80 basis points (the term SOFR one-month rate was 4.53% and 5.35% at December 31, 2024 and 2023, respectively), or the prime rate minus 25 basis points (the prime rate was 7.50% and 8.50% at December 31, 2024 and 2023, respectively). There were no amounts outstanding on the line of credit at December 31, 2024 and 2023.

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, 2024 and 2023, the fair values were \$575,188 and \$617,877, 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, 2024 and 2023
(Dollar amounts in thousands)

NOTE L - 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, 2024 and 2023:

Component of Lease Balances	Classification in Consolidated Balance Sheets	2024	2023
Assets:			
Operating lease	Right of use assets	\$ 196,232	\$ 203,494
Finance lease	Property, plant, and equipment, net	4,351	1,762
		<u>\$ 200,583</u>	<u>\$ 205,256</u>
Liabilities:			
Operating lease:			
Current	Current maturities of lease liability	\$ 34,486	\$ 34,096
Long-term	Lease liability, net of current maturities	174,998	182,301
		209,484	216,397
Finance lease:			
Current	Current maturities of long-term debt	526	636
Long-term	Long-term debt, net of current maturities	948	989
		<u>1,474</u>	<u>1,625</u>
		<u>\$ 210,958</u>	<u>\$ 218,022</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

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, 2024 and 2023:

Component of Lease Balances	Classification in Consolidated Statements of Operations and Changes in Net Assets	2024	2023
Operating lease expense	Other operating expenses	\$ 44,799	\$ 39,853
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	537	604
Interest on lease liabilities	Interest expense	98	91
		635	695
Variable and short-term lease expense	Other operating expenses	19,530	16,890
		<u>\$ 64,964</u>	<u>\$ 57,438</u>

The weighted-average lease terms and discount rates for operating and finance leases at December 31, 2024 and 2023 are as follows:

	2024	2023
Weighted-average remaining lease term (years)		
Operating leases	6.73 years	7.15 years
Finance leases	0.52 years	0.93 years
Weighted-average discount rate		
Operating leases	4.29%	3.86%
Finance leases	1.27%	3.51%

Cash flow related to leases for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows related to operating leases	\$ 44,738	\$ 40,717
Operating cash outflows related to finance leases	\$ 150	\$ 84
Financing cash outflows related to finance leases	\$ 728	\$ 711
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 25,393	\$ 36,618
Finance leases	\$ 1,894	\$ 295

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

The future minimum rental commitments for all noncancelable operating and finance leases at December 31, 2024 are as follows:

<u>Years Ending December 31,</u>	<u>Operating Leases</u>	<u>Finance Leases</u>	<u>Total</u>
2025	\$ 42,678	\$ 894	\$ 43,572
2026	40,706	840	41,546
2027	37,172	722	37,894
2028	29,947	487	30,434
2029	26,269	271	26,540
Thereafter	69,869	-	69,869
	<u>246,641</u>	<u>3,214</u>	<u>249,855</u>
Less: imputed interest	<u>(37,157)</u>	<u>(1,740)</u>	<u>(38,897)</u>
	209,484	1,474	210,958
Less: current maturities	<u>(34,486)</u>	<u>(526)</u>	<u>(35,012)</u>
	<u>\$ 174,998</u>	<u>\$ 948</u>	<u>\$ 175,946</u>

NOTE M - RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

The amount of expense related to this plan was \$37,068 and \$32,479 for the years ended December 31, 2024 and 2023, respectively, and is included in employees' fringe benefits in the consolidated statements of operations and changes in net assets.

Defined Benefit Plan

Virtua Health has a noncontributory defined benefit pension plan (the "Virtua Pension Equity Plan"), which covered employees as defined, and accrued benefit formulas as defined for those who met prescribed eligibility requirements. The Virtua Pension Equity Plan is primarily frozen, except for a small amount of actively accruing participants. In September 2023, Virtua Health and an insurance company executed an annuity buy-out transaction that resulted in the transfer of certain beneficiaries obligation to the insurance company as a settlement and the Virtua Pension Equity Plan was concurrently remeasured. The Virtua Pension Equity Plan uses a measurement date of December 31. The mortality table used for projecting the benefit obligations is the Pri-2012 with projected improvements using the MP-2021 projection scale for the years ended December 31, 2024 and 2023.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

The information at December 31, 2024 and 2023, and for the years then ended, about the Virtua Pension Equity Plan is as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average assumptions used to determine benefit obligations - end of year:		
Discount rate	5.21%	5.59%
Rate of compensation increase	3.00%	3.00%
Accumulated benefit obligation - end of year	<u>\$ 105,065</u>	<u>\$ 114,211</u>
Changes in benefit obligations:		
Benefit obligations - beginning of year:	\$ 114,211	\$ 182,041
Service cost	2,454	2,114
Interest cost	5,663	9,032
Actuarial (gain) loss	(8,358)	7,519
Benefits paid	(8,905)	(11,135)
Settlements	<u>-</u>	<u>(75,360)</u>
Benefit obligations - end of year	105,065	114,211
Changes in plan assets:		
Fair value of plan assets - beginning of year:	87,594	166,987
Actual return on plan assets	2,792	7,102
Employer contributions	8,000	-
Benefits paid	(8,905)	(11,135)
Settlements	<u>-</u>	<u>(75,360)</u>
Fair value of plan assets - end of year	<u>89,481</u>	<u>87,594</u>
Funded status of the plan - end of year	<u>\$ (15,584)</u>	<u>\$ (26,617)</u>
Amounts recognized in the consolidated balance sheets - noncurrent accrued retirement benefits	<u>\$ (15,584)</u>	<u>\$ (26,617)</u>
Amounts recognized in net assets without restrictions:		
Actuarial loss	\$ 67,625	\$ 112,275
Prior service cost	(3)	(3)
Net gain	<u>(7,638)</u>	<u>(44,647)</u>
Total amounts recognized in net assets without restrictions	<u>\$ 59,984</u>	<u>\$ 67,625</u>

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

	<u>2024</u>	<u>2023</u>
Components of net periodic benefit cost recognized in employee fringe benefits:		
Service cost	\$ 2,454	\$ 2,114
Components recognized in nonoperating gains and losses in other accrual retirement cost:		
Interest cost	5,663	9,032
Expected return on plan assets	(5,724)	(7,986)
Amortization of prior service cost	3	3
Amortization of actuarial loss	<u>2,212</u>	<u>4,205</u>
	2,154	5,254
Settlement loss	<u>-</u>	<u>48,845</u>
	<u>2,154</u>	<u>54,099</u>
Total net periodic benefit cost	4,608	56,213
Other changes in accrued retirement benefits recognized in net assets without restrictions:		
Current-year actuarial loss	(5,426)	8,403
Recognized actuarial loss	(2,212)	(4,205)
Recognized prior service cost	(3)	(3)
Recognized settlement loss	<u>-</u>	<u>(48,845)</u>
Total recognized in net assets without restrictions	<u>(7,641)</u>	<u>(44,650)</u>
Total recognized in net periodic benefit cost and change in net assets without restrictions	<u><u>\$ (3,033)</u></u>	<u><u>\$ 11,563</u></u>
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.71%	5.21%
Expected long-term rate of return on plan assets	7.00%	5.80%
Rate of compensation increase	3.00%	3.00%

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Plan Assets

The pension plan's actual weighted-average asset allocations and target asset allocations, by asset category, at December 31, 2024 and 2023 are as follows:

Asset Category	Target Allocation	2024	2023
Fixed income	30% - 90%	46%	56%
Equity securities	10% - 57%	48	36
Alternative investments/real estate	0% - 15%	6	8
		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, 2024 and 2023, are as follows:

	2024	2023
Common/collective trust funds:		
Fixed income ^(a)	\$ 41,562	\$ 48,957
Domestic equity ^(b)	24,208	17,551
International equity ^(c)	18,452	14,125
U.S. real estate ^(d)	5,259	6,961
	<u>\$ 89,481</u>	<u>\$ 87,594</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 a long-term capital growth, by investing primarily in common stocks of U.S. companies with various capitalizations, while managing volatility and maintaining diversification.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Cash FlowsContributions

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:

2025	\$	8,951
2026		8,971
2027		9,216
2028		9,275
2029		8,748
2030-2034		41,452

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, 2024, Virtua Health has no plans to withdraw from the Multi-employer Plan.

Virtua Health's participation in the Multi-employer Plan for the years ended December 31, 2024 and 2023, 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

available in 2024 and 2023 is for the Multi-employer Plan years ended January 31, 2024 and 2023, 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.
- The current collective bargaining agreement expires on February 28, 2027. This agreement covers approximately 8% of the Registered Nurse workforce.
- Virtua Health contributed \$5,055 and \$4,776 to the Multi-employer Plan for the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

At the date the consolidated financial statements were issued, the Form 5500 was not available for the Multi-employer Plan year ended January 31, 2025.

NOTE N - CONTINGENCIES AND COMMITMENTS

Self-Insured Malpractice and General Liability and Litigation

VAI's principal business is to reinsure the primary layer of exposure underwritten by a third-party insurer for claims-made-basis hospital professional liability, physicians professional liability, and occurrence-basis general liability. For the years ended December 31, 2024 and 2023, malpractice professional liability coverage is limited to \$1,000 per claim and \$3,000 aggregate per facility, and general liability coverage is limited to \$1,000 per claim. In addition to the primary layer by VAI, Virtua Health maintains excess coverage from third-party insurers for amounts above the limits insured by VAI.

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

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

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Claims reserve activity for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Claims reserves and IBNR - beginning of the year	\$ 96,123	\$ 91,985
Less: Insurance recoveries on unpaid claims	(32,995)	(36,257)
Claims reserves and IBNR, net - beginning of the year	63,128	55,728
Incurred related to:		
Current year	27,190	15,945
Prior year	4,453	621
Total incurred	31,643	16,556
Change in IBNR	10,743	794
Paid related to:		
Current year	(166)	(111)
Prior year	(19,163)	(9,849)
Total incurred	(19,329)	(9,960)
Claims reserves and IBNR, net - end of the year	86,185	63,128
Add: Insurance recoveries on unpaid claims	21,928	32,995
Claims reserves and IBNR - end of the year	<u>\$ 108,113</u>	<u>\$ 96,123</u>

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, 2024 and 2023 totaled \$13,209 and \$11,309, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

Promise to Give in Future Period

On December 21, 2021, Virtua Health and VHF entered into a Master Affiliation Agreement with the Rowan University Foundation ("Rowan") in order to collaborate for the development and operation of an affiliated academic health system, the purpose of which is to promote and enhance clinical education, research and clinical activities for residents of New Jersey and surrounding states. As part of a separate Gift Agreement to further the initiative, Virtua Health and VHF made a pledge totaling \$85,000 to be paid in ten gift installments, as defined in the Gift Agreement. The annual remaining payments at December 31, 2024, are \$4,375 through 2030. The fourth and third installment payments in the amount of \$4,375 were made in December 2024 and 2023, after certain milestones, as defined in the Gift Agreement, were met, and are included in other operating expenses in the consolidated statements of operations and changes in net assets for the years ended December 31, 2024 and 2023, respectively. The remainder of the gift installments under the pledge are conditional depending on various milestones as defined in the Gift Agreement. As such, the remaining pledge of \$26,250 is not recorded in the consolidated financial statements at December 31, 2024.

In addition, to the aforementioned pledge as per the Master Affiliation Agreement, Virtua Health and VHF reassessed the investment needed to successfully achieve specific educational initiatives, as such during 2023 an additional unconditional pledge to Rowan was made of \$5,000, which is included in accounts payable and accrued expenses in the consolidated balance sheet at December 31, 2023 and in other operating expenses in the consolidated statement of operations and changes in net assets for the year ended December 31, 2023.

In February 2024 and December 2024, Virtua Health made additional unconditional donations to Rowan for \$10,000 and \$25,000, respectively, which are included in other operating expenses in the consolidated statement of operations and changes in net assets for the year ended December 31, 2024.

Multipurpose Housing Partnership

VHF has partnered with an unrelated party for the development of a multipurpose housing community in Camden, New Jersey to advance health equity. With this partnership, VHF is participating in financing of the project along with other financing parties including the New Jersey Housing and Mortgage Finance Agency and other sources. VHF entered into a loan agreement on November 28, 2023, to lend \$4,100 at 5.0% per annum of interest that is secured by a mortgage and security agreement, with future project drawdowns to occur as defined. During 2024, there were draws of \$734 made, which is included in other assets in the consolidated balance sheet on December 31, 2024. Payment for the entire unpaid principal balance together with all accrued interest shall be due on or before the maturity date.

COVID-19 Pandemic

Virtua Health received grant payments from the Federal Emergency Management Agency ("FEMA") related to the COVID-19 pandemic of \$28,054, which are included in other revenue in the consolidated statements of operations and changes in net assets for the year ended December 31, 2023. The consolidated balance sheet at December 31, 2023 has a receivable amount of \$14,426, which is included in other current assets. Unrecognized amounts of \$2,928 and \$2,870 as of December 31, 2024 and 2023, respectively, are included in estimated settlements due to third-party payers. The FEMA payments are subject to audit and compliance with federal regulations and future grant payments are uncertain at this time.

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE O - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 are restricted for the following programs:

	2024	2023
Temporarily - subject to expenditure for specific purpose:		
Property, plant, and equipment and other	\$ 22,850	\$ 23,649
Education and nursing scholarships	3,959	3,599
	26,809	27,248
Permanently - investment in perpetuity whose income is expendable to support:		
Scholarships and other	8,953	8,444
	\$ 35,762	\$ 35,692

NOTE P - 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, 2024 and 2023, is as follows:

	2024	2023
Managed care	51%	52%
Medicare and Medicaid	18	22
Self-pay	14	10
Other third-party payers	17	16
	100%	100%

Virtua Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023
(Dollar amounts in thousands)

NOTE Q - 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, 2024 and 2023, are as follows:

	<u>Healthcare Services</u>	<u>General and Administrative</u>	<u>Total</u>
<u>2024</u>			
Salaries and wages	\$ 1,189,920	\$ 216,337	\$ 1,406,257
Professional fees	55,574	2,205	57,779
Employers' fringe benefits	225,762	45,815	271,577
Other operating expenses	909,024	245,175	1,154,199
Interest	18,838	182	19,020
Depreciation and amortization	111,550	25,094	136,644
	<u>\$ 2,510,668</u>	<u>\$ 534,808</u>	<u>\$ 3,045,476</u>
	<u>Healthcare Services</u>	<u>General and Administrative</u>	<u>Total</u>
<u>2023</u>			
Salaries and wages	\$ 1,006,397	\$ 198,949	\$ 1,205,346
Professional fees	48,702	2,337	51,039
Employers' fringe benefits	205,434	43,761	249,195
Other operating expenses	853,574	138,875	992,449
Interest	20,386	101	20,487
Depreciation and amortization	104,123	23,557	127,680
	<u>\$ 2,238,616</u>	<u>\$ 407,580</u>	<u>\$ 2,646,196</u>

NOTE R - SUBSEQUENT EVENTS

Virtua Health has evaluated its December 31, 2024 consolidated financial statements for subsequent events through April 23, 2025, the date the consolidated financial statements were issued. Virtua Health is not aware of any subsequent events, which require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS INFORMATION - VIRTUA HEALTH, INC.

December 31, 2024

(Dollar amounts in thousands)

	Virtua Health, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Virtua Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
ASSETS										
Current assets										
Cash and cash equivalents	\$ 94,919	\$ -	\$ 94,919	\$ 71,922	\$ 18	\$ 470	\$ 13,491		\$ 852	\$ 8,166
Assets limited as to use	22,886	-	22,886	7,984	-	-	-	-	-	14,902
Patient accounts receivable	297,535	-	297,535	174,700	66,583	-	56,252	-	-	-
Due from affiliate, net	-	(221,557)	221,557	217,109	-	4,448	-	-	-	-
Other current assets	156,446	-	156,446	120,381	27,043	4,748	1,046	-	1,079	2,149
Total current assets	571,786	(221,557)	793,343	592,096	93,644	9,666	70,789	-	1,931	25,217
Assets limited as to use										
By Board of Trustees' designation	2,171,464	-	2,171,464	2,089,721	-	-	-	-	81,743	-
Insurance funds	59,765	-	59,765	2,875	-	-	-	-	-	56,890
Restricted funds	24,414	-	24,414	1,174	-	-	-	-	23,240	-
	2,255,643	-	2,255,643	2,093,770	-	-	-	-	104,983	56,890
Property, plant, and equipment, net	1,085,527	-	1,085,527	710,343	298,908	-	76,274	-	2	-
Right of use assets	196,232	-	196,232	116,768	7,564	-	71,900	-	-	-
Other long-term assets										
Due from affiliates, net	-	(83,046)	83,046	82,996	-	-	50	-	-	-
Investment in unconsolidated joint ventures	200,342	-	200,342	177,287	9,120	2,054	11,881	-	-	-
Goodwill and other intangibles, net	539,089	-	539,089	512,198	19,299	-	7,592	-	-	-
Other assets	40,354	-	40,354	37,352	414	-	404	-	2,184	-
Beneficial interest in perpetual trust	8,953	(8,953)	17,906	8,953	-	-	-	-	8,953	-
	788,738	(91,999)	880,737	818,786	28,833	2,054	19,927	-	11,137	-
Total assets	<u>\$ 4,897,926</u>	<u>\$ (313,556)</u>	<u>\$ 5,211,482</u>	<u>\$ 4,331,763</u>	<u>\$ 428,949</u>	<u>\$ 11,720</u>	<u>\$ 238,890</u>	<u>\$ -</u>	<u>\$ 118,053</u>	<u>\$ 82,107</u>

Virtua Health, Inc.

CONSOLIDATED BALANCE SHEETS INFORMATION - VIRTUA HEALTH, INC.

December 31, 2024
(Dollar amounts in thousands)

	Virtua Health, Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Virtua Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
LIABILITIES AND NET ASSETS										
Current liabilities										
Current maturities of long-term debt	\$ 54,656	\$ -	\$ 54,656	\$ 54,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current maturities of lease liability	34,263	-	34,263	17,824	2,565	-	13,874	-	-	-
Accounts payable and accrued expenses	293,774	(14,901)	308,675	221,256	39,040	3,352	23,745	561	343	20,378
Due to affiliates, net	-	(218,940)	218,940	-	126,205	-	15,345	6,805	70,276	309
Accrued compensation and related liabilities	143,317	-	143,317	80,218	14,735	559	47,805	-	-	-
Accrued interest payable	2,923	-	2,923	2,923	-	-	-	-	-	-
Estimated settlements due to third-party payers	20,167	-	20,167	12,899	7,268	-	-	-	-	-
Total current liabilities	549,100	(233,841)	782,941	389,776	189,813	3,911	100,769	7,366	70,619	20,687
Long-term liabilities										
Estimated settlements due to third-party payers	18,205	-	18,205	11,460	6,745	-	-	-	-	-
Self insurance liabilities	88,216	(50,733)	138,949	88,216	-	-	-	-	-	50,733
Accrued retirement benefits	16,259	-	16,259	16,259	-	-	-	-	-	-
Due to affiliates, net	-	(20,029)	20,029	-	-	-	-	-	20,029	-
Long-term debt, net of current maturities	563,023	-	563,023	563,023	-	-	-	-	-	-
Lease liability, net of current maturities	174,998	-	174,998	106,905	5,424	-	62,669	-	-	-
Other liabilities	12,480	-	12,480	10,016	1,798	78	588	-	-	-
Total liabilities	1,422,281	(304,603)	1,726,884	1,185,655	203,780	3,989	164,026	7,366	90,648	71,420
Net assets (deficiency)										
Without donor restrictions :										
Virtua Health, Inc.	3,035,249	-	3,035,249	2,711,060	222,491	7,731	74,814	(7,366)	15,832	10,687
Noncontrolling interests	404,634	-	404,634	404,634	-	-	-	-	-	-
Total net assets without donor restrictions	3,439,883	-	3,439,883	3,115,694	222,491	7,731	74,814	(7,366)	15,832	10,687
With donor restrictions	35,762	(8,953)	44,715	30,414	2,678	-	50	-	11,573	-
Total net assets (deficiency)	3,475,645	(8,953)	3,484,598	3,146,108	225,169	7,731	74,864	(7,366)	27,405	10,687
Total liabilities and net assets (deficiency)	\$ 4,897,926	\$ (313,556)	\$ 5,211,482	\$ 4,331,763	\$ 428,949	\$ 11,720	\$ 238,890	\$ -	\$ 118,053	\$ 82,107

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua Health Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Virtua Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
Net assets without donor restrictions										
Revenue:										
Patient service revenue	\$ 3,024,083	\$ -	\$ 3,024,083	\$ 1,836,288	\$ 698,999	\$ -	\$ 488,796	\$ -	\$ -	\$ -
Other revenue	136,305	(382,497)	518,802	333,088	19,077	29,416	103,798	7,402	103	25,918
Equity in income of unconsolidated joint ventures	80,127	-	80,127	71,525	3,084	4,321	1,197	-	-	-
Total revenue	3,240,515	(382,497)	3,623,012	2,240,901	721,160	33,737	593,791	7,402	103	25,918
Expenses:										
Salaries and wages	1,406,257	(1,728)	1,407,985	730,906	198,847	1,567	475,657	1,008	-	-
Professional fees	57,779	(86,159)	143,938	74,316	56,265	-	10,078	3,279	-	-
Employees' fringe benefits	271,577	(99,689)	371,266	249,207	50,080	432	71,514	33	-	-
Other operating expenses	1,154,199	(194,921)	1,349,120	725,470	370,522	25,008	184,059	642	7,342	36,077
Interest	19,020	-	19,020	19,020	-	-	-	-	-	-
Depreciation and amortization	136,644	-	136,644	95,751	25,985	-	14,907	-	1	-
Total expenses	3,045,476	(382,497)	3,427,973	1,894,670	701,699	27,007	756,215	4,962	7,343	36,077
Income (loss) from operations (includes \$62,696 of income attributed to noncontrolling interest)	195,039	-	195,039	346,231	19,461	6,730	(162,424)	2,440	(7,240)	(10,159)
Nonoperating gains and losses										
Investment return, net	155,043	-	155,043	142,785	-	-	-	-	7,220	5,038
Other accrued retirement costs	(2,154)	-	(2,154)	(2,154)	-	-	-	-	-	-
Total nonoperating gains, net	152,889	-	152,889	140,631	-	-	-	-	7,220	5,038
Excess of (deficiency in) revenue and gains over expenses and losses	347,928	-	347,928	486,862	19,461	6,730	(162,424)	2,440	(20)	(5,121)
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	(62,696)	-	(62,696)	(62,696)	-	-	-	-	-	-
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc.	285,232	-	285,232	424,166	19,461	6,730	(162,424)	2,440	(20)	(5,121)

Continued on next page

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua Health Inc. Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Obligated Group	Virtua Lourdes Hospital Group	Virtua Ambulatory Group	Virtua Medical Group	Population Health Management Group	Virtua Health Foundation, Inc.	Virtua Assurance
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Health, Inc. (continued from previous page)	\$ 285,232	\$ -	\$ 285,232	\$ 424,166	\$ 19,461	\$ 6,730	\$ (162,424)	\$ 2,440	\$ (20)	\$ (5,121)
Other changes in net assets without donor restrictions - Virtua Health, Inc.										
Restricted net assets released for property, plant, and equipment	799	-	799	647	133	-	19	-	-	-
Other changes in accrued retirement benefits	7,641	-	7,641	7,641	-	-	-	-	-	-
Transfers with affiliates, net	-	-	-	(187,390)	24,129	(1,138)	164,399	-	-	-
Increase (decrease) in net assets without donor restrictions - Virtua Health, Inc.	293,672	-	293,672	245,064	43,723	5,592	1,994	2,440	(20)	(5,121)
Noncontrolling interests										
Excess of revenues and gains over expenses										
attributable to noncontrolling interests	62,696	-	62,696	62,696	-	-	-	-	-	-
Distributions	(63,133)	-	(63,133)	(63,133)	-	-	-	-	-	-
Other	(222)	-	(222)	(222)	-	-	-	-	-	-
Membership interest changes										
Acquisitions and other changes	37,032	-	37,032	37,032	-	-	-	-	-	-
Increase in net assets without donor restrictions - noncontrolling interests	36,373	-	36,373	36,373	-	-	-	-	-	-
Net assets with donor restrictions										
Contributions, net	4,777	-	4,777	4,284	456	-	2	-	35	-
Investment return, net	244	-	244	2	-	-	-	-	242	-
Increase in beneficial interest in perpetual trust	509	(509)	1,018	509	-	-	-	-	509	-
Net assets released from restrictions for operations	(4,661)	-	(4,661)	(4,499)	(162)	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(799)	-	(799)	(647)	(133)	-	(19)	-	-	-
Transfers with affiliates, net	-	-	-	(10)	-	-	10	-	-	-
Increase (decrease) in net assets with donor restrictions	70	(509)	579	(361)	161	-	(7)	-	786	-
INCREASE (DECREASE) IN NET ASSETS	330,115	(509)	330,624	281,076	43,884	5,592	1,987	2,440	766	(5,121)
Net assets (deficiency) - beginning of year	3,145,530	(8,444)	3,153,974	2,865,032	181,285	2,139	72,877	(9,806)	26,639	15,808
Net assets (deficiency) - end of year	\$ 3,475,645	\$ (8,953)	\$ 3,484,598	\$ 3,146,108	\$ 225,169	\$ 7,731	\$ 74,864	\$ (7,366)	\$ 27,405	\$ 10,687

Virtua Health, Inc.
COMBINING BALANCE SHEET INFORMATION - VIRTUA OBLIGATED GROUP

December 31, 2024
(Dollar amounts in thousands)

	Virtua Obligated Group	Reclassifying/ Eliminating Entries	Total	Virtua Health, Inc.	Virtua-Memorial Hospital of Burlington County, Inc.	Virtua- West Jersey Health System, Inc.
ASSETS						
Current assets						
Cash and cash equivalents	\$ 71,922	\$ -	\$ 71,922	\$ 359	\$ 23,730	\$ 47,833
Assets limited as to use	7,984	(7,984)	15,968	7,984	582	7,402
Patient accounts receivable	174,700	-	174,700	-	63,538	111,162
Due from affiliate, net	217,109	(545,136)	762,245	740,578	21,667	-
Other current assets	120,381	-	120,381	49,277	29,179	41,925
Total current assets	592,096	(553,120)	1,145,216	798,198	138,696	208,322
Assets limited as to use						
By Board of Trustees' designation	2,089,721	-	2,089,721	114,192	190,093	1,785,436
Insurance funds	2,875	-	2,875	2,875	-	-
Restricted funds	1,174	-	1,174	-	1,174	-
	2,093,770	-	2,093,770	117,067	191,267	1,785,436
Property, plant, and equipment, net	710,343	-	710,343	-	153,558	556,785
Right of use assets	116,768	-	116,768	14,012	53,037	49,719
Other long-term assets						
Due from affiliates, net	82,996	(937,224)	1,020,220	-	574,154	446,066
Investment in unconsolidated joint ventures	177,287	(10,687)	187,974	10,687	23,165	154,122
Goodwill and other intangibles, net	512,198	-	512,198	-	454,203	57,995
Other assets	37,352	-	37,352	17,011	185	20,156
Beneficial interest in perpetual trus	8,953	-	8,953	-	8,953	-
	818,786	(947,911)	1,766,697	27,698	1,060,660	678,339
Total assets	<u>\$ 4,331,763</u>	<u>\$ (1,501,031)</u>	<u>\$ 5,832,794</u>	<u>\$ 956,975</u>	<u>\$ 1,597,218</u>	<u>\$ 3,278,601</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of long-term debt	\$ 54,656	\$ (14,435)	\$ 69,091	\$ 50,960	\$ 4,561	\$ 13,570
Current maturities of lease liability	17,824	-	17,824	4,201	6,674	6,949
Accounts payable and accrued expenses	221,256	-	221,256	111,209	29,412	80,635
Due to affiliates, net	-	(535,703)	535,703	-	-	535,703
Accrued compensation and related liabilities	80,218	-	80,218	39,624	14,821	25,773
Accrued interest payable	2,923	(2,669)	5,592	2,898	127	2,567
Estimated settlements due to third-party payers	12,899	-	12,899	2,928	5,917	4,054
Total current liabilities	389,776	(552,807)	942,583	211,820	61,512	669,251
Long-term liabilities						
Estimated settlements due to third-party payers	11,460	-	11,460	-	2,739	8,721
Self insurance liabilities	88,216	-	88,216	88,216	-	-
Accrued retirement benefits	16,259	-	16,259	15,583	-	676
Due to affiliates, net	-	(463,626)	463,626	463,626	-	-
Long-term debt, net of current maturities	563,023	(473,911)	1,036,934	549,494	17,004	470,436
Lease liability, net of current maturities	106,905	-	106,905	11,896	50,389	44,620
Other liabilities	10,016	-	10,016	3,385	3,037	3,594
Total liabilities	1,185,655	(1,490,344)	2,675,999	1,344,020	134,681	1,197,298
Net assets (deficiency)						
Without donor restrictions:						
Virtua Obligated Group	2,711,060	(10,687)	2,721,747	(396,937)	1,107,488	2,011,196
Noncontrolling interests	404,634	-	404,634	-	337,448	67,186
Total net assets (deficiency) without donor restrictions	3,115,694	(10,687)	3,126,381	(396,937)	1,444,936	2,078,382
With donor restrictions	30,414	-	30,414	9,892	17,601	2,921
Total net assets (deficiency)	<u>3,146,108</u>	<u>(10,687)</u>	<u>3,156,795</u>	<u>(387,045)</u>	<u>1,462,537</u>	<u>2,081,303</u>
Total liabilities and net assets (deficiency)	<u>\$ 4,331,763</u>	<u>\$ (1,501,031)</u>	<u>\$ 5,832,794</u>	<u>\$ 956,975</u>	<u>\$ 1,597,218</u>	<u>\$ 3,278,601</u>

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	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	\$ 1,836,288	\$ -	\$ 1,836,288	\$ -	\$ 669,456	\$ 1,166,832	\$ 954,356	\$ 212,476
Other revenue	333,088	(384,050)	717,138	638,197	35,957	42,984	39,690	3,294
Equity in income of unconsolidated joint ventures	71,525	-	71,525	-	8,769	62,756	53,838	8,918
Total revenue	2,240,901	(384,050)	2,624,951	638,197	714,182	1,272,572	1,047,884	224,688
Expenses:								
Salaries and wages	730,906	-	730,906	212,360	178,639	339,907	275,046	64,861
Professional fees	74,316	-	74,316	680	28,029	45,607	33,865	11,742
Employees' fringe benefits	249,207	(76,392)	325,599	196,180	43,864	85,555	72,142	13,413
Other operating expenses	725,470	(291,811)	1,017,281	209,948	293,656	513,677	425,576	88,101
Interest	19,020	(15,847)	34,867	19,029	1,085	14,753	12,657	2,096
Depreciation and amortization	95,751	-	95,751	-	25,673	70,078	60,172	9,906
Total expenses	1,894,670	(384,050)	2,278,720	638,197	570,946	1,069,577	879,458	190,119
Income from operations (includes \$62,696 of income attributed to noncontrolling interests)	346,231	-	346,231	-	143,236	202,995	168,426	34,569
Nonoperating gains and losses								
Investment return, net	142,785	5,121	137,664	(3,627)	13,582	127,709	109,562	18,147
Other accrued retirement costs	(2,154)	-	(2,154)	(2,154)	-	-	-	-
Total nonoperating gains (losses), net	140,631	5,121	135,510	(5,781)	13,582	127,709	109,562	18,147
Excess of (deficiency in) revenue and gains over expenses and losses	486,862	5,121	481,741	(5,781)	156,818	330,704	277,988	52,716
Excess of revenue and gains over expenses and losses attributed to noncontrolling interests	(62,696)	-	(62,696)	-	(42,339)	(20,357)	(17,464)	(2,893)
Excess of (deficiency in) revenue and gains over expenses and losses attributed to Virtua Obligated Group	424,166	5,121	419,045	(5,781)	114,479	310,347	260,524	49,823

Continued on next page

Virtua Health, Inc.
**COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION -
VIRTUA OBLIGATED GROUP**

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua Obligated Group	Eliminating Entries	Total	Virtua Health, Inc.	Virtua-Memorial Hospital Burlington County, Inc.	Total	Virtua-West Jersey Health System, Inc. Voorhees	Marlton
Excess of (deficiency in) revenue and over expenses and losses attributed to Virtua Obligated Group (continued from previous page)	\$ 424,166	\$ 5,121	\$ 419,045	\$ (5,781)	\$ 114,479	\$ 310,347	\$ 260,524	\$ 49,823
Other changes in net assets without donor restrictions - Virtua Obligated Group								
Restricted net assets released for property, plant, and equipment	647	-	647	-	438	209	179	30
Other changes in accrued retirement benefits	7,641	-	7,641	7,641	-	-	-	-
Transfers with affiliates, net	(187,390)	-	(187,390)	(75,773)	21,135	(132,752)	(113,888)	(18,864)
Increase (decrease) in net assets without donor restrictions - Virtua Obligated Group	245,064	5,121	239,943	(73,913)	136,052	177,804	146,815	30,989
Noncontrolling interests								
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	62,696	-	62,696	-	42,339	20,357	17,464	2,893
Distributions	(63,133)	-	(63,133)	-	(44,020)	(19,113)	(16,397)	(2,716)
Other	(222)	-	(222)	-	831	(1,053)	(903)	(150)
Membership interest changes								
Acquisitions and other changes	37,032	-	37,032	-	37,032	-	-	-
Increase in net assets without donor restrictions - noncontrolling interests	36,373	-	36,373	-	36,182	191	164	27
Net assets with donor restrictions								
Contributions, net	4,284	-	4,284	3,687	496	101	87	14
Investment return, net	2	-	2	-	2	-	-	-
Increase in beneficial interest in perpetual trust	509	-	509	-	509	-	-	-
Net assets released from restrictions for operations	(4,499)	-	(4,499)	(4,141)	(262)	(96)	(82)	(14)
Net assets released from restrictions for property, plant, and equipment	(647)	-	(647)	-	(438)	(209)	(179)	(30)
Transfers with affiliates, net	(10)	-	(10)	(254)	34	210	180	30
(Decrease) Increase in net assets with donor restrictions	(361)	-	(361)	(708)	341	6	6	-
INCREASE (DECREASE) IN NET ASSETS	281,076	5,121	275,955	(74,621)	172,575	178,001	146,985	31,016
Net assets (deficiency) - beginning of year	2,865,032	(15,808)	2,880,840	(312,424)	1,289,962	1,903,302	1,597,792	305,510
Net assets (deficiency) - end of year	<u>\$ 3,146,108</u>	<u>\$ (10,687)</u>	<u>\$ 3,156,795</u>	<u>\$ (387,045)</u>	<u>\$ 1,462,537</u>	<u>\$ 2,081,303</u>	<u>\$ 1,744,777</u>	<u>\$ 336,526</u>

Virtua Health, Inc.

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

December 31, 2024
(Dollar amounts in thousands)

	Virtua-Memorial Hospital of Burlington County, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital of Burlington County, Inc.	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Virtua SCA III Holdings, LLC	Emmaus Holdings, LLC	Virtua-USP Princeton, LLC	Endo Surgi Center of Old Bridge, LLC	Mercer County Surgery Center, LLC
ASSETS											
Current assets											
Cash and cash equivalents	\$ 23,730	\$ -	\$ 23,730	\$ 694	\$ 12,363	\$ 7,994	\$ 1,946	\$ -	\$ -	\$ 339	\$ 394
Assets limited as to use	582	-	582	582	-	-	-	-	-	-	-
Patient accounts receivable	63,538	-	63,538	39,750	10,297	11,702	685	-	-	353	751
Due from affiliate, net	21,667	-	21,667	21,667	-	-	-	-	-	-	-
Other current assets	29,179	-	29,179	20,754	1,954	5,252	60	-	735	62	362
Total current assets	138,696	-	138,696	83,447	24,614	24,948	2,691	-	735	754	1,507
Assets limited as to use											
By Board of Trustees' designation	190,093	-	190,093	190,093	-	-	-	-	-	-	-
Restricted funds	1,174	-	1,174	1,174	-	-	-	-	-	-	-
	191,267	-	191,267	191,267	-	-	-	-	-	-	-
Property, plant, and equipment, net	153,558	-	153,558	113,846	18,214	18,772	256	-	-	934	1,536
Right of use assets	53,037	-	53,037	13,704	14,364	20,730	210	-	-	1,062	2,967
Other long-term assets											
Due from affiliates, net	574,154	-	574,154	574,154	-	-	-	-	-	-	-
Investment in unconsolidated joint venture:	23,165	(191,893)	215,058	196,282	-	1,087	-	6,784	10,905	-	-
Goodwill and other intangibles, ne	454,203	-	454,203	668	191,949	191,038	43,714	-	-	20,561	6,273
Other assets	185	-	185	-	-	120	33	-	-	-	32
Beneficial interest in perpetual trus	8,953	-	8,953	8,953	-	-	-	-	-	-	-
	1,060,660	(191,893)	1,252,553	780,057	191,949	192,245	43,747	6,784	10,905	20,561	6,305
Total assets	\$ 1,597,218	\$ (191,893)	\$ 1,789,111	\$ 1,182,321	\$ 249,141	\$ 256,695	\$ 46,904	\$ 6,784	\$ 11,640	\$ 23,311	\$ 12,315
LIABILITIES AND NET ASSETS											
Current liabilities											
Current maturities of long-term debt	\$ 4,561	\$ -	\$ 4,561	\$ 966	\$ 2,609	\$ 761	\$ 194	\$ -	\$ -	\$ -	\$ 31
Current maturities of lease liability	6,674	-	6,674	1,880	2,041	2,137	83	-	-	175	358
Accounts payable and accrued expense:	29,412	-	29,412	14,731	4,697	5,671	457	-	-	285	3,571
Accrued compensation and related liabilities:	14,821	-	14,821	10,568	1,910	1,995	140	-	-	75	133
Accrued interest payable	127	-	127	102	25	-	-	-	-	-	-
Estimated settlements due to third-party payers	5,917	-	5,917	5,917	-	-	-	-	-	-	-
Total current liabilities	61,512	-	61,512	34,164	11,282	10,564	874	-	-	535	4,093
Long-term liabilities											
Estimated settlements due to third-party payers	2,739	-	2,739	2,739	-	-	-	-	-	-	-
Long-term debt, net of current maturities	17,004	-	17,004	3,816	7,500	5,758	-	-	-	-	130
Lease liability, net of current maturities:	50,389	-	50,389	13,676	13,814	19,366	157	-	-	887	2,689
Other liabilities	3,037	-	3,037	3,037	-	-	-	-	-	-	-
Total liabilities	134,681	-	134,681	57,232	32,396	35,688	1,031	-	-	1,422	6,912
Member equity	-	(277,794)	277,794	-	109,260	110,615	22,355	5,257	7,898	16,992	5,417
Retained earnings	-	(39,923)	39,923	-	13,167	14,952	1,652	1,527	3,742	4,897	(14)
Total equity	-	(317,717)	317,717	-	122,427	125,567	24,007	6,784	11,640	21,889	5,403
Net assets											
Without donor restrictions :											
Virtua-Memorial Hospital of Burlington County, Inc	1,107,488	-	1,107,488	1,107,488	-	-	-	-	-	-	-
Noncontrolling interests	337,448	125,824	211,624	-	94,318	95,440	21,866	-	-	-	-
Total net assets without donor restrictions	1,444,936	125,824	1,319,112	1,107,488	94,318	95,440	21,866	-	-	-	-
With donor restrictions	17,601	-	17,601	17,601	-	-	-	-	-	-	-
Total net assets	1,462,537	125,824	1,336,713	1,125,089	94,318	95,440	21,866	-	-	-	-
Total liabilities and net assets	\$ 1,597,218	\$ (191,893)	\$ 1,789,111	\$ 1,182,321	\$ 249,141	\$ 256,695	\$ 46,904	\$ 6,784	\$ 11,640	\$ 23,311	\$ 12,315

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, 2024
(Dollar amounts in thousands)

	Virtua-Memorial Hospital Burlington County, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital Burlington County, Inc.	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Virtua SCA III Holdings, LLC	Emmaus Holdings, LLC	Virtua-USP Princeton, LLC	Endo Surgi Center of Old Bridge, LLC	Mercer County Surgery Center, LLC
Net assets without donor restrictions											
Revenue:											
Patient service revenue	\$ 669,456	\$ -	\$ 669,456	\$ 441,114	\$ 101,513	\$ 102,916	\$ 6,259	\$ -	\$ -	\$ 8,964	\$ 8,690
Other revenue	35,957	(262)	36,219	39,005	(3,755)	905	-	-	56	3	5
Equity in income of unconsolidated joint ventures	8,769	(23,625)	32,394	26,696	-	470	-	1,536	3,692	-	-
Total revenue	714,182	(23,887)	738,069	506,815	97,758	104,291	6,259	1,536	3,748	8,967	8,695
Expenses:											
Salaries and wages	178,639	-	178,639	133,914	19,263	21,188	1,135	-	-	1,637	1,502
Professional fees	28,029	-	28,029	26,454	897	448	9	9	-	97	115
Employees' fringe benefits	43,864	-	43,864	33,880	4,754	4,641	215	-	-	154	220
Other operating expenses	293,656	(262)	293,918	194,900	41,962	47,262	1,327	-	6	2,041	6,420
Interest	1,085	-	1,085	182	543	347	10	-	-	-	3
Depreciation and amortization	25,673	-	25,673	16,588	4,463	3,708	324	-	-	141	449
Total expenses	570,946	(262)	571,208	405,918	71,882	77,594	3,020	9	6	4,070	8,709
Income (loss) from operations (includes \$42,339 of income attributed to noncontrolling interests)	143,236	(23,625)	166,861	100,897	25,876	26,697	3,239	1,527	3,742	4,897	(14)
Nonoperating gains											
Investment return, net	13,582	-	13,582	13,582	-	-	-	-	-	-	-
Total nonoperating gains, net	13,582	-	13,582	13,582	-	-	-	-	-	-	-
Excess of (deficiency in) revenue over expenses and losses	156,818	(23,625)	180,443	114,479	25,876	26,697	3,239	1,527	3,742	4,897	(14)
Excess of revenue and losses over expenses and losses attributed to noncontrolling interests	(42,339)	(16,298)	(26,041)	-	(12,709)	(11,745)	(1,587)	-	-	-	-
Excess of (deficiency in) revenue and over expenses and losses attributed to Virtua-Memorial Hospital Burlington County, Inc.	114,479	(39,923)	154,402	114,479	13,167	14,952	1,652	1,527	3,742	4,897	(14)

Continued on next page

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua-Memorial Hospital Burlington County, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-Memorial Hospital Burlington County, Inc.	Virtua SCA Holdings, LLC	Virtua SCA II Holdings, LLC	Virtua SCA III Holdings, LLC	Emmaus Holdings, LLC	Virtua-USP Princeton, LLC	Endo Surgi Center of Old Bridge, LLC	Mercer County Surgery Center, LLC
Excess of (deficiency in) revenue and over expenses and losses attributed to Virtua-Memorial Hospital Burlington County, Inc. (continued from previous page)	\$ 114,479	\$ (39,923)	\$ 154,402	\$ 114,479	\$ 13,167	\$ 14,952	\$ 1,652	\$ 1,527	\$ 3,742	\$ 4,897	\$ (14)
Other changes in net assets without donor restrictions - Virtua-Memorial Hospital Burlington County, Inc.											
Restricted net assets released for property, plant, and equipment	438	-	438	438	-	-	-	-	-	-	-
Transfers with affiliates, net	21,135	-	21,135	21,135	-	-	-	-	-	-	-
Changes paid-in capital	-	(8,338)	8,338	-	-	8,333	-	-	-	-	5
Income distributions	-	23,786	(23,786)	-	(9,742)	(7,824)	(229)	(830)	(2,726)	(2,435)	-
Others	-	(17,927)	17,927	-	3	(2)	18,201	-	-	(275)	-
Increase (decrease) in net assets without donor restrictions - Virtua-Memorial Hospital Burlington County, Inc.	136,052	(42,402)	178,454	136,052	3,428	15,459	19,624	697	1,016	2,187	(9)
Noncontrolling interests											
Excess of revenues and nonoperating gains, net over expenses attributable to noncontrolling interests	42,339	16,298	26,041	-	12,709	11,745	1,587	-	-	-	-
Distributions	(44,020)	721	(44,741)	-	(20,939)	(17,835)	(1,529)	(827)	(1,271)	(2,340)	-
Other	831	216	615	-	1,639	(692)	-	-	-	(265)	(67)
Membership interest changes											
Acquisitions and other changes	37,032	(11,200)	48,232	-	2,758	19,283	26,191	-	-	-	-
Increase (decrease) in net assets without donor restrictions - noncontrolling interests	36,182	6,035	30,147	-	(3,833)	12,501	26,249	(827)	(1,271)	(2,605)	(67)
Net assets with donor restrictions											
Contributions, net	496	-	496	496	-	-	-	-	-	-	-
Investment return, net	2	-	2	2	-	-	-	-	-	-	-
Increase in beneficial interest in perpetual trust	509	-	509	509	-	-	-	-	-	-	-
Net assets released from restrictions for operations	(262)	-	(262)	(262)	-	-	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(438)	-	(438)	(438)	-	-	-	-	-	-	-
Transfers with affiliates, net	34	-	34	34	-	-	-	-	-	-	-
Increase in net assets with donor restrictions	341	-	341	341	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	172,575	(36,367)	208,942	136,393	(405)	27,960	45,873	(130)	(255)	(418)	(76)
Net assets - beginning of year	1,289,962	(155,526)	\$ 1,445,488	988,696	217,150	193,047	-	6,914	11,895	22,307	5,479
Net assets - end of year	\$ 1,462,537	\$ (191,893)	\$ 1,654,430	\$ 1,125,089	\$ 216,745	\$ 221,007	\$ 45,873	\$ 6,784	\$ 11,640	\$ 21,889	\$ 5,403

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

December 31, 2024
(Dollar amounts in thousands)

	Virtua- West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua- West Jersey Health System, Inc.	Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	Virtua NJEYE Holding, LLC
ASSETS										
Current assets										
Cash and cash equivalents	\$ 47,833	\$ -	\$ 47,833	\$ 42,914	\$ 1	\$ 2	\$ 699	\$ 1,201	\$ 610	\$ 2,406
Assets limited as to use	7,402	-	7,402	7,402	-	-	-	-	-	-
Patient accounts receivable	111,162	-	111,162	108,515	-	-	171	659	486	1,331
Other current assets	41,925	-	41,925	38,367	-	967	673	389	840	689
Total current assets	208,322	-	208,322	197,198	1	969	1,543	2,249	1,936	4,426
Assets limited as to use										
By Board of Trustees' designation	1,785,436	-	1,785,436	1,785,436	-	-	-	-	-	-
	1,785,436	-	1,785,436	1,785,436	-	-	-	-	-	-
Property, plant, and equipment, net	556,785	-	556,785	554,539	-	-	187	372	182	1,505
Right of use assets	49,719	-	49,719	38,064	-	-	4,322	2,809	685	3,839
Other long-term assets										
Due from affiliates, net	446,066	-	446,066	446,066	-	-	-	-	-	-
Investment in unconsolidated joint ventures	154,122	(50,401)	204,523	146,177	13,586	44,760	-	-	-	-
Goodwill and other intangibles, net	57,995	-	57,995	7,387	-	-	13,323	24,496	2,681	10,108
Other assets	20,156	-	20,156	20,154	-	-	2	-	-	-
	678,339	(50,401)	728,740	619,784	13,586	44,760	13,325	24,496	2,681	10,108
Total assets	<u>\$ 3,278,601</u>	<u>\$ (50,401)</u>	<u>\$ 3,329,002</u>	<u>\$ 3,195,021</u>	<u>\$ 13,587</u>	<u>\$ 45,729</u>	<u>\$ 19,377</u>	<u>\$ 29,926</u>	<u>\$ 5,484</u>	<u>\$ 19,878</u>

Virtua Health, Inc.

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

December 31, 2024
(Dollar amounts in thousands)

	Virtua- West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua- West Jersey Health System, Inc.	Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	Virtua NJEYE Holding, LLC
LIABILITIES AND NET ASSETS										
Current liabilities										
Current maturities of long-term debt	\$ 13,570	\$ -	\$ 13,570	\$ 13,469	\$ -	\$ -	\$ -	\$ 101	\$ -	\$ -
Current maturities of lease liability	6,949	-	6,949	5,858	-	-	272	-	234	585
Accounts payable and accrued expenses	80,635	-	80,635	76,508	-	-	570	971	241	2,345
Due to affiliates, net	535,703	-	535,703	535,703	-	-	-	-	-	-
Accrued compensation and related liabilities	25,773	-	25,773	25,635	-	-	87	18	33	-
Accrued interest payable	2,567	-	2,567	2,567	-	-	-	-	-	-
Estimated settlements due to third-party payers	4,054	-	4,054	4,054	-	-	-	-	-	-
Total current liabilities	669,251	-	669,251	663,794	-	-	929	1,090	508	2,930
Long-term liabilities										
Estimated settlements due to third-party payers	8,721	-	8,721	8,721	-	-	-	-	-	-
Accrued retirement benefits	676	-	676	676	-	-	-	-	-	-
Long-term debt, net of current maturities	470,436	-	470,436	470,295	-	-	-	141	-	-
Lease liability, net of current maturities	44,620	-	44,620	33,824	-	-	4,307	2,619	525	3,345
Other liabilities	3,594	-	3,594	3,594	-	-	-	-	-	-
Total liabilities	1,197,298	-	1,197,298	1,180,904	-	-	5,236	3,850	1,033	6,275
Member equity	-	(63,204)	63,204	-	1,626	32,522	6,679	13,589	3,390	5,398
Retained earnings	-	(32,945)	32,945	-	11,961	13,207	1,021	3,352	1,061	2,343
Total equity	-	(96,149)	96,149	-	13,587	45,729	7,700	16,941	4,451	7,741
Net assets										
Without donor restrictions:										
Virtua-West Jersey Health System, Inc.	2,011,196	-	2,011,196	2,011,196	-	-	-	-	-	-
Noncontrolling interests	67,186	45,748	21,438	-	-	-	6,441	9,135	-	5,862
Total net assets without donor restrictions	2,078,382	45,748	2,032,634	2,011,196	-	-	6,441	9,135	-	5,862
With donor restrictions	2,921	-	2,921	2,921	-	-	-	-	-	-
Total net assets	2,081,303	45,748	2,035,555	2,014,117	-	-	6,441	9,135	-	5,862
Total liabilities and net assets	\$ 3,278,601	\$ (50,401)	\$ 3,329,002	\$ 3,195,021	\$ 13,587	\$ 45,729	\$ 19,377	\$ 29,926	\$ 5,484	\$ 19,878

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, 2024
(Dollar amounts in thousands)

	Virtua-West Jersey Health System, Inc.		Virtua- West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-West Jersey Health System, Inc.		Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	Virtua NJEYE Holding, LLC
	Voorhees Division	Marlton Division				Voorhees	Marlton						
Net assets without donor restrictions													
Revenue:													
Patient service revenue	\$ 954,356	\$ 212,476	\$ 1,166,832	\$ -	\$ 1,166,832	\$ 916,010	\$ 206,124	\$ -	\$ -	\$ 9,605	\$ 13,288	\$ 5,218	\$ 16,587
Other revenue	39,690	3,294	42,984	(1,563)	44,547	39,787	3,310	-	967	5	-	478	-
Equity in income of unconsolidated joint venture	53,838	8,918	62,756	(17,009)	79,765	47,666	7,896	11,962	12,241	-	-	-	-
Total revenue	1,047,884	224,688	1,272,572	(18,572)	1,291,144	1,003,463	217,330	11,962	13,208	9,610	13,288	5,696	16,587
Expenses:													
Salaries and wages	275,046	64,861	339,907	-	339,907	268,288	63,742	-	-	2,533	1,650	1,083	2,611
Professional fees	33,865	11,742	45,607	-	45,607	33,626	11,702	-	-	8	241	30	-
Employees' fringe benefits	72,142	13,413	85,555	-	85,555	70,288	13,106	-	-	1,117	328	88	628
Other operating expense:	425,576	88,101	513,677	(1,563)	515,240	408,399	85,256	1	1	3,953	5,758	3,343	8,529
Interest	12,657	2,096	14,753	-	14,753	12,649	2,095	-	-	-	9	-	-
Depreciation and amortization	60,172	9,906	70,078	-	70,078	59,251	9,753	-	-	109	196	91	678
Total expenses	879,458	190,119	1,069,577	(1,563)	1,071,140	852,501	185,654	1	1	7,720	8,182	4,635	12,446
Income from operations (includes \$17,464 of income attributed to noncontrolling interests)	168,426	34,569	202,995	(17,009)	220,004	150,962	31,676	11,961	13,207	1,890	5,106	1,061	4,141
Nonoperating gains													
Investment return, net	109,562	18,147	127,709	-	127,709	109,562	18,147	-	-	-	-	-	-
Total nonoperating losses, net	109,562	18,147	127,709	-	127,709	109,562	18,147	-	-	-	-	-	-
Excess of revenue and over expenses and losses	277,988	52,716	330,704	(17,009)	347,713	260,524	49,823	11,961	13,207	1,890	5,106	1,061	4,141
Excess of revenue, net over expenses and losses attributed to noncontrolling interests	(17,464)	(2,893)	(20,357)	(15,936)	(4,421)	-	-	-	-	(869)	(1,754)	-	(1,798)
Excess of revenue over expenses and losses attributed to Virtua-West Jersey Health System, Inc.	260,524	49,823	310,347	(32,945)	343,292	260,524	49,823	11,961	13,207	1,021	3,352	1,061	2,343

Continued on next page

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, 2024
(Dollar amounts in thousands)

	Virtua-West Jersey Health System, Inc.		Virtua-West Jersey Health System, Inc.	Reclassifying/ Eliminating Entries	Total	Virtua-West Jersey Health System, Inc.		Voorhees Endoscopy Holding Co., LLC	River Drive Holding Company	Access Holding Company	Campus Holding, LLC	South Jersey Vascular Management	Virtua NJEYE Holding, LLC
	Voorhees Division	Marlton Division				Voorhees	Marlton						
Excess of revenue and over expenses and losses attributed to													
Virtua-West Jersey Health System, Inc. (continued from previous page)	\$ 260,524	\$ 49,823	\$ 310,347	\$ (32,945)	\$ 343,292	\$ 260,524	\$ 49,823	\$ 11,961	\$ 13,207	\$ 1,021	\$ 3,352	\$ 1,061	\$ 2,343
Other changes in net assets without donor restrictions -													
Virtua-West Jersey Health, Inc.													
Restricted net assets released for property, plant, and equipment	179	30	209	-	209	179	30	-	-	-	-	-	-
Transfers with affiliates, net	(113,888)	(18,864)	(132,752)	-	(132,752)	(113,888)	(18,864)	-	-	-	-	-	-
Paid-in Capital	-	-	-	185	(185)	-	-	-	-	-	(98)	-	(87)
Income distributions	-	-	-	16,212	(16,212)	-	-	(5,953)	(6,782)	(622)	(1,721)	(306)	(828)
Others	-	-	-	(18)	18	-	-	-	-	-	-	18	-
Increase in net assets without donor restrictions													
Virtua-West Jersey Health System, Inc.	146,815	30,989	177,804	(16,566)	194,370	146,815	30,989	6,008	6,425	399	1,533	773	1,428
Noncontrolling interests													
Excess of revenues and nonoperating gains, net over expense attributable to noncontrolling interest	17,464	2,893	20,357	15,936	4,421	-	-	-	-	869	1,754	-	1,798
Distributions	(16,397)	(2,716)	(19,113)	98	(19,211)	-	-	(5,720)	(6,516)	(1,312)	(3,340)	(294)	(2,029)
Other	(903)	(150)	(1,053)	(439)	(614)	-	-	-	-	(230)	(188)	17	(213)
Increase (decrease) in net assets without donor restrictions noncontrolling interest	164	27	191	15,595	(15,404)	-	-	(5,720)	(6,516)	(673)	(1,774)	(277)	(444)
Net assets with donor restrictions													
Contributions, net	87	14	101	-	101	87	14	-	-	-	-	-	-
Net assets released from restrictions for operation	(82)	(14)	(96)	-	(96)	(82)	(14)	-	-	-	-	-	-
Net assets released from restrictions for property, plant, and equipment	(179)	(30)	(209)	-	(209)	(179)	(30)	-	-	-	-	-	-
Transfers with affiliates, net	180	30	210	-	210	180	30	-	-	-	-	-	-
Increase in net assets with donor restriction	6	-	6	-	6	6	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	146,985	31,016	178,001	(971)	178,972	146,821	30,989	288	(91)	(274)	(241)	496	984
Net assets - beginning of year	1,597,794	305,508	1,903,302	(49,430)	1,952,732	1,538,808	297,499	13,299	45,820	14,415	26,317	3,955	12,619
Net assets - end of year	<u>\$ 1,744,779</u>	<u>\$ 336,524</u>	<u>\$ 2,081,303</u>	<u>\$ (50,401)</u>	<u>\$ 2,131,704</u>	<u>\$ 1,685,629</u>	<u>\$ 328,488</u>	<u>\$ 13,587</u>	<u>\$ 45,729</u>	<u>\$ 14,141</u>	<u>\$ 26,076</u>	<u>\$ 4,451</u>	<u>\$ 13,603</u>

Virtua Health

COMBINING BALANCE SHEETS INFORMATION - VIRTUA LOURDES HOSPITAL GROUP

December 31, 2024
(Dollar amounts in thousands)

	Virtua Lourdes Hospital Group	Reclassifying/ Eliminating Entries	Total	Virtua Our Lady of Lourdes Hospital, Inc.	Virtua Willingboro Hospital, Inc.
ASSETS					
Current assets					
Cash and cash equivalents	\$ 18	\$ -	\$ 18	\$ 13	\$ 5
Patient accounts receivable	66,583	-	66,583	52,365	14,218
Other current assets	27,043	-	27,043	19,289	7,754
Total current assets	93,644	-	93,644	71,667	21,977
Property, plant, and equipment, net	298,908	-	298,908	225,633	73,275
Right of use assets	7,564	-	7,564	7,068	496
Other long-term assets					
Due from affiliates, net	-	(2,618)	2,618	2,445	173
Investment in unconsolidated joint ventures	9,120	-	9,120	9,120	-
Goodwill and other intangibles, net	19,299	-	19,299	19,249	50
Other assets	414	-	414	351	63
	28,833	(2,618)	31,451	31,165	286
Total assets	<u>\$ 428,949</u>	<u>\$ (2,618)</u>	<u>\$ 431,567</u>	<u>\$ 335,533</u>	<u>\$ 96,034</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Current maturities of lease liability	\$ 2,565	\$ -	\$ 2,565	\$ 2,325	\$ 240
Accounts payable and accrued expenses	39,040	-	39,040	32,847	6,193
Due to affiliates, net	126,205	(2,618)	128,823	80,363	48,460
Accrued compensation and related liabilities	14,735	-	14,735	11,075	3,660
Estimated settlements due to third-party payers	7,268	-	7,268	5,938	1,330
Total current liabilities	189,813	(2,618)	192,431	132,548	59,883
Long-term liabilities					
Estimated settlements due to third-party payers	6,745	-	6,745	5,414	1,331
Lease liability, net of current maturities	5,424	-	5,424	5,164	260
Other liabilities	1,798	-	1,798	1,407	391
Total liabilities	203,780	(2,618)	206,398	144,533	61,865
Net assets					
Without donor restrictions:					
Virtua Lourdes Hospital Group	222,491	-	222,491	188,502	33,989
Total net assets without donor restrictions	222,491	-	222,491	188,502	33,989
With donor restrictions	2,678	-	2,678	2,498	180
Total net assets	225,169	-	225,169	191,000	34,169
Total liabilities and net assets	<u>\$ 428,949</u>	<u>\$ (2,618)</u>	<u>\$ 431,567</u>	<u>\$ 335,533</u>	<u>\$ 96,034</u>

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	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	\$ 698,999	\$ -	\$ 698,999	\$ 544,016	\$ 154,983
Other revenue	19,077	(162)	19,239	13,013	6,226
Equity in income of unconsolidated joint ventures	3,084	-	3,084	3,084	-
Total revenue	721,160	(162)	721,322	560,113	161,209
Expenses:					
Salaries and wages	198,847	-	198,847	149,465	49,382
Professional fees	56,265	-	56,265	46,910	9,355
Employees' fringe benefits	50,080	-	50,080	37,698	12,382
Other operating expenses	370,522	(162)	370,684	299,725	70,959
Depreciation and amortization	25,985	-	25,985	19,428	6,557
Total expenses	701,699	(162)	701,861	553,226	148,635
Income from operations and excess of revenue over expenses	19,461	-	19,461	6,887	12,574
Other changes in net assets without donor restrictions -					
Virtua Lourdes Hospital Group					
Net assets released for property, plant, and equipment	133	-	133	133	-
Transfers with affiliates, net	24,129	-	24,129	19,107	5,022
Increase in net assets without donor restrictions - Virtua Lourdes Hospital Group	43,723	-	43,723	26,127	17,596
Net assets with donor restrictions					
Contributions, net	456	-	456	456	-
Net assets released from restrictions for operations	(162)	-	(162)	(160)	(2)
Net assets released from restrictions for property, plant, and equipment	(133)	-	(133)	(133)	-
Increase (decrease) in net assets with donor restrictions	161	-	161	163	(2)
INCREASE IN NET ASSETS	43,884	-	43,884	26,290	17,594
Net assets - beginning of year	181,285	-	181,285	164,710	16,575
Net assets - end of year	\$ 225,169	\$ -	\$ 225,169	\$ 191,000	\$ 34,169

Virtua Health, Inc.

COMBINING BALANCE SHEET INFORMATION - VIRTUA AMBULATORY GROUP

December 31, 2024
(Dollar amounts in thousands)

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
ASSETS							
Current assets							
Cash and cash equivalents	\$ 470	\$ -	\$ 470	\$ -	\$ -	\$ 357	\$ 113
Due from affiliates - net	4,448	(434)	4,882	-	-	-	4,882
Other current assets	4,748	-	4,748	-	-	4,748	-
Total current assets	9,666	(434)	10,100	-	-	5,105	4,995
Other long-term assets							
Investment in unconsolidated joint ventures	2,054	(15,836)	17,890	-	-	15,836	2,054
	2,054	(15,836)	17,890	-	-	15,836	2,054
Total assets	<u>\$ 11,720</u>	<u>\$ (16,270)</u>	<u>\$ 27,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,941</u>	<u>\$ 7,049</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	\$ 3,352	\$ -	\$ 3,352	\$ -	\$ -	\$ 2,554	\$ 798
Due to affiliates - net	-	(434)	434	-	-	434	-
Accrued compensation and related liabilities	559	-	559	-	-	556	3
Total current liabilities	3,911	(434)	4,345	-	-	3,544	801
Long-term liabilities							
Other liabilities	78	-	78	-	-	78	-
Total liabilities	3,989	(434)	4,423	-	-	3,622	801
Net assets							
Without donor restrictions:							
Virtua Ambulatory Group	7,731	(15,836)	23,567	-	-	17,319	6,248
Total net assets without donor restrictions	7,731	(15,836)	23,567	-	-	17,319	6,248
Total net assets	7,731	(15,836)	23,567	-	-	17,319	6,248
Total liabilities and net assets	<u>\$ 11,720</u>	<u>\$ (16,270)</u>	<u>\$ 27,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,941</u>	<u>\$ 7,049</u>

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua Ambulatory Group	Reclassifying/ Eliminating Entries	Total	Virtua Health and Rehab at Berlin, Inc.	Virtua Health and Rehab at Mt Holly, Inc.	Virtua Community Nursing Services, Inc.	VRI, Inc.
Net assets without donor restrictions							
Revenue:							
Other revenue	\$ 29,416	\$ -	\$ 29,416	\$ -	\$ -	\$ 29,390	\$ 26
Equity in income of unconsolidated joint ventures	4,321	(4,260)	8,581	-	-	4,260	\$ 4,321
Total revenue	33,737	(4,260)	37,997	-	-	33,650	4,347
Expenses:							
Salaries and wages	1,567	-	1,567	-	-	1,554	13
Employees' fringe benefits	432	-	432	-	-	430	2
Other operating expenses	25,008	-	25,008	-	-	24,937	71
Total expenses	27,007	-	27,007	-	-	26,921	86
Income from operations and excess of revenue over expenses	6,730	(4,260)	10,990	-	-	6,729	4,261
Other changes in net assets without donor restrictions							
Virtua Ambulatory Group							
Transfers with affiliates, net	(1,138)	-	(1,138)	(51)	(58)	(1,029)	-
Decrease in net assets without donor restrictions - Virtua Ambulatory Group	(1,138)	-	(1,138)	(51)	(58)	(1,029)	-
INCREASE (DECREASE) IN NET ASSETS	5,592	(4,260)	9,852	(51)	(58)	5,700	4,261
Net assets - beginning of year	2,139	(11,576)	13,715	51	58	11,619	1,987
Net assets - end of year	\$ 7,731	\$ (15,836)	\$ 23,567	\$ -	\$ -	\$ 17,319	\$ 6,248

Virtua Health, Inc.

COMBINING BALANCE SHEETS INFORMATION - VIRTUA MEDICAL GROUP

December 31, 2024
(Dollar amounts in thousands)

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Cardiology Services, P.C.
ASSETS						
Current assets						
Cash and cash equivalents	\$ 13,491	\$ -	\$ 13,491	\$ 13,491	\$ -	\$ -
Patient accounts receivable	56,252	-	56,252	56,252	-	-
Due from affiliate, net	-	(1,227)	1,227	-	-	1,227
Other current assets	1,046	-	1,046	1,043	-	3
Total current assets	70,789	(1,227)	72,016	70,786	-	1,230
Property, plant, and equipment, net	76,274	-	76,274	76,274	-	-
Right of use assets	71,900	-	71,900	71,900	-	-
Other long-term assets						
Due from affiliates, net	50	-	50	50	-	-
Investment in unconsolidated joint ventures	11,881	-	11,881	-	11,881	-
Goodwill and other intangibles, net	7,592	-	7,592	7,592	-	-
Other assets	404	-	404	404	-	-
Total assets	<u>\$ 238,890</u>	<u>\$ (1,227)</u>	<u>\$ 240,117</u>	<u>\$ 227,006</u>	<u>\$ 11,881</u>	<u>\$ 1,230</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Current maturities of lease liability	\$ 13,874	\$ -	\$ 13,874	\$ 13,874	\$ -	\$ -
Accounts payable and accrued expenses	23,745	-	23,745	23,725	-	20
Due to affiliates, net	15,345	(1,227)	16,572	6,861	9,711	-
Accrued compensation and related liabilities	47,805	-	47,805	46,606	-	1,199
Total current liabilities	100,769	(1,227)	101,996	91,066	9,711	1,219
Long-term liabilities						
Lease liability, net of current maturities	62,669	-	62,669	62,669	-	-
Other liabilities	588	-	588	582	-	6
Total liabilities	164,026	(1,227)	165,253	154,317	9,711	1,225
Net assets						
Without donor restrictions:						
Virtua Medical Group	74,814	-	74,814	72,639	2,170	5
Total net assets without donor restrictions	74,814	-	74,814	72,639	2,170	5
With donor restrictions	50	-	50	50	-	-
Total net assets	74,864	-	74,864	72,689	2,170	5
Total liabilities and net assets	<u>\$ 238,890</u>	<u>\$ (1,227)</u>	<u>\$ 240,117</u>	<u>\$ 227,006</u>	<u>\$ 11,881</u>	<u>\$ 1,230</u>

Virtua Health, Inc.

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

For the year ended December 31, 2024
(Dollar amounts in thousands)

	Virtua Medical Group Consolidated	Reclassifying/ Eliminating Entries	Total	Virtua Medical Group	Health Management Services Organization, Inc.	Lourdes Cardiology Services, P.C.
Net assets without donor restrictions						
Revenue:						
Patient service revenue	\$ 488,796	\$ -	\$ 488,796	\$ 488,796	\$ -	\$ -
Other revenue	103,798	(15,143)	118,941	103,709	-	15,232
Equity in income of unconsolidated joint ventures	1,197	-	1,197	-	1,197	-
Total revenue	593,791	(15,143)	608,934	592,505	1,197	15,232
Expenses:						
Salaries and wages	475,657	-	475,657	462,241	-	13,416
Professional fees	10,078	(15,143)	25,221	25,221	-	-
Employees' fringe benefits	71,514	-	71,514	69,794	-	1,720
Other operating expenses	184,059	-	184,059	183,963	-	96
Depreciation and amortization	14,907	-	14,907	14,907	-	-
Total expenses	756,215	(15,143)	771,358	756,126	-	15,232
(Loss) income from operations and (deficiency in) excess of revenue over expenses	(162,424)	-	(162,424)	(163,621)	1,197	-
Other changes in net assets without donor restrictions - Virtua Medical Group						
Net assets released for property, plant, and equipment	19	-	19	19	-	-
Transfers with affiliates, net	164,399	-	164,399	164,396	-	3
Increase in net assets without donor restrictions - Virtua Medical Group	1,994	-	1,994	794	1,197	3
Net assets with donor restrictions						
Contributions, net	2	-	2	2	-	-
Net assets released from restrictions for property, plant, and equipment	(19)	-	(19)	(19)	-	-
Transfers with affiliates, net	10	-	10	10	-	-
Decrease in net assets with donor restrictions	(7)	-	(7)	(7)	-	-
INCREASE IN NET ASSETS	1,987	-	1,987	787	1,197	3
Net assets - beginning of year	72,877	-	72,877	71,902	973	2
Net assets - end of year	<u>\$ 74,864</u>	<u>\$ -</u>	<u>\$ 74,864</u>	<u>\$ 72,689</u>	<u>\$ 2,170</u>	<u>\$ 5</u>