

CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Holy Name Medical Center, Inc. and Subsidiaries  
Years Ended December 31, 2023 and 2022  
With Report of Independent Auditors

Ernst & Young LLP



Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Financial Statements  
and Supplementary Information

Years Ended December 31, 2023 and 2022

**Contents**

Report of Independent Auditors.....	1
Consolidated Financial Statements	
Consolidated Balance Sheets .....	4
Consolidated Statements of Operations .....	5
Consolidated Statements of Changes in Net Assets .....	6
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8
Supplementary Information	
Consolidating Balance Sheet .....	45
Consolidating Statement of Operations .....	47
Consolidating Statement of Changes in Net Assets.....	48
Financial Responsibility Supplemental Schedule Related to U.S. Department of Education Title IV Regulations	
Financial Responsibility Supplemental Schedule.....	49



Ernst & Young LLP  
One Manhattan West  
New York, NY 10001-8604

Tel: +1 212 773 3000  
ey.com

## Report of Independent Auditors

The Board of Trustees  
Holy Name Medical Center, Inc. and Subsidiaries

### **Opinion**

We have audited the consolidated financial statements of Holy Name Medical Center, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations, changes in its net assets 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 in accordance with auditing standards generally accepted in the United States of America (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 the Company 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 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 financial statements that are free of material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Company'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating balance sheet as of December 31, 2023, and consolidating statements of operations and changes in net assets for the year then ended, and the Financial Responsibility Supplemental Schedule as of and for the year ended December 31, 2023, as required by the U.S. Department of Education, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst + Young LLP*

May 31, 2024

# Holy Name Medical Center, Inc. and Subsidiaries

## Consolidated Balance Sheets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,998	\$ 20,098
Assets whose use is limited and that are required for current liabilities	7,577	7,092
Investments	62,837	82,129
Patient accounts receivable, net	74,326	80,811
Other receivables	17,306	5,909
Supplies	11,966	11,542
Prepaid expenses and other current assets	8,676	8,447
Total current assets	200,686	216,028
Assets whose use is limited, less current portion	12,793	10,564
Property, plant, and equipment, net	202,502	193,302
Right-of-use assets	28,418	30,683
Other assets	54,840	59,860
Total assets	\$ 499,239	\$ 510,437
<b>Liabilities and net assets</b>		
Current liabilities:		
Accrued interest payable	\$ 105	\$ 121
Current installments of long-term debt	10,096	9,401
CMS advance, current portion	-	11,653
Operating lease liabilities, current portion	7,385	7,005
Accounts payable and other accrued expenses	75,926	70,665
Accrued payroll and vacation	20,655	19,069
Due to third-party payers	2,266	3,910
Total current liabilities	116,433	121,824
Other liabilities	2,891	5,465
Long-term debt, excluding current installments	62,319	69,958
Operating lease liabilities, excluding current portion	24,892	27,781
Due to third-party payers, excluding current portion	6,957	7,945
Total liabilities	213,492	232,973
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	263,651	256,848
Net assets with donor restrictions	22,096	20,616
Total net assets	285,747	277,464
Total liabilities and net assets	\$ 499,239	\$ 510,437

*See accompanying notes.*

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Statements of Operations

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
Revenue:		
Net patient service revenue	\$ 512,784	\$ 498,119
CARES Act Provider Relief Fund revenue	–	68
Other operating revenue	51,244	37,844
Net assets released from restriction for operations	1,459	1,165
Total revenue	<u>565,487</u>	<u>537,196</u>
Expenses:		
Salaries and wages	217,106	215,675
Physician fees	11,818	12,232
Employee benefits	36,191	31,350
Supplies and other	210,144	203,598
Depreciation and amortization	23,429	21,350
Interest	1,024	1,338
Total expenses	<u>499,712</u>	<u>485,543</u>
Income from operations	65,775	51,653
Nonoperating gains and losses, net	5,819	3,501
Insurance recoveries related to storm <i>(Note 1)</i>	–	4,839
Gain on insurance proceeds <i>(Note 1)</i>	–	24,161
Estimated loss related to storm <i>(Note 1)</i>	(439)	(1,850)
Gain (loss) on split dollar life insurance <i>(Note 1)</i>	1,569	(2,505)
Change in net unrealized gains and losses on equity investments and assets whose use is limited	(626)	(8,220)
Excess of revenue over expenses	<u>72,098</u>	<u>71,579</u>
Net assets released from restriction for capital purposes	6,817	3,203
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	2,229	(4,707)
Transfers to affiliates, net	(74,341)	(67,955)
Increase in net assets without donor restrictions	<u>\$ 6,803</u>	<u>\$ 2,120</u>

*See accompanying notes.*

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

	<u>Net Assets With Donor Restrictions</u>				
	<u>Net Assets Without Donor Restrictions</u>	<u>Purpose and Time Restrictions</u>	<u>Permanent Endowment</u>	<u>Total Net Assets With Donor Restrictions</u>	<u>Total</u>
	<i>(In Thousands)</i>				
Balance at January 1, 2022	\$ 254,728	\$ 20,557	\$ 2,064	\$ 22,621	\$ 277,349
Excess of revenue over expenses	71,579	–	–	–	71,579
Restricted investment gain and investment income	–	341	92	433	433
Net assets released from restriction for capital purposes	3,203	(3,203)	–	(3,203)	–
Change in net unrealized gains and losses on other-than-trading investments and assets whose use is limited	(4,707)	(1,961)	–	(1,961)	(6,668)
Net assets released from restriction for operations	–	(1,165)	–	(1,165)	(1,165)
Transfers to affiliates, net	(67,955)	–	–	–	(67,955)
Contributions	–	3,210	681	3,891	3,891
Increase (decrease) in net assets	2,120	(2,778)	773	(2,005)	115
Balance at December 31, 2022	256,848	17,779	2,837	20,616	277,464
Excess of revenue over expenses	<b>72,098</b>	–	–	–	<b>72,098</b>
Restricted investment gain and investment income	–	<b>459</b>	<b>89</b>	<b>548</b>	<b>548</b>
Net assets released from restriction for capital purposes	<b>6,817</b>	<b>(6,817)</b>	–	<b>(6,817)</b>	–
Change in net unrealized gains and losses on other-than-trading investments and assets whose use is limited	<b>2,229</b>	<b>790</b>	–	<b>790</b>	<b>3,019</b>
Net assets released from restriction for operations	–	<b>(1,459)</b>	–	<b>(1,459)</b>	<b>(1,459)</b>
Transfers to affiliates, net	<b>(74,341)</b>	–	–	–	<b>(74,341)</b>
Contributions	–	<b>6,680</b>	<b>1,738</b>	<b>8,418</b>	<b>8,418</b>
Increase (decrease) in net assets	<b>6,803</b>	<b>(347)</b>	<b>1,827</b>	<b>1,480</b>	<b>8,283</b>
Balance at December 31, 2023	<b>\$ 263,651</b>	<b>\$ 17,432</b>	<b>\$ 4,664</b>	<b>\$ 22,096</b>	<b>\$ 285,747</b>

See accompanying notes.



# Holy Name Medical Center, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<i>(In Thousands)</i>	
<b>Operating activities</b>		
Change in net assets	\$ 8,283	\$ 115
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	23,429	21,350
Amortization of deferred financing costs	115	146
Discount on loan payable	(1,532)	–
Loss on fixed assets disposal and terminated projects	14	21
Net realized and change in net unrealized gains (losses) on investments and assets whose use is limited	(8,671)	11,765
Restricted contributions and interest income	(8,966)	(4,324)
Transfers to affiliates, net	74,341	67,955
Changes in operating assets and liabilities:		
Patient accounts receivable, net	6,485	(21,666)
Other current assets	(12,050)	4,103
Other assets	(69,321)	(67,026)
Change in right-of-use assets	(244)	(56)
Accounts payable and other accrued expenses	5,261	10,951
Accrued payroll and vacation	1,586	(2,808)
Due to third-party payers	(2,632)	(8,620)
Other liabilities	(2,574)	(69)
CMS advance	(11,653)	(30,309)
Accrued interest payable	(16)	(16)
Net cash provided by (used in) operating activities	1,855	(18,488)
<b>Investing activities</b>		
Acquisition of property and equipment, net	(32,643)	(47,970)
Net purchases and sales of assets whose use is limited and investments	25,069	18,667
Proceeds from insurance recoveries and gain	–	29,000
Net cash used in investing activities	(7,574)	(303)
<b>Financing activities</b>		
Payments on long-term debt and finance lease obligations	(9,401)	(9,669)
Proceeds from the issuance of debt	3,874	4,290
Restricted contributions and interest income	8,966	4,324
Net cash provided by (used in) financing activities	3,439	(1,055)
Net decrease in cash, cash equivalents and restricted cash	(2,280)	(19,846)
Cash, cash equivalents and restricted cash at beginning of year	28,930	48,776
Cash, cash equivalents and restricted cash at end of year	\$ 26,650	\$ 28,930
Reconciliation of cash, cash equivalents and restricted cash at end of year to the consolidated balance sheets		
Cash and cash equivalents	\$ 17,998	\$ 20,098
Assets limited as to use: cash and cash equivalents	7,756	7,294
Investments: cash and cash equivalents	653	1,132
Other assets: cash and cash equivalents	243	406
Total cash, cash equivalents and restricted cash	\$ 26,650	\$ 28,930
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for interest	\$ 1,711	\$ 1,940

See accompanying notes.

# Holy Name Medical Center, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (Dollars in Thousands)

December 31, 2023

### 1. Summary of Significant Accounting Policies

#### Organization

The accompanying consolidated financial statements include the accounts of Holy Name Medical Center, Inc. (the Medical Center) and its controlled subsidiaries: Holy Name Health Care Foundation, Inc. (the Foundation); Holy Name EMS (EMS); Holy Name Real Estate Corporation (Realty); Health Partner Services, Inc. (HPS); HNH Fitness, LLC (Fitness Center); MS Comprehensive Care Center (MS Center); Holy Name Medical Center ACO, LLC (ACO); Harmony Health Alliance LLC (Harmony Health); PAIX Technologies, Inc. (PAIX); and PAIX Services India Private Limited (PAIX India); collectively, with the Medical Center, these entities make up the Company (the Company). The Medical Center was a controlled subsidiary of the Sisters of Saint Joseph of Peace Health Care System Corporation (the Corporation) prior to November 1, 2016. Effective November 1, 2016, the sole member of the Corporation approved a change to the Medical Center's by-laws naming Peace Ministries, Inc., a newly formed subsidiary of the Corporation's sole member, as the Medical Center's sole member. As a result, there was no change in control over the Medical Center. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Medical Center is a not-for-profit acute care hospital located in Teaneck, New Jersey. The Medical Center is licensed for 361 beds and provides a full range of health care services primarily to residents of northeast New Jersey. The Medical Center was established and operates for the promotion of health and to serve the public rather than private interests.

The Foundation is a not-for-profit corporation organized for the purpose of raising funds for the Medical Center. In October 2012, the Foundation became the sole member of the CRUDEM Foundation (CRUDEM), a not-for-profit charity organized to raise funds for the purpose of improving access to health care services for poor and medically underserved individuals worldwide including, without limitation, Hôpital Sacré Coeur located in Milot, Haiti.

PAIX was formed on September 8, 2020, with the purpose of selling software license for developed applications. PAIX had minimal operating activities during 2023 and 2022. PAIX India was formed on December 6, 2023 as a subsidiary to PAIX with the purpose of providing support services to the Medical Center and HPS. PAIX India had minimal operating activities during 2023. Harmony Health was formed on April 19, 2017 with the purpose of forming a clinically integrated network of healthcare providers with the goal of providing improved patient care quality, experience, efficiency and engagement. EMS is a not-for-profit corporation organized for the

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **1. Summary of Significant Accounting Policies (continued)**

purpose of providing emergency response and life support. Realty is a not-for-profit corporation organized to operate, own, and or lease property for the benefit of the Medical Center, the Corporation and its subsidiaries. HPS is a for-profit corporation engaged in the business of providing management services for health care providers. Fitness Center is a limited liability company formed for the sole purpose of constructing and operating a fitness and wellness center. MS Center is a not-for-profit corporation which offers comprehensive medical, nursing, physical rehabilitation, and support services for multiple sclerosis patients. ACO is a limited liability company formed for the purpose of promoting efficient and effective services across the continuum of care through the development of an accountable care organization.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, including estimates related to accounts receivable for services provided to patients, and liabilities, including estimated payables to third-party payers and malpractice insurance liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements. Estimates also affect the amounts of revenue and expenses reported during the period. There is at least a reasonable possibility that certain estimates will change by a material amount. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid financial instruments with original maturities of three months or less at date of purchase, excluding amounts classified within assets whose use is limited or investments. The carrying amount reported in the accompanying consolidated balance sheets for cash and cash equivalents approximates its fair value.

Amounts within restricted cash include cash and cash equivalents held within investments and assets limited as to use and represent funds set aside based on management's policy or contractual arrangements.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **1. Summary of Significant Accounting Policies (continued)**

##### **Patient Accounts Receivable and Net Patient Service Revenue**

Patient accounts receivable and net patient service revenue result from the healthcare services provided by the Company and is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers, and others and includes variable consideration in determination of the transaction price.

##### **Investments and Investment Return**

The Company maintains a pooled investment program for certain investments held by the Medical Center and Foundation. Investments (including assets whose use is limited) consist of cash and cash equivalents, mutual funds – fixed income, mutual funds – equity, equities, alternative investments, certificates of deposit, corporate bonds, commingled funds, stable value contracts, and U.S. Government obligations. Investments are carried at fair value based on quoted market prices, except for alternative investments, and are classified as other-than-trading.

Alternative investments (nontraditional, not readily marketable securities) are stated in the accompanying consolidated balance sheets based upon net asset values derived from the application of the equity method of accounting. Alternative investments consist of multi-strategy hedge funds, absolute return funds, and domestic as well as international equity funds and generally are structured such that the investment pool holds a limited partnership interest or an interest in an investment management company. Future funding commitments for alternative investments aggregated \$324 at December 31, 2023, for the investment pool. There is uncertainty in determining values of alternative investments arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings and time lags associated with reporting by the investee companies. As a result, there is at least a reasonable possibility that estimates will change.

Investment return includes interest and dividends, realized gains and losses, and income derived from alternative investments and is included in the excess of revenue over expenses in nonoperating gains and losses, net, unless restricted by donor or law. The change in net unrealized gains and losses on fixed income securities within investments and assets whose use is limited are excluded from the excess of revenue over expenses unless other-than-temporary impairment in value has occurred. The change in net unrealized gains and losses on equity investments and assets whose use is limited are included within the excess of revenue over expenses.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **1. Summary of Significant Accounting Policies (continued)**

##### **Assets Whose Use is Limited**

Assets whose use is limited include assets held by trustees under bond indenture agreements and those limited by donors. Investment income on assets whose use is limited is reported as a component of other operating revenue on the statements of operations.

##### **Pledges Receivable**

Through the fundraising activities of the Foundation, the Company is the recipient of pledges which are recorded at the time the unconditional promise to give is made, at estimated net realizable value (\$1,153 and \$3,137 at December 31, 2023 and 2022, respectively). Pledges are reported within other receivables and other assets in the accompanying consolidated balance sheets. The amount of the allowance for uncollectible pledges is based on management's assessment of historical and expected collections and other collection indicators. Additions to the allowance for uncollectible pledges result from the provision for uncollectible pledges. Pledges written off as uncollectible are deducted from the allowance for uncollectible pledges. Pledges are discounted to net present value based on the scheduled payment terms of each pledge using a risk-free rate at the date of the pledge.

##### **Supplemental Executive Retirement Plans**

Certain Company employees participate in supplemental executive retirement plans. In connection with these plans, the Company deposits amounts with trustees on behalf of the participating employees. The assets are restricted for payments under the plans but may revert to the Company under certain specified circumstances. At December 31, 2023 and 2022, amounts on deposit with trustees aggregated \$2,658 and \$2,594, respectively. At December 31, 2023, there were contributions payable of approximately \$201 was recorded as a liability and resulted in total liabilities under the plans of \$2,859. At December 31, 2022, there were no contributions payable and total liabilities under the plans was \$2,594. Investments consist of mutual funds and are reported at fair value based upon quoted market prices. Amounts on deposit and liability amounts are included in the accompanying consolidated balance sheets within other assets and liabilities as either current or noncurrent based on the terms of the respective plan. During 2023 and 2022, there were no forfeitures in the plan.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **1. Summary of Significant Accounting Policies (continued)**

The investments held by the trustees are classified as trading securities. During 2023 and 2022, the Company contributed \$135 and \$354, respectively, to these plans. For the year ended December 31, 2023, the Company recorded investment gain of \$351, as a component of other operating revenue. For the year ended December 31, 2022, the Company recorded investment loss of \$588, as a component of other operating revenue. Changes to the liabilities for these plans are recorded in employee benefits expense in the accompanying consolidated statements of operations.

#### **Split Dollar Life Insurance**

During 2020, the Company entered into an agreement and granted a loan to fund life insurance premium payments for a certain key employee. The loan is collateralized by the assignment of the cash surrender value of the respective life insurance policies. In addition, the loan was issued with full recourse. The policies are owned by the executive with sole control over the listed beneficiaries. The loan is payable within sixty days after receipt of demand. The total value of the loan receivable, included in other assets in the accompanying consolidated balance sheets at December 31, 2023 and 2022 was \$27,133 and \$25,239, respectively. For the year ended December 31, 2023, the Company recorded a valuation gain on the loan receivable of \$1,569, due to the change in the value of the life insurance policies. For the year ended December 31, 2022, the Company recorded an impairment loss on the loan receivable of \$2,505, due to the change in the value of the life insurance policies.

#### **Supplies**

Supplies are carried at the lower of cost or net realizable value and are determined by using the first-in, first-out method. Supplies are used in the provision of patient care and not held for sale.

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

Land, land improvements, buildings, and equipment are stated on the basis of cost, except for donated assets, which are recorded at fair value at the date of the gift. It is the policy of the Company to provide for depreciation on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives range from 3 to 40 years. The Company recognizes a half-year depreciation in years of acquisition and disposition.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **1. Summary of Significant Accounting Policies (continued)**

Assets acquired under finance leases are recorded at the present value of the lease payments at the inception of the leases. Equipment under finance leases is amortized over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization expense in the accompanying consolidated statements of operations.

#### **Costs of Borrowing**

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Deferred financing costs are amortized over the period the obligation is outstanding using the effective interest method. Unamortized deferred financing costs of \$397 and \$512 at December 31, 2023 and 2022, respectively, have been reported as a direct reduction from long-term debt. See Note 8 for additional information relative to debt-related matters.

#### **Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Company's management and the Board of Trustees.

#### **Net Assets With Donor Restrictions**

Net assets with donor restrictions are those whose use by the Company has been limited by donors to a specific time period or purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of operations.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **1. Summary of Significant Accounting Policies (continued)**

The Company follows the requirements of the New Jersey Uniform Prudent Management of Institutional Funds Act as they relate to its permanently restricted contributions and net assets, effective upon New Jersey State's enactment of the legislation in 2009. Previously, the Company followed the requirements of the Uniform Management of Institutional Funds Act of 1972, although the change did not significantly affect the Company's policies related to endowments. The Company has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the endowment funds.

#### **Excess of Revenue Over Expenses**

The consolidated statements of operations include the excess of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from the excess of revenue over expenses include the change in net unrealized gains and losses on fixed income investments and assets whose use is limited, net assets released from restriction for capital purposes, and permanent transfers of assets to and from affiliates for other than goods and services.

Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as nonoperating items. Nonoperating gains and losses, net consist primarily of investment income, income from equity method investments, and gains and losses on sales and disposals of property and equipment.

#### **Advertising Costs**

The Company expenses advertising costs as incurred. For the years ended December 31, 2023 and 2022, advertising costs totaled \$3,707 and \$4,220, respectively.

#### **Income Taxes**

The Medical Center, the Foundation, and EMS are included in the U.S. Conference of Catholic Bishops Section 501(c)(3) group ruling and MS Center and Realty are also exempt from federal income tax under Section 501(c)(3) as well as New Jersey and local income taxes pursuant to the corresponding exemption provisions. Fitness Center, ACO, and Harmony Health are limited liability companies which, for income tax purposes, are treated as disregarded entities of the Medical Center. HPS, PAIX and PAIX India are taxable corporations. The effects of the income tax provision are not material to the consolidated financial statements.



## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **1. Summary of Significant Accounting Policies (continued)**

##### **COVID-19 Pandemic and CARES Act Funding**

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. The CARES Act, and subsequent legislation, authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to COVID-19, and shall reimburse the recipient for health care related expenses and/or lost revenues attributable to coronavirus.

For the year ended December 31, 2022, the Company received and recognized \$68 in funding related to Provider Relief Fund (none in 2023), which is included in CARES Act Provider Relief Fund revenue in the accompanying consolidated statements of operations. The recognized revenue has been determined based on applicable accounting guidance, Post-Payment Notice of Reporting Requirements and FAQs that the Company has interpreted as being applicable to the accompanying consolidated financial statements.

To enhance liquidity, the Centers for Medicare & Medicaid Services (CMS) expanded and streamlined the process for its Accelerated and Advance Payment Program, pursuant to which providers could receive advance Medicare payments. This program allowed eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. During September 2020, the Company received \$48,800 of expedited payments for future services. At December 31, 2022, \$11,653 is included in CMS advance, current portion in the accompanying consolidated balance sheet. The CMS advance was fully recovered by Medicare during March 2023.

The Company has applied for reimbursement for qualifying expenses totaling \$23,891 under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund. During 2023, the Company received and recognized \$13,141 in FEMA reimbursements within other operating revenue in the accompanying consolidated statement of operations. During 2022, the Company received \$4,875 in FEMA reimbursements and recognized \$4,175 within other operating revenue in the accompanying consolidated statement of operations. Amounts received that were not recognized as revenue (totaling approximately \$700) are reported within accounts payable and other accrued expenses in the accompanying consolidated balance sheets. Additional costs have been submitted to FEMA and are pending final approval for reimbursement.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **1. Summary of Significant Accounting Policies (continued)**

Under the CARES Act, the Company is eligible to receive an employee retention credit against the employer portion of Social Security taxes for certain wages during certain time periods in calendar years 2021 and 2022. The Company recognized revenue of \$2,661 which includes \$76 for interest for the year ended December 31, 2023 and \$125 for the year ended December 31, 2022. The amounts are included within other operating revenue in the accompanying consolidated statements of operations.

#### **Estimated Loss Related to Storm**

As a result of the storm that occurred in September 2021, the basement of the Company's emergency department and other fixed assets were damaged. During the year ended December 31, 2022, insurance proceeds of \$4,839 were received in relation to the damage and are included in insurance recoveries related to storm in the accompanying consolidated statement of operations (none in 2023). The estimated loss of \$439 and \$1,850 for the years ended December 31, 2023 and 2022, respectively, represent the non-capitalizable portion of remediation costs incurred to repair the storm damage and file the insurance claims. For the year ended December 31, 2022, the Company recognized insurance proceeds of \$24,161 as gain on insurance proceeds in the accompanying consolidated statement of operations (none in 2023).

#### **Recent Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 and related ASU updates is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The Company adopted ASU 2016-13 effective January 1, 2023 with no significant impact on the Company's consolidated financial statements.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **2. Uncompensated Care and Community Benefit**

The Company's commitment to community service is evidenced by services provided to all people regardless of race, creed, sex, age, disability, or ability to pay. Although payment for services rendered is critical to the operations and stability of the Company, the Company recognizes that not all individuals have the ability to pay for medically necessary services and, furthermore, the Company's mission is to serve the community with respect to health care.

Therefore, in keeping with the Company's commitment to serve members of the community, the Company provides care to patients who meet certain criteria defined by the New Jersey Department of Health (DOH) without charge or at amounts less than its established rates. Community benefit activities include wellness programs, community education programs, health screenings, and a broad variety of community support services, health professionals' education, and subsidized health services.

The Company believes it is important to quantify comprehensively the benefits it provides to the community, which is an area of emphasis for not-for-profit health care providers. The Company maintains records to identify and monitor the level of uncompensated care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and compassionate care program and implicit price concessions at estimated cost.

For patients who are deemed eligible for charity care and patients who apply and qualify for financial aid under the Company's financial aid policy, care given but not paid for is classified as charity care. For the years ended December 31, 2023 and 2022, the estimated cost of charity care was \$22,215 and \$33,773, respectively. The estimated cost of charity care includes the direct and indirect cost of providing charity care services and is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**2. Uncompensated Care and Community Benefit (continued)**

Uncompensated care consists of the following:

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Charity care at estimated cost <sup>(a)</sup>	\$ 4,347	\$ 4,155
Free care and reduced price medical care under the Company's compassionate care program at estimated cost <sup>(b)</sup>	4,430	4,512
Implicit price concessions at estimated cost <sup>(c)</sup>	13,438	25,106
Total uncompensated care	<u>\$ 22,215</u>	<u>\$ 33,773</u>

<sup>(a)</sup>*Charity Care:* For patients that do not receive free care and who are deemed eligible for charity care, care given but not paid for is classified as charity care. Management believes that, because of the difficulties involved with obtaining patient cooperation, the present charity care guidelines understate the Company's charity care amounts and overstate the level of bad debts reported. The cost of charity care is estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing charity care services. Funds received from the New Jersey Health Care Subsidy Fund (HCSF) to offset charity services provided totaled \$706 and \$690 for the years ended December 31, 2023 and 2022, respectively.

<sup>(b)</sup>*Free Care and Company's Compassionate Care Program:* In addition to charity care reported under the DOH criteria, the Company provides a significant amount of uncompensated care, which includes free care and care provided to patients at reduced prices. Beginning in 2009, the Company initiated a compassionate care program to make available free and reduced fee care programs for qualifying patients under its financial aid policy. The cost of free and compassionate care is estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing such services.

<sup>(c)</sup>*Implicit Price Concessions:* To record net patient service revenue at an estimated net realizable amount, management determines implicit price concessions as a direct reduction of net patient service revenue. The cost of the patient services to which implicit price concessions relates was estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing medical and professional services.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **2. Uncompensated Care and Community Benefit (continued)**

During the registration, billing and collection process, a patient's eligibility for charity care or the Company's compassionate care program is determined. For patients who do not qualify for charity care under the DOH standards and who are determined to be eligible for care in the form of reduced price medical services under the Company's compassionate care and financial aid policy, care given but not paid for is classified as a reduction in net patient service revenue as a compassionate care allowance. For patients who were determined by the Company to have the ability to pay but did not, uncollected amounts are classified as implicit price concessions. Distinguishing between implicit price concessions, bad debt and charity care or compassionate care is difficult, in part because services are often rendered prior to the full evaluation of a patient's ability to pay.

The Company is committed to serving the surrounding neighborhoods comprising its service area and recognizes the importance of preserving community focus to effectively meet community needs. In keeping with its mission, the Company is devoted to providing programs and outreach activities through linkages with various community-based groups without charge. Community health improvement services and related operations include clinical services, screening and exams, and other education or support services in areas such as the following: high blood pressure, stroke, cancer, diabetes, community-based outreach and health education, digestive diseases, emergency services/emergency preparedness, mental illness, weight management, women's health, parenting basics, and children's health (a complete description of each service can be found in the Company's annual community service plan). The Company also partners with Maternal & Child Health of Northern New Jersey to provide breastfeeding classes and consultations. Day care for ill children is available to working parents in the community, affording them the ability to work even when a child is sick. Senior or disabled persons requiring medical day care are transported free of charge to the Company's Adult Day Care Program, reducing the burden on family caretakers.

Community benefits also include losses incurred in providing services to patients who participate in certain public health programs such as Medicaid. Payments received by the Company for patient services provided to Medicaid program participants are less than the estimated cost of providing such services. Therefore, to the extent Medicaid payments are less than the cost of care provided to Medicaid patients, the uncompensated cost of that care is considered to be a community benefit. The total shortfall of Medicaid uncompensated costs for the years ended December 31, 2023 and 2022, was \$24,122 and \$22,905, respectively.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **3. Accounts Receivable and Net Patient Service Revenue**

Net patient service revenue is reported at the amount that reflects the consideration for which the Company expects to be entitled in exchange for providing patient care. The Company uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups rather than recognizing revenue on an individual contract basis. The portfolio consists of major payer classes for inpatient and outpatient revenue. Based on historical collection trends and other analyses, the Company believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Company's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Company's standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payer coverage on the basis of contractual or formula-driven rates for the services rendered (see description of third-party payment programs below). The estimates for contractual allowances and discounts are based on contractual agreements, the Company's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Company's historical collection experience for applicable patient portfolios.

Generally, the Company bills patients and third-party payers after the services are performed and the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Company. Net patient service revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Company's outpatient settings. The Company measures the performance obligation from admission into the Company or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Accounts Receivable and Net Patient Service Revenue (continued)

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period for patients who remain admitted at that time (in-house patients). The performance obligations for in-house patients are generally completed when the patients are discharged, which for the majority of the Company's in-house patients occurs within days or weeks after the end of the reporting period.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended December 31, 2023 and 2022, changes in the Company's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2023 and 2022, was not significant.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payers, lines of business and timing of when revenue is recognized. Tables providing details of these factors are presented below.

Net patient service revenue disaggregated by payer is as follows:

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Medicare, including managed care <sup>1</sup>	\$ 215,395	\$ 182,746
Medicaid, including Medicaid pending and managed care <sup>1</sup>	68,452	32,799
Managed care	205,175	258,973
Commercial and other	21,717	19,253
Self-pay	2,045	4,348
	<b>\$ 512,784</b>	<b>\$ 498,119</b>

<sup>1</sup> Activity administered by managed care organizations represented approximately 61% of Medicare and 14% of Medicaid revenue in 2023 and 62% of Medicare and 14% of Medicaid revenue in 2022.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**3. Accounts Receivable and Net Patient Service Revenue (continued)**

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the respective primary payer category above.

Net patient service revenue disaggregated by lines of service is as follows:

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Inpatient services	\$ 171,671	\$ 145,127
Outpatient services	341,113	352,992
	<u>\$ 512,784</u>	<u>\$ 498,119</u>

Patient accounts receivable, net is comprised of the following components:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Patient receivables	\$ 66,459	\$ 71,549
Contract assets	7,867	9,262
	<u>\$ 74,326</u>	<u>\$ 80,811</u>

Contract assets are related to in-house patients who were provided services during the reporting period but were not discharged as of the reporting date and for which the Company does not have the right to bill.

Settlements with third-party payers (see description of third-party payment programs below) for cost report filings and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and the Company's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending



## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **3. Accounts Receivable and Net Patient Service Revenue (continued)**

on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. For the years ended December 31, 2023 and 2022, the net effect of the Company's revision to prior year settlements estimates resulted in net patient service revenue increasing by approximately \$240 and \$879, respectively.

#### **Third-Party Payment Programs**

The Company has agreements with third-party payers that provide for payment for services rendered at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

*Medicare:* Hospitals are paid for most Medicare patient services under national prospective payment systems and other methodologies of the Medicare program for certain other services. Federal regulations provide for adjustments to current and prior years' payment rates, based on industry-wide and hospital-specific data.

*Medicaid:* Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under cost-based and fee schedule methodologies. The Company is reimbursed for outpatient services at a tentative rate with final settlement determined after the submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary.

*Other Third-Party Payers:* The Company also has entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Company under these agreements includes prospectively determined rates per discharge or days of hospitalization and discounts from established charges.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **3. Accounts Receivable and Net Patient Service Revenue (continued)**

Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2018 although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for audit and settlement, as are numerous issues related to the New Jersey State Medicaid program for prior years. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, when audits are completed, and when additional information is obtained.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs.

There can be no assurance that regulatory authorities will not challenge the Company's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Company. The Company is not aware of any allegations of noncompliance that could have a material adverse effect on the accompanying consolidated financial statements and believes that it is in compliance with all applicable laws and regulations. In addition, certain contracts the Company has with commercial payers also provide for retroactive audit and review of claims.

There are various proposals at the federal and state levels that could, among other things, significantly change payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on the Company. Additionally, certain payers' payment rates for various years have been appealed by the Company. If the appeals are successful, additional income applicable to those years could be realized.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **3. Accounts Receivable and Net Patient Service Revenue (continued)**

Commencing July 1, 2023, the Company receives additional Medicaid funding under the New Jersey County Option Hospital Fee Program. This program is administered through the New Jersey Department of Human Services-Division of Medical Assistance and Health Services. The program requires that participating hospitals pay quarterly assessed fees based on estimated non-Medicare discharge data within the county, and such payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as State Directed Payments. The State Directed Payments are subject to annual settlement based on actual Medicaid utilization data and other factors. The program resulted in fees paid by the Company of \$6,054 (included in supplies and other expenses) and \$15,386 of net patient service revenue for the year ended December 31, 2023.

#### **4. Fair Value Measurements**

For assets and liabilities required to be measured at fair value, the Company measures fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are applied based on the unit of account from the Company's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

The Company follows a valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 – Observable inputs that are based on inputs not quoted in active markets but corroborated by market data.
- Level 3 – Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**4. Fair Value Measurements (continued)**

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. In determining fair value, the Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers nonperformance risk in its assessment of fair value.

Financial assets and liabilities carried at fair value as of December 31, 2023 and 2022, are classified in the table below in one of the three categories described above:

	<b>2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:				
Cash and cash equivalents	\$ 26,650	\$ —	\$ —	\$ 26,650
Mutual funds – fixed income	301	—	—	301
Mutual funds – equity	30,831	—	—	30,831
Equities	4,222	—	—	4,222
Corporate bonds	12,623	—	—	12,623
Certificates of deposit	2,354	—	—	2,354
U.S. Government obligations	6,991	—	—	6,991
	<u>\$ 83,972</u>	<u>\$ —</u>	<u>\$ —</u>	
Investments measured at net asset value:				
Commingled funds				19,280
Stable value contracts				352
Total				<u>\$ 103,604</u>

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**4. Fair Value Measurements (continued)**

	<b>2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets:				
Cash and cash equivalents	\$ 28,930	\$ —	\$ —	\$ 28,930
Mutual funds – fixed income	10,569	—	—	10,569
Mutual funds – equity	34,940	—	—	34,940
Equities	4,776	—	—	4,776
Corporate bonds	11,699	—	—	11,699
Certificates of deposit	2,267	—	—	2,267
U.S. Government obligations	12,241	—	—	12,241
	<u>\$ 105,422</u>	<u>\$ —</u>	<u>\$ —</u>	
Investments measured at net asset value:				
Commingled funds				16,445
Stable value contracts				345
Total				<u>\$ 122,212</u>

The above tables include amounts held in the supplemental executive retirement plans and do not include investments recorded based on the equity method of accounting.

Fair value for Level 1 is based upon quoted market prices for mutual funds, equities, corporate bonds, certificates of deposit and U.S. government obligations. Equities primarily consist of the common stock of corporations in the materials, industrials, consumer discretionary, consumer staples, information technology, health care, and financial services sectors. Furthermore, while the Company 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 estimate of fair value at the reporting date.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**5. Assets Whose Use is Limited**

The fair value of assets whose use is limited is set forth below. Assets whose use is limited that are required to satisfy obligations classified as current liabilities are reported in current assets.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
By donors:		
Cash and cash equivalents	\$ 4,246	\$ 3,932
Mutual funds – equity	6,811	5,396
Equities	212	241
Corporate bonds	2,646	1,727
U.S. Government obligations	302	570
Alternative investments (equity method value)	13	13
Commingled funds	979	836
Certificates of deposit	1,628	1,564
Accrued interest	23	15
	<u>16,860</u>	<u>14,294</u>
Under bond indenture agreements:		
Cash and cash equivalents	3,510	3,362
	<u>3,510</u>	<u>3,362</u>
Total assets whose use is limited	<u>20,370</u>	<u>17,656</u>
Less assets whose use is limited and that are required for current liabilities	<u>7,577</u>	<u>7,092</u>
Noncurrent assets whose use is limited	<u>\$ 12,793</u>	<u>\$ 10,564</u>

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**5. Assets Whose Use is Limited (continued)**

Assets held by trustees under bond indenture agreements relating to the New Jersey Health Care Facilities Financing Authority debt issues consist of the following:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Series 2021 Revenue Bonds:		
Debt service reserve fund	\$ 1,595	\$ 1,415
Series 2020 Revenue Bonds:		
Debt service fund – principal	1,915	1,947
Total under bond indenture agreements	<u>\$ 3,510</u>	<u>\$ 3,362</u>

The Company's gross unrealized losses of individual fixed income securities in 2023 and 2022 classified as assets whose use is limited were not significant at December 31, 2023 and 2022, and were not deemed to be other-than-temporary impairments based on expected near-term recovery and the ability and intent of the Company to hold such securities until maturity.

**6. Investments**

Investments consist of the following:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 653	\$ 1,132
Mutual funds – fixed income	–	10,305
Mutual funds – equity	22,103	27,794
Equities	4,010	4,535
Corporate bonds	9,977	9,972
U.S. Government obligations	6,689	11,671
Certificates of deposit	726	703
Alternative investments (equity method value)	246	252
Commingled funds	18,301	15,609
Accrued interest	132	156
	<u>\$ 62,837</u>	<u>\$ 82,129</u>

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**6. Investments (continued)**

Investment income included in nonoperating gains and losses, net consists of the following:

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest, dividend income, and realized gains and losses on investments	\$ 5,618	\$ 2,813
Losses from alternative investments, net	(7)	(31)
	<u>\$ 5,611</u>	<u>\$ 2,782</u>

At December 31, 2023 and 2022, the Company did not hold any material individual fixed income securities in a continuous unrealized loss position.

**7. Property, Plant, and Equipment**

A summary of property and equipment is as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 14,753	\$ 14,654
Land improvements	3,488	3,509
Building and fixed equipment	334,471	298,044
Major movable equipment	190,375	178,496
	<u>543,087</u>	494,703
Less accumulated depreciation and amortization	362,966	340,221
	<u>180,121</u>	154,482
Construction-in-progress	22,381	38,820
Property and equipment, net	<u>\$ 202,502</u>	<u>\$ 193,302</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was \$23,429 and \$21,350, respectively.

During 2023 and 2022, the Company capitalized \$670 and \$586, respectively, of interest expense net of interest income related to certain construction projects.



Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**7. Property, Plant, and Equipment (continued)**

Equipment financed through finance lease obligations is included in the amounts above. During 2023 and 2022, \$676 and \$447, respectively, were amortized for this equipment.

During 2023 and 2022, the Company recognized losses on fixed asset disposals and terminated projects of \$14 and \$21, respectively. The losses on fixed asset disposals and terminated projects are recorded within the excess of revenue over expenses.

**8. Long-Term Debt**

A summary of long-term debt follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Mortgage loans <sup>(a)</sup>	\$ 747	\$ 1,000
Series 2020 Bonds <sup>(b)</sup>	7,120	10,980
Series 2021 Bonds <sup>(c)</sup>	39,787	42,592
Taxable term loan <sup>(d)</sup>	13,124	15,027
Hospital Energy Efficiency Program Loan <sup>(e)</sup>	8,164	4,289
Automobile loans <sup>(f)</sup>	37	84
Finance lease obligations – at rates varying from 2.75% to 3.56%, with varying maturities through 2058 <sup>(g)</sup>	5,365	5,899
Total long-term debt	<u>74,344</u>	<u>79,871</u>
Less: deferred financing costs, net	397	512
Less: debt discount, net	1,532	–
Less: current portion of long-term debt	10,096	9,401
Long-term debt, net of current portion	<u>\$ 62,319</u>	<u>\$ 69,958</u>

<sup>(a)</sup> *Holy Name Real Estate Corporation* – On August 25, 2016, Realty entered into an agreement to purchase property (699 Teaneck Road; the Teaneck Road property) for \$3,570. Realty entered into a \$2,380 mortgage loan on the Teaneck Road property with an annual interest rate of 3.75% and monthly payments from October 1, 2016 through September 1, 2026. The loan is collateralized by the Teaneck Road property. At December 31, 2023, the principal balance outstanding was \$747. The mortgage loan is guaranteed by the Medical Center.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

#### 8. Long-Term Debt (continued)

- (b) *Holy Name Medical Center* – In April 2020, the Authority issued \$19,100 of Series 2020 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. At December 31, 2023, the Series 2020 Bonds consist of \$7,120 maturing annually through July 1, 2025, with an interest rate of 2.25%. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.
- (c) *Holy Name Medical Center* – In July 2021, the Authority issued \$45,437 of Series 2021 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. At December 31, 2023, the Series 2021 Bonds consist of \$39,787, maturing annually through July 1, 2030, with an interest rate of 1.78%. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.
- (d) *Holy Name Medical Center* – On February 14, 2020, the Medical Center entered into a taxable term loan with TD Bank for \$20,000. The term loan was entered into to finance equipment and capital improvements, with an annual interest rate of 2.66% and monthly payments from April 1, 2020 through February 14, 2030. At December 31, 2023, the taxable term loan principal outstanding balance was \$13,124. The loan is collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.
- (e) *Holy Name Medical Center* – In 2022, the Medical Center participated in a Hospital Energy Efficiency Program for implementation of specific energy conservation measures through a utility company using grant funding (not subject to repayment) combined with an interest free loan to be repaid over 60 months upon the completion of the energy conservation project. As of December 31, 2023, the Company has received \$8,164 under the program. The Medical Center determined the present value of the payments to be made under the terms of the agreement using an imputed interest rate and recorded a discount on the loan of approximately \$1,532. The discount is amortized and recorded in interest expense based on the effective interest method. The Medical Center used the prime rate of interest which was 8.50% at the date of the transaction.
- (f) *Holy Name Medical Center* – The Medical Center entered into several term loan agreements with BMW Financial. The term loans are collateralized by the automobiles with an annual rate varying from 2.95% to 3.55% with varying maturities through 2025. At December 31, 2023, the principal balances outstanding were \$37.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 8. Long-Term Debt (continued)

<sup>(g)</sup> *Holy Name Medical Center* – The Medical Center entered into finance lease obligations for the following (collectively, the finance leases):

- i. \$3,842 ground lease obligation with the Corporation, entered into on January 1, 2019, with an implicit interest rate of 3.0% and monthly payments through December 31, 2058. At December 31, 2023, the principal balance outstanding was \$3,794.
- ii. \$2,237 TD Equipment Finance, Inc. lease obligation for 3Dimensions Mammography System, with an interest rate of 3.56% and monthly payments from June 4, 2022 through May 4, 2027. At December 31, 2023, the principal balance outstanding was \$1,571.
- iii. \$1,751 Intuitive Surgical, Inc. lease obligation for da Vinci XI Surgical Robot, with an interest rate of 2.8% and monthly payments from April 10, 2018 through March 10, 2023. This lease obligation was fully paid at December 31, 2023.

On March 27, 2024, the Authority issued \$55,000 of Series 2024 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. The proceeds of the financing were used to fund \$12,500 of future capital projects for the Medical Center and \$40,781 to reimburse the Medical Center for certain funds spent on prior capital projects. The Series 2024 Bonds will mature on July 1, 2053, with an interest rate of 4.56%. Principal payments will commence on July 1, 2030, and mature annually through July 1, 2053. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.

The Medical Center has an unsecured line of credit for \$6,100, with an expiration date of August 31, 2024. At December 31, 2023 and 2022, the Medical Center had no outstanding balance on the line of credit.

Under the terms of the various debt agreements, the Company is required to be in compliance with certain financial covenants and ratios as described in the respective agreements. At December 31, 2023 and 2022, the Company was in compliance with these financial covenants.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**8. Long-Term Debt (continued)**

Principal and sinking fund payments on long-term debt, excluding interest, for the next five years and thereafter are as follows:

	<b>Bonds Payable</b>	<b>Mortgage Loans</b>	<b>Taxable Term Loan</b>	<b>Automobile Loans</b>	<b>Finance Lease Obligations</b>	<b>Hospital Energy Efficiency Program Loan</b>	<b>Total</b>
2024	\$ 6,720	\$ 263	\$ 1,954	\$ 20	\$ 460	\$ 679	\$ 10,096
2025	6,775	273	2,008	17	480	1,633	11,186
2026	6,575	211	2,063	–	500	1,633	10,982
2027	6,300	–	2,119	–	233	1,633	10,285
2028	6,525	–	2,176	–	35	1,633	10,369
Thereafter	14,012	–	2,804	–	3,657	953	21,426
	<u>\$ 46,907</u>	<u>\$ 747</u>	<u>\$ 13,124</u>	<u>\$ 37</u>	<u>\$ 5,365</u>	<u>\$ 8,164</u>	<u>\$ 74,344</u>

**9. Leases**

The Company leases certain property and equipment under finance and operating leases, the classification of which is based on the underlying terms of the agreement and certain criteria, such as lease term relative to useful life and total lease payments compared to fair value, among others. Finance leases result in an accounting treatment similar to an acquisition of the asset.

For leases with initial terms greater than one year, the Company records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Company's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Company is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The Company separates lease

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Leases (continued)

components from non-lease components in contracts when determining its lease payments. As such, the Company accounts for the applicable non-lease components separately from the related lease components when determining the right-of-use assets and liabilities. The Company does not record leases with an initial term of less than one year as right-of-use assets and liabilities.

The following schedule summarizes information related to the lease assets and liabilities as of and for the years ended:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Lease cost</b>		
Finance lease cost:		
Amortization of right-of-use assets	\$ 676	\$ 447
Interest on lease liabilities	175	171
Operating lease cost	8,097	8,253
Short-term lease cost	519	585
Sublease income	(3,280)	(3,137)
Total lease cost	\$ 6,187	\$ 6,319
 <b>Right-of-use assets and liabilities</b>		
Right-of-use assets – finance leases	\$ 5,941	\$ 6,617
Right-of-use liabilities – finance leases	5,365	5,899
Right-of-use assets – operating leases	28,418	30,683
Right-of-use liabilities – operating leases	32,277	34,786
 <b>Other information</b>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 175	\$ 171
Operating cash flows from operating leases	8,353	8,331
Financing cash flows from finance leases	537	657
Right-of-use assets obtained in exchange for new finance lease liabilities	–	2,237
Right-of-use assets obtained in exchange for new operating lease liabilities	5,414	6,116
Weighted average remaining lease term – finance leases	26 years	25 years
Weighted average remaining lease term – operating leases	6.16 years	6.95 years
Weighted average discount rate – finance leases	3.09%	3.11%
Weighted average discount rate – operating leases	1.74%	1.40%

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Leases (continued)

For finance leases, right-of-use assets are recorded in property, plant and equipment and lease liabilities are recorded in long-term debt in the accompanying consolidated balance sheets.

The following table reconciles the undiscounted lease payments to the lease liabilities recorded on the accompanying consolidated balance sheet at December 31, 2023:

	<b>Finance Leases</b>	<b>Operating Leases</b>
2024	\$ 621	\$ 8,360
2025	624	5,992
2026	627	4,916
2027	345	3,778
2028	144	2,656
Thereafter	5,715	8,167
Total lease payments	8,076	33,869
Less imputed interest	2,711	1,592
Total lease obligations	5,365	32,277
Less current portion	460	7,385
Long-term portion	\$ 4,905	\$ 24,892

Rental expense to unrelated parties approximated \$10,114 and \$10,283 in 2023 and 2022, respectively.

#### 10. Pension Plan

In June 1997, the Company implemented a 401(k) retirement plan for which all employees who have attained the age of 21 are eligible to participate. Employees are eligible for Company contributions following one year of service and having completed at least 1,000 hours of service. Employees are fully vested in the plan after five years of service. Employees may contribute 1% to 50% of their salary on a pretax basis, not to exceed IRS limitations in any given year. All pretax contributions are 100% vested by the employee. The Company matches 50% of the first 6% of employee contributions. In addition, the Company may contribute on behalf of each employee an additional 1% of his/her salary, at the Company's discretion. The Company contributed \$4,772 and \$4,268 into the plan in 2023 and 2022, respectively.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**11. Net Assets with Donor Restrictions**

Net assets with donor restrictions that are temporary in nature are available to support program activities as stipulated by donors. Net assets with donor restrictions that are perpetual in nature are restricted to investment in perpetuity with the income expendable to support program activities as stipulated by donors. Net assets with donor restrictions that are temporary in nature are restricted as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Scholarships for nursing students, program and department expenses, educational training, special projects and purchase of equipment	\$ 2,507	\$ 2,407
Medical staff continuing education and special projects	225	314
Funds held by the Foundation on behalf of the Medical Center to support various program expenses, educational training, special projects, community outreach, and the purchase of equipment	11,570	12,646
Funds held by the Foundation on behalf of the Medical Center to support the School of Nursing	480	30
Funds held by the Foundation, on behalf of CRUDEM	867	754
Funding for hemodialysis services	1,783	1,628
	<b>\$ 17,432</b>	<b>\$ 17,779</b>

Net assets with donor restrictions include permanent endowments that have been restricted by donors to be maintained in perpetuity and invested by the Company, the income of which is expendable to support health care services. During 2023 and 2022, endowments of \$1,738 and \$681 were received by the Company, respectively. As of December 31, 2023 and 2022, there were \$297 and \$517 pledge receivables, respectively.

## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 11. Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions that are perpetual in nature are restricted as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Funds held by the Foundation on behalf of the Medical Center to support Villa Marie Claire	\$ 1,785	\$ 1,749
Funds held by the Foundation on behalf of the Medical Center to support the Graduate Medical Program	1,125	609
Funds held by the Foundation on behalf of the Medical Center to support Jewish Patient Experience	51	50
Funds held by the Foundation on behalf of the Medical Center to support the School of Nursing	672	102
Funds held by the Foundation on behalf of the Medical Center to support the Oncology Program	1,021	317
Funds held by the Foundation on behalf of CRUDEM	10	10
	<b>\$ 4,664</b>	<b>\$ 2,837</b>

During 2023 and 2022, \$8,276 and \$4,368 of net assets, including amounts raised in 2023, were released from restriction.

#### 12. Related-Party Transactions

The Company, in the normal course of its operations, enters into transactions with related parties. Such transactions are subject to the Company's purchasing and conflict of interest policies and, in the opinion of management, are conducted in an arm's-length manner at a reasonable cost basis for such goods and services.

Due to changes in health care payment models, increased local competition and uncertainty in health care reform, management implemented a strategy to align incentives between physician groups and the Medical Center. The Medical Center provides funding to various medical corporations in Bergen County (the Physician Network) which are controlled by the Corporation. The Medical Center continually reassesses amounts due from related parties for collectability based upon the results of their operations and other circumstances. The Medical Center has assessed the operations of the Physician Network at December 31, 2023 and 2022, and determined



## Holy Name Medical Center, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 12. Related-Party Transactions (continued)

that \$74,341 and \$67,955, respectively, of amounts due from certain members of the Physician Network would not be repaid and accounted for such amounts as transfers to affiliates in the accompanying consolidated statements of operations. The net amounts due from the Physician Network were \$17,265 and \$19,545 at December 31, 2023 and 2022, respectively, which is included in other assets in the accompanying consolidated balance sheets.

#### 13. School of Nursing

The Medical Center maintains a School of Nursing, the financial activity of which is included within the consolidated financial statements of the Medical Center. The School of Nursing's individual revenue and expenses are as follows:

	Year Ended December 31	
	2023	2022
Total revenue	\$ 5,894	\$ 5,496
Total expenses	(5,098)	(4,609)
Excess of revenue over expenses	<u>\$ 796</u>	<u>\$ 887</u>

The Medical Center did not distribute any refunds to students for PELL grants related to the School of Nursing's fiscal years ended June 30, 2023 and 2022, and, therefore, did not establish a cash reserve fund.

#### 14. Commitments and Contingencies

Various investigations, lawsuits and claims arising in the normal course of operations are pending or on appeal against the Company. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities which may arise from such actions would not result in losses not covered by insurance or accrued in the accompanying consolidated financial statements and, therefore, will not materially affect the consolidated financial position or results of operations of the Company.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**15. Concentrations of Credit Risk**

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements. Significant concentrations of patient accounts receivable, net are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Medicare and Medicaid	<b>14%</b>	19%
Blue Cross	<b>15</b>	14
Managed care	<b>48</b>	50
Other third-party payers (none over 10%)	<b>11</b>	8
Self-pay	<b>12</b>	9
	<b>100%</b>	100%

**16. Accrued Malpractice Claims**

The Company purchases first dollar coverage for professional and general liability insurance coverage. The Company has a claims-made policy with a commercial insurance carrier for malpractice. The policy covers \$1,000 per occurrence and \$3,000 in the aggregate. In addition, the Company purchased additional excess coverage for amounts up to \$10,000. Estimated liabilities relating to asserted and unasserted claims are recorded by the Company as reserve for insurance claims within accounts payable and other accrued expenses and other liabilities in the consolidated balance sheets and total \$2,412 and \$5,337 at December 31, 2023 and 2022, respectively. Receivables for expected insurance recoveries are included in other receivables and other assets in the consolidated balance sheets and total \$2,412 and \$5,337 at December 31, 2023 and 2022, respectively. An estimate for unreported incidents and losses is actuarially determined based on Medical Center-specific and industry experience data. The Company recorded an estimated liability for claims incurred but not reported of \$1,656 and \$2,077 at December 31, 2023 and 2022, respectively, within accounts payable and other accrued expenses in the accompanying consolidated balance sheets.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**17. Functional Expenses**

The Company provides general health care services to residents within its geographic area. Expenses related to provision of these services for the years ended December 31, 2023 and 2022 were as follows:

	<b>Health Care and Related Services</b>	<b>Program Support and General Services</b>	<b>Total</b>
<b>December 31, 2023</b>			
Salaries and wages	\$ 191,091	\$ 26,015	\$ 217,106
Physician fees	10,681	1,137	11,818
Employee benefits	31,524	4,667	36,191
Supplies and other	184,114	26,030	210,144
Depreciation and amortization	19,220	4,209	23,429
Interest	885	139	1,024
Total	<u>\$ 437,515</u>	<u>\$ 62,197</u>	<u>\$ 499,712</u>
<b>December 31, 2022</b>			
Salaries and wages	\$ 190,818	\$ 24,857	\$ 215,675
Physician fees	11,055	1,177	12,232
Employee benefits	27,307	4,043	31,350
Supplies and other	176,307	27,291	203,598
Depreciation and amortization	17,395	3,955	21,350
Interest	1,157	181	1,338
Total	<u>\$ 424,039</u>	<u>\$ 61,504</u>	<u>\$ 485,543</u>

The financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function are allocated to a function-based units of service basis or are otherwise allocated based on revenue.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**18. Liquidity and Availability**

The table below represents financial assets available for general expenditures within one year:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Financial assets at year-end:		
Cash and cash equivalents	\$ 17,998	\$ 20,098
Patient accounts receivable, net	74,326	80,811
Investments	62,837	82,129
Pledges receivable, net	1,153	3,137
Assets limited as to use	20,370	17,656
Total financial assets at year-end	<b>176,684</b>	203,831
Less amounts not available to be used within one year:		
Net assets with donor restrictions beyond one year	12,793	10,564
Pledges receivable beyond one year and amounts restricted for specific purposes	703	2,417
Financial assets not available to be used within one year	<b>13,496</b>	12,981
Financial assets available to meet general expenditures within one year	<b>\$ 163,188</b>	\$ 190,850

The Company has certain donor restricted assets which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the table above for financial assets to meet general expenditures within one year.

Additionally, the Company maintains a \$6,100 line of credit, as discussed in more detail in Note 8. As of December 31, 2023, \$6,100 remained available on the Medical Center's line of credit.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**19. Other Operating Revenue**

Other operating revenue consists of the following:

	<b>Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Tuition revenue	\$ 3,525	\$ 3,462
Rental income	6,088	5,633
Contribution revenue	2,983	3,857
Grant revenue and other assistance	23,359	8,814
Cafeteria revenue	2,288	1,869
Pharmacy revenue	3,061	2,632
Clinical research revenue	849	1,219
Employee retention tax credit	2,661	125
Membership revenue	1,128	804
Other	5,302	9,429
	<u>\$ 51,244</u>	<u>\$ 37,844</u>

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**20. Department of Education Title IV**

During September 2019, the U.S. Department of Education issued regulations regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under the Title IV regulations. The information through the year ended December 31, 2023, is as follows:

<b>Property, plant, and equipment, net</b>	
Property, plant, and equipment, net at December 31, 2022	\$ 193,302
Property, plant and equipment, net, acquired with debt during 2023	–
Property, plant and equipment, net, acquired without debt during 2023	25,639
Net change in construction in progress	<u>(16,439)</u>
Total property, plant and equipment, net at December 31, 2023	<u>\$ 202,502</u>
Long-term debt as of December 31, 2022	\$ 73,460
Long-term debt as of December 31, 2023	67,050
<b>Total revenues and gains, net without donor restrictions</b>	
Total operating revenue	565,487
Nonoperating gains and losses, net	5,819
Gain on split dollar life insurance	1,569
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	<u>2,229</u>
Total revenues and gains, net without donor restrictions	<u>\$ 575,104</u>
<b>Nonoperating and net investment loss</b>	
Change in net unrealized gains and losses on equity investments and assets whose use is limited	\$ 626
Estimated loss related to storm	439
Nonoperating and net investment loss	<u>\$ 1,065</u>

**21. Subsequent Events**

Subsequent events have been evaluated through May 31, 2024, which is the date the consolidated financial statements were issued. Except as disclosed in Note 1 and Note 8, no subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements.

## Supplementary Information

# Holy Name Medical Center, Inc. and Subsidiaries

## Consolidating Balance Sheet

December 31, 2023

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	Eliminations	Total
<i>(In Thousands)</i>											
<b>Assets</b>											
Current assets:											
Cash and cash equivalents	\$ 15,503	\$ 256	\$ 128	\$ 54	\$ 1,355	\$ 132	\$ 62	\$ 503	\$ 5	\$ -	\$ 17,998
Assets whose use is limited and that are required for current liabilities	3,510	-	-	-	4,067	-	-	-	-	-	7,577
Investments	62,342	-	-	-	495	-	-	-	-	-	62,837
Patient accounts receivable, net	73,418	595	-	-	-	-	313	-	-	-	74,326
Due from affiliates, net	54,070	-	-	-	-	-	-	5,835	-	(59,905)	-
Other receivables	15,766	347	103	-	476	53	561	-	-	-	17,306
Supplies	11,926	-	-	-	38	2	-	-	-	-	11,966
Prepaid expenses and other current assets	7,326	2	335	759	146	44	5	51	8	-	8,676
Total current assets	243,861	1,200	566	813	6,577	231	941	6,389	13	(59,905)	200,686
Assets whose use is limited, less current portion	3,708	-	-	-	9,085	-	-	-	-	-	12,793
Assets held by related organization	14,940	-	-	-	-	-	-	-	-	(14,940)	-
Property, plant, and equipment, net	171,220	294	26,596	50	2	4,326	14	-	-	-	202,502
Right-of-use assets	11,708	-	16,710	-	-	-	-	-	-	-	28,418
Other assets	53,530	-	607	-	703	-	-	-	-	-	54,840
Total assets	\$ 498,967	\$ 1,494	\$ 44,479	\$ 863	\$ 16,367	\$ 4,557	\$ 955	\$ 6,389	\$ 13	\$ (74,845)	\$ 499,239



## Holy Name Medical Center, Inc. and Subsidiaries

### Consolidating Balance Sheet (continued)

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	Eliminations	Total
<i>(In Thousands)</i>											
<b>Liabilities and net assets (deficiency)</b>											
Current liabilities:											
Accrued interest payable	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105
Current installments of long-term debt	9,833	-	263	-	-	-	-	-	-	-	10,096
Operating lease liabilities, current portion	4,345	-	3,040	-	-	-	-	-	-	-	7,385
Accounts payable and accrued expenses	74,260	8,480	19,940	868	654	13,177	11,635	6,403	414	(59,905)	75,926
Accrued payroll and vacation	19,471	261	5	252	371	167	106	22	-	-	20,655
Due to third-party payers	2,266	-	-	-	-	-	-	-	-	-	2,266
<b>Total current liabilities</b>	<b>110,280</b>	<b>8,741</b>	<b>23,248</b>	<b>1,120</b>	<b>1,025</b>	<b>13,344</b>	<b>11,741</b>	<b>6,425</b>	<b>414</b>	<b>(59,905)</b>	<b>116,433</b>
Other liabilities	2,811	-	80	-	-	-	-	-	-	-	2,891
Long-term debt, excluding current installments	61,844	-	475	-	-	-	-	-	-	-	62,319
Operating lease liabilities, excluding current portion	7,394	-	17,498	-	-	-	-	-	-	-	24,892
Due to third-party payers, excluding current portion	6,957	-	-	-	-	-	-	-	-	-	6,957
<b>Total liabilities</b>	<b>189,286</b>	<b>8,741</b>	<b>41,301</b>	<b>1,120</b>	<b>1,025</b>	<b>13,344</b>	<b>11,741</b>	<b>6,425</b>	<b>414</b>	<b>(59,905)</b>	<b>213,492</b>
Commitments and contingencies											
Net assets (deficiency):											
Without donor restrictions	287,585	(7,247)	3,178	(257)	(2,240)	(8,787)	(10,786)	(36)	(401)	2,642	263,651
With donor restrictions	22,096	-	-	-	17,582	-	-	-	-	(17,582)	22,096
<b>Total net assets (deficiency)</b>	<b>309,681</b>	<b>(7,247)</b>	<b>3,178</b>	<b>(257)</b>	<b>15,342</b>	<b>(8,787)</b>	<b>(10,786)</b>	<b>(36)</b>	<b>(401)</b>	<b>(14,940)</b>	<b>285,747</b>
<b>Total liabilities and net assets (deficiency)</b>	<b>\$ 498,967</b>	<b>\$ 1,494</b>	<b>\$ 44,479</b>	<b>\$ 863</b>	<b>\$ 16,367</b>	<b>\$ 4,557</b>	<b>\$ 955</b>	<b>\$ 6,389</b>	<b>\$ 13</b>	<b>\$ (74,845)</b>	<b>\$ 499,239</b>

## Holy Name Medical Center, Inc. and Subsidiaries

### Consolidating Statement of Operations

Year Ended December 31, 2023

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	Eliminations	Total
<i>(In Thousands)</i>											
Revenue:											
Net patient service revenue	\$ 506,780	\$ 4,928	\$ –	\$ –	\$ –	\$ –	\$ 1,076	\$ –	\$ –	\$ –	\$ 512,784
Other operating revenue	38,808	671	7,816	–	3,997	1,314	518	1,148	–	(3,028)	51,244
Net assets released from restriction for operations	336	–	–	–	1,123	–	–	–	–	–	1,459
Total revenue	545,924	5,599	7,816	–	5,120	1,314	1,594	1,148	–	(3,028)	565,487
Expenses:											
Salaries and wages	204,159	4,548	300	2,940	1,777	673	1,839	560	310	–	217,106
Physician fees	11,862	–	–	100	–	–	6	–	–	(150)	11,818
Employee benefits	33,524	843	54	810	326	104	334	170	26	–	36,191
Supplies and other	196,384	2,022	5,521	1,859	5,648	701	517	360	10	(2,878)	210,144
Depreciation and amortization	21,161	190	1,737	15	1	321	4	–	–	–	23,429
Interest	983	–	41	–	–	–	–	–	–	–	1,024
Total expenses	468,073	7,603	7,653	5,724	7,752	1,799	2,700	1,090	346	(3,028)	499,712
Income (loss) from operations	77,851	(2,004)	163	(5,724)	(2,632)	(485)	(1,106)	58	(346)	–	65,775
Nonoperating gains and losses, net	5,819	–	(14)	–	14	–	–	–	–	–	5,819
Estimated loss related to storm	(439)	–	–	–	–	–	–	–	–	–	(439)
Gain on split dollar life insurance	1,569	–	–	–	–	–	–	–	–	–	1,569
Change in net unrealized gains and losses on equity investments and assets whose use is limited	(626)	–	–	–	–	–	–	–	–	–	(626)
Change in net interest of Holy Name Health Care Foundation and Harmony Health	(989)	–	–	–	–	–	–	–	–	989	–
Excess (deficiency) of revenue over expenses	83,185	(2,004)	149	(5,724)	(2,618)	(485)	(1,106)	58	(346)	989	72,098
Net assets released from restriction for capital purposes	–	–	–	–	6,817	–	–	–	–	–	6,817
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	2,199	–	–	–	30	–	–	–	–	–	2,229
Transfers from (to) subsidiaries	4,871	–	–	–	(4,871)	–	–	–	–	–	–
Transfers (to) from affiliates	(80,065)	–	–	5,724	–	–	–	–	–	–	(74,341)
Increase (decrease) in net assets without donor restrictions	\$ 10,190	\$ (2,004)	\$ 149	\$ –	\$ (642)	\$ (485)	\$ (1,106)	\$ 58	\$ (346)	\$ 989	\$ 6,803

## Holy Name Medical Center, Inc. and Subsidiaries

### Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2023

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	Eliminations	Total
<i>(In Thousands)</i>											
<b>Without donor restrictions</b>											
Net assets as of the beginning of year	\$ 277,395	\$ (5,243)	\$ 3,029	\$ (257)	\$ (1,598)	\$ (8,302)	\$ (9,680)	\$ (94)	\$ (55)	\$ 1,653	\$ 256,848
Change in net assets without donor restrictions	10,190	(2,004)	149	-	(642)	(485)	(1,106)	58	(346)	989	6,803
Net assets as of end of year	<u>\$ 287,585</u>	<u>\$ (7,247)</u>	<u>\$ 3,178</u>	<u>\$ (257)</u>	<u>\$ (2,240)</u>	<u>\$ (8,787)</u>	<u>\$ (10,786)</u>	<u>\$ (36)</u>	<u>\$ (401)</u>	<u>\$ 2,642</u>	<u>\$ 263,651</u>
<b>With donor restrictions</b>											
Net assets as of beginning of year	\$ 20,616	\$ -	\$ -	\$ -	\$ 16,267	\$ -	\$ -	\$ -	\$ -	\$ (16,267)	\$ 20,616
Change in beneficial interest in Holy Name Health Care Foundation	1,315	-	-	-	-	-	-	-	-	(1,315)	-
Restricted investment gain and investment income	260	-	-	-	288	-	-	-	-	-	548
Change in net unrealized gains and losses on other-than- trading investments and assets whose use is limited	45	-	-	-	745	-	-	-	-	-	790
Net assets released from restriction for operations	(336)	-	-	-	(1,123)	-	-	-	-	-	(1,459)
Net assets released from restriction for capital purposes	-	-	-	-	(6,817)	-	-	-	-	-	(6,817)
Contributions	196	-	-	-	8,222	-	-	-	-	-	8,418
Change in net assets with donor restrictions	1,480	-	-	-	1,315	-	-	-	-	(1,315)	1,480
Net assets as of end of year	<u>\$ 22,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,582)</u>	<u>\$ 22,096</u>

Financial Responsibility Supplemental  
Schedule Related to U.S. Department  
of Education Title IV Regulations

Holy Name Medical Center, Inc. and Subsidiaries

Financial Responsibility Supplemental Schedule

December 31, 2023

Reference to Financial Statements and/or Notes	Ratio Element	Amount <i>(In Thousands)</i>
<b>Primary reserve ratio</b>		
Expendable net assets:		
Consolidated balance sheets	Net assets without donor restrictions	\$ 263,651
Consolidated balance sheets	Net assets with donor restrictions	\$ 22,096
Note 12. Related-Party Transactions	Secured and unsecured related party receivable	\$ 17,265
Note 12. Related-Party Transactions	Unsecured related party receivable	\$ 17,265
Note 20. Department of Education Title IV	Property, plant and equipment, net, at December 31, 2022	\$ 193,302
Note 20. Department of Education Title IV	Property, plant and equipment, net, acquired with debt during 2023	–
Note 20. Department of Education Title IV	Property, plant and equipment, net, acquired without debt during 2023	25,639
Note 20. Department of Education Title IV	Net change in construction in progress	(16,439)
Note 20. Department of Education Title IV	Total property, plant and equipment, net, at December 31, 2023	<u>\$ 202,502</u>
Note 9. Leases	Right-of-use assets, operating leases at December 31, 2022	\$ 30,683
Note 9. Leases	Right-of-use assets, operating leases at December 31, 2023	\$ 28,418
Not applicable	Intangible assets	\$ –
Note 1. Summary of Significant Accounting Policies	Post-employment and pension liabilities	\$ 2,859
Note 20. Department of Education Title IV	Long-term debt – for long term purposes at December 31, 2022	\$ 73,460

Holy Name Medical Center, Inc. and Subsidiaries

Financial Responsibility Supplemental Schedule (continued)

Reference to Financial Statements and/or Notes	Ratio Element	Amount <i>(In Thousands)</i>
<b>Primary reserve ratio (continued)</b>		
Expendable net assets (continued):		
Note 20. Department of Education Title IV	Long-term debt – for long term purposes at December 31, 2023	\$ 67,050
Not applicable	Line of credit for construction in progress	\$ –
Note 9. Leases	Right-of-use liabilities at December 31, 2022	\$ 40,685
Note 9. Leases	Right-of-use liabilities at December 31, 2023	\$ 37,642
Not applicable	Annuities with donor restrictions	\$ –
Not applicable	Term endowments with donor restrictions	\$ –
Not applicable	Life income funds with donor restrictions	\$ –
Consolidated Statements of Changes in Net Assets	Net assets with donor restrictions: restricted in perpetuity	\$ 4,664
Total expenses and losses:		
Consolidated Statements of Operations	Total expenses without donor restrictions	\$ 499,712
Note 20. Department of Education Title IV	Nonoperating and net investment loss	\$ 1,065
Not applicable	Net investment loss	\$ –
Not applicable	Pension–related changes other than net periodic costs	\$ –

Holy Name Medical Center, Inc. and Subsidiaries

Financial Responsibility Supplemental Schedule (continued)

Reference to Financial Statements and/or Notes	Ratio Element	Amount <i>(In Thousands)</i>
<b>Equity ratio</b>		
Modified net assets:		
Consolidated Balance Sheets	Net assets without donor restrictions	\$ 263,651
Consolidated Balance Sheets	Net assets with donor restrictions	\$ 22,096
Not applicable	Intangible assets	\$ —
Note 12. Related-Party Transactions	Secured and unsecured related party receivable	\$ 17,265
Note 12. Related-Party Transactions	Unsecured related party receivable	\$ 17,265
Modified assets:		
Consolidated Balance Sheets	Total assets	\$ 499,239
Not applicable	Intangible assets	\$ —
Note 9. Leases	Right-of-use assets, operating leases at December 31, 2022	\$ 30,683
Note 9. Leases	Right-of-use assets, operating leases at December 31, 2023	\$ 28,418
Note 12. Related-Party Transactions	Secured and unsecured related party receivable	\$ 17,265
Note 12. Related-Party Transactions	Unsecured related party receivable	\$ 17,265

Holy Name Medical Center, Inc. and Subsidiaries

Financial Responsibility Supplemental Schedule (continued)

<b>Reference to Financial Statements and/or Notes</b>	<b>Ratio Element</b>	<b>Amount</b>
		<i>(In Thousands)</i>
<b>Net income ratio</b>		
Consolidated Statements of Operations	Change in net assets without donor restrictions	\$ 6,803
Note 20. Department of Education Title IV	Total revenues and gains, net without donor restrictions	\$ 575,104



## **EY | Building a better working world**

**EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.**

**Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.**

**Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.**

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.  
All Rights Reserved.

**[ey.com](https://ey.com)**