Hackensack Meridian Health, Inc.

Consolidated Financial Statements and Consolidating Supplemental Schedules
December 31, 2025 and 2024

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Report of Independent Auditors

To The Board of Trustees of
Hackensack Meridian Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hackensack Meridian Health, Inc. and its subsidiaries (the "Network"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Network as of December 31, 2025 and 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental consolidating information as of and for the year ended December 31, 2025 (the "supplemental information") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is not intended to present, and we do not express an opinion on, the financial position, results of operations, changes in net assets and cash flows of the individual companies. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

New York, New York
May 27, 2026

Hackensack Meridian Health, Inc.
Consolidated Balance Sheets
December 31, 2025 and 2024

(in thousands)	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 327,663	$ 211,572
Patient accounts receivable, net	987,770	932,810
Pledges receivable, net	48,825	73,230
Other current assets	1,042,366	856,015
Assets limited as to use and investments, current portion	1,315,844	1,388,426
Total current assets	3,722,468	3,462,053
Assets limited as to use and investments, noncurrent portion	4,972,993	3,983,546
Investment in joint ventures	228,563	198,731
Property and equipment, net	3,859,560	3,590,250
Operating lease right-of-use assets	307,804	321,456
Other assets	487,699	393,078
Total assets	$ 13,579,087	$ 11,949,114
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt and finance lease obligations	$ 68,783	$ 145,527
Current portion of operating lease obligations	43,707	67,174
Accounts payable and accrued expenses	1,276,435	1,211,252
Other current liabilities	254,584	176,049
Total current liabilities	1,643,509	1,600,002
Long-term debt and finance lease obligations, less current maturities	2,768,967	2,773,661
Long-term operating lease obligations	283,729	279,258
Accrued pension benefits	6,928	7,074
Other liabilities	628,497	571,443
Total liabilities	5,331,630	5,231,438
Net assets (deficit)		
Without donor restrictions controlled by the Network	7,789,023	6,255,444
Without donor restrictions attributable to noncontrolling interests	(12,370)	(2,589)
Net assets without donor restrictions	7,776,653	6,252,855
Net assets with donor restrictions	470,804	464,821
Total net assets	8,247,457	6,717,676
Total liabilities and net assets	$ 13,579,087	$ 11,949,114

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2025 and 2024

(in thousands)	2025	2024
Unrestricted revenues and other support		
Net patient service revenue	$ 9,035,668	$ 8,185,664
Other revenue	687,372	703,040
Net assets released from restriction used for operating activities	36,685	27,604
Total unrestricted revenues and other support	9,759,725	8,916,308
Expenses		
Salaries and contracted labor	3,342,172	3,167,056
Physician salaries and fees	982,883	802,105
Employee benefits	757,732	756,720
Supplies and other	3,860,208	3,396,469
Depreciation and amortization	326,587	305,529
Interest	93,993	101,128
Total expenses	9,363,575	8,529,007
Excess of revenues over expenses before other operating adjustments	396,150	387,301
Other operating adjustments		
Investment income, net	868,229	563,171
Other gains, net	19,138	21,709
Excess of revenues over expenses	1,283,517	972,181
Other adjustments in net assets without donor restrictions		
Net assets released from restriction for capital acquisitions	143,019	60,905
Pension-related adjustments	85,353	61,477
Other changes	10,772	(38,666)
Contributions from noncontrolling interests	1,137	7,168
Increase in net assets without donor restrictions	$ 1,523,798	$ 1,063,065

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2025 and 2024

(in thousands)	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Balances at December 31, 2023	$ 5,189,790	$ 395,459	$ 5,585,249
Excess of revenues over expenses	972,181	-	972,181
Investment gain	-	6,773	6,773
Contributions	-	90,421	90,421
Net assets released from restriction for capital acquisitions	60,905	(60,905)	-
Net assets released from restriction used for operating activities	-	(27,604)	(27,604)
Pension-related adjustments	61,477	-	61,477
Other changes	(38,666)	60,677	22,011
Contributions from noncontrolling interests	7,168	-	7,168
Increase in net assets	1,063,065	69,362	1,132,427
Balances at December 31, 2024	6,252,855	464,821	6,717,676
Excess of revenues over expenses	1,283,517	-	1,283,517
Investment gain	-	10,179	10,179
Contributions	-	63,318	63,318
Net assets released from restriction for capital acquisitions	143,019	(143,019)	-
Net assets released from restriction used for operating activities	-	(36,685)	(36,685)
Pension-related adjustments	85,353	-	85,353
Other changes	10,772	112,190	122,962
Contributions from noncontrolling interests	1,137	-	1,137
Increase in net assets	1,523,798	5,983	1,529,781
Balances at December 31, 2025	$ 7,776,653	$ 470,804	$ 8,247,457

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

(in thousands)	2025	2024
Cash flows from operating activities		
Increase in net assets	$ 1,529,781	$ 1,132,427
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	326,587	305,529
Gain on disposal of property and equipment	(301)	(58)
Amortization of deferred financing costs	878	643
Amortization of bond premium	(2,602)	(3,951)
Net loss (gain) on equity investments	6,223	(7,491)
Distributions from joint ventures	46,130	31,048
Realized and unrealized gain on investments	(817,280)	(502,923)
Restricted contributions for capital acquisitions	(9,181)	(43,869)
Pension-related adjustments	(85,353)	(61,477)
Derecognition of equity attributable to noncontrolling interests upon deconsolidation	-	21,318
Changes in assets and liabilities		
Patient accounts receivable and pledges receivable	(74,034)	(49,422)
Other assets	(278,463)	(242,440)
Accounts payable and accrued expenses	63,564	103,551
Accrued pension benefits	85,207	59,766
Other liabilities	116,592	(34,431)
Net cash provided by operating activities	907,748	708,220
Cash flows from investing activities		
Purchases of property and equipment	(588,466)	(426,230)
Proceeds from sales of property and equipment	13,696	26,157
Contributions to joint ventures	(84,207)	(55,839)
Sales of investment securities	3,012,945	2,676,400
Purchases of investment securities	(3,209,750)	(2,968,760)
Net cash used in investing activities	(855,782)	(748,272)
Cash flows from financing activities		
Repayment on long-term debt and finance lease obligations	(88,911)	(81,986)
Proceeds from borrowings	2,019	1,658
Contributions from noncontrolling interests	1,137	7,168
Restricted contributions for capital acquisitions	52,660	29,237
Net cash used in financing activities	(33,095)	(43,923)
Change in cash, cash equivalents and restricted cash	18,871	(83,975)
Cash, cash equivalents and restricted cash		
Beginning of year	474,521	558,496
End of year	$ 493,392	$ 474,521
Supplemental information		
Cash paid for interest expense	$ 92,770	$ 100,867
Noncash acquisitions of property and equipment	50,355	48,735
Right-of-use assets obtained in exchange for operating lease obligations	100,468	29,635

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

(in thousands)

1. Organization

Hackensack Meridian Health, Inc. (the “Parent”) and its subsidiaries and controlled entities (“HMH” or the “Network”) comprise an integrated health care delivery system. The Network is incorporated as a New Jersey nonprofit, nonstock corporation established to promote and carry out charitable, scientific, academic, and research activities and was created as a result of the merger of Hackensack University Health Network, Inc. (“HUHN”) and Meridian Health System, Inc. (“MHS”). The surviving parent entity was renamed Hackensack Meridian Health, Inc. on July 1, 2016. The Parent is the sole member of the following entities: HMH Hospitals Corporation (“HMHHC”), Hackensack Meridian Ambulatory Care, Inc. (“HMAC”), Hackensack Meridian Health Foundation, Inc. and its ten foundation subsidiaries (“HMHF”), Hackensack Meridian School of Medicine (“HMSOM”), and Hackensack Meridian Health Partners, LLC (“HMHP”).

On January 4, 2022, Hackensack Meridian LTACH, LLC (“LTACH”) was formed with HMHHC as its sole member. Effective May 28, 2024, the approval of long-term acute care hospital status was received from Centers for Medicare and Medicaid Services.

On January 1, 2025, the shares in Bergen Health Management System, Inc. (“BHMS”) were transferred from the Parent to HMHHC.

Effective February 3, 2021, Meridian Health Foundation, Inc. was renamed Hackensack Meridian Health Foundation, Inc., and the membership of three foundations (Hackensack University Medical Center Foundation, Inc., Palisades Medical Center Foundation, Inc., and John F. Kennedy Medical Center Foundation, Inc.), were then transferred to HMHF so that HMHF became the parent company to all existing Foundations, with the exception of Muhlenberg Foundation, Inc, (“MRMCF”) which remained a subsidiary of Muhlenberg Regional Medical Center, Inc. (“MRMC”). On January 1, 2024, MRMC merged into HMAC and MRMCF changed its sole member to HMHF.

The Parent was also the sole shareholder of Hackensack Meridian Health Ventures, Inc. and its subsidiaries (“HMHV”). On January 1, 2022, the shares in HMHV were transferred from the Parent to HMAC. The Parent was the sole member of Meridian Accountable Care Organization, LLC (“MACO”), Hackensack Physician-Hospital Alliance ACO, LLC (“ACO”), JFK Population Health Company, LLC (“JFKPH”), and Hackensack Meridian Health Partners, LLC (“HMHP”). On January 1, 2023, the memberships in MACO, ACO, and JFKPH were transferred from the Parent to HMHP. On January 1, 2025, MACO and ACO were dissolved and JFKPH was renamed HMH ACO, LLC.

HMHHC is the sole member of HMH Casualty Company Ltd. (“HMHCCL”) and 20 Prospect Holdings, LLC. HMHCCL is a wholly owned off-shore insurance company domiciled in Bermuda.

The HMH Physician Division includes professional corporations consolidated with the Network and provides other physician practice development strategies. During 2025, two of the taxable and one of the tax-exempt professional corporations were dissolved to bring the total to seven professional corporations (one taxable and six tax-exempt).

(in thousands)

The Network operates an extensive acute care hospital system which consists of four academic medical centers (which include two children's hospitals and a cancer center), six community hospitals (which include two rehabilitation hospitals), a behavioral health hospital, and a long-term acute care hospital as follows:

- Hackensack University Medical Center ("HUMC"), located in Hackensack, New Jersey, is an academic medical center and the largest stand-alone medical center in the state with 827 beds. HUMC includes the Joseph M. Sanzari Children's Hospital, the Donna A. Sanzari Women's Hospital, the John Theurer Cancer Center, and the Heart and Vascular Hospital;

- Jersey Shore University Medical Center ("JSUMC"), located in Neptune, New Jersey, is a major academic medical center and regional trauma center with 656 beds that includes the K. Hovnanian Children's Hospital;

- JFK University Medical Center ("JFKUMC"), located in Edison, New Jersey, is a 499-bed academic medical center;

- Riverview Medical Center ("RMC"), located in Red Bank, New Jersey, is a 429-bed community hospital;

- Raritan Bay Medical Center ("RBMC"), located in Perth Amboy, New Jersey, is a 402-bed community hospital;

- Ocean University Medical Center ("OUMC"), located in Brick, New Jersey, is a 357-bed academic medical center;

- Carrier Clinic ("Carrier"), located in Belle Mead, New Jersey, is a 297-bed Psychiatric hospital that includes the following additional inpatient programs on campus: a 40-bed Blake Recovery Center, a 56-bed East Mountain Youth Lodge, a 5-bed Lotus Lodge, and a 5-bed Sunflower Lodge;

- Bayshore Medical Center ("BMC"), located in Holmdel, New Jersey, is a 211-bed community hospital;

- Palisades Medical Center ("PMC"), located in North Bergen, New Jersey, is a 197-bed community hospital;

- Southern Ocean Medical Center ("SOMC"), located in Manahawkin, New Jersey, is a 156-bed community hospital;

- Old Bridge Medical Center ("OBMC"), located in Old Bridge, New Jersey, is a 113-bed community hospital; and

- LTACH, located in Perth Amboy, New Jersey, is a 30-bed long-term acute care hospital.

(in thousands)

The HMSOM was formed in 2015 as the first new private school of medicine in New Jersey in over fifty years. In conjunction with the formation of the HMSOM, the Network through its real estate holding company, Kingsland Street Urban Renewal, LLC, entered into a long-term lease for two buildings in the town of Nutley and the city of Clifton, New Jersey. On July 3, 2020, the HMSOM received accreditation to operate as a school of medicine.

Over the past several years, HMH has continued to expand its network through acquisitions and partnerships with various unrelated entities as a means to continue to fulfill its mission to the surrounding communities that HMH serves.

During 2012, HUMC entered into two separate joint ventures with an unrelated entity. Under the first joint venture arrangement, entered into on March 23, 2012, HUMC contributed the existing property and equipment of the former Pascack Valley Hospital campus for a 35% interest in the joint venture which was valued at $51,100. The joint venture owns 100% of Pascack Valley Medical Center ("Pascack Valley"). The investment in the Pascack Valley joint venture recorded on the consolidated balance sheets was $44,464 and $41,508 as of December 31, 2025 and 2024, respectively.

Under the second joint venture, entered into on July 1, 2012, HUMC purchased a 20% ownership interest in the joint venture which owns 100% of Mountainside Medical Center ("Mountainside"). For its ownership interest, HUMC contributed $10,644 in cash and entered into a nonrecourse loan agreement with its joint venture partner. In July 2016, HUMC entered into a bank loan and used the proceeds to pay off the remaining outstanding balance on the nonrecourse loan and its accrued interest. The investment in the Mountainside joint venture recorded on the consolidated balance sheets was $54,690 and $51,620 as of December 31, 2025 and 2024, respectively.

As of December 31, 2024, the Network owned 9.6% of an equity interest in an unrelated billing company. In July 2025, the Network sold all of its shares in the billing company in exchange for cash and shares in a new billing company. The Network recorded a gain of approximately $86,996 related to the transaction as investment income in the consolidated statements of operations for the year ended December 31, 2025. As of December 31, 2025, the Network has 3.5% equity ownership in the new billing company. The Network's ownership in the new and legacy billing companies recorded as an investment on the consolidated balance sheets was $49,239 and $79,000 as of December 31, 2025 and 2024, respectively.

As of December 31, 2023, Hackensack Meridian Ambulatory Ventures, Inc. ("HMAV") had 50.1% voting rights in a joint venture which had a majority interest in two ambulatory surgical centers located in Bergen County, New Jersey. Accordingly, HMAV consolidated the joint venture and recorded a noncontrolling interest in accordance with ASC 810. As of July 1, 2024, HMAV became a minority owner in the joint venture resulting in the deconsolidation of the joint venture.

(in thousands)

The following schedule reconciles beginning and ending balances of the Network's controlling interest and the noncontrolling interests for the years ended December 31, 2025 and 2024:

	The Network (Controlling Interest)	Noncontrolling Interests	Total
Balances at December 31, 2023	$ 5,168,720	$ 21,070	$ 5,189,790
Excess (deficit) of revenues over expenses	981,257	(9,076)	972,181
Contributions from noncontrolling interests	-	7,168	7,168
Other changes	105,467	(21,751)	83,716
Change in net assets without donor donor restrictions	1,086,724	(23,659)	1,063,065
Balances at December 31, 2024	6,255,444	(2,589)	6,252,855
Excess (deficit) of revenues over expenses	1,292,334	(8,817)	1,283,517
Contributions from noncontrolling interests	-	1,137	1,137
Other changes	241,245	(2,101)	239,144
Change in net assets without donor donor restrictions	1,533,579	(9,781)	1,523,798
Balances at December 31, 2025	$ 7,789,023	$ (12,370)	$ 7,776,653

2. COVID-19 Government Funding

Federal Emergency Management Agency ("FEMA")

Due to the related operating and capital expenses incurred by the Network in response to COVID-19, the Network has submitted claims to FEMA. During 2025 and 2024, the Network has recorded $15,359 and $88,476, respectively, in obligated FEMA funds as other revenue in the consolidated statements of operations. Net receivables related to FEMA in the amount of $14,906 and $98,786 as of December 31, 2025 and 2024, respectively, are included in other current assets on the consolidated balance sheets.

All expected FEMA claims related to COVID-19 operating and capital expenses incurred were obligated as of December 31, 2024. In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Network recognized the claims in the year the related funds were obligated by FEMA. The Network recognized subsequent activity on the claims in the year the adjustments were finalized.

Specific to FEMA funds received, HMH believes the amount of revenue recognized in the consolidated statements of operations is appropriate based on information contained in laws and regulations and FEMA policies governing the funding, which were publicly available at December 31, 2025. The potential financial impact of future changes in guidance, new legislation, and reviews of submitted claims may impact the Network's ability to retain some or all of the distributions received.

(in thousands)

Employee Retention Credit
The Employee Retention Credit (“ERC”) is a provision under the Coronavirus Aid, Relief, and Economic Security Act, (“CARES Act”) that provides eligible employers with a refundable tax credit against certain employment taxes. It was intended to encourage employers to retain employees during the economic challenges posed by the COVID-19 pandemic. The Network submitted amended payroll tax returns for the calendar years 2020 and 2021 to claim ERC benefits.

During the years ended December 31, 2025 and 2024, the Network recognized $39,973 and $70,984, respectively, of ERC benefits, inclusive of related interest, as other revenue in the consolidated statements of operations. Receivables related to the ERC in the amount of $3,848 and $99,148 as of December 31, 2025 and 2024, respectively, are included in other current assets on the consolidated balance sheets.

3. Significant Accounting Policies

The following is a summary of the Network’s significant accounting policies:

Principles of Consolidation
The consolidated financial statements of the Network have, in all material respects, been prepared on an accrual basis in accordance GAAP.

The consolidated financial statements include the accounts of the Parent and all of its subsidiaries in which a controlling interest is maintained. Intercompany balances and transactions are eliminated. Controlling interest in for-profit subsidiaries is determined by majority ownership interest. For those consolidated subsidiaries where the Network’s ownership is less than 100%, the outside parties’ interests are shown as net assets without donor restrictions attributable to noncontrolling interests.

Investments in joint ventures in which the Network exerts significant influence in the operations of the unconsolidated entities but not a controlling interest, primarily through shared representation on the governing bodies of the investee and equal voting rights and has an equity interest of more than 20% but equal to or less than 50%, are accounted for under the equity method of accounting. Income from joint ventures is reflected in other revenue in the consolidated statements of operations.

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include implicit price concessions, the contractual discounts on accounts receivable, valuation of alternative investments, estimated amounts due to and from third-party payors, professional liability reserves and accrued pension benefit liabilities. Actual results could differ from those estimates.

(in thousands)

Income Taxes
All of the not-for-profit entities included in the consolidated financial statements are corporations as described in Section 501(c)(3) of the Internal Revenue Code ("Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. These entities, except for the physician practices, are also exempt from state income taxes. Per the requirement to assess for tax uncertainty, management has determined that it does not have any significant uncertain tax positions required to be accrued or reported.

The for-profit corporations are subject to federal and state income taxes.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents and restricted cash include investments in highly-liquid instruments with original maturities of three months or less. The Network elected to treat highly-liquid short-term investments held within assets limited as to use and investments as cash equivalents. Cash is also held in the assets limited as to use and investments portfolio. At December 31, 2025 and 2024, the Network had cash balances held at a financial institution that exceeded federal depository insurance limits. Management believes that the credit risk related to these deposits is minimal.

ASU 2016-18, Restricted Cash, addresses the presentation, disclosure, and cash flow classification of restricted cash and requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

The following is a reconciliation of cash, cash equivalents and restricted cash reported on the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2025	2024
Cash and cash equivalents	$ 327,663	$ 211,572
Cash and cash equivalents included in assets limited as to use and investments	165,729	262,949
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 493,392	$ 474,521

Assets Limited as to Use and Investments
Investments and assets limited as to use are recorded at fair value, which is based on the assumptions and methods described in the "Fair Value Measurements" section of this note.

Assets limited as to use include cash and investments set aside by the Network Board of Trustees (the "Board") for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes, assets held by trustees under indenture agreements, assets held in connection with the captive insurance program, assets held for deferred employee benefit plans, and donor-restricted assets.

Investment income or losses (including realized and unrealized gains and losses on investments, interest, and dividends) are included in the accompanying consolidated statements of operations as other operating adjustments, unless the income or loss is restricted by donor or law.

(in thousands)

In addition, certain investment income is reported within other revenue in the consolidated statements of operations as it is utilized as a direct offset for specific programmatic operating expenses. Gains and losses on sales of investment assets are determined using the first-in, first-out method. Investments classified as current assets are available to support current operations.

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

Financial Instruments
The Network holds fully collateralized short-term sovereign bond futures. The gross derivative asset and liability are recorded as an investment on the consolidated balance sheets at fair value of $83.2 million and 92.5 million at December 31, 2025 and 2024, respectively. Changes in fair value of the instruments are recorded as investment income in the consolidated statements of operations.

Fair Value Measurements
FASB ASC Topic 820, Fair Value Measurements and Disclosures ("*ASC Topic 820*"), establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the Network and unobservable inputs reflect the Network's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Network for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, or quoted prices in markets that are not active.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- Market Approach (M) – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

- Cost Approach (C) – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

(in thousands)

- Income Approach (I) – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Network utilizes the best available information in measuring fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments held by the Network:

- Cash, Cash Equivalents, and Mutual Funds – Estimated fair values of cash equivalents and mutual funds are based on daily values (closing price on primary market) that are validated with a sufficient level of observable activity (i.e., purchases and sales).

- Corporate Equity Securities – Securities listed on national stock exchanges are valued at the last published sales price on the last business day of the year; over-the-counter securities for which no sale was reported on the last business day of the year are valued at the latest reported bid price from a published source.

- U.S. Government, Municipal, Corporate Debt, and Commercial mortgage-backed securities/asset-backed securities – Valued on the basis of the quoted market prices at year-end. If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings.

- Futures – Valued on the basis of quoted market prices at year-end.

- Alternative Investments - Fair value of alternative investments are measured based on unobservable inputs that cannot be corroborated by observable market data. The Network accounts for these investments within its assets limited as to use and investments portfolios using the net asset value as a practical expedient and as such, these investments are excluded from the fair value hierarchy. The Network's alternative investments include holdings in common/collective trusts, limited partnerships and limited liability companies engaging in a variety of investment strategies. Alternative investments are valued utilizing a net asset value ("NAV") provided by the respective fund manager in accordance with *ASC Topic 820*. Such estimates do not reflect redemption fees as the Network does not intend to sell such investments before the expiration of the early redemption periods. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on historical cost, appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate.

(in thousands)

Inventories and Supplies
Inventories and supplies are stated at lower of cost (determined on an average cost basis) or net realizable value and are included in other current assets on the consolidated balance sheets. The value of inventories and supplies is $257,884 and $223,267 as of December 31, 2025 and 2024, respectively, and are included in other current assets on the consolidated balance sheets.

Property and Equipment
Property and equipment are recorded at cost. The Network determines depreciation using the straight-line method, over the estimated useful life of each class of depreciable asset, subject to changes in circumstances to the estimated useful life of the asset. Estimated lives range from 3 to 20 years for equipment and up to 40 years for buildings.

Finance leases are recorded at their present value at the inception of the lease. Property and equipment under finance leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations. Gains and losses resulting from the retirement of property and equipment are included in the results of current operations.

Gifts of long-lived assets such as property and equipment are determined at their fair value at the date of the gift and reported as an increase to net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Right-of-Use Assets and Lease Liabilities
Under *ASU 2016-02, Leases* (*Topic 842*), lessees are required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance. Operating leases result in straight-line expense in the consolidated statements of operations (similar to previous operating leases), while finance leases result in more expense being recognized in the earlier years of the lease term (similar to previous capital leases).

Long-Lived Assets and Goodwill
Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less cost to sell.

(in thousands)

The Network amortizes goodwill on a straight-line basis and tests for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be below its carrying amount. For the years ended December 31, 2025 and 2024, the Network recorded $5,814 and $6,779, respectively, in amortization of goodwill and intangibles within depreciation and amortization in the consolidated statements of operations.

Deferred Financing Costs
Deferred financing costs include legal, financing, and placement fees associated with the issuance of long-term debt and are presented net of the related long-term debt issuances. These costs are amortized using the effective interest method over the period the related obligations are outstanding.

Professional, General and Workers Compensation Liabilities
The Network's policy is to accrue an estimate of the ultimate cost of malpractice and workers compensation claims covered through either its wholly owned captive insurance companies or insurance policies with third party insurers. These accrued liabilities are included in other liabilities on the consolidated balance sheets. The Network also records an estimate for insurance recoveries associated with these claims, which is recorded in other assets on the consolidated balance sheets.

Net Assets
Net assets without donor restrictions are derived from gifts that are not subject to explicit donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the Board of Trustees are classified as without donor restrictions for external reporting purposes. Included in net assets without donor restrictions are board-designated endowment funds for HMHF and HMHHC of $70,101 and $89,691 at December 31, 2025 and 2024, respectively. In addition, $187,050 and $174,958 at December 31, 2025 and 2024, respectively, are included in the net assets without donor restrictions as board-designated endowment funds for HMSOM.

Net assets with donor restrictions are those funds whose use has been limited by donors to a specified time period and/or purpose. Net assets are available for the funding of healthcare services, capital acquisitions, and other programs within the Network. Certain donor restrictions are perpetual in nature and the income from those funds is expendable to support various programs within the Network.

Net assets with donor restrictions are available for the following purposes at December 31, 2025 and 2024:

	2025	2024
Healthcare services	$ 161,321	$ 154,595
Investments held in perpetuity	98,900	84,156
Property and equipment	102,369	122,294
Research	51,981	57,767
Scholarships	24,028	20,485
Other	32,205	25,524
Total net assets with donor restrictions	$ 470,804	$ 464,821

(in thousands)

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as the cost basis. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

Net assets released from restrictions for capital acquisitions are excluded from excess of revenues over expenses within the consolidated statements of operations. Donor-restricted contributions whose restrictions are met are reclassified to net assets without donor restrictions and reported as net assets released from restriction.

Consistent with regulatory requirements, the respective Boards of the Foundations described in Note 1, require the preservation of the fair value of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Foundations classify net assets with donor restrictions as (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net Patient Service Revenue and Patient Accounts Receivable
Net patient service revenue is reported at the amount that reflects the consideration to which the Network expects to be entitled in exchange for providing patient care. These amounts are net of appropriate discounts to give recognition to differences between the Network's charges and reimbursement rates from third party payors. The Network is reimbursed from third party payors under various methodologies based on the level of care provided. Certain net revenues received are subject to audit and retroactive adjustment for which amounts are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Network bills patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

The Network determines performance obligations based on the nature of the services provided. The Network recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. Performance obligations satisfied relate to patients registered to receive either or both an inpatient or outpatient service. For inpatient services, the Network measures performance obligations from time of admission to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services, performance obligations are satisfied at a point in time, generally when: (1) services are provided; and (2) we do not believe the patient requires additional services.

Because the Network's patient service performance obligations relate to contracts with a duration of less than one year, the Network has elected to apply the optional exemption provided in *FASB ASC 606-10-50-14(a) Revenue from Contracts with Customers* and, therefore, is not required to 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. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

(in thousands)

The Network determines the transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Network's policy, and implicit price concessions provided to uninsured patients. The Network determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience.

The Network determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

A summary of the payment arrangements with major third-party payors is as follows:

- Medicare - inpatient acute care services and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Select outpatient services are paid based on a Medicare fee-based schedule or cost-based reimbursement. The Network is reimbursed for cost reimbursable items, allowable bad debt, and graduate medical education at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Network. The Network's Medicare cost reports have been audited and finalized through December 31, 2021, except for RMC which has been audited and finalized through December 31, 2020. PMC has been audited and finalized by the Medicare fiscal intermediary through December 31, 2022.

- Medicaid - inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed under a prospective methodology in accordance with N.J.A.C. 10:52 sub-chapter 14. Outpatient services are paid based upon a cost reimbursement methodology and certain services are paid based on a Medicaid fee schedule. The Network's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary for all through December 31, 2022 except for 2007 through 2009 for HUMC. JSUMC has been audited and finalized by the Medicaid fiscal intermediary through December 31, 2023.

- The Network has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per patient day, per case or procedure and discounts from established charges.

(in thousands)

Generally, patients who are covered by third-party payors are responsible for related co-pays, co-insurance and deductibles, which vary in amount. The Network provides services to uninsured patients and offers uninsured patients a discount from standard charges. The Network estimates the transaction price for patients with co-pays, co-insurance and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under the Network's uninsured discount programs, the discount offered to certain uninsured patients is recognized as a contractual discount, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual discounts recorded, are further reduced to their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of the change. The net amounts recorded, related to prior years and changes in estimates did not have a significant impact on the performance indicator for either of the years ended December 31, 2025 or 2024.

The Network participates in the New Jersey County Option Hospital Fee Program (the "Program"), a state-directed payment program administered by the New Jersey Department of Human Services. The Program was established to provide additional financial support to acute care hospitals in eligible New Jersey counties to ensure continued access to essential healthcare services for Medicaid beneficiaries and other low-income residents. The Program runs on a state fiscal year basis from July 1 to June 30, and as of December 31, 2025, the 2026 Program, inclusive of the period from July 1, 2025 through December 31, 2025, was pending approval by CMS. CMS approved the 2026 Program in March and April 2026 prior to issuance of the consolidated financial statements; accordingly, the Network recorded its estimated revenue from and expense to the Program for the third and fourth quarters of 2025 in the consolidated financial statements.

The components of net patient service revenue for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Gross charges	$ 35,203,714	$ 32,023,784
Contractual discounts and implicit price concessions	(26,708,365)	(24,194,233)
Change in estimate of prior year's net patient service revenue	25,849	51,875
Charity care charges	(9,998)	(4,208)
State subsidies and state outpatient directed payments	524,468	308,446
	$ 9,035,668	$ 8,185,664

The mix of patient service revenue, net of contractual discounts and implicit price concessions from patients and third-party payors for the years ended December 31, 2025 and 2024 is as follows:

Net Patient Service Revenue	**2025**	**2024**
Medicare, including Managed Medicare	29 %	30 %
Medicaid, including Managed Medicaid	8	8
NJ Blue Cross	25	26
Other third party payors	37	35
Self pay	1	1
	100 %	100 %

(in thousands)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation for which action for noncompliance includes fines, penalties and exclusion from the Medicare and Medicaid programs. The Network believes that they are currently in compliance with all applicable laws and regulations. The Network has established a Corporate Compliance Program to monitor compliance with various regulations.

Other Revenue
The Network recognizes other revenue, which is not related to patient medical care but is central to the day-to-day operations of the Network. Other revenue primarily includes grant revenue, including CARES Act and FEMA funding, tuition revenue, pharmacy revenue, and other support service revenue.

Performance Indicator
The consolidated statements of operations include excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include contributions from noncontrolling interests, pension related adjustments, net assets released from restriction for capital acquisitions, and other changes.

New Accounting Standards Not Yet Adopted
In September 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The amendments in this ASU both clarify and modernize the guidance for accounting for costs related to internal-use software. The new guidance removes all reference to “project stages” within Subtopic 350-40 and requires entities to begin capitalizing software costs based on new criteria, including the probability that the project will be completed and that the software will be used for the intended function. The ASU also includes expanded disclosure requirements for capitalized software costs. The guidance is effective for all entities for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years; early adoption is permitted. Entities may apply the guidance using a prospective, retrospective or modified transition approach. The Network is currently evaluating the impact of this ASU on its consolidated financial statements.

Reclassifications
Certain previously reported amounts in the 2024 consolidated financial statements have been reclassified in order to conform to 2025 presentation.

4. Charity and Uncompensated Care

The Network provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services without charge or at amounts less than its established rates. The Network maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished. The Network receives partial reimbursement for the uncompensated care provided. Of the Network’s total consolidated operating expenses, estimated costs of $109,543 and $106,885 for the years ended December 31, 2025 and 2024, respectively, are attributable to providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Network’s total operating expenses, divided by gross patient service revenue.

(in thousands)

5. Assets Limited as to Use and Investments

The following tables provide a summary of the Network's assets limited as to use and investments that are measured at fair value on a recurring basis at December 31, 2025 and 2024:

	2025		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Under board of trustees designation			
Cash and cash equivalents	$ 139,368	$ -	$ 139,368
Mutual funds	522,818	-	522,818
Corporate equity securities	2,275	49,663	51,938
Exchange traded securities	1,314,433	-	1,314,433
Commercial mortgage-backed securities/asset-backed securities	-	34,401	34,401
Corporate debt securities	-	253,370	253,370
U.S. government obligations	-	208,805	208,805
	1,978,894	546,239	2,525,133
Accrued interest			20
Alternative investments: common/collective trusts			520,870
Alternative investments: hedge funds and other private investments			3,212,644
Total under Board of Trustees designation			6,258,667
Under donor designation			
Cash and cash equivalents	1,867	-	1,867
Mutual funds	3,809	-	3,809
Total under donor designation	5,676	-	5,676
Under bond indenture agreements held by trustee			
Cash and cash equivalents	24,494	-	24,494
Total under bond indenture agreements held by trustee	$ 24,494	$ -	24,494
Total assets limited as to use and investments			$ 6,288,837

(in thousands)

	2024		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Under board of trustees designation			
Cash and cash equivalents	$ 234,906	$ -	$ 234,906
Mutual funds	606,541	-	606,541
Corporate equity securities	2,407	79,000	81,407
Exchange traded securities	1,063,430	-	1,063,430
Commercial mortgage-backed securities/asset-backed securities	-	31,853	31,853
Corporate debt securities	-	209,343	209,343
U.S. government obligations	-	238,143	238,143
	1,907,284	558,339	2,465,623
Accrued interest			21
Alternative investments: common/collective trusts			428,305
Alternative investments: hedge funds and other private investments			2,446,758
Total under Board of Trustees designation			5,340,707
Under donor designation			
Cash and cash equivalents	1,791	-	1,791
Mutual funds	3,222	-	3,222
Total under donor designation	5,013	-	5,013
Under bond indenture agreements held by trustee			
Cash and cash equivalents	26,252	-	26,252
Total under bond indenture agreements held by trustee	$ 26,252	$ -	26,252
Total assets limited as to use and investments			$ 5,371,972

(in thousands)

Alternative investments are excluded from the fair value hierarchy table as they are valued using NAV as a practical expedient.

The following tables represent the Network's investments measured at NAV as a practical expedient and the respective liquidity terms as of December 31, 2025 and 2024:

	2025		
	Redeemable Alternative Investments		
Redemption Frequency	Fair Value	Unfunded Commitment	Redemption Notice Period
Less than one month	$ 1,269,356	$ -	varies from 2 - 10 days
One to three months	852,645	-	varies from 3 - 10 days
Three to six months	392,096	-	varies from 5 - 90 days
Six to twelve months	462,608	-	varies from 5 - 90 days
One to two years	207,888	12,225	varies from 5 - 90 days
Two to three years	74,791	-	varies from 5 - 90 days
Three to four years	45,267	-	varies from 5 - 90 days
Illiquid	46,817	-	restricted redemption
	$ 3,351,468	$ 12,225	

	Non Redeemable Alternative Investments	
Remaining Life	Fair Value	Unfunded Commitment
Less than one year	$ 1,151	$ 2,117
One to five years	67,299	27,746
Five to ten years	291,315	341,817
Ten to fifteen years	22,281	31,235
Investment not yet commenced	-	16,000
	$ 382,046	$ 418,915

	2024		
	Redeemable Alternative Investments		
Redemption Frequency	Fair Value	Unfunded Commitment	Redemption Notice Period
Less than one month	$ 975,035	$ -	varies from 2 - 10 days
One to three months	717,374	-	varies from 3 - 10 days
Three to six months	291,627	22,988	varies from 5 - 90 days
Six to twelve months	374,922	-	varies from 5 - 90 days
One to two years	204,519	-	varies from 5 - 90 days
Two to three years	43,926	30,000	varies from 5 - 90 days
Three to four years	43,926	-	varies from 5 - 90 days
Illiquid	39,313	-	restricted redemption
	$ 2,690,642	$ 52,988	

(in thousands)

	Non Redeemable Alternative Investments	
Remaining Life	**Fair Value**	**Unfunded Commitment**
Less than one year	$ 2,179	$ 2,116
One to five years	9,059	1,243
Five to ten years	162,163	263,407
Ten to fifteen years	11,020	29,151
Investment not yet commenced	-	56,944
	$ 184,421	$ 352,861

Investment not yet commenced balances represent commitments that were not called as of December 31, 2025 and 2024.

Assets under bond indenture agreements held by trustees are maintained in the following accounts at December 31, 2025 and 2024:

	2025	2024
Debt service fund, principal	$ 65	$ 3
Debt service fund, interest	24,429	24,940
Debt service reserve fund	-	1,309
Total assets under bond indenture agreements	$ 24,494	$ 26,252

Investment income consists of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividend income	$ 84,579	$ 92,038
Realized and unrealized gain on investments	817,280	502,923
Investment management fees and other	(10,553)	(6,645)
	$ 891,306	$ 588,316

For the years ended December 31, 2025 and 2024, $23,077 and $25,145, respectively, of investment income is recorded in other revenue in the consolidated statements of operations.

(in thousands)

6. Liquidity and Availability of Resources

The Network's financial assets and resources available to meet the cash needs for general expenditures within one year of the date of the consolidated balance sheets were as follows:

	2025	2024
Financial assets		
Cash and cash equivalents	$ 327,663	$ 211,572
Patient accounts receivable, net	987,770	932,810
Pledges receivable, net	48,825	73,230
Assets limited as to use and investments under board of trustees designation	5,503,009	4,826,781
Total financial assets available within one year	6,867,267	6,044,393
Liquidity resources		
Bank lines of credit (undrawn)	484,028	483,990
Commercial paper program (undrawn)	400,000	400,000
Total financial assets and resources available within one year	$ 7,751,295	$ 6,928,383

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Assets limited as to use and investments in the table above are all under Board of Trustees designation. These assets could be used for general expenditures but would require approval from the Board of Trustees. These assets exclude alternative investments with lock-up provisions greater than one year of $755,658 and $513,926 as of December 31, 2025 and 2024, respectively (see Note 5).

7. Property and Equipment

Property and equipment, including assets held under finance lease obligations, consist of the following at December 31, 2025 and 2024:

	2025	2024
Land	$ 131,172	$ 131,172
Land improvements	45,579	43,358
Buildings and fixed equipment	4,053,564	3,751,500
Major movable equipment	2,236,956	2,077,397
	6,467,271	6,003,427
Accumulated depreciation and amortization	(2,898,280)	(2,672,574)
Construction-in-progress	290,569	259,397
Property and equipment, net	$ 3,859,560	$ 3,590,250

Depreciation expense for the years ended December 31, 2025 and 2024 was $314,560 and $292,907, respectively.

(in thousands)

8. Long-Term Debt and Finance Lease Obligations

The Network has various bond issues outstanding, primarily issued through the New Jersey Health Care Facilities Financing Authority (the "Authority"), as well as various bank loans, mortgages and finance lease obligations. During 2017, the Network established one legally obligated group for certain borrowings with the Authority and other lenders. This obligated group is represented by Hackensack Meridian Health and HMHHC ("Obligated Group"). The Obligated Group is subject to the covenants of the Master Trust Indenture with the Authority.

Long-term debt and finance lease obligations consist of the following at December 31, 2025 and 2024:

	2025	2024
Revenue Bonds		
Series 2020, 2.675%, due September 1, 2041	$ 500,000	$ 500,000
Series 2020, 2.875%, due September 1, 2050	500,000	500,000
Series 2018, 4.211%, due July 1, 2048	300,000	300,000
Series 2017, 4.5%, due July 1, 2057	300,000	300,000
Series 2016A, 3.85% and 4.42% at December 31, 2025 and 2024, respectively, due June 1, 2038	102,868	105,379
Series 2015A, 2.5%, due November 1, 2045	86,306	90,639
Refunding Bonds		
Series 2017A, 2.5% to 5.0%, which mature annually from July 1 ,2020 through July 1, 2040	389,970	408,270
Series 2017A, 4.0% to 5.25%, which mature annually from July 1, 2043 through July 1, 2057	98,920	98,920
Bank Loans		
Series 2020, 2.50%, a term of 180 months with a 15-year amortization and a fixed monthly payment of $794; commencing April 1, 2020 and ending April 1, 2035	172,879	177,955
Series 2016, 2.59%, a term of 300 months with a 25-year amortization and a fixed monthly payment of $92; commencing July 28, 2016 and ending August 1, 2041	14,229	14,953
Series 2015A (tax exempt), 3.56%, a term of 36 months with a 3-year amortization, and a fixed monthly payment of $372; commencing August 12, 2025 and ending August 12, 2028	55,152	58,258
Series 2015B, 3.31%, a term of 120 months with a 10-year amortization, and a fixed monthly payment of $177; commencing August 12, 2015 and ending August 1, 2025	-	25,915
Series 2022 A-1; a term of 12 years commencing April 1, 2022 and ending March 31, 2034; annual principal payments and interest at a fixed floating rate of 4.55% and 5.23% at December 31, 2025 and 2024 respectively	91,860	96,335
Series 2022 A-2; a term of 5 years commencing August 1, 2022 and ending July 1, 2027; annual prinicpal payments and interest at a fixed floating rate of 4.49% and 5.17% at December 31, 2025 and 2024 respectively	31,775	46,540
Other		
Township of Clifton Redevelopment Area Bonds	814	903
Township of Nutley Redevelopment Area Bonds	903	903
Series 2019 Capital Asset Loan, 0.00% at December 31, 2025 and 2024, respectively	1,929	5,786
Various commercial mortgages with fixed interest rates ranging from 3.625% to 4.75%	1,928	2,386
Other long-term borrowings	23,849	21,888
Total long-term debt	2,673,382	2,755,030
Finance lease obligations		
Capital lease obligations and other obligations with interest rates ranging from 4.00% to 4.07%	145,460	143,526
Total finance lease obligations	145,460	143,526
Total long-term debt and finance lease obligations	2,818,842	2,898,556
Original issue premium, net	30,823	33,425
Deferred financing costs, net of accumulated amortization	(11,915)	(12,793)
Current portion	(68,783)	(145,527)
Long-term debt and finance lease obligations, net of current portion	$ 2,768,967	$ 2,773,661

During 2024, the Network fully repaid its Series 2013A Bond which would have matured in various dates through July 1, 2032.

During 2024, the Network issued commercial paper through Bank of America in the amount of $400,000. As of December 31, 2025 and 2024, no amounts were drawn on the commercial paper.

During 2025, the Series 2015A Revenue Bond was reset to a 3.56% interest rate with a 36-month term ending August 2028.

(in thousands)

The Network is compliant with any required covenants related to outstanding debt as of December 31, 2025 and 2024.

The future principal payments on long-term debt and payments on finance lease obligations are as follows:

	Long-Term Debt	Finance Lease Obligations	Total
2026	$ 62,397	$ 9,453	$ 71,850
2027	66,327	10,208	76,535
2028	87,240	10,505	97,745
2029	45,460	10,855	56,315
2030	46,250	11,216	57,466
Thereafter	2,365,708	130,167	2,495,875
	2,673,382	182,404	2,855,786
Amounts representing interest on finance lease obligations	-	(36,944)	(36,944)
Total long-term debt and finance lease obligations	$ 2,673,382	$ 145,460	$ 2,818,842

9. Pension Plans, Postretirement Health Care and Postemployment

The Network sponsors a tax-qualified noncontributory defined benefit plan, the Consolidated Pension Plan of Hackensack Meridian Health (“Consolidated Plan”). The Consolidated Plan consists of seven legacy defined benefit plans that used to be maintained separately by BMC, Carrier, HUMC, JFK, Meridian Hospitals Corporation, PMC and RBMC. These plans have been merged into a single plan as of December 31, 2020.

As of December 31, 2021, the Consolidated Plan had become completely frozen to the remaining benefit accruals.

Certain participants of the legacy HUMC plan have also accrued benefits under a 457(f) deferred compensation plan (“HUMC SERP”) where benefit accruals were frozen as of December 31, 2010.

Pursuant to *ASU 2018-14 Compensation-Retirement Benefits-Defined Benefit Plans*, the Network has disclosed the weighted average interest crediting rate (for JFK and MCH legacy plans) and additional information for plans with Accumulated Benefit Obligation (“ABO”) or Projected Benefit Obligation (“PBO”) in excess of plan assets.

(in thousands)

The following table sets forth the funded status of the combined defined benefit pension plans for the years ended December 31, 2025 and 2024:

	2025	2024
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 1,538,800	$ 1,573,761
Interest cost	83,639	82,705
Actuarial loss (gain)	30,152	(19,981)
Benefits paid	(103,322)	(96,458)
Settlements	(677)	(1,227)
Net projected benefit obligation at end of year	1,548,592	1,538,800
Change in plan assets		
Fair value of plan assets at beginning of year	1,665,951	1,618,096
Actual return on plan assets	214,824	144,302
Employer contributions	689	1,238
Benefits paid	(103,322)	(96,458)
Settlements	(677)	(1,227)
Fair value of plan assets at end of year	1,777,465	1,665,951
Funded status at end of year	228,873	127,151
Accumulated benefit obligation, end of year	$ 1,548,592	$ 1,538,800
Amounts recognized in the consolidated balance sheets consist of		
Current liability (included in accounts payable and accrued expenses)	$ 5,946	$ 5,638
Accrued pension benefits	6,928	7,074
Qualified pension assets (included in other assets)	(241,747)	(139,863)
Total accrued pension asset	$ (228,873)	$ (127,151)
Amounts recognized in net assets without donor restrictions not yet captured within net periodic benefit costs consist of		
Net loss	$ 160,369	$ 245,722
	$ 160,369	$ 245,722
Amounts in net assets without donor restrictions expected to be recognized in the following fiscal year's net periodic benefit cost		
Net loss	$ 762	$ 3,816
	$ 762	$ 3,816
Additional information for plans with projected benefit obligations in excess of plan assets		
Projected benefit obligation	$ 1,548,592	$ 1,538,800
Fair value of plan assets	1,777,465	1,665,951

(in thousands)

At December 31, 2025 and 2024, the respective plans utilized discount rates as described below for the determination of the benefit obligations and the net periodic benefit cost. The discount rate was derived using the bond matching method and determined with an analysis of bonds available with an “AA-” or better rating rated by S&P. A hypothetical bond portfolio was constructed to match the expected monthly benefit payments under the plans.

	2025	2024
Weighted-average assumptions used to determine benefit obligations		
Discount rate	5.54 %	5.66 %
Interest crediting rate	4.50	4.00
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	5.66 %	5.46 %
Expected return on plan assets	6.42	7.01
Rate of compensation increase	N/A	N/A
Interest crediting rate	4.00	4.00

The net periodic benefit cost and pension-related adjustments included the following components for the years ended December 31, 2025 and 2024:

	2025	2024
Net periodic benefit cost		
Interest cost	$ 83,639	$ 82,705
Expected return on assets	(103,309)	(109,476)
Settlement loss	174	390
Actuarial gain	3,816	6,281
Net periodic benefit cost	(15,680)	(20,100)
Pension-related adjustments		
Net actuarial gain	(85,353)	(61,477)
Total pension-related adjustments	(85,353)	(61,477)
Total net periodic benefit cost and pension-related adjustments	$ (101,033)	$ (81,577)

Pursuant to *ASU 2017-07 Compensation-Retirement Benefits*, only the service cost of the net periodic benefit cost is included in employee benefits in the consolidated statements of operations. The other components of net periodic benefit cost represent gains of $15,680 and $20,100 for the years ended December 31, 2025 and 2024, respectively, and are included in other gains, net in the consolidated statements of operations.

Funding Policy

The Network’s funding policy for the Consolidated Plan is to contribute annually an amount at least as much as the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA), plus additional amounts, which may be approved by the Board or delegated committees and management from time to time.

(in thousands)

Investment Policy

The pension investment portfolio is managed by a dedicated internal investment office with oversight from the Investment Committee of the Board of Trustees. As such, the investment policy and strategy are to provide for growth of capital with a moderate level of volatility by investing in assets based on the Consolidated Plan's target allocations. The expected long-term rate of return assumption is based on forward-looking return forecasts for specific modeled asset classes. The long-term forecasts are based on an analysis of long-cycle historical data as well as the simulated future return data derived from their longer-term capital market expectations. The target allocations are expected to achieve a long-term rate of return of 6.68% for the plan.

The strategic asset allocations of the pension plan assets are as follows:

	2025	2024
Public equity	45 %	48 %
Credit (including private)	11	10
Real assets	4	4
Hedge funds	10	8
Treasury/investment grade credit	29	29
Cash	1	1
	100 %	100 %

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Consolidated Plan's investments at fair value as of December 31, 2025 and 2024:

	2025		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	$ 30,030	$ -	$ 30,030
Exchange traded securities	296,552	-	296,552
Corporate debt securities	-	157,893	157,893
Commercial mortgage/asset backed securities	-	2,693	2,693
US Government and municipal securities	-	96,730	96,730
Mutual funds	171,295	-	171,295
Total assets at fair value	$ 497,877	$ 257,316	755,193
Common/collective trusts measured at net asset value			205,061
Alternative investments measured at net asset value			817,211
			$ 1,777,465

(in thousands)

	2024		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Cash and cash equivalents	$ 34,291	$ -	$ 34,291
Exchange traded securities	253,281	-	253,281
Corporate debt securities	-	135,305	135,305
Commercial mortgage/asset backed securities	-	1,446	1,446
US Government and municipal securities	-	87,873	87,873
Mutual funds	192,961	-	192,961
Total assets at fair value	$ 480,533	$ 224,624	705,157
Common/collective trusts measured at net asset value			243,665
Alternative investments measured at net asset value			717,129
			$ 1,665,951

Refer to Note 3 for further disclosure regarding the manner in which fair value of plan assets has been determined.

Common/collective trusts and alternative investments in the Consolidated Plan's investments are excluded from the fair value hierarchy table as they are valued using NAV as a practical expedient.

The following tables represent the Consolidated Plan's investments measured at NAV as a practical expedient and the respective liquidity terms as of December 31, 2025 and 2024:

	2025		
	Redeemable Alternative Investments		
Redemption Frequency	Fair Value	Unfunded Commitment	Redemption Notice Period
Less than One Month	$ 446,770	$ -	varies from 2 - 10 days
One to three months	258,281	-	varies from 3 - 10 days
Three to six months	117,530	-	varies from 5 - 90 days
Six to twelve months	116,150	-	varies from 5 - 90 days
One to two years	43,976	10,333	varies from 5 - 90 days
Two to three years	4,881	-	varies from 5 - 90 days
Three to four years	4,881	-	varies from 5 - 90 days
Four to Six Years	7,321	-	varies from 5 - 90 days
Illiquid	12,843	-	restricted redemption
	$ 1,012,633	$ 10,333	

(in thousands)

	Non Redeemable Alternative Investments	
Remaining Life	**Fair Value**	**Unfunded Commitment**
Less than one year	$ 2	$ 245
One to five years	3,298	11,250
Five to ten years	6,339	9,545
	$ 9,639	$ 21,040

	2024		
	Redeemable Alternative Investments		
Redemption Frequency	**Fair Value**	**Unfunded Commitment**	**Redemption Notice Period**
Less than one month	$ 452,744	$ -	varies from 2 - 10 days
One to three months	238,366	-	varies from 3 - 10 days
Three to six months	97,586	-	varies from 5 - 90 days
Six to twelve months	95,060	-	varies from 5 - 90 days
One to two years	56,796	30,163	varies from 5 - 90 days
Two to three years	640	-	varies from 5 - 90 days
Three to four years	640	-	varies from 5 - 90 days
Four to Six Years	961	-	varies from 5 - 90 days
Illiquid	13,037	-	restricted redemption
	$ 955,830	$ 30,163	

	Non Redeemable Alternative Investments	
Remaining Life	**Fair Value**	**Unfunded Commitment**
Less than one year	$ 3	$ 245
One to five years	-	15,000
Five to ten years	4,961	10,292
	$ 4,964	$ 25,537

(in thousands)

Contributions
After the use of credit balances, the Network is not required to make a contribution to the Consolidated Plan in 2025.

Estimated Future Benefit Payments
The following benefit payments which reflect future service as appropriate are expected to be paid:

	Pension Benefits
2026	$ 123,605
2027	120,450
2028	123,719
2029	121,122
2030	122,238
2031–2035	584,712

Defined Contribution Plans
As of December 31, 2025, the Network sponsors a 401(k) savings plan where all eligible employees of the Network are contributing and receiving matching contributions. In addition, there are two legacy frozen defined contribution plans, the Consolidated Defined Contribution Plan of HMH and the Consolidated 403(b) Plan of HMH. Total matching contributions to the defined contribution plans for the years ended December 31, 2025 and 2024 were $106,589 and $96,249, respectively.

Other Benefit Plans
Certain employees of the Network participate in various postemployment benefit plans. In connection with these plans, the Network funds the expenses as incurred.

Certain employees of the Network participate in various deferred compensation plans established pursuant to Sections 457(b) and 457(f) of the Code. For 457(b) plans, the Network deposits amounts with trustees on behalf of the participating employees. Under the terms of these plans, the Network is not responsible for investment gains or losses incurred. The assets set aside are designated for payments under the plans but may revert to the Network under certain specified circumstances. The participating employees will receive the account balance at retirement. Therefore, at December 31, 2025 and 2024, amounts on deposit with the trustees (at fair value) were equal to the liability under the 457(b) plans. For 457(f) plans, the Network funds benefit payments and expenses as incurred.

The Network has recognized liabilities, in connection with a self-insured medical and dental plan for its employees of $30,080 and $25,283 at December 31, 2025 and 2024, respectively. This liability is included in accounts payable and accrued expenses on the consolidated balance sheets.

(in thousands)

10. Leases

The Network has leases primarily for real estate, including medical office buildings, corporate and other administrative offices, as well as medical and office equipment. Lease expense for operating lease payments is recognized on a straight-line basis over the term of the lease. Operating lease assets and liabilities are recognized based on the present value of lease payments over the lease term. Since the Network's leases do not have a readily determinable implicit discount rate, the Network uses its incremental borrowing rate to calculate the present value of lease payments. As a practical expedient, the Network has made an accounting policy election for all asset classes not to separate lease components from nonlease components when calculating the right-of-use asset and related lease liability in the event that the agreement contains both and if the nonlease components are fixed. For finance leases, interest expense on the lease liability is recognized using the effective interest method and amortization of the right-to-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The Network's policy for equipment leases with future minimum lease payments totaling less than $50 is to expense as paid as they are immaterial.

The table below presents certain information related to the lease costs for finance and operating leases:

	2025	2024
Lease cost		
Finance lease cost		
Amortization of leased assets	$ 6,868	$ 5,598
Interest on lease liabilities	3,813	3,817
Total finance lease cost	10,681	9,415
Operating lease cost	92,302	45,325
Short-term and variable lease costs, net of sublease income	14,151	54,492
Total operating lease cost	106,453	99,817
Total lease cost	$ 117,134	$ 109,232

(in thousands)

Supplemental consolidated balance sheet information related to operating and finance leases at December 31, 2025 and 2024 is as follows:

Classification on the Consolidated Balance Sheet		**2025**	**2024**
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 307,804	$ 321,456
Finance lease assets	Property and equipment, net	93,285	92,125
Total lease assets		$ 401,089	$ 413,581
Liabilities			
Current			
Operating	Current portion of operating lease obligations	$ 43,707	$ 67,174
Finance	Current maturities of long-term debt and finance lease obligations	6,384	5,151
Noncurrent			
Operating	Long-term operating lease obligations	283,729	279,258
Finance	Long-term debt and finance lease obligations, less current maturities	139,076	138,375
Total lease liabilities		$ 472,896	$ 489,958
Weighted-average remaining lease term (in years)			
Operating leases		16	14
Finance leases		15	16
Weighted-average discount rate			
Operating leases		6.44 %	4.36 %
Finance leases		4.16 %	4.15 %

The table below presents supplemental cash flow information related to leases:

	2025	**2024**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 88,067	$ 59,384
Operating cash flows for finance leases	8,770	7,989

Future minimum lease payments under operating leases at December 31, 2025 is as follows:

2026	$ 60,975
2027	54,262
2028	44,553
2029	38,141
2030	27,523
Thereafter	304,240
Total minimum lease payments	529,694
Less: Imputed interest	(202,258)
Total lease liabilities	$ 327,436

(in thousands)

11. Functional Expenses

The Network provides general health care services and programs. Expenses that can be identified with a specific program are charged directly. Other expenses that are common to program and management services are allocated by various statistical bases.

Expenses related to providing these services consist of the following:

	2025			2024		
	Program Services	Management Services	Total	Program Services	Management Services	Total
Salaries and contracted labor	$ 2,417,695	$ 924,477	$ 3,342,172	$ 2,295,562	$ 871,494	$ 3,167,056
Physician salaries and fees	895,672	87,211	982,883	722,876	79,229	802,105
Employee benefits	508,709	249,023	757,732	522,700	234,020	756,720
Supplies and other	2,815,699	1,044,509	3,860,208	2,459,251	937,218	3,396,469
Depreciation and amortization	241,973	84,614	326,587	225,220	80,309	305,529
Interest	69,641	24,352	93,993	74,545	26,583	101,128
Total expenses	6,949,389	2,414,186	9,363,575	6,300,154	2,228,853	8,529,007
Other components of net benefit cost	(15,680)	-	(15,680)	(20,100)	-	(20,100)
	$ 6,933,709	$ 2,414,186	$ 9,347,895	$ 6,280,054	$ 2,228,853	$ 8,508,907

12. Commitments and Contingencies

Lines of Credit

The Network had available lines of credit totaling $500,000 at December 31, 2025 and 2024. The Network had standby letters of credit totaling $15,972 and $16,010 at December 31, 2025 and 2024, respectively, ear-marked against these lines as collateral for certain insurance policies at HMHHC. As of December 31, 2025 and 2024, $484,028 and $483,990, respectively, were available for cash demands. The initial establishment of lines of credit require Board of Trustees approvals.

Litigation

Various suits, investigations and claims arising in the normal course of operations are pending or are on appeal against the Network. Such suits and claims are either specifically covered by insurance or are not material. While the outcome of these suits cannot be determined with certainty at this time, management believes that any loss which may arise from those suits and claims will not have a material adverse effect on the consolidated balance sheets or consolidated results of operations of the Network.

Regulatory Matters

Recent regulatory changes introduced by the One Big Beautiful Bill Act (“OBBBA”) may affect the Network's Medicaid reimbursement levels. As OBBBA aims to restructure healthcare funding, there could be reductions in Medicaid allocations that might adversely impact our net patient service revenue in the future. The full extent of these changes is currently under review and we are actively monitoring legislative developments to assess their potential effect on the Network’s financial performance.

(in thousands)

13. Professional and General Liability Insurance

The Network maintains alternative risk finance programs for its facilities via wholly owned Bermuda domiciled captive insurance companies. Additionally, certain risks are covered through third party insurance policies.

The Network's consolidated balance sheets include the following estimated liabilities included in other liabilities for hospital professional liability ("HPL"), employed (physician) provider professional liability ("EPPL") general liability ("GL") and workers compensation ("WC"):

Type of Coverage	Nature of Claims	2025	2024
HMHCCL insurance liabilities	HPL, GL, EPPL and WC	$ 157,464	$ 129,565
Third party insured liabilities	WC	3,093	6,186
Incurred but not reported	HPL, GL and WC	98,946	92,847
		$ 259,503	$ 228,598

Additionally, the Network has recorded estimated insurance recoveries totaling $40,524 and $23,111 at December 31, 2025 and 2024, which is included in other assets on the consolidated balance sheets, respectively. The total represents estimated recoveries from the captives' reinsurance policies as well as third party insurance policies.

Captive Insurance Companies
As of January 1, 2021, HMHCCL provided funding for HPL and GL exposures of $4,000 for each incident for the Network. The HPL coverage on this program responds to claims and suits on a claims-made basis and the GL responds to claims and suits on an occurrence basis.

Reinsurance and Excess Coverage
For the years ended December 31, 2025 and 2024, HMHCCL purchased annual reinsurance policies in the amount of $100,000, per claim subject to an annual aggregate of $100,000, in excess of HMHCCL's primary and first excess layer.

Self-Insured Workers Compensation
The Network maintained a self-insured workers compensation program for the years ended December 31, 2025 and 2024. The Network has recorded an estimated liability for claims incurred but not yet reported on the consolidated balance sheets as of December 31, 2025 and 2024 of $51,120 and $46,224, respectively. Excess workers compensation coverage is purchased in the commercial marketplace in excess of $750 per claim. In addition, the captive excess coverage includes excess employers' liability insurance over and above that provided under the excess workers compensation coverage.

(in thousands)

14. Concentration of Credit Risk

The Network grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor agreements.

Concentrations of net accounts receivable from patients and third party payors were as follows:

	2025	2024
Medicare and Medicaid	31 %	35 %
Managed Care and Commercial	57	53
Other third party payors	12	12
	100 %	100 %

15. Energy-as-a-Service Transaction

During 2023, the Network entered into an energy-as-a-service agreement in which an unrelated third party purchased the rights to operate the Network's chilled water infrastructure and utilize any excess chilled water capacity generated at HUMC over a 30-year contract period. In consideration for these rights, the Network received $84,675 in November 2023 which has been recorded as a contract liability in other liabilities and will be amortized on a straight-line basis over the contract period. The Network recorded $2,823 of other revenue to amortize the liability in the consolidated statements of operations for the years ended December 31, 2025 and 2024. The Network recorded $78,794 and $81,617 as the remaining contract liability in other liabilities on the consolidated balance sheets at December 31, 2025 and 2024, respectively.

In addition, the Network entered into a separate 30-year agreement with the same third party to build and operate solar arrays and battery storage ("clean energy equipment") at the Network's hospital sites. The total project cost is anticipated to be $134,287, of which the Network advanced $84,675 to the third party in November 2023 for the design and build of the clean energy equipment, anticipated to be completed over the next three years. The Network has recorded this advance within other assets on the consolidated balance sheet and will reclassify the asset to property and equipment as the assets are placed in service. The total project cost is expected to be supplemented by direct Federal investment tax credits provided under the Inflation Reduction Act of 2022 for which the Network will submit claims as the assets are placed in service.

The third party also guaranteed a reduction in the Network's energy consumption and, as such, provided the Network with a financial guarantee ranging from $12,000 to $17,000 annually throughout the term of the agreement. These annual expense reductions are anticipated to be offset by certain costs the Network will incur each year for operational management services performed by the third party over the clean energy equipment, the chilled water equipment and combined heat and power equipment at three of the Network's hospital sites. The Network recorded $3,253 and $3,170 of expense reduction in the consolidated statements of operations for the years ended December 31, 2025 and 2024, respectively.

(in thousands)

16. Subsequent Events

The Network performed an evaluation of subsequent events through May 27, 2026, which is the date the consolidated financial statements were issued. There were no such events that require adjustments to the consolidated financial statements.

On December 24, 2025, the Network entered into a definitive agreement with a third-party to sell its laboratory outreach program. No activity related to the transaction is included in the consolidated financial statements as the sale is subject to certain closing conditions and regulatory approvals. The Network is currently evaluating the financial effect of the sale. The transaction is expected to close in the second quarter of 2026.

There were no other events that require disclosure in the notes to the consolidated financial statements.

Consolidating Supplemental Schedules

Hackensack Meridian Health, Inc.
Consolidating Balance Sheet
December 31, 2025

(in thousands)

Link to Consolidating FS

							Hackensack Meridian Ambulatory Care, Inc.									
	Hackensack Meridian Health Inc.	**HMH Hospitals Corporation Excluding Carrier Behavioral Health**	**HMH & HMH Hospitals Corporation (Obligated Group) Subtotal**	**HMH Physician Division**	**Carrier Clinic (HMH Hospitals Corporation)**	**Hackensack Meridian Health Foundations**	**Realty Corporation & Subsidiaries**	**Home Care Division**	**Long-Term Care & Other Divisions**	**Health Ventures, Inc. & Subsidiary**	**Ambulatory Ventures Inc.**	**Hackensack Meridian School of Medicine**	**Other Affiliates**	**Total Before Eliminations**	**Eliminations**	**Total**
Assets																
Current assets																
Cash and cash equivalents	$ 284,160	$ 1,627	$ 285,787	$ 6,660	$ 10	$ 13,844	$ -	$ -	$ 5,542	$ 7,540	$ 2,098	$ 6,140	$ 42	$ 327,663	$ -	$ 327,663
Patient accounts receivable, net	-	883,100	883,100	66,433	11,895	-	-	16,772	4,036	4,439	1,095	-	-	987,770	-	987,770
Pledges receivable, net	-	-	-	-	-	48,825	-	-	-	-	-	-	-	48,825	-	48,825
Due from affiliates	80,446	25,460	105,906	1,723	-	324,405	-	-	-	8,218	285	-	-	440,537	(440,537)	-
Other current assets	55,592	852,314	907,906	15,265	5,850	415	4,750	1,165	28,886	3,610	3,626	5,068	65,902	1,042,443	(77)	1,042,366
Assets limited as to use and investments, current portion	1,145,109	-	1,145,109	-	-	3,508	-	-	80	-	-	-	167,147	1,315,844	-	1,315,844
Total current assets	1,565,307	1,762,501	3,327,808	90,081	17,755	390,997	4,750	17,937	38,544	23,807	7,104	11,208	233,091	4,163,082	(440,614)	3,722,468
Assets limited as to use and investments, noncurrent portion	4,154,744	640,629	4,795,373	(17)	28,752	3,003	-	69,140	25	-	416	75,019	1,282	4,972,993	-	4,972,993
Investment in joint ventures	58,814	106,031	164,845	-	-	-	2,417	6,616	(2,597)	(1,858)	63,791	-	-	233,214	(4,651)	228,563
Property and equipment, net	13,151	3,267,901	3,281,052	18,282	76,757	924	249,334	1,405	11,305	23,818	9,145	12,344	175,194	3,859,560	-	3,859,560
Operating lease right-of-use assets	51,764	25,646	77,410	773	-	-	203,689	-	6,724	-	30,598	-	-	319,194	(11,390)	307,804
Other assets	329,567	533,481	863,048	18	354	94,650	1,222	2,933	8,696	486	-	12,031	30,506	1,013,944	(526,245)	487,699
Due from affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ 6,173,347	$ 6,336,189	$ 12,509,536	$ 109,137	$ 123,618	$ 489,574	$ 461,412	$ 98,031	$ 62,697	$ 46,253	$ 111,054	$ 110,602	$ 440,073	$ 14,561,987	$ (982,900)	$ 13,579,087
Liabilities and Net Assets																
Current liabilities																
Current maturities of long-term debt and capital lease obligations	$ 60,212	$ 575	$ 60,787	$ 1,704	$ -	$ -	$ 794	$ -	$ -	$ 481	$ -	$ 138	$ 4,879	68,783	$ -	$ 68,783
Current portion of operating lease obligations	(257)	6,173	5,916	363	-	-	33,516	-	2,146	-	1,766	-	-	43,707	-	43,707
Accounts payable and accrued expenses	269,957	830,319	1,100,276	94,836	3,920	913	26,344	2,392	11,134	8,447	7,020	5,621	15,533	1,276,436	(1)	1,276,435
Due to affiliates	355,518	2,227	357,745	7,005	-	-	-	-	615	27,090	48,158	-	-	440,613	(440,613)	-
Other current liabilities	222,993	13,148	236,141	10,062	-	-	-	800	5,927	944	147	-	563	254,584	-	254,584
Total current liabilities	908,423	852,442	1,760,865	113,970	3,920	913	60,654	3,192	19,822	36,962	57,091	5,759	20,975	2,084,123	(440,614)	1,643,509
Long-term debt and finance lease obligations, less current maturities	2,604,669	27,333	2,632,002	56	-	-	11,693	-	-	1,426	-	4,207	119,583	2,768,967	-	2,768,967
Long-term operating lease obligations	103,734	21,056	124,790	415	-	-	188,050	-	4,578	-	29,534	-	-	347,367	(63,638)	283,729
Due to affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued pension benefits	-	6,928	6,928	-	-	-	-	-	-	-	-	-	-	6,928	-	6,928
Other liabilities held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	245,810	194,662	440,472	13,515	5	603	41	2,539	48	-	-	589	170,685	628,497	-	628,497
Total liabilities	3,862,636	1,102,421	4,965,057	127,956	3,925	1,516	260,438	5,731	24,448	38,388	86,625	10,555	311,243	5,835,882	(504,252)	5,331,630
Net assets																
Without donor restrictions controlled by the Network	2,298,680	4,788,292	7,086,972	(19,680)	119,693	37,962	200,974	92,300	37,951	3,119	41,218	87,964	117,943	7,806,416	(17,393)	7,789,023
Without donor restrictions attributable to noncontrolling interests	-	(2,358)	(2,358)	861	-	-	-	-	298	4,746	(16,789)	-	-	(13,242)	872	(12,370)
Net assets without donor restriction	2,298,680	4,785,934	7,084,614	(18,819)	119,693	37,962	200,974	92,300	38,249	7,865	24,429	87,964	117,943	7,793,174	(16,521)	7,776,653
Net assets with donor restrictions	12,031	447,834	459,865	-	-	450,096	-	-	-	-	-	12,083	10,887	932,931	(462,127)	470,804
Total net assets	2,310,711	5,233,768	7,544,479	(18,819)	119,693	488,058	200,974	92,300	38,249	7,865	24,429	100,047	128,830	8,726,105	(478,648)	8,247,457
Total liabilities and net assets	$ 6,173,347	$ 6,336,189	$ 12,509,536	$ 109,137	$ 123,618	$ 489,574	$ 461,412	$ 98,031	$ 62,697	$ 46,253	$ 111,054	$ 110,602	$ 440,073	$ 14,561,987	$ (982,900)	$ 13,579,087

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

Hackensack Meridian Health, Inc.
Consolidating Statement of Operations
Year Ended December 31, 2025

(in thousands)

							Hackensack Meridian Ambulatory Care, Inc.									
	Hackensack Meridian Health Inc.	HMH Hospitals Corporation Excluding Carrier Behavioral Health	HMH & HMH Hospitals Corporation (Obligated Group) Subtotal	HMH Physician Division	Carrier Clinic (HMH Hospitals Corporation)	Hackensack Meridian Health Foundations	Realty Corporation & Subsidiaries	Home Care Division	Long-Term Care & Other Divisions	Health Ventures, Inc. & Subsidiary	Ambulatory Ventures Inc.	Hackensack Meridian School of Medicine	Other Affiliates	Total Before Eliminations	Eliminations	Total
Unrestricted revenues and other support																
Net patient service revenue	$ (17,215)	$ 8,006,061	$ 7,988,846	$ 830,423	$ 106,177	$ -	$ -	$ 105,345	$ 18,013	$ 32,793	$ 11,562	$ -	$ -	$ 9,093,159	$ (57,491)	$ 9,035,668
Other revenue	46,265	267,510	313,775	29,487	1,199	14,070	8,551	1,846	287,004	819	21,662	57,727	102,543	838,683	(151,311)	687,372
Net assets released from restriction used for operating activities	-	32,385	32,385	2,055	1,492	-	-	357	-	-	-	389	7	36,685	-	36,685
Total unrestricted revenues and other support	29,050	8,305,956	8,335,006	861,965	108,868	14,070	8,551	107,548	305,017	33,612	33,224	58,116	102,550	9,968,527	(208,802)	9,759,725
Expenses																
Salaries and contracted labor	-	2,816,562	2,816,562	282,168	78,900	13,512	1,826	48,778	34,305	19,644	5,266	18,170	23,041	3,342,172	-	3,342,172
Physician salaries and fees	-	199,832	199,832	761,283	7,115	-	-	804	179	10,363	491	2,539	277	982,883	-	982,883
Employee benefits	25,980	725,186	751,166	124,096	19,394	2,532	423	11,053	7,750	(9,690)	1,373	3,688	6,242	918,027	(160,295)	757,732
Supplies and other expenses	36,717	3,700,139	3,736,856	(307,412)	17,900	9,281	3,067	35,099	278,677	12,392	14,780	19,002	93,901	3,913,543	(53,335)	3,860,208
Depreciation and amortization	2,725	285,816	288,541	4,707	4,484	77	8,923	1,190	1,085	3,251	2,643	1,487	10,199	326,587	-	326,587
Interest	-	87,938	87,938	93	-	-	621	-	-	209	1,857	179	3,096	93,993	-	93,993
Total expenses	65,422	7,815,473	7,880,895	864,935	127,793	25,402	14,860	96,924	321,996	36,169	26,410	45,065	136,756	9,577,205	(213,630)	9,363,575
Excess (deficit) of revenues over expenses before other operating adjustments	(36,372)	490,483	454,111	(2,970)	(18,925)	(11,332)	(6,309)	10,624	(16,979)	(2,557)	6,814	13,051	(34,206)	391,322	4,828	396,150
Other operating adjustments																
Investment income (loss), net	858,770	6,233	865,003	7	-	-	11	-	885	31	(1,192)	(2)	9,022	873,765	(5,536)	868,229
Other gains, net	37,004	-	37,004	1,312	-	-	-	-	-	(352)	-	-	-	37,964	(18,826)	19,138
Excess (deficit) of revenues over expenses	859,402	496,716	1,356,118	(1,651)	(18,925)	(11,332)	(6,298)	10,624	(16,094)	(2,878)	5,622	13,049	(25,184)	1,303,051	(19,534)	1,283,517
Other adjustments in net assets without donor restrictions																
Net assets released from restriction for capital acquisitions	-	115,040	115,040	47	22,784	73,012	-	-	-	-	-	4,499	649	216,031	(73,012)	143,019
Transfers from (to) affiliates	99,611	(144,947)	(45,336)	(71,986)	33,303	(64,123)	48,515	(10,494)	20,648	2,889	(7,346)	(24,751)	45,671	(73,010)	73,010	-
Pension-related adjustments	-	85,353	85,353	-	-	-	-	-	-	-	-	-	-	85,353	-	85,353
Other changes	(2,137)	2,016	(121)	(1,312)	-	(3)	-	-	7,109	(8,333)	-	2,404	3,802	3,546	7,226	10,772
Contributions from (distributions to) noncontrolling interests	-	-	-	-	-	-	-	-	(306)	1,443	-	-	-	1,137	-	1,137
Total increase (decrease) in net assets without donor restrictions	$ 956,876	$ 554,178	$ 1,511,054	$ (74,902)	$ 37,162	$ (2,446)	$ 42,217	$ 130	$ 11,357	$ (6,879)	$ (1,724)	$ (4,799)	$ 24,938	$ 1,536,108	$ (12,310)	$ 1,523,798

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

1. Basis of Presentation

The consolidating supplemental schedules (the “consolidating schedules”) presented above were derived from and relate directly to the underlying accounting and other records used to prepare the consolidating financial statements. The consolidating schedules are presented for purposes of additional analysis of the consolidating financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies within the Network and are not a required part of the consolidated financial statements. The individual companies within the Network as presented within the consolidating schedules are disclosed within Note 1 to the consolidated financial statements.