Thomas Jefferson University

Consolidated Financial Statements
June 30, 2023 and 2022

Thomas Jefferson University
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June 30, 2023 and 2022

Report of Independent Auditors

To Board of Trustees of Thomas Jefferson University

Opinion

We have audited the accompanying consolidated financial statements of Thomas Jefferson University and its subsidiaries (the "University"), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of operations, of changes in net assets without donor restrictions, 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 University as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 University 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 University’s ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 University'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 University'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.

PricewaterhouseCoopers LLP

October 20, 2023

Thomas Jefferson University
Consolidated Balance Sheets
June 30, 2023 and 2022
(In Thousands)

Assets	**2023**	**2022**
Current assets:		
Cash and cash equivalents	$743,046	$403,988
Short-term investments	860,162	1,350,713
Accounts receivable	873,006	761,073
Insurance premium receivable	214,653	479,777
Inventory	151,767	152,398
Pledges receivable, current	41,266	25,654
Insurance recoverable, current	147,351	90,298
Assets whose use is limited, current	1,915	27,878
Other current assets	141,573	76,274
Total current assets	3,174,739	3,368,053
Long-term investments	2,954,704	2,725,639
Assets whose use is limited, noncurrent	209,986	375,694
Assets held by affiliated foundations	44,781	42,703
Pledges receivable, noncurrent	111,262	122,312
Goodwill	246,109	216,140
Insurance recoverable, noncurrent	316,575	302,319
Loans receivable from students, net	19,562	19,885
Land, buildings and equipment, net	4,188,135	3,954,950
Right-of-use assets	310,609	350,412
Other noncurrent assets	195,406	177,941
Total assets	$11,771,868	$11,656,048
Liabilities and Net Assets		
Current liabilities:		
Current portion of:		
Long-term obligations	$47,818	$92,281
Accrued professional liability claims	223,308	234,404
Accrued workers' compensation claims	17,633	21,570
Deferred revenues	29,739	30,381
Advances	19,536	196,822
Operating lease obligations	48,911	44,869
Accounts payable and accrued expenses	621,024	618,416
Medical costs payable	183,363	122,670
DHS insurance program payable	154,582	134,276
Accrued payroll and related costs	462,218	462,999
Total current liabilities	1,808,132	1,958,688
Long-term obligations	3,467,899	3,356,189
Accrued pension liability	243,893	401,111
Federal student loan advances	5,254	5,477
Accrued professional liability claims	663,336	616,458
Accrued workers' compensation claims	26,396	24,781
Interest rate hedges	11,987	18,211
Operating lease obligations	312,598	357,002
Other noncurrent liabilities	99,784	94,798
Total liabilities	6,639,279	6,832,715
Net assets:		
Net assets without donor restriction - Thomas Jefferson University	3,933,422	3,753,482
Noncontrolling interest in joint ventures	42,652	12,958
Total net assets without donor restriction	3,976,074	3,766,440
Net assets with donor restriction	1,156,515	1,056,893
Total net assets	5,132,589	4,823,333
Total liabilities and net assets	$11,771,868	$11,656,048

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

Thomas Jefferson University
Consolidated Statements of Operations and Changes in Net Assets without Donor Restrictions
For the Years Ended June 30, 2023 and 2022
(In Thousands)

	2023	2022
Operating revenues, gains and other support:		
Net patient service revenue	$6,119,905	$5,603,560
Insurance premium revenue	2,148,677	1,155,962
Grants and contracts	168,360	161,201
Tuition and fees, net	223,153	216,454
Investment income	163,899	88,573
Contributions	5,387	4,499
Other revenue	750,993	497,719
Government support for COVID-19	48,584	119,363
Net assets released from restrictions	71,529	67,154
Total operating revenues, gains and other support	9,700,487	7,914,485
Operating expenses:		
Salaries and wages	3,751,152	3,315,774
Employee benefits	884,529	726,609
Insurance services medical expenses	1,593,742	862,277
Supplies	1,357,436	1,222,440
Purchased services	855,947	750,065
Depreciation and amortization	358,567	328,303
Interest	116,406	83,995
Insurance	160,249	136,204
Utilities	70,509	73,982
Other	630,497	540,675
Total operating expenses	9,779,034	8,040,324
Loss from operations	(78,547)	(125,839)
Nonoperating items and other changes in net assets without donor restriction, net:		
Return on investments, net of amounts classified as operating revenue	106,827	(374,349)
Value of noncontrolling interest	28,386	-
Contribution received in Einstein acquisition	-	490,770
(Loss) Gain on investment in acquisitions	(1,410)	175,828
Interest rate hedges	4,923	16,844
Reclassification of net assets	(889)	(2,131)
Net assets released from restrictions used for purchase of property and equipment	4,401	2,318
Decrease in pension liability	151,582	198,830
Distributions to noncontrolling interest	(6,000)	(11,727)
Loss on defeasance of debt	-	(35,808)
Other	361	14
Increase in nonoperating items and other changes in net assets without donor restriction	288,181	460,589
Increase in net assets without donor restriction	$209,634	$334,750

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

Thomas Jefferson University
Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2023 and 2022
(In Thousands)

	2023	2022
Net assets without donor restriction:		
Revenues, gains and other support	$9,700,487	$7,914,485
Expenses	(9,779,034)	(8,040,324)
Nonoperating items and other changes in net assets without donor restriction, net	288,181	460,589
Increase in net assets without donor restriction	209,634	334,750
Net assets with donor restriction:		
Contributions	115,270	85,240
Gain (Loss) on investments, net	41,186	(52,819)
Net gain (loss) on externally held trusts	8,450	(20,528)
Investment income	7,473	4,757
Net assets released from restrictions	(75,930)	(69,472)
Changes in net assets held by affiliated foundations	2,079	(7,967)
Change in value of split interest agreements	204	(2,285)
Contribution received in Einstein acquisition	-	166,410
Reclassification of net assets	890	2,329
Increase in net assets with donor restriction	99,622	105,665
Increase in net assets	309,256	440,415
Net assets, beginning of year	4,823,333	4,382,918
Net assets, end of year	$5,132,589	$4,823,333

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

Thomas Jefferson University
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022
(In Thousands)

	2023	2022
Cash flows from operating activities:		
Increase in net assets	$309,256	$440,415
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Value of noncontrolling interest	(28,386)	-
Contributions received in acquisition of Einstein	-	(657,180)
Decrease in pension liability	(151,582)	(198,830)
Depreciation and amortization	359,693	329,355
Bond premium amortization	(11,562)	(9,811)
Change in assets held by affiliated foundation	(2,078)	7,967
(Gain) Loss on investments and other, net	(301,601)	387,770
Gain on investment in acquisitions	(126,553)	(175,828)
Gain on sale of controlling interest	-	(31,620)
Net gain on interest rate hedges	(4,923)	(16,845)
Distribution to noncontrolling interest	6,000	11,727
Funds withheld under the Medicare Accelerated and Advance Payment Program	(129,694)	(368,140)
Loss on defeasance of debt	-	35,808
Contributions designated for acquisition of long-term assets	(37,571)	(37,106)
Net change due to:		
Accounts receivable	(113,038)	(90,754)
Insurance premium receivable	265,124	(308,660)
Pledges receivable	(4,562)	(8,279)
Inventory	631	(7,724)
Accounts payable and accrued expenses	1,160	9,332
Medical costs payable	60,693	(23,548)
DHS insurance program payable	20,306	33,262
Accrued payroll and related costs	(781)	25,489
Grant and contract advances	2,408	37,366
Accrued pension liability	(5,636)	27,644
Insurance recoverable and accrued professional and workers' compensation claims	33,885	(16,441)
Dividends received from joint ventures	3,734	19,563
Other assets and liabilities	(88,544)	(47,844)
Net cash provided by (used in) operating activities	56,379	(632,912)
Cash flows from investing activities:		
Cash received in acquisitions, net	22,096	90,835
Sale of business proceeds	108,000	-
Purchase of land, buildings and equipment	(418,089)	(318,803)
Purchases of investments and assets whose use is limited	(6,673,757)	(9,753,426)
Proceeds from sales of investments and assets whose use is limited	7,342,647	10,049,398
Student loans issued	(3,162)	(3,534)
Student loans repaid	3,485	4,703
Net cash provided by investing activities	381,220	69,173
Cash flows from financing activities:		
Distribution to noncontrolling interest	(6,000)	(11,727)
Contributions designated for acquisition of long-lived assets	37,571	37,106
Federal student loan advances	(223)	(390)
Deferred financing fees	-	(11,029)
Proceeds from revolving line of credit	450,000	-
Repayments from revolving line of credit	(500,000)	-
Proceeds from long-term obligations	-	1,685,672
Repayment of long-term obligations	(79,889)	(1,033,359)
Net cash (used in) provided by financing activities	(98,541)	666,273
Net increase in cash and cash equivalents	339,058	102,534
Cash and cash equivalents at beginning of period	403,988	301,454
Cash and cash equivalents at end of period	$743,046	$403,988
Supplemental disclosures:		
Interest paid (net of amount capitalized)	$149,009	$80,582
Accounts payable related to buildings and equipment	$72,554	$47,412
Operating cash flows for operating leases	$53,765	$48,755
Right-of-use assets obtained in exchange for lease obligations	$32,605	$28,148
Long-term construction obligation	$141,815	$165,290

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidating financial statements represent the consolidated balance sheets, statements of operations and statements of changes in net assets without donor restrictions and statements of cash flows of Thomas Jefferson University ("TJU"), including TJUH System ("TJUHS"), Abington Health ("Abington"), Jefferson Health Northeast System ("JHNES"), Philadelphia University, Kennedy Health System ("Kennedy"), Magee Rehabilitation Hospital ("Magee"), Albert Einstein Healthcare Network ("Einstein") and Health Partners Plans ("HPP").

TJU is an independent, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania ("the Commonwealth") and recognized as a tax-exempt organization pursuant to Section 501(c) (3) of the Internal Revenue Code. TJU has a tripartite mission of education, research and patient care. TJU conducts research and offers undergraduate and graduate instruction through the Sidney Kimmel Medical College, the Jefferson College of Nursing, the Jefferson College of Pharmacy, the Jefferson College of Health Professions, the Jefferson College of Population Health, the Jefferson College of Biomedical Sciences, the Jefferson College of Rehabilitation Sciences, the Kanbar College of Design, Engineering and Commerce, the School of Continuing and Professional Studies, the College of Architecture and the Built Environment, and the College of Science, Health and the Liberal Arts. TJU has approximately 7,370 students and is located in Philadelphia, Pennsylvania, with additional campus locations in the Greater Philadelphia Region.

TJUHS, Abington, JHNES, Kennedy, Magee and Einstein are integrated healthcare organizations that provide inpatient, outpatient and emergency care services through acute care, ambulatory care, rehabilitation care, physician and other primary care services for residents of the Greater Philadelphia Region. TJU is the sole corporate member of TJUHS, Abington, JHNES, Kennedy, Magee and Einstein.

HPP provides access to healthcare services on a prepaid basis. HPP is licensed by the Commonwealth Departments of Insurance and Health to operate as a Health Maintenance Organization. Pursuant to an agreement effective through August 31, 2022 with the Department of Human Services of the Commonwealth of Pennsylvania ("DHS"), HPP provides for the provision of physical health Medical Assistance ("MA") Program benefits through its HealthChoices Medicaid Program to enrollees residing in the Southeast Zone (Philadelphia and four surrounding counties – Bucks, Chester, Delaware, and Montgomery). Effective September 1, 2022, HPP entered into the new DHS Expansion contract which covers all HealthChoices zones (Northeast, Northwest, Southeast, Southwest and Lehigh/Capital) in Pennsylvania. Additionally, HPP provides comprehensive physical and behavioral health insurance though the Commonwealth of Pennsylvania's Children's Health Insurance Program (CHIP) and its Medicare Advantage program and products through a contract with the Centers for Medicare and Medicaid Services. As of June 30, 2023, there were approximately 371,500, 8,000 and 13,300 members enrolled with Health Partners HealthChoices, CHIP and Medicare programs, respectively. TJU includes the accounts of subsidiaries of Thomas Jefferson University including 1100 Walnut Associates; 925 Walnut Corporation; Jefferson-Solis Mammography Services, LLC; and the accounts of subsidiaries of TJUHS, including Thomas Jefferson University Hospitals, Inc. ("TJUH"); Jefferson University Physicians ("JUP"); Jefferson Physician Services; the Atrium Corporation; Jeffex, Inc.; Methodist Associates in Healthcare, Inc.; JeffCare, Inc.; JeffCare Alliance, LLC; Jefferson University Radiology Associates ("JURA", an 80% owned joint venture); the Riverview Surgery Center at the Navy Yard, LP ("Riverview", a 51% owned joint venture); Rothman Orthopaedic Specialty Hospital, LLC ("ROSH", a 54% owned joint venture); and the accounts of subsidiaries of Abington including Abington Memorial Hospital; Lansdale Hospital Corporation; and Abington Health Foundation; and the accounts of subsidiaries of JHNES including Jefferson Health Northeast (JHNE); Aria Physician Services; Aria Health Orthopaedics; System Service Corporation; Aria IPE, LLC; T.F. Development, Inc.; Health Care, Inc.; TMB Enterprises and Jefferson Health – Northeast Foundation; and the accounts of Philadelphia University; and the accounts of subsidiaries of Kennedy including Kennedy University Hospital, Inc.; Kennedy Health Care Foundation; STAT Medical Transport, Inc.; Kennedy Property Corporation; Kennedy Health Facilities, Inc.; Kennedy Medical Group Practice PC, d/b/a Kennedy Health Alliance; Kennedy Management Group, Inc.; Professional Medical Management Group, Inc.; and the accounts of Magee; and the accounts of subsidiaries of Einstein including Albert Einstein Medical Center; Einstein Practice Plan, Inc.; Einstein Community Health Associates; Einstein Medical Center Montgomery; Montgomery Hospital Center; Fornance Physician Services; BCCT Over Corp; Einstein Healthcare Systems, Inc.; Einstein Care Partners, Inc.; and Broadline Risk Retention Group, Inc.; and the accounts of HPP including SelectScripts, LLC; Health Partners Solutions, LLC and Health Partners Foundation.

Subsequent Events
TJU has performed an evaluation of subsequent events through October 20, 2023, which is the date the consolidated financial statements were issued.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of TJU and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation
The accompanying consolidated financial statements have been prepared on an accrual basis.

TJU classifies net assets as follows:

Net Assets without Donor Restrictions are those assets that are not subject to donor-imposed restrictions and may be expended for any purpose in fulfilling the mission of TJU. These net assets may be used at the discretion of TJU's management and the Board of Trustees.

Net Assets with Donor Restrictions are those assets whose use by TJU has been limited by donors to a specific time period or purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TJU and/or the passage of time. Other donor restrictions are perpetual in nature, where the funds are to be maintained in perpetuity by TJU, per the stipulation of the donor.

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

TJU's operating activities within the consolidated statements of operations and changes in net assets without donor restrictions includes revenues and expenses from providing education, research, patient and insurance services, grants and contracts, tuition and fees, unrestricted contributions, net assets released from restriction, government support for Covid-19, distributions of investment returns based on TJU's spending policy and other revenue.

TJU's non-operating activities within the consolidated statements of operations and changes in net assets without donor restrictions include investment returns and other activities related to endowment, contribution received in Einstein transaction, gain and loss on investment in acquisitions, interest rate hedges, net assets released from restrictions used for the purchase of property and equipment value of and distributions to noncontrolling interest, loss on defeasance of debt, reclassification of net assets and long-term benefit plan obligation funding changes that are not part of the TJU's operating activities.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Management considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the financial statements including, but not limited to, recognition of net patient service revenue, which includes implicit price concessions; recognition of estimates for healthcare professional and general liabilities; determination of fair values of certain financial instruments; recognition of medical costs payable and assumptions for measurement of pension obligations. Management relies on historical experience and other assumptions believed to be reasonable relative to the circumstances in making judgments and estimates. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments in highly liquid debt instruments with a maturity of three months or less when purchased and are carried at cost, which approximates fair value. All short-term, highly liquid investments, including any such investments purchased with funds on deposit with bond trustees, otherwise qualifying as cash equivalents or restricted cash equivalents, within TJU's investments and assets whose use is limited are treated as investments, at fair value and are therefore excluded from Cash and cash equivalents in the consolidated statements of cash flows.

Short-term investments
Investments classified as short-term investments are available to fund current operations as needed and exclude quasi-endowment funds, donor restricted endowment funds (including beneficial interests in perpetual trusts administered by third parties), investments held under split-interest agreements and investments subject to the equity method.

Charitable Medical Care Provided
TJU provides medically necessary services to all patients regardless of their ability to pay. Some patients qualify for charity care based on policies established by TJU and are therefore not responsible for payment for all or a part of their healthcare services. These policies allow for the provision of free or discounted care in circumstances where requiring payment would impose financial hardship on the patient.

TJU maintains records to identify and monitor the level of charity care provided. These records include the amount of charges foregone for services and supplies furnished. Such amounts have been excluded from net patient service revenue. Management estimates that the cost of charity care provided by TJU was $41.5 million and $46.7 million for the years ended June 30, 2023 and 2022, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs 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 TJU total expenses divided by gross charges.

Net Patient Service Revenue
Net patient service revenue is reported at the amount that reflects the consideration to which TJU expects to be entitled in exchange for providing patient care.

TJU determines the transaction price based on gross charges for services provided, less contractual adjustments provided to third-party payers based upon agreements, discounts provided to uninsured patients pursuant to TJU's policies, and implicit price concessions provided to uninsured patients and patients with insurance that are responsible for co-pay and/or deductible amounts. TJU determines its estimate of implicit price concessions based upon historical collection experience using a portfolio approach as a practical expedient. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of change.

TJU determines performance obligations based upon the nature of the services provided. Net patient service revenue is recognized as performance obligations are satisfied. TJU recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services or patients receiving services in our outpatient centers. TJU measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to point when there are no further services required for the patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and TJU does not believe it is required to provide additional goods or services to the patient.

As substantially all of TJU's patient service performance obligations relate to contracts with a duration of less than one year, TJU has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks after the end of the reporting period.

Net patient service revenue includes estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 42.4% and 17.2%, respectively, and 42.4% and 16.7%, respectively of net patient service revenue in 2023 and 2022, respectively. Most payments to TJU from the Medicare and Medicaid programs for inpatient hospital services are made on a prospective basis. Under these programs, payments are made at a pre-determined specific rate for each discharge based on a patient's diagnosis. Additional payments are made to TJU teaching and disproportionate share hospitals, as well as for cases that have unusually high costs. Laws governing the Medicare and Medicaid programs are complex and subject to interpretation. Services billed to the Medicare program are subject to external review for both medical necessity and billing compliance. Medicare cost reports for all years, except 2011, 2019, 2020, 2021 and 2022 have been audited and final settled as of June 30, 2023. No significant adjustments are expected. In addition, TJU received funds from the Philadelphia Hospital Assessment program and the Medical Assistance Modernization Act-Quality Care Assessment program in the amount of $313.6 million and $266.8 million in 2023 and 2022, respectively, and are recorded in net patient service revenue. TJU paid taxes in respect to these programs amounting to $158.1 million and $148.7 million in 2023 and 2022, respectively, and are recorded in other operating expenses. Both programs were designed to provide supplemental funding for licensed acute care hospitals with the Philadelphia Hospital Assessment program specifically designated for hospital emergency services.

TJU has also entered into agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to TJU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated rates. In addition, incentives are paid for high performance with regard to clinical outcome, patient quality, patient satisfaction and efficiency. Revenue from Blue Cross and Aetna USHC amounted to 22.0% and

7.1%, respectively, and 23.5% and 8.1%, respectively, of TJU's net patient service revenue in 2023 and 2022, respectively.

Insurance Premium Revenue
Healthcare insurance premiums are recognized as revenue in the month in which the enrollee is entitled to receive health care services and are reported net of an allowance for estimated terminations and uncollectible amounts. Additionally, certain premium revenue subject to the minimum medical loss ratio ("MLR") rebate requirements of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 is recorded net of the estimated minimum MLR rebates. Insurance premium revenue includes MA, Medicare and CHIP contracts.

Medical Costs Payable
Medical costs payable consists principally of unpaid fee-for-service medical and pharmacy claims and capitation costs related to HPP's products. Unpaid healthcare claims include an estimate of payments to be made on claims reported but not yet paid and for healthcare services rendered to members but not yet reported to HPP as of the date of the Consolidated Balance Sheets, collectively, referred to as incurred but not reported (IBNR). Also included in these estimates is the cost of services that will continue to be rendered after the Consolidated Balance Sheets date if HPP is obligated to pay for such services in accordance with contractual or regulatory requirements.

Such estimates are developed using actuarial principles and assumptions which consider, among other things, historical and projected claim submission and processing patterns, assumed and historical medical cost trends, historical utilization of healthcare services, claim inventory levels, changes in membership and product mix, seasonality, and other relevant factors. HPP reflects changes in these estimates in healthcare costs in operating results in the period they are determined. While the ultimate amounts of claims and related expenses are dependent on future developments, it is management's opinion that the liabilities that have been established are adequate to cover such costs.

Grants and Contracts
Grants and contracts revenue primarily represents research activity sponsored by governmental and private sources. TJU's primary source of federal sponsored support is the Department of Health and Human Services. In 2023 and 2022, revenue earned from federal sources totaled \$116.6 million and \$124.9 million, respectively. Facilities and administrative costs recovered on federally sponsored programs are generally based on predetermined rates negotiated with the Federal Government while recovery on all other sponsored projects is based on rates negotiated with the respective sponsor. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any liability resulting from such audits will not materially affect the consolidated financial position or operations of TJU.

Tuition and Fees
Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Tuition and fees received in advance of services to be rendered are reported as deferred revenue on the consolidated balance sheets. TJU provides financial aid to eligible students in the form of institutional scholarships, loans and employment during the academic year. Tuition and fees have been reduced by certain institutional grants and scholarships in the amount of $88.4 million and $81.7 million in 2023 and 2022, respectively.

Contributions
Contributions, including unconditional promises to donate cash and other assets, are recognized at fair value on the date of receipt, recognized as revenue in the period received and are reported as increases in the appropriate net asset category based on with or without donor restrictions. Pledges received which are to be paid in future periods, and contributions restricted by the donor for specific purposes are reported as net assets with donor restriction support. When a donor restriction expires, that is, when a time restriction ends or stipulated purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction.

Collections
TJU capitalizes works of art, historical treasures, or similar assets (collectively, Collections). Collections are recorded at fair value at the date of the contribution and are not depreciated. Collections of approximately $5.7 million are included in other noncurrent assets on the consolidated balance sheets at June 30, 2023 and 2022.

Investments
Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. As a practical expedient, TJU is permitted under the *Fair Value Measurement* standard to estimate the fair value of an investment in an investment company at the measurement date using the reported net asset value (NAV). Adjustment is required if TJU expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US generally accepted accounting principles (US GAAP). TJU's investments are valued based on the most current NAV adjusted for cash flows when the reported NAV is not at the measurement date. This amount represents fair value of these investments at June 30, 2023 and 2022. TJU performs additional procedures including due diligence reviews on its alternative investments and other procedures with respect to the capital account or NAV provided to ensure conformity and compliance with valuation procedures in place, the ability to redeem at NAV at the TJU measurement date and existence of certain redemption restrictions at the measurement date. TJU reviews the values as provided by the investment managers and believes that the carrying amount of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Rather, the Pennsylvania Act governs the investment, use and management of TJU's endowment funds. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure an investment policy that seeks the long-term preservation of the real value of the investments. In accordance with the Pennsylvania Act, the objectives of TJU's investment policy is to provide a level of spendable income which is sufficient to meet the current and future budgetary requirements of TJU and which is consistent with the goal of protecting the purchasing power of the investments. As a result of the negative financial impact to nonprofit organizations from COVID-19, the Pennsylvania Act was amended to permit nonprofit organizations to increase the calculation of spendable income from endowment funds from a maximum of 7% up to 10% of the calculated three year average of the endowment market value for fiscal years ending within 2020, 2021 and 2022. For 2023 and 2022, TJU's calculation of spendable income for endowment funds was based on 7% and 10% of a calculated three year average, respectively.

TJU's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. These funds are held in various high-quality financial institutions managed by TJU personnel and outside advisors. TJU maintains its cash and cash equivalents in financial institutions, which at times exceed federally insured limits.

Assets Held by Affiliated Foundations

The Methodist Hospital Foundation ("MHF") and Magee Rehabilitation Hospital Foundation ("MRHF") are separate entities not under the control of TJU. MHF and MRHF accept gifts and bequests and engage in fundraising activities for the benefit of Methodist Hospital and Magee, respectively. The Board of Trustees of MHF and MRHF, at their sole discretion, are authorized to contribute funds to Methodist Hospital and Magee, respectively.

While the sole purpose of MHF and MRHF are to support Methodist Hospital and Magee, this accounting treatment does not imply that MHF and MRHF assets or investment income are those of TJU. The consolidated balance sheets do not reflect or establish the legal relationship, agency or otherwise, between MHF, MRHF and TJU, or any right to assets owned by MHF and MRHF. The by-laws of MHF and MRHF provide that all assets they hold shall not be subject to attachments, execution, or sequestration for any debt, obligation or liability of TJU or any other person or entity. In particular, MHF and MRHF are not party to or obligated by any debt instrument of TJU, and assets owned by MHF and MRHF, are not subject to the lien of any such debt instrument. Underlying investments held by MHF and MRHF with restrictions benefiting only Methodist Hospital and Magee, respectively, are presented in the consolidated balance sheets as follows (in thousands):

	2023	2022
Methodist Hospital Foundation	$11,604	$11,025
Magee Rehabilitation Hospital Foundation	33,177	31,678
Total	$44,781	$42,703

Split Interest Agreements

TJU's split-interest agreements consist of charitable gift annuities, pooled income funds, and charitable remainder trusts. Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments. Contribution revenue for pooled income funds is recognized upon establishment of the agreement at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement.

Loans Receivable from Students

Many students receive financial aid that consists of scholarship grants, work-study opportunities and student loans. TJU participates in various federal revolving loan programs, in addition to administering institutional loan programs. Student loan programs are funded by donor contributions, other institutional sources, and governmental programs.

The amounts received from the federal government's portion of federal loan programs are ultimately refundable to the federal government and are reported as a liability on TJU's consolidated balance sheets as federal student loan advances. Determination of the fair value of student loans receivable is not practicable.

Student loans receivable, net of allowance for doubtful accounts, consists of the following at June 30, 2023 and 2022 (in thousands):

	2023	2022
Direct student loans, net	$15,093	$15,528
Federally-sponsored student loans	4,469	4,357
Total	$19,562	$19,885

TJU assesses the adequacy of the allowance for doubtful accounts related to direct student loans receivable by performing evaluations of the student loan portfolio, including a review of the aging of the student loan receivable balances and of the default rate by loan program in comparison to prior years. The level of allowance is adjusted based on the results of this analysis. The federally-sponsored student loans receivable represents amounts due from current and former students under various Federal Government loan programs. For direct student loans it is TJU's policy to reserve 100% of a loan when the loan is delinquent 2 years or more; a reserve of 85% is recorded for loans delinquent more than 270 days and less than 2 years. TJU considers the allowance recorded at June 30, 2023 and 2022 to be reasonable and adequate to absorb potential credit losses inherent in the student loan portfolio.

Land, Buildings, and Equipment, net
Land, buildings, and equipment are carried at cost on the date of acquisition or fair value on the date of donation in the case of gifts. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets, excluding land. All gifts of land, buildings, and equipment are recorded as unrestricted non-operating activities unless explicit donor stipulations specify how the donated assets must be used. Interest expense on borrowed funds used for construction, net of interest income earned on unexpended amounts, is capitalized through the completion of construction.

Leases
TJU leases property and equipment under finance and operating leases. TJU determines whether an arrangement is a lease at inception. For leases with terms greater than 12 months, TJU records the related right-of-use (ROU) assets and lease liabilities at the present value of lease payment over the term. The determination of lease payments factors in rental escalation clauses and options to extend or terminate the lease, if the clauses are reasonably certain to be exercised. TJU separates the lease and non-lease components of contracts. TJU's incremental borrowing rate, which is based on information available at the adoption date for existing leases and the commencement date for leases commencing after the adoption date, is used to determine the present value of lease of payments.

Operating leases are included in ROU assets, current portion of operating lease obligations and operating lease obligations on the consolidated balance sheets. Operating lease expense is recognized on the straight-line basis over the lease term and is included in the other operating expense line on the consolidated statements of operations and changes in net assets without donor restrictions.

Finance leases are included in land, buildings and equipment, net, current portion of long term obligations and long term obligations on the consolidated balance sheets. Amortization of finance leases is included in depreciation expense on the consolidated statements of operations and changes in net assets without donor restrictions.

Goodwill
Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Any excess of the purchase price over the estimated fair value of the identifiable net assets acquired is recorded as goodwill. The determination of the estimated fair value of net assets acquired requires management's judgment and often involves the use of significant estimates and assumptions.

The change in the carrying amount of goodwill for the year ended June 30, 2023 and 2022 is as follows (in thousands):

	2023	2022
Beginning balance	$216,140	$137
Additions	29,969	216,003
Ending balance	$246,109	$216,140

Sale of Laboratory Outreach Testing Business
In June 2023, TJU entered into an agreement with an unrelated entity for the sale of TJU's laboratory outreach testing business. The intent of the agreement is to enhance clinical test quality and the efficient and timely delivery of laboratory services for patients and physicians, provide clinical educational opportunities for students, medical residents and fellows and to further the academic and research mission of TJU. TJU recorded a gain on the sale of $108.0 million included in other revenue in operations.

Sale of Controlling Interest
In June 2022, TJU entered into a joint venture with an unrelated entity to provide home care and hospice services. TJU contributed to the joint venture certain assets used to operate its home health and hospice programs in exchange for a 49% ownership interest. TJU recognized its non-controlling investment in the joint venture at fair value of $24.1 million and recorded a gain of $31.7 million included in other revenue in operations.

Reclassifications
Certain amounts in the prior year have been reclassified to conform to the current year presentation.

New Accounting Standards
There were no new accounting standards adopted during the period.

2. REGULATORY REQUIREMENTS FOR HPP

Commonwealth of Pennsylvania Insurance Law provides that dividends and other distributions may be paid only to the extent of statutory surplus in excess of $1.5 million as reported in the most recent financial statements filed with the Pennsylvania Insurance Department (PID) and may be paid only out of positive net worth. In addition, legislation requires PID approval of any dividend or other distribution exceeding the greater of (i) 10% of net worth (as of December 31) or (ii) net income for the prior year. The National Association of Insurance Commissioners (NAIC) also requires that insurance companies, including health maintenance organizations, file annually a risk-based capital report to measure the financial health of the entity. DHS also requires HealthChoices contractors to be subject to minimum levels of statutory equity. DHS requires contractors' statutory equity to exceed the highest amounts determined by the following:

- $20 million;
- 7% of revenue earned by the licensed HMO during the most recent four (4) calendar quarters; and
- 7% of revenue earned by the licensed HMO during the current quarter multiplied by three (3).

With the exception of payments for claims, HealthChoices contractors may not pay or transfer assets to a related party without the prior approval of DHS, if the contractor's statutory equity is less than the minimum stipulated in the HealthChoices contract. In addition to the statutory net worth requirement, the PID has adopted the NAIC Risk-Based Capital (RBC) requirements. RBC is a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The managed care organization's RBC is calculated by applying factors to various asset, premium, and reserve items. The adequacy of a managed care organization's actual capital can then be measured by a comparison to its RBC as determined by the formula. When an organization's net worth falls below 200% of RBC, which is known as the Company Action Level, a company must file a Comprehensive Action Plan with the applicable state regulators describing its plans to increase its net worth above the 200% threshold.

HPP's statutory net worth has exceeded the NAIC Company Action Level calculated for its RBC requirements as of December 31, 2022 and 2021. HPP's recorded capital and surplus under statutory accounting principles was $258.4 million and $219.8 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021 HPP's RBC percentage filed with PID was 381% and 366%, respectively.

3. BUSINESS COMBINATIONS

Einstein

On October 4, 2021, pursuant to the terms of an integration agreement, TJU became the sole corporate member of Einstein. Einstein is a not for profit healthcare organization located in Pennsylvania. TJU acquired all of the assets and liabilities of Einstein and transferred no consideration. The TJU board was reconstituted to include two voting members and one non-voting member designated by Einstein. This business combination was accounted for as an acquisition. The acquisition of Einstein is intended to enhance access to high quality, cost effective care to the communities served by both organizations and to enhance the educational and research mission of TJU. The following table summarizes the fair value of assets, liabilities and net assets contributed by Einstein at the acquisition date (in thousands):

Cash and cash equivalents	$91,915
Accounts receivable	125,393
Investments	697,547
Land, buildings and equipment	679,358
Other assets	309,672
Total assets acquired	$1,903,885
Accrued payroll and related costs	$64,483
Accrued professional liability and workers' compensation claims	244,660
Long-term obligations	433,671
Accrued pension obligations	180,905
Accounts payable, accrued expenses and other liabilities	322,986
Total liabilities assumed	1,246,705
Net assets without donor restriction	490,770
Net assets with donor restriction	166,410
Total net assets contributed	$1,903,885

HPP

At June 30, 2021, JHNE held a 25% noncontrolling membership interest in HPP. Additionally, Einstein held a 25% noncontrolling membership interest in HPP when acquired by TJU on October 4, 2021. On November 1, 2021, JHNE purchased the remaining 50% membership interest in HPP for $305.0 million. The purchase included cash acquired of $303.9 million and assumed debt of $7.7 million. JHNE allocated $112.3 million of the purchase price to certain intangible assets with definite lives. The goodwill of $214.5 million arising from the acquisition consists of the excess of the estimated aggregate value of HPP over the estimated fair value of the identifiable net assets and existing JHNE and Einstein equity interests. The enterprise value of HPP was estimated using the income approach. The valuation of acquisition date fair value of JHNE and Einstein's previously held equity noncontrolling interests is based upon their proportionate share of the value of the aggregate equity, The following table summarizes the consideration paid for HPP and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date (in thousands):

Consideration:	
Cash	$305,000
Fair value of equity interest in HPP held before the acquisition (book value of $82,450)	258,278
	$563,278

Recognized amounts of identifiable assets acquired and liabilities assumed:	
Cash	$303,919
Accounts receivable	171,117
Land, buildings, and equipment	35,211
Investments	120,973
Other assets	42,711
Intangible assets	112,310
Liabilities	(437,465)
	348,776
Goodwill	214,502
	$563,278

TJU's pro forma unaudited operating revenues, gains and other support, changes in net assets without donor restriction and changes in net assets with donor restriction for the year ended June 30, 2022, as if the acquisition of Einstein and HPP had occurred at July 1, 2021 are (in thousands):

Operating Revenues, Gains and Other Support	Change in Net Assets Without Donor Restriction	Change in Net Assets With Donor Restriction
$8,820,006	$329,317	$104,783

4. NET ASSETS

Net assets consisted of the following at June 30, 2023 and 2022 (in thousands):

	2023			2022		
Detail of net assets	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$2,008,281	$251,603	$2,259,884	$1,932,035	$259,583	$2,191,618
Capital gifts	-	96,114	96,114	-	40,152	40,152
Student loan funds	26,262	25,925	52,187	23,602	25,285	48,887
Endowment funds	1,941,531	724,458	2,665,989	1,810,803	676,754	2,487,557
Assets held by affiliated foundations	-	44,781	44,781	-	42,703	42,703
Deferred giving	-	13,634	13,634	-	12,416	12,416
Total	$3,976,074	$1,156,515	$5,132,589	$3,766,440	$1,056,893	$4,823,333

5. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited presented in the consolidated balance sheets at June 30, 2023 and 2022 consist of the following (in thousands):

	2023	2022
Held by trustee under indenture agreement	$154,937	$229,778
Designated for insurance	-	136,430
Women's Board and Medical Staff funds	2,263	2,140
Restricted for capital purposes	53,915	32,975
Other	786	2,249
Total	$211,901	$403,572
Less current portion	(1,915)	(27,878)
Noncurrent portion	$209,986	$375,694

6. INVESTMENTS

Investments are presented in the consolidated balance sheets under the following classifications (in thousands):

	2023	2022
Short-term investments	$860,162	$1,350,713
Assets whose use is limited, current	1,915	27,878
Long-term investments	2,954,704	2,725,639
Assets whose use is limited, noncurrent	209,986	375,694
	$4,026,767	$4,479,924

A summary of investments at June 30, 2023 and 2022 is as follows (in thousands):

	2023	2022
Cash equivalents	$226,699	$337,305
Equity securities	40,160	69,196
Fixed income securities	191,599	437,312
Funds:		
Global equity	1,385,110	1,481,296
Fixed income	1,017,868	1,142,349
Real estate	123,202	135,379
Other mutual funds	11,643	13,086
Private equity	581,288	475,402
Real estate	2,263	2,257
Hedge funds	100,321	101,565
External trusts	178,652	170,202
Investments subject to equity method and other	167,962	114,575
	$4,026,767	$4,479,924

Most private investment funds (private equity, real asset funds) are structured as closed-end, commitment-based investment funds where TJU commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, TJU generally holds interests in such funds for which there is no active market, although in some situations, a transaction may occur in the "secondary market" where an investor purchases a limited partner’s existing interest and remaining commitment. The fund managers may value the underlying private investment based on an appraised value, discounted cash flow, industry comparable or some other method. TJU values these limited partnerships at NAV.

Unlike private investment funds, hedge funds are generally open-end funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by such fund's governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided to the investors). The fund managers invest in a variety of securities which may not be quoted in an active market. Illiquid investments may be valued based on appraised value, discounted cash flow, industry comparable or some other method.

The methods described above may produce a fair value calculation that may not be indicative of a net realized value or reflective of future fair values. Furthermore, while TJU believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

TJU’s direct investments in equity and fixed income securities are considered liquid assets because they are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price of the asset. The underlying assets in TJU’s investments in equity and fixed income funds are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price. The funds are priced daily and provide next day availability on all transaction requests. TJU’s investment in real asset funds provide for monthly liquidity on transaction requests.

Private equity investments have limited liquidity or redemption options. Liquidity for private investments can be accomplished via a secondary sale transaction. When available, distributions typically take place on a quarterly basis. TJU has made commitments to various private equity and real asset limited partnerships. The total amount of unfunded commitments is $774.8 million and $646.5 million at June 30, 2023 and 2022, respectively. TJU expects these funds to be called over the next 3 to 5 years (in thousands):

	2023	2022
Private equity	$774,701	$646,423
Real estate	81	81
	$774,782	$646,504

Hedge funds provide quarterly liquidity with 60 to 90 days’ notice prior to the quarter’s end limiting TJU’s ability to respond quickly to changes in market conditions. Liquidity of individual hedge funds vary based on various factors and may include "gates", "holdbacks" and "side pockets" imposed by the manager of the hedge fund, as well as redemption fees which may also apply. Depending on the redemption options available, it may be possible that the reported NAV represents fair value based on observable data such as ongoing redemption and/or subscription activity. In the cases of a holdback, TJU considers the significance of the holdback, its impact on the overall valuation and the associated risk that the holdback amount will not be fully realized based on a prior history of adjustments to the initially reported NAV.

For those private equity, real estate limited partnerships, or hedge-fund of fund transactions where valuations dated on the last business day of the calendar year are available, the valuations will be based on the most recent capital account statement (monthly/quarterly), adjusted for interim cash flow activity (contributions, distributions, fees).

Beneficial interests in perpetual trusts, which are administered by independent trustees, are mainly comprised of domestic and international equity securities and domestic fixed income securities.

TJU accounts for investments in the following entities under the equity method: Five Pointe Professional Liability Insurance Company ("Five Pointe") (50% owned joint venture insurance entity); Mountain Laurel Risk Retention Group, Inc. ("MLRRG") (50% owned joint venture insurance entity); Delaware Valley Accountable Care Organization ("DVACO") (24.5% and 50% owned joint venture at June 30, 2023 and 2022, respectively); MLJH, LLC (50% owned joint venture); Health Partners Plans ("HPP") (25% membership interest joint venture at June 30, 2021 and a consolidated subsidiary at June 30, 2022 (refer to Note 2 Business Combinations)); Fresenius Medical Care Voorhees, LLC ("FMCV") (30% owned joint venture); JeffHome PA-NJ ("JeffHome") (49% owned joint venture) and Jefferson-Solis Mammography Services, LLC (50% owned joint venture at June 30, 2021 and a consolidated subsidiary at June 30, 2022). A summary of investments subject to the equity method and other investments is as follows at June 30, 2023 and 2022 (in thousands):

	2023	2022
Equity method:		
Five Pointe	$66,313	$14,060
MLRRG	5,117	3,481
DVACO, LLC	36	383
MLJH, LLC	31,368	30,553
FMCV, LLC	16,675	13,681
JeffHome, LLC	28,258	24,140
Jefferson-Solis Mammography, LLC	-	9,829
Other equity method investments	7,106	8,953
Other	13,089	9,495
	$167,962	$114,575

A summary of investments held under split-interest agreements is as follows at June 30, 2023 and 2022 (in thousands):

	2023	2022
Charitable gift annuities	$14,115	$13,952
Pooled income funds	590	597
Charitable remainder trusts	8,753	8,545
	$23,458	$23,094

Investment income, realized gains (losses) and unrealized gains (losses) included in the consolidated statements of operations and changes in net assets without donor restrictions are comprised of the following in 2023 and 2022 (in thousands):

	2023	2022
Investment income included in operating income (losses):		
Interest and dividends	$32,437	$6,778
Endowment payout	134,910	79,527
DVACO	(4,823)	(2,113)
HPP	(318)	5,923
MLJH, LLC	816	1,935
Other joint ventures	877	(3,477)
	$163,899	88,573
Investment income included in nonoperating income (losses):		
Net realized and unrealized gains (losses)	239,486	(296,466)
Interest and dividends	2,251	1,644
Endowment payout	(134,910)	(79,527)
	106,827	(374,349)
Total	$270,726	($285,776)

7. ENDOWMENT FUNDS

TJU's endowments consist of approximately 1,318 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with each of these groups of funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The University reports all endowment investments at fair value. Cash equivalents in endowments are treated as investments.

At June 30, 2023, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	-	$724,458	$724,458
Quasi-endowment funds	$1,941,530	-	1,941,530
Total funds	$1,941,530	$724,458	$2,665,988

Changes in endowment net assets for the fiscal year ended June 30, 2023, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$1,810,803	$676,754	$2,487,557
Investment returns	168,449	48,310	216,759
Contributions	(4)	18,604	18,600
Appropriation of assets for expenditure	(134,910)	(27,647)	(162,557)
Transfers of University resources and other	97,192	8,437	105,629
Endowment net assets, end of year	$1,941,530	$724,458	$2,665,988

At June 30, 2022, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	-	$676,754	$676,754
Quasi-endowment funds	$1,810,803	-	1,810,803
Total funds	$1,810,803	$676,754	$2,487,557

Changes in endowment net assets for the fiscal year ended June 30, 2022, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$905,329	$627,834	$1,533,163
Investment returns	(68,968)	(71,552)	(140,520)
Contributions	86	20,260	20,346
Acquisition of Einstein	16,529	129,227	145,756
Appropriation of assets for expenditure	(79,527)	(29,277)	(108,804)
Transfers of University resources and other	1,037,354	262	1,037,616
Endowment net assets, end of year	$1,810,803	$676,754	$2,487,557

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires TJU to retain as a fund of perpetual duration. Shortfalls of this nature are classified as a reduction of donor-restricted net assets and were $3.7 million and $5.4 million as of June 30, 2023 and 2022, respectively. These shortfalls resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions to endowment and continued appropriation for certain programs that was deemed prudent by TJU.

8. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

TJU's financial assets available within one year of the balance sheet date for general expenditure are as follows (in thousands):

	2023	2022
Financial assets:		
Cash and cash equivalents	$743,046	$403,988
Accounts receivable	873,006	761,073
Insurance premium receivable	193,220	479,777
Pledge payments available for operations	14,768	14,344
Short-term investments	767,926	1,273,002
Subsequent year's endowment payout	182,375	156,010
Total financial assets available within one year	2,774,341	3,088,194
Liquidity resources:		
Bank lines of credit	763,200	735,900
Total financial assets and liquidity resources available within one year	$3,537,541	$3,824,094

TJU's endowment funds consist of donor-restricted and quasi-endowment funds. Income from donor-restricted endowment funds is restricted for specific purposes and therefore, is not available for general expenditures. Although TJU does not intend to spend from its quasi-endowment funds in excess of the endowment payout amount calculated pursuant to its spendable income policy described in Note 1, additional amounts from its quasi-endowment could be made available with Board approval.

As part of TJU's liquidity management, it has a practice to structure its financial assets in a manner to be available to satisfy general expenditures and other obligations as they come due. To manage unanticipated liquidity needs, TJU had available unsecured lines of credit from various banks of $763.3 million and $788.0 million at June 30, 2023 and 2022, respectively, under which there was borrowing of $0.1 million and $52.1 million at June 30, 2023 and 2022, respectively.

9. FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that TJU has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are not currently observable.

Inputs are used in applying the various valuations techniques and broadly refer to the assumption that market participants use to make valuation decisions. An investments level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment. The categorization of an investment within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to TJU's perceived risk of that instrument.

Level 1 - Investments, whose values are based on quoted market prices in active markets, are therefore classified within Level 1. Typically, securities traded on the NYSE, AMEX, NASDAQ and other major exchanges will be classified as Level 1. These assets include active listed equities, certain U.S. government obligations, mutual funds and certain money market securities. For investments regularly traded on any recognized securities or commodities exchange, the closing price on such exchange (or, if applicable, as reported on the consolidated transactions reporting system) on the last trading date at the end of the fiscal year is used. In the case of securities regularly traded in the over-the-counter market, the closing bid quotations for long positions and the closing asked quotation for short positions on the trading date ending on or preceding the end of the fiscal year is used.

Level 1 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 2 - Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. They include investments in common trust equity and fixed income funds, corporate grade bonds, high yield bonds and certain mortgage products. These assets are valued based on quoted market prices in active markets or dealer quotations and are categorized as Level 2. There were no transfers between Levels 1 and 2 during 2023 and 2022.

Level 2 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 3 - Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include externally held trust funds.

Level 3 - Liquidity – No liquidity available as the assets are mainly comprised of donor restricted externally held trust funds of which TJU has a perpetual interest in the annual income stream.

The following table presents the short term and long term investments, and assets whose use is limited carried on the consolidated balance sheets by level within the valuation hierarchy or NAV as of June 30, 2023 and 2022 (in thousands):

	Level 1	Level 2	Level 3	NAV	2023
Cash and cash equivalents	$226,699	$0	$0	$0	$226,699
Equity securities	26,045	14,115	-	-	40,160
Fixed income securities	1,102	173,754	-	16,743	191,599
Funds:					
Global equity	30,623	-	-	1,354,488	1,385,111
Fixed income	-	19	-	1,017,849	1,017,868
Real asset	-	4,331	-	118,870	123,201
Other mutual funds	11,643	-	-	-	11,643
Private equity	-	-	-	581,288	581,288
Real estate	-	-	-	2,263	2,263
Hedge funds	-	-	-	100,321	100,321
External trusts	-	-	178,652	-	178,652
Total	$296,112	$192,219	$178,652	$3,191,822	$3,858,805

	Level 1	Level 2	Level 3	NAV	2022
Cash and cash equivalents	$311,803	$25,502	-	-	$337,305
Equity securities	25,012	13,952	-	$30,232	69,196
Fixed income securities	10,348	409,992	-	16,972	437,312
Funds:					
Global equity	30,260	-	-	1,451,036	1,481,296
Fixed income	-	19	-	1,142,330	1,142,349
Real asset	-	5,115	-	130,264	135,379
Other mutual funds	13,086	-	-	-	13,086
Private equity	-	-	-	475,402	475,402
Real estate	-	-	-	2,257	2,257
Hedge funds	-	-	-	101,565	101,565
External trusts	-	-	$170,202	-	170,202
Total	$390,509	$454,580	$170,202	$3,350,058	$4,365,349

Investments not subject to fair value leveling or fair value at NAV at June 30, 2023 and 2022 totaled $168.0 million and $114.6 million, respectively.

The fair value of TJU's interest rate swaps related to its debt obligations are based on third-party valuations independent of the counterparties. As the fair values of interest rate swaps are determined based on inputs that are readily available or can be derived from information available in public markets, TJU has categorized interest rate swaps as Level 2.

The following table presents the other liabilities carried on the consolidated balance sheets by level within the valuation hierarchy as of June 30, 2023 and 2022 (in thousands):

	Level 1	Level 2	Level 3	NAV	2023
Interest rate hedges	-	$11,987	-	-	$11,987

	Level 1	Level 2	Level 3	NAV	2022
Interest rate hedges	-	$18,211	-	-	$18,211

The following tables include a roll-forward of the amounts for the year ended June 30, 2023 and 2022 (in thousands) for external trust investments classified within Level 3.

	2023	2022
Beginning balance	$170,202	$145,052
Unrealized gains/(loss), net	8,450	(30,328)
Contribution received in a business combination	-	56,423
Transfers	-	(945)
Ending balance	$178,652	$170,202

10. PLEDGES RECEIVABLE

A summary of pledges receivable is as follows at June 30, 2023 and 2022, respectively (in thousands):

	2023	2022
Unconditional promises expected to be collected in:		
Less than one year	$41,266	$25,654
One year to five years	79,741	86,843
Over five years	67,435	71,722
	188,442	184,219
Less: unamortized discount and allowance for doubtful accounts	(35,914)	(36,253)
	$152,528	$147,966

The discount rate ranges from 0.0% to 4.0%. TJU's largest pledge comprises 33% and 37% of the pledge receivable at June 30, 2023 and 2022, respectively.

At June 30, 2023, TJU was the recipient of a conditional pledge of $70.0 million for the construction of a building. This conditional pledge is not included as an asset in the consolidated balance sheets.

11. LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment is as follows at June 30, 2023 and 2022, respectively (in thousands):

	2023	2022
Land and land improvements	$246,729	$233,560
Buildings and building improvements	3,866,422	3,836,030
Equipment	2,886,814	2,694,198
Leasehold improvements	179,061	177,508
Construction in progress	775,279	454,434
Less: accumulated depreciation	(3,766,170)	(3,440,779)
Total land, buildings and equipment, net	$4,188,135	$3,954,950

TJU uses straight-line depreciation over the assets' estimated lives, which are as follows:

Land improvements	10-20 years
Buildings and building improvements	18-40 years
Equipment	3-15 years
Leasehold improvements	5-20 years

Depreciation expense is $347.9 million and $321.2 million at June 30, 2023 and 2022, respectively.

12. MEDICAL CLAIMS PAYABLE

The following table shows the components of the change in medical costs payable for the year ended June 30, 2023 and 2022 (in thousands):

	2023	**2022**
Medical costs payable June 30, 2022 and November 1, 2021	$122,670	$146,218
Claims occurring in:		
Current year	1,787,902	973,253
Prior years	1,287	(6,469)
Net incurred benefit expenses	1,789,189	966,784
Claim payments:		
Current year	(1,506,286)	(860,232)
Prior years	(222,210)	(130,100)
Net payments	(1,728,496)	(990,332)
Medical costs payable June 30, 2023 and 2022	$183,363	$122,670

The positive/(negative) amount noted as “prior year” claims in 2023 and 2022 is unfavorable/favorable development for claim estimates being settled for amounts less than originally anticipated. This unfavorable/ favorable development from original estimates occur due to changes in medical utilization, the mix of provider rates, other components of medical cost trends, and claim payment patterns.

The net incurred medical expense amount for 2023 and 2022 reported above excludes approximately $164.4 million and $54.7 million that primarily represents amounts due to contracted risk hospitals.

HPP's estimate of the IBNR liabilities is primarily based on trend and completion factors. Claim frequency is not used in the calculation of its liability.

13. LONG-TERM OBLIGATIONS

A summary of long-term obligations is as follows at June 30, 2023 and 2022, respectively (in thousands):

	Final Maturity	Interest Rate at June 30, 2023	2023	2022
Revenue bonds:				
Fixed rate obligations:				
2015 Series A Revenue Bonds	2051	3.00% - 5.25%	301,805	$301,805
Unamortized premium and issue costs			16,705	17,608
2017 Series A Revenue Bonds	2048	3.00% - 5.00%	257,270	257,270
Unamortized premium and issue costs			9,980	10,649
2018 Series A Revenue Bonds	2050	4.00% - 5.00%	341,480	351,835
Unamortized premium and issue costs			17,005	19,322
2018 Series B Revenue Bonds	2030	3.28% - 3.88%	31,470	33,275
Unamortized issue costs			(112)	(145)
2019 Series A Revenue Bonds	2052	4.00% - 5.00%	445,595	449,745
Unamortized premium and issue costs			28,764	32,239
2022 Series A Revenue Bonds	2057	1.725%-3.847%	590,155	590,155
Unamortized issue costs			(4,827)	(4,985)
2022 Series B Revenue Bonds	2057	3.25%-5.00%	672,750	672,750
Unamortized premium and issue costs			73,867	77,235
Total fixed rate obligations			2,781,907	2,808,758
Variable rate obligations:				
2015 Series B Revenue Bonds	2046	2.97%	60,000	60,000
Unamortized issue costs			(420)	(440)
2015 Series C Revenue Bonds	2042	3.54%	31,955	32,825
Unamortized issue costs			(83)	(91)
2015 Series D Revenue Bonds	2042	3.54%	31,725	32,590
Unamortized issue costs			(83)	(91)
2015 Series E Revenue Bonds	2042	3.69%	31,955	32,820
Unamortized issue costs			(83)	(91)
2015 Series F Revenue Bonds	2042	3.69%	31,725	32,590
Unamortized issue costs			(83)	(91)
2015 Series G Revenue Bonds	2042	3.54%	19,060	19,580
Unamortized issue costs			(50)	(54)
2015 Series H Revenue Bonds	2042	4.87%	26,425	27,145
Unamortized issue costs			(72)	(79)
2017 Series B Revenue Bonds	2051	2.97%	50,565	50,565
Unamortized issue costs			(450)	(467)
2017 Series C Revenue Bonds	2051	3.54%	50,000	50,000
Unamortized issue costs			(252)	(262)
2018 Series D Revenue Bonds	2051	2.97%	49,950	49,950
Unamortized issue costs			(369)	(385)
Total variable rate obligations			381,416	386,014
Total Revenue bonds			3,163,322	3,194,772
Line of credit			70	52,092
Finance lease obligations	2037		37,361	28,439
Other			314,963	173,167
Total long-term debt obligations			$3,515,717	$3,448,470

Other long term obligations of $314.9 million at June 30, 2023 includes $307.1 million related to a development agreement with an unrelated party for the construction costs related to the core and shell of an ambulatory care facility on land leased by TJU. Construction of the facility is anticipated to be completed in 2024. TJU has the option to purchase or lease the facility.

TJU is a party to the Amended and Restated Master Trust Indenture (the "MTI"), dated as of February 1, 2022, by and among TJU, each other Member of the Obligated Group (as described below) and Master Trustee. The MTI provides for the issuance from time to time of obligations.

To secure its payment obligations under the MTI, each Member of the Obligated Group has granted to the Master Trustee for the equal and ratable benefit of the holders of all obligations issued and outstanding under the MTI (other than subordinated obligations) a first lien on and security interest in the gross revenues of each Member of the Obligated Group on a joint and several basis.

The Members of the Obligated Group consist of the following: TJU, TJUHS, TJUH, JUP, Abington Health, Abington Memorial Hospital, Abington Health Foundation, Lansdale Hospital, Jefferson Health-Northeast System, Jefferson Health-Northeast, Philadelphia University, Kennedy Health System, Kennedy Health Facilities, Inc., Kennedy University Hospital, Inc., Kennedy Medical Group Practice, PC, Magee, Albert Einstein Health Network, Albert Einstein Medical Center, Einstein Community Health Associates, Inc., Einstein Medical Center Montgomery, Einstein Practice Plan, Inc., Fornance Physician Services, Montgomery Hospital, and Montgomery Health Foundation.

TJU and each other Member of the Obligated Group have agreed to comply with certain financial and operational covenants contained in the MTI, certain continuing covenant agreements (the "CCAs") associated with several series of bonds as well as a standby letter of credit agreement (the SBLOC") and a revolving credit agreement (the "Revolver", and collectively with the CCAs and the SBLOC, the "Credit Agreements"). TJU was in compliance with the covenants in the MTI and Credit Agreements at June 30, 2023.

The Series 2022A and 2022B Revenue Bonds were issued in February 2022. The proceeds were used to fund the costs of (i) certain capital projects, (ii) the acquisition by TJU of a membership interest in Albert Einstein Health Network related to the payment or defeasance in whole of certain indebtedness previously issued for the benefit of Albert Einstein Health Network, (iii) repayment of draws on TJU's lines of credit, the proceeds of which were used by Jefferson Health – Northeast for the acquisition of the remaining interest in Health Partners Plans, and (iv) refunding the Series A of 2012, Series 2012, Series 2017A stated to mature on September 1, 2040 and September 1, 2042, and Series 2018C.

Maturities for long-term debt are as follows (in thousands):

	Revenue Bonds and Other	Finance Lease Obligations	Total
2024	333,878	11,008	344,886
2025	36,935	10,115	47,050
2026	32,195	7,679	39,874
2027	35,210	4,545	39,755
2028	38,850	2,884	41,734
Thereafter	2,861,781	1,131	2,862,912

14. DERIVATIVE FINANCIAL INSTRUMENTS

TJU entered into derivative transactions for the purpose of reducing the impact of fluctuations in interest rates and hedging interest rate risk. The fair value of these derivative instruments at June 30, 2023 and 2022 in the consolidated balance sheets is as follows (in thousands):

Expiration Date	TJU Receives	TJU Pays	Notional Amount at June 30, 2023	Notional Amount at June 30, 2022	Balance Sheet Location	Fair Value at June 30, 2023	Fair Value at June 30, 2022
Expiration 2/1/34	67% of United States Dollar LIBOR (one Month)	2.98%	$57,180	$60,650	Noncurrent Liability	($732)	$1,176
Expiration 9/1/45	67% of United States Dollar LIBOR (one Month)	3.925%	$38,643	$32,900	Noncurrent Liability	$11,272	$15,296
Expiration 5/1/27	68% of United States Dollar LIBOR (one Month)	3.98%	$20,600	$25,225	Noncurrent Liability	$403	$1,383
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.293%)	68% of United States Dollar LIBOR (one Month)	$35,825	$43,900	Noncurrent Liability	$654	$212
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.325%)	68% of United States Dollar LIBOR (one Month)	$20,600	$25,225	Noncurrent Liability	$391	$145

The LIBOR with a one-month maturity ranged from 1.78% to 5.22% (average rate of 4.01%) in 2023. The LIBOR rate with the five-year maturity ranged from 2.67% to 4.49% (average rate of 3.74%) in 2023. Non-operating gains of $4.9 million and $16.8 million at June 30, 2023 and 2022, respectively, are included in the consolidated statements of operations and changes in net assets without donor restrictions for interest rate swap contracts (in thousands).

	2023	2022
Change in valuation of interest rate hedges	$6,224	$16,708
Net settlement payments with counterparties	(1,301)	137
Nonoperating gain (loss) on interest rate hedges	$4,923	$16,845

Accumulated losses on interest rate hedges of $12.0 million and $18.2 million at June 30, 2023 and 2022, respectively, are reflected in the consolidated balance sheets.

15. LEASE COMMITMENTS

TJU has operating lease obligations primarily for ambulatory facilities, office space and land expiring through 2099. The components of lease expense was as follows (in thousands):

	2023	2022
Amount of rent expense related to amortization of right-of-use assets	$58,442	$59,047
Short-term and variable lease costs	44,762	35,556
Rent expense	$103,204	$94,603
Weighted average remaining lease term (years)	11.7	12.2
Weighted average discount rate	2.64%	2.52%

A summary of future minimum commitments under operating leases, at June 30, 2023, is as follows (in thousands):

2024	$59,141
2025	55,530
2026	49,374
2027	42,382
2028	37,936
Thereafter	173,965
Total minimum lease payments	418,328
Less imputed interest	(56,819)
Net present value of minimum lease payments	$361,509

Future minimum lease payments at June 30, 2022 were as follows (in thousands):

2023	$60,648
2024	56,579
2025	53,939
2026	47,449
2027	40,738
Thereafter	205,777
Total minimum lease payments	465,130
Less imputed interest	(63,259)
Net present value of minimum lease payments	$401,871

16. EMPLOYEE BENEFIT PLANS

TJU has non-contributory defined benefit pension plans for certain full-time employees. The TJU plan is frozen new entrants and the Einstein plan is not. Benefits under the non-contributory defined benefit plans are based on the employee's years of service and compensation during the years preceding retirement. Contributions to the plan are designed to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The accounting guidance for defined benefit pension plans requires employers to recognize the overfunded or underfunded projected benefit obligation ("PBO") of a defined benefit pension plan as an asset or liability in the balance sheet. The PBO represents the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future salary increases. The accounting guidance also requires employers to recognize annual changes in gains or losses, prior service costs, or other credits that have not been recognized as a component of net periodic pension cost through net assets without donor restriction. The calculation of service cost and PBO utilizes a split discount rate approach, where separate discount rates are calculated for determining each based on their respective expected cash flows.

The components of the net pension plan financial position on the consolidated balance sheets are as follows (in thousands):

	2023	2022
Change in projected benefit obligation:		
Benefit obligation, beginning of year	$2,574,572	$2,403,325
Acquisition	-	763,057
Service cost	45,009	49,775
Interest cost	112,680	70,249
Net experience gain	(100,418)	(614,682)
Benefits paid	(160,023)	(97,152)
Projected benefit obligation, end of year	2,471,820	2,574,572
Change in plan assets:		
Fair value of plan assets, beginning of year	2,173,461	2,011,933
Acquisition	-	582,152
Actual return of plan assets	163,845	(345,604)
Employer contributions	50,644	22,132
Benefit payments	(160,023)	(97,152)
Fair value of plan assets, end of year	2,227,927	2,173,461
Plan funded status	($243,893)	($401,111)

Amounts recognized in net assets without donor restriction consist of (in thousands):

	2023	2022
Net actuarial loss	$81,650	$230,941
Net unrecognized prior service costs	(7,216)	(8,511)
	$74,434	$222,430

The accumulated benefit obligation at June 30, 2023 and 2022 was as follows (in thousands):

	2023	2022
Accumulated benefit obligation	$2,346,668	$2,455,480

The components of net periodic benefit cost for the plans for the years ended June 30, 2023 and 2022 were as follows (in thousands):

	2023	2022
Service cost	$45,009	$49,775
Interest cost	112,680	70,249
Expected return on plan assets	(127,810)	(146,260)
Amortization of actuarial loss	7,903	16,273
Amortization of prior service credit	(1,295)	(1,295)
Net periodic benefit cost (credit)	36,487	(11,258)
Other changes in plan assets and benefit obligations recognized in net assets without donor restriction:		
Net actuarial gain	(136,452)	(122,818)
Amortization of net actuarial loss	(7,903)	(16,273)
Amortization of prior service credit	1,295	1,295
Total recognized in net assets without donor restriction	(143,060)	(137,796)
Total recognized in net periodic benefit cost and net assets without donor restriction	($106,573)	($149,054)

There will be no estimated actuarial loss that will be amortized from net assets without donor restriction during the upcoming fiscal year.

The weighted average assumptions used to estimate the June 30 pension obligation were as follows:

	2023	2022
Discount rate	5.18%	4.83%
Rate of compensation increase	1.50% to 4.50%	1.50% to 4.50%
Expected return on plan assets	6.74%	6.09%

The weighted average assumptions used to determine net periodic benefit costs were as follows:

	2023	2022
Discount rate - service cost	4.93%	3.37%
Discount rate - interest cost	4.50%	2.39%
Rate of compensation increase	1.50% to 4.75%	1.50% to 4.75%
Expected return on plan assets	6.09%	6.05%

A summary of the plans' targeted and actual asset allocations are as follows:

	Targeted Range	Percentage of Plan Assets June 30, 2023	Percentage of Plan Assets June 30, 2022
Cash	0-5%	2%	5%
Bonds	25-45%	32%	33%
Global equity	45-65%	56%	52%
Real estate and other	5-10%	10%	10%
		100%	100%

The portfolios utilize a long-term asset allocation strategy that allows management to rebalance the asset allocation back to target levels on a monthly basis. Short-term compliance with the target ranges can be impacted by the severity of market conditions. The expected long-term rate of return for the plan's assets are based on the historical return of each of the above categories, weighted based on the target allocations for each class. The assets of the defined benefit pension plan are invested in a manner that is intended to preserve the purchasing power of the plan's assets and provide payments to beneficiaries. Thus, a rate of return objective of inflation plus 5% is targeted.

TJU expects to contribute approximately $53.0 million during fiscal year 2024.

Projected benefit payments are as follows (in thousands):

2024	$148,781
2025	135,203
2026	142,621
2027	150,239
2028	156,498
Thereafter	852,289
	$1,585,631

The following table presents the fair value of plan assets by level within the valuation hierarchy, as discussed in Note 8, as of June 30, 2023 and 2022 (in thousands):

	Level 1	Level 2	Level 3	NAV	2023
Cash and cash equivalents	$5,286	$45,890	-	-	$51,176
Equity securities	(355)	-	-	-	(355)
Fixed income securities	-	1	-	-	1
Global equity	-	-	-	$1,242,361	1,242,361
Fixed income	-	-	-	708,863	708,863
Real assets	-	-	-	116,071	116,071
Other mutual funds	-	-	-	-	-
Private equity	-	-	-	83,769	83,769
Hedge funds	-	-	-	26,041	26,041
Total	$4,931	$45,891	-	2,177,105	$2,227,927

	Level 1	Level 2	Level 3	NAV	2022
Cash and cash equivalents	$69,333	$44,203	$1,206	-	$114,742
Equity securities	1,957	-	-	-	1,957
Fixed income securities	-	1	-	-	1
Global equity	-	-	-	1,113,181	1,113,181
Fixed income	21	-	-	727,478	727,499
Real assets	-	-	-	116,335	116,335
Other mutual funds	-	-	-	-	-
Private equity	-	-	-	73,469	73,469
Hedge funds	-	-	-	26,277	26,277
Total	$71,311	$44,204	$1,206	2,056,740	$2,173,461

Retirement benefits are also provided to certain employees through direct payments to various funds. Employees not subject to TJU's defined benefit plans may be eligible to participate in one of the following defined contribution arrangements. TJU's share of the cost of these benefits for the year ended June 30, 2023 and 2022 was as follows (in thousands):

Plan	Description	2023	2022
TJU: Faculty and senior administrators	9% to 13% of eligible compensation based upon age	$27,371	$13,090
TJU: Non-faculty and non-union	4.5% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	35,499	17,239
JUP	10% of eligible compensation for physicians and 3.5% to 5.5% of eligible compensation for non-physicians based upon years of service	24,387	12,642
Abington	2% to 5% of eligible compensation based upon years of service, plus matching contribution of 50% of the first $2,000 of employee contributions	9,260	5,296
JHNES	Matching contribution of 50% of the first 4% of employee contributions plus 1% to 7% based on age and years of service	15,415	4,733
Philadelphia University	9% of eligible compensation	2,797	1,478
Kennedy	Matching contribution of 50% to 100% of the first 4% of employee contributions starting in year 3. For those that started after 7/1/15, another 2.75% to 4.75% of their annual salary in lieu of a defined benefit plan	8,672	4,096
Magee	2% to 4% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	2,064	1,148
HPP	4% of eligible compensation, plus matching contribution of 100% of the first 3% of employee contributions and 50% of employee contributions greater than 3% up to a maximum of 5%	5,155	3,294
Einstein	For Philadelphia employees earning less than $100,000, a matching contribution of 20%, up to 4% of pay, with an annual maximum of $400. For Montgomery County employees, a matching contribution of 50%, up to 2.5% of salary.	6,585	2,773
		$137,205	$65,789

Participation in Multiemployer Defined Benefit Pension Plan
TJU is a participating employer in The Pension Fund for Hospital and Health Care Employees – Philadelphia and Vicinity (the Pension Fund), a jointly-trusted multiemployer defined benefit pension plan. The Pension Fund is operated for the benefit of Chapter 1199C of the American Federation of State, County and Municipal Employees (the Union). Information about the Pension Fund and the TJU's participation is summarized as follows.

The employer identification number for the Pension Fund is 23-2627428. At the date the consolidated financial statements were issued Form 5500 was not available for the plan year ending in 2022. TJU's contribution to the Pension Fund was $7.3 million and $7.1 million for the years ended June 30, 2023 and 2022. The contributions represent approximately 18.0% and 31.0% of the contributions to the Pension Fund, respectively. A five year collective bargaining agreement was approved by the Union effective July 1, 2022 and extends through June 30, 2027. TJU contributions as a percentage of covered payroll to the Pension Fund for the year ending June 30, 2023 will be 21.6 %.

The Pension Fund was determined to be in critical status (also referred to as red zone status) under the Pension Protection Act of 2006 for the plan years beginning January 1, 2022 and 2021. Accordingly, the Pension Fund is subject to a funding improvement plan. The zone status is based on information that TJU received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone status are generally less than 65% funded.

At January 1, 2022, the most recent date for which such information is available the projected benefit obligation exceeded plan assets of the Pension Fund by $266.7 million.

17. PROFESSIONAL LIABILITY CLAIMS

TJU maintains professional liability insurance under both self-insured and alternative risk financing insurance programs to fund for their potential professional and general liability claims. For all self-insured programs TJU accrues for estimated retained risk liability arising from both asserted and unasserted claims. The estimate of liability is based upon an analysis of historical claims data as prepared by independent actuaries.

For Einstein, Kennedy, Magee, TJU and TJUHS, including JUP the primary layer of professional liability coverage is provided by MLRRG. MLRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. TJU is a 50% owner of MLRRG. The remaining ownership interest is held by another regional healthcare system. MLRRG is reinsured by a non-profit 501(c) (3) segregated protected cell insurance company, Five Pointe, domiciled in Delaware. Five Pointe reinsures 100% of the professional liability risks insured by MLRRG pursuant to a reinsurance agreement between Five Pointe and MLRRG that limits MLRRG's recourse for payment of any reinsured claims against Einstein, Kennedy, Magee, TJU, JUP and/or TJUHS to the assets in the TJUH protected cell.

For Abington and JHNES the primary layer of professional liability coverage is provided by Cassatt RRG ("CRRG"). CRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. CRRG is owned and governed by various regional non- profit hospitals including a 25% voting interest by Abington and a 25% voting interest by JHNES. CRRG is reinsured by Cassatt Insurance Company Ltd. ("CICL"). CICL is owned by the same various regional non-profit hospitals and is incorporated as an insurance company under the laws of Bermuda.

Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund") provides limits excess of the primary layer of coverage. The annual assessments for MCARE Fund coverage are based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association multiplied by an annual assessment percentage. This assessment is recognized as an expense in the period incurred. No provision has been made for future MCARE Fund assessments as the unfunded portion of the MCARE Fund liability cannot be reasonably estimated.

For losses in excess of the primary and MCARE layers of coverage TJU accrues for potential liabilities for self-insured amounts. Additionally, TJU maintains claims-made excess catastrophic professional liability insurance coverage through Five Pointe and CICL. For excess layer coverage purchased through CICL, coverage limits are shared with the various regional non- profit hospital owners of CRRG and CICL. Five Pointe and CICL purchase reinsurance with commercial carriers rated at least "A-" by AM Best.

For MLRRG the premiums charged for the primary professional layer of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at a 65% confidence level and a 3% discount rate for 2023 and 2022 and include a charge for premium tax and operating expenses.

For CRRG and CICL the premiums charged for the primary professional layer of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at an expected confidence interval and a 3.5% discount rate for 2023 and 2022.

TJU has accrued professional liability claims of $886.6 million and $850.9 million at June 30, 2023 and 2022, respectively, of which $223.3 million and $234.4 million were current. TJU records accrued professional liability claims for self-insured exposures at an expected confidence interval and a 3.0% to 3.5% discount rate.

TJU records anticipated malpractice insurance recoveries and associated accrued professional liability claims at a 65% confidence level (TJUHS, Kennedy, Magee and Einstein) and an expected level (Abington and JHNES) using discount rate from 3.0% to 3.5%. Anticipated malpractice insurance recoveries for June 30, 2023 and 2022 is $443.0 million and $378.3 million, respectively.

18. WORKERS' COMPENSATION CLAIMS

TJU is self-insured for its workers' compensation exposures. TJU accrues for its workers' compensation liability based upon actuarial estimates using a discount rate of 3%. Accrued workers' compensation liabilities were $44.0 million and $46.4 million at June 30, 2023 and 2022, respectively. These amounts are presented in the accompanying consolidated balance sheets.

19. COMMITMENTS AND CONTINGENCIES

Letters of Credit

TJU had open letters of credit aggregating $10.5 million and $68.9 million at June 30, 2023 and 2022, respectively, primarily related to self-insurance arrangements for workers' compensation. The letters of credit expire between November 1, 2023 and December 31, 2024.

Litigation

TJU is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by commercial insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the consolidated financial position or results of operations of TJU.

20. FUNCTIONAL CLASSIFICATION

Expenses for the years ended June 30, 2023 and 2022 are categorized on a functional basis as follows (in thousands):

	2023				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	$281,710	$3,015,329	$88,427	$365,686	$3,751,152
Employee benefits	$69,623	$711,636	$19,686	$83,584	884,529
Insurance services medical expenses	-	-	1,593,742	-	1,593,742
Supplies	24,986	1,322,886	-	9,564	1,357,436
Purchased services	45,456	501,153	56,441	252,897	855,947
Depreciation and amortization	36,848	303,300	16,947	1,472	358,567
Interest	14,345	94,335	891	6,835	116,406
Insurance	1,868	156,948	1,398	35	160,249
Utilities	8,692	55,693	1,384	4,740	70,509
Other expenses	43,739	170,527	5,871	410,360	630,497
Total	$527,267	$6,331,807	$1,784,787	$1,135,173	$9,779,034

	2022				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	$266,941	$2,685,158	51,714	$311,961	$3,315,774
Employee benefits	58,158	561,624	12,392	94,435	726,609
Insurance services medical expenses	-	-	862,277	-	862,277
Supplies	32,998	1,179,871	-	9,571	1,222,440
Purchased services	41,788	482,525	29,636	196,116	750,065
Depreciation and amortization	39,139	277,453	10,481	1,230	328,303
Interest	13,584	69,848	540	23	83,995
Insurance	2,990	131,293	1,133	788	136,204
Utilities	10,274	57,620	727	5,361	73,982
Other expenses	56,798	233,117	4,124	246,636	540,675
Total	$522,670	$5,678,509	973,024	$866,121	$8,040,324

21. NONCONTROLLING INTEREST

TJU has a controlling interest in certain joint ventures in healthcare related organizations; Riverview, a 51% owned joint venture; JURA, an 80% owned joint venture and ROSH, a 54% owned joint venture and Jefferson-Solis Mammography Services, LLC, a 60% owned joint venture. The amount not owned by TJU is shown as a non-controlling interest. The following table presents the changes in consolidated net assets without donor restriction attributable to the controlling financial interest of TJU and the non-controlling interest (in thousands):

	Controlling Interest	Non-controlling Interest	Consolidated Total
Balance, June 30, 2021	$3,414,189	$17,501	$3,431,690
Income from Operations	(133,023)	7,184	(125,839)
Distributions to NCI	-	(11,727)	(11,727)
Other changes, net	472,316	-	472,316
Balance, June 30, 2022	$3,753,482	$12,958	$3,766,440
Income from Operations	(85,855)	7,308	(78,547)
Distributions to NCI	-	(6,000)	(6,000)
Other changes, net	265,795	28,386	294,181
Balance, June 30, 2023	$3,933,422	$42,652	$3,976,074

22. GOVERNMENT SUPPORT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 to provide economic relief to individuals and organizations from the effects of COVID-19. The CARES Act included the following key provisions impacting TJU:

Provider Relief Fund - provided general funding to providers that participated in the Medicare and Medicaid programs and targeted funding to providers in areas particularly impacted by the COVID-19 outbreak and hospitals that treated a high volume of COVID-19 admissions.

Higher Education Emergency Relief Fund – provided funding to higher education institutions for certain costs incurred or amounts refunded to students related to cessation of housing and dining services due to COVID-19. Additionally, $5.1 million of the funding received by TJU in 2022 was required to be paid directly to currently enrolled students in the form of emergency grants.

Employee Retention Credit - provided funding to eligible employers in the form of a refundable tax credit on qualifying wages paid to employees during a period of government shut-down due to the COVID-19 pandemic.

Disaster Relief Fund - provided additional funding to the Federal Emergency Management Agency (FEMA) and Pennsylvania Emergency Management Agency (PEMA) to support medical providers for the costs of treating COVID-19 patients.

The following table summarizes the amounts recognized as revenue from government support for COVID-19 in the accompanying consolidated statements of operations and changes in net assets without donor restrictions for June 30, 2023 and 2022 (in thousands):

	2023	2022
Provider Relief Fund	$16,000	$88,294
Higher Education Emergency Relief	658	9,649
Employee Retention Credit	-	(2,580)
Disaster Relief (FEMA/PEMA)	31,926	24,000
Total	$48,584	$119,363

Revenue recognition of government support for COVID-19 was based upon substantially satisfying all terms and conditions related to the applicable awards. Significant terms and conditions included that payments will only be reimbursement for health care or educational related expenses or lost revenue attributable to COVID-19 and limitations on billing patients for deductibles and coinsurance.

TJU recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at June 30, 2023. HHS has made multiple changes to its guidance during the COVID-19 pandemic. The potential financial impacts of future changes in guidance may impact TJU’s ability to retain some or all of the distributions received.

Accrued receivables of $16.3 million and $18.9 million are included in the accompanying consolidated balance sheets for the years ended June 30, 2023 and 2022 related to the Employee Retention Credit.

Additionally, the CARES act included a provision for deferring payment of the employer portion of social security taxes that would be otherwise due between March 27, 2020 and December 31, 2020. The law permitted payment of these taxes to be extended to December 31, 2021 for 50% of the amount due and December 31, 2022 for the remaining 50%. At June 30, 2023, TJU had no remaining liability for these taxes.

24. ADVANCES

The Centers for Medicare & Medicaid Services (CMS) established the CMS Accelerated and Advance Payment (CMSAAP) program to increase the cash flow to Medicare providers impacted by COVID-19. The following table presents the CMSAAP liability included in the advances line item in the accompanying consolidated balance sheets (in thousands):

Balance, June 30, 2021	395,391
Acquisition of Einstein	102,513
Repayments	(368,140)
Balance, June 30, 2022	$129,764
Repayments	(129,694)
Balance, June 30, 2023	$70

Report of Independent Auditors

To the Board of Trustees of Thomas Jefferson University

We have audited the consolidated financial statements of Thomas Jefferson University and its subsidiaries (the "University") as of and for the years ended June 30, 2023 and 2022 and have issued our report thereon dated October 20, 2023, which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information as of and for the years ended June 30, 2023 (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 and cash flows of the individual entities. 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

October 20, 2023

Thomas Jefferson University
Unaudited Consolidating Balance Sheets
June 30, 2023
(In Thousands)

	TJU	TJUHS	Abington	JHNES	Kennedy	Magee	Einstein	HPP	Adjustments & Eliminations	Consolidated
Assets										
Current assets:										
Cash and cash equivalents	($31,542)	$129,221	$105,618	$103,756	($18,597)	$225	$107,259	$347,106	-	$743,046
Short-term investments	116,513	95,053	346,388	89,599	58,429	29,958	123,390	832	-	860,162
Accounts receivable	73,249	335,644	106,050	75,849	124,010	22,201	156,282	-	($20,279)	873,006
Insurance premium receivable	-	-	-	-	-	-	-	214,653	-	214,653
Inventory	18,841	61,182	11,379	16,208	17,689	588	25,880	-	-	151,767
Pledges receivable	26,656	12,845	807	86	222	0	650	-	-	41,266
Insurance recoverable	1,507	56,272	22,375	17,445	10,512	1,191	38,049	-	-	147,351
Assets whose use is limited, current	-	491	670	-	14	-	740	-	-	1,915
Other current assets	106,256	10,845	2,216	1,626	1,435	251	7,362	11,582	-	141,573
Total current assets	311,480	701,553	595,503	304,569	193,714	54,414	459,612	574,173	(20,279)	3,174,739
Long-term investments	794,319	517,256	902,944	413,271	193,275	66,919	382,003	128,437	(443,720)	2,954,704
Assets whose use is limited, noncurrent	13,067	186,422	9,338	819	116	-	224	-	-	209,986
Assets held by affiliated foundations	-	11,604	-	-	-	33,177	-	-	-	44,781
Pledges receivable	68,726	34,525	1,420	59	295	-	6,237	-	-	111,262
Goodwill, net	29,771	336	-	1,500	-	-	-	214,502	-	246,109
Insurance recoverable	2,996	115,541	45,229	52,129	18,921	2,566	79,193	-	-	316,575
Loans receivable from students, net	19,547	-	15	-	-	-	-	-	-	19,562
Land, buildings and equipment, net	768,175	1,203,877	461,647	269,500	737,890	70,772	664,225	12,049	-	4,188,135
Right-of-use assets	75,079	149,195	20,001	4,426	5,538	3,149	21,833	31,388	-	310,609
Other noncurrent assets	18,530	9,834	-	1,148	4,959	4,340	40,840	115,755	-	195,406
Total assets	$2,101,690	$2,930,143	$2,036,097	$1,047,421	$1,154,708	$235,337	$1,654,167	$1,076,304	($463,999)	$11,771,868
Liabilities and Net Assets										
Current liabilities:										
Current portion of:										
Long-term obligations	$37,578	$5,334	$1,446	$920	$901	$94	$1,545	-	-	$47,818
Accrued professional liability claims	-	109,525	22,110	16,206	10,835	1,191	63,441	-	-	223,308
Accrued workers' compensation claims	6,095	-	1,738	3,182	2,561	280	3,777	-	-	17,633
Deferred revenues	21,253	4,545	699	88	3,154	-	-	-	-	29,739
Advances	32,981	(2,201)	(3,145)	(2,365)	514	-	(6,248)	-	-	19,536
Operating lease obligations	-	1,538	-	-	-	-	-	$4,353	$43,020	48,911
Accounts payable and accrued expenses	239,245	133,706	45,353	38,564	42,175	1,034	85,154	35,793	-	621,024
Medical costs payable	-	-	-	-	-	-	-	204,796	(21,433)	183,363
DHS insurance program payable	-	-	-	-	-	-	-	154,582	-	154,582
Accrued payroll and related costs	124,036	128,667	62,592	41,847	42,559	5,002	42,883	14,632	-	462,218
Total current liabilities	461,188	381,114	130,793	98,442	102,699	7,601	190,552	414,156	21,587	1,808,132
Long-term obligations	346,263	1,272,460	360,329	423,392	564,164	39,455	454,091	20,252	(12,507)	3,467,899
Accrued pension liability	42,533	-	51,022	10,271	9,128	(9,655)	140,594	-	-	243,893
Federal student loan advances	5,254	-	-	-	-	-	-	-	-	5,254
Accrued professional liability claims	168	331,799	56,608	75,021	25,295	4,619	169,826	-	-	663,336
Accrued workers' compensation claims	6,411	-	3,511	5,343	5,081	266	5,784	-	-	26,396
Interest rate hedges	11,987	-	-	-	-	-	-	-	-	11,987
Operating lease obligations	102,008	168,249	21,195	4,644	5,812	3,248	22,896	27,566	(43,020)	312,598
Other noncurrent liabilities	29,889	2,297	9,967	-	100	3,939	49,514	7,779	(3,701)	99,784
Total liabilities	1,005,701	2,155,919	633,425	617,113	712,279	49,473	1,033,257	469,753	(37,641)	6,639,279
Net assets:										
Net assets without donor restriction	447,625	621,947	1,234,401	425,394	437,185	125,903	461,143	606,182	(426,358)	3,933,422
Noncontrolling interest in joint ventures	28,386	14,266	-	-	-	-	-	-	-	42,652
Net assets with donor restriction	619,978	138,011	168,271	4,914	5,244	59,961	159,767	369	-	1,156,515
Total net assets	1,095,989	774,224	1,402,672	430,308	442,429	185,864	620,910	606,551	(426,358)	5,132,589
Total liabilities and net assets	$2,101,690	$2,930,143	$2,036,097	$1,047,421	$1,154,708	$235,337	$1,654,167	$1,076,304	($463,999)	$11,771,868

Thomas Jefferson University
Unaudited Consolidating Statements of Operations and Net Assets Without Donor Restrictions
For the Year Ended June 30, 2023
(In Thousands)

	TJU	TJUHS	Abington	JHNES	Kennedy	Magee	Einstein	HPP	Adjustments & Eliminations	Consolidated
Operating revenues, gains and other support:										
Net patient service revenue	-	$2,466,964	$929,044	$713,828	$798,124	$61,997	$1,340,563	-	($190,615)	$6,119,905
Insurance premium revenue	-	-	-	-	-	-	-	$2,148,677	-	2,148,677
Grants and contracts	$139,261	384	1,353	544	5,885	1,301	19,632	-	-	168,360
Clinical component support	96,259	3,600	-	-	-	-	-	-	(99,859)	-
Tuition and fees, net	220,931	426	-	-	-	-	1,796	-	-	223,153
Investment income	23,200	34,356	53,106	60,986	14,752	2,808	141,673	15,052	(182,034)	163,899
Contributions	1,365	35	-	-	46	3,765	176	-	-	5,387
Other revenue	63,489	553,080	70,083	25,526	44,846	1,902	43,184	-	(51,117)	750,993
Government support for COVID-19	658	25,076	4,410	3,213	7,594	-	7,633	-	-	48,584
Net assets released from restrictions	50,125	6,386	7,608	544	1,024	-	5,812	30	-	71,529
Total operating revenues, gains and other support	595,288	3,090,307	1,065,604	804,641	872,271	71,773	1,560,469	2,163,759	(523,625)	9,700,487
Operating expenses:										
Salaries and wages	636,881	1,106,571	456,122	349,669	343,298	42,800	726,980	88,427	404	3,751,152
Employee benefits	151,587	268,146	126,281	58,350	89,758	8,789	161,932	19,686	-	884,529
Insurance services medical expenses	-	-	-	-	-	-	-	1,934,233	(340,491)	1,593,742
Supplies	34,361	709,646	150,624	112,221	132,734	3,864	213,986	-	-	1,357,436
Clinical and academic support	3,603	96,398	-	-	-	-	-	-	(100,001)	-
Purchased services	296,851	123,667	73,036	41,636	78,723	7,024	179,369	56,441	(800)	855,947
Depreciation and amortization	38,320	105,525	52,053	30,004	51,167	3,818	60,733	16,947	-	358,567
Interest	21,180	25,662	13,404	15,767	20,933	1,458	17,111	891	-	116,406
Insurance	1,903	75,373	8,676	22,594	7,911	845	41,549	1,398	-	160,249
Utilities	13,424	16,785	10,907	4,991	12,782	321	9,915	1,384	-	70,509
Other	(596,394)	627,067	192,005	133,623	140,651	12,244	165,994	5,871	(50,564)	630,497
Total operating expenses	601,716	3,154,840	1,083,108	768,855	877,957	81,163	1,577,569	2,125,278	(491,452)	9,779,034
(Loss) Income from operations	(6,428)	(64,533)	(17,504)	35,786	(5,686)	(9,390)	(17,100)	38,481	(32,173)	(78,547)
Nonoperating items and other changes in net assets without donor restriction, net:										
Return on investments, net of amounts classified as operating revenue	14,288	16,172	42,871	7,210	10,700	3,060	11,319	1,207	-	106,827
Value of noncontrolling interest in Solis	28,386	-	-	-	-	-	-	-	-	28,386
Loss on investment in HPP acquisition	-	-	-	-	-	-	(1,410)	-	-	(1,410)
Interest rate hedges	4,923	-	-	-	-	-	-	-	-	4,923
Reclassification of net assets	6,230	38,451	886	136	47	(4,935)	(44,704)	3,000	-	(889)
Contributions and government grants for capital projects	-	361	-	-	-	-	-	-	-	361
Net assets released from restrictions used for purchase of property and equipment	1,042	-	2,580	36	539	-	204	-	-	4,401
Decrease in pension liability	52,516	-	55,132	14,368	10,982	-	18,584	-	-	151,582
Distributions to noncontrolling interest	-	(6,000)	-	-	-	-	-	-	-	(6,000)
Increase (Decrease) in nonoperating items and other changes in net assets without donor restriction	107,385	48,984	101,469	21,750	22,268	(1,875)	(16,007)	4,207	-	288,181
Increase (Decrease) in net assets without donor restriction	$100,957	($15,549)	$83,965	$57,536	$16,582	($11,265)	($33,107)	$42,688	($32,173)	$209,634

Thomas Jefferson University
Notes to Consolidating Financial Information
June 30, 2023

1. The supplemental consolidating financial information of Thomas Jefferson University includes the Consolidating Balance Sheet as of June 30, 2023 and Consolidating Statement of Operations and Net Assets without Donor Restrictions, for the year ended June 30, 2023. It has been prepared in a manner consistent with generally accepted accounting principles and is presented only for the purpose of additional analysis and not as a presentation of financial position and results of operations of each component of the consolidated group. The supplemental combining financial information was derived from the accounting records used to prepare the consolidated financial statements. All material consolidating entries and intracompany/intercompany eliminations have been properly recorded. This accompanying note is an integral part of the accompanying supplemental combining financial information.