

Thomas Jefferson University

Consolidated Financial Statements

June 30, 2025 and 2024

Thomas Jefferson University
Table of Contents
June 30, 2025 and 2024

	Pages
Report of Independent Auditors	1 – 2
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets without Donor Restriction	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 – 44
 Supplemental Information:	
Report of Independent Auditors	45
Consolidating Balance Sheets	46
Consolidating Statements of Operations and Changes in Net Assets without Donor Restriction	47
Notes to Consolidating Financial Information	48



Report of Independent Auditors

To the 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, 2025 and 2024, and the related consolidated statements of operations and 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, 2025 and 2024, and the results of its operations, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 28, 2025

Thomas Jefferson University
Consolidated Balance Sheets
June 30, 2025 and 2024
(In Thousands)

Assets	2025	2024
Current assets:		
Cash and cash equivalents	\$406,139	\$562,202
Short-term investments	943,540	655,137
Accounts receivable	1,893,302	1,161,036
Insurance premium receivable	332,699	181,479
Inventory and supplies	257,796	166,300
Pledges receivable, current	50,842	44,988
Insurance recoverable, current	104,632	141,407
Assets whose use is limited, current	51,793	812
Other current assets	172,885	111,118
Total current assets	4,213,628	3,024,479
Long-term investments	5,217,745	3,242,347
Assets whose use is limited, noncurrent	757,147	73,460
Assets held by affiliated foundations	59,496	53,560
Pledges receivable, noncurrent	110,844	81,421
Goodwill	248,809	246,109
Insurance recoverable, noncurrent	297,380	321,654
Loans receivable from students, net	19,914	19,163
Land, buildings and equipment, net	6,214,005	4,273,307
Right-of-use assets	606,051	337,639
Other noncurrent assets	546,604	160,540
Total assets	\$18,291,623	\$11,833,679
Liabilities and Net Assets		
Current liabilities:		
Current portion of:		
Long-term obligations	\$99,757	\$363,422
Accrued professional liability claims	179,701	221,004
Accrued workers' compensation claims	24,091	16,677
Advances and deferred revenues	515,232	60,961
Operating lease obligations	81,642	49,773
Accounts payable and accrued expenses	953,766	670,992
Medical costs payable	249,176	187,837
DHS insurance program payable	19,963	57,297
Accrued payroll and related costs	687,440	451,887
Total current liabilities	2,810,768	2,079,850
Long-term obligations	5,182,444	3,111,618
Accrued pension liability	106,757	100,191
Federal student loan advances	5,035	4,455
Accrued professional liability claims	799,414	653,018
Accrued workers' compensation claims	29,362	24,415
Interest rate hedges	12,291	9,203
Operating lease obligations	537,856	296,891
Other noncurrent liabilities	327,370	111,836
Total liabilities	9,811,297	6,391,477
Net assets:		
Net assets without donor restriction - Thomas Jefferson University	6,723,673	4,209,880
Noncontrolling interest in joint ventures	83,965	46,467
Total net assets without donor restriction	6,807,638	4,256,347
Net assets with donor restriction	1,672,688	1,185,855
Total net assets	8,480,326	5,442,202
Total liabilities and net assets	\$18,291,623	\$11,833,679

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, 2025 and 2024
(In Thousands)

	2025	2024
Operating revenues, gains and other support:		
Net patient service revenue	\$11,054,287	\$6,384,366
Insurance premium revenue	2,225,203	2,163,755
Grants and contracts	183,738	166,891
Tuition and fees, net	235,466	227,912
Investment income	270,625	199,427
Contributions	6,222	6,494
Other revenue	1,677,248	776,530
Net assets released from restrictions	103,068	74,281
Total operating revenues, gains and other support	<u>15,755,857</u>	<u>9,999,656</u>
Operating expenses:		
Salaries and wages	6,177,348	3,922,664
Employee benefits	1,614,127	873,634
Insurance services medical expenses	1,962,496	1,664,816
Supplies	2,834,215	1,450,663
Purchased services	1,345,886	725,868
Depreciation and amortization	503,637	304,189
Interest	201,467	116,009
Insurance	234,507	194,304
Utilities	107,181	70,326
Other	983,299	675,841
Total operating expenses	<u>15,964,163</u>	<u>9,998,314</u>
(Loss) Income from operations	<u>(208,306)</u>	<u>1,342</u>
Nonoperating items and other changes in net assets without donor restriction, net:		
Return on investments, net of amounts classified as operating revenue	136,205	100,971
Contribution received in LVHN acquisition	2,598,846	-
Interest rate hedges	(3,474)	2,450
Reclassification of net assets	(142)	(423)
Net assets released from restrictions used for purchase of property and equipment	24,263	51,616
Adjustment to funded status of pension plan	(4,421)	130,291
Distributions to noncontrolling interest	(30,070)	(5,974)
Gain on defeasance of debt	34,985	-
Other	3,405	-
Increase in nonoperating items and other changes in net assets without donor restriction	<u>2,759,597</u>	<u>278,931</u>
Increase in net assets without donor restriction	<u>\$2,551,291</u>	<u>\$280,273</u>

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, 2025 and 2024
(In Thousands)

	2025	2024
Net assets without donor restriction:		
Revenues, gains and other support	\$15,755,857	\$9,999,656
Expenses	(15,964,163)	(9,998,314)
Contribution received in LVHN acquisition	2,598,846	-
Nonoperating items and other changes in net assets without donor restriction, net	<u>160,751</u>	<u>278,931</u>
 Increase in net assets without donor restriction	 <u>2,551,291</u>	 <u>280,273</u>
Net assets with donor restriction:		
Contributions	112,516	71,537
Gain on investments, net	68,643	48,905
Net gain on externally held trusts	13,354	15,968
Investment income	15,140	7,873
Net assets released from restrictions	(127,331)	(125,897)
Changes in net assets held by affiliated foundations	5,937	8,779
Change in value of split interest agreements	465	1,752
Contribution received in LVHN acquisition	397,967	-
Reclassification of net assets	<u>142</u>	<u>423</u>
 Increase in net assets with donor restriction	 <u>486,833</u>	 <u>29,340</u>
 Increase in net assets	 3,038,124	 309,613
Net assets, beginning of year	<u>5,442,202</u>	<u>5,132,589</u>
Net assets, end of year	<u><u>\$8,480,326</u></u>	<u><u>\$5,442,202</u></u>

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, 2025 and 2024
(In Thousands)

	2025	2024
Cash flows from operating activities:		
Increase in net assets	\$3,038,124	\$309,613
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Contributions received in acquisition of LHVN	(2,996,813)	-
Adjustment to funded status of pension plan	4,421	(130,291)
Depreciation and amortization	503,637	304,189
Bond premium and deferred financing fees amortization, net	(15,033)	(10,011)
Change in assets held by affiliated foundation	(5,936)	(8,779)
Gain on investments and other, net	(490,585)	(332,351)
(Gain) Loss on disposal	(7,685)	23,416
Net loss (gain) on interest rate hedges	3,474	(2,450)
Distribution to noncontrolling interest	30,070	5,974
Funds withheld under the Medicare Accelerated and Advance Payment Program	-	(70)
Gain on defeasance of debt	(34,985)	-
Contributions designated for acquisition of long-term assets	(47,208)	(43,372)
Net change due to:		
Accounts receivable	(134,861)	(288,030)
Insurance premium receivable	(151,220)	33,174
Pledges receivable	7,118	26,119
Inventory and supplies	(12,841)	(14,533)
Accounts payable and accrued expenses	(47,985)	49,968
Medical costs payable	61,339	4,474
DHS insurance program payable	(37,334)	(97,285)
Accrued payroll and related costs	38,281	(10,331)
Accrued pension liability	570	(13,411)
Insurance recoverable and accrued professional and workers' compensation claims	11,882	(14,694)
Dividends received from joint ventures	16,630	3,802
Other assets and liabilities	53,180	38,782
Net cash used in operating activities	<u>(213,760)</u>	<u>(166,097)</u>
Cash flows from investing activities:		
Cash received in acquisition of LVHN, net	262,189	-
Purchase of land, buildings and equipment	(495,352)	(756,546)
Purchases of investments and assets whose use is limited	(10,943,223)	(7,734,076)
Proceeds from sales of investments and assets whose use is limited	10,805,240	8,162,868
Student loans issued	(3,859)	(3,636)
Student loans repaid	3,260	3,325
Net cash used in investing activities	<u>(371,745)</u>	<u>(328,065)</u>
Cash flows from financing activities:		
Distribution to noncontrolling interest	(30,070)	(5,974)
Contributions designated for acquisition of long-lived assets	47,208	43,372
Federal student loan advances	580	(519)
Deferred financing fees	(15,034)	(805)
Proceeds from revolving line of credit	3,713,000	660,000
Repayments from revolving line of credit	(3,396,911)	(660,000)
Proceeds from long-term obligations	1,637,017	315,055
Repayment of long-term obligations	(1,126,348)	(37,811)
Net cash provided by financing activities	<u>829,442</u>	<u>313,318</u>
Net decrease in cash and cash equivalents	243,937	(180,844)
Cash and cash equivalents at beginning of period	<u>562,202</u>	<u>743,046</u>
Cash and cash equivalents at end of period	<u>\$806,139</u>	<u>\$562,202</u>
Supplemental disclosures:		
Interest paid (net of amount capitalized)	\$184,317	\$152,671
Accounts payable related to buildings and equipment	\$79,420	\$54,623
Operating cash flows for operating leases	\$134,230	\$54,654
Right-of-use assets obtained in exchange for lease obligations	\$75,144	\$31,514

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

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements represent the consolidated balance sheets, statement of operations and changes in net assets without donor restrictions, statements of changes in net assets and statements of cash flows of Thomas Jefferson University (“TJU”), including Jefferson Health Corporation (“JHC”) and Jefferson Health Plans (“JHP”). On August 1, 2024, JHC became the sole corporate member of Lehigh Valley Health Network (see footnote 2).

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 ten colleges, three schools and two institutes located primarily on two campuses in Philadelphia, with approximately 7,350 students. TJU includes the accounts of subsidiaries of Thomas Jefferson University including Philadelphia University, TJU Inc., 1100 Walnut Associates, Walnut Realty Company, 925 Walnut Holding LLC, 925 Walnut Corporation, Bildex Corporation, Jefferson Horizons Research LLC, Jefferson Partners Holding, LLC, Partners Insurance Company, Inc., Partners Insurance Company of New Jersey, Inc., Jefferson-Solis Mammography Services, LLC (“JSMS”, a 60% owned joint venture) and Jefferson Italy.

JHC is an integrated healthcare organization that provides 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 and Lehigh Valley Region. TJU is the sole corporate member of JHC. JHC includes the accounts of subsidiaries of JHC, and companies ventures operated by JHC, comprising 32 hospitals and over 360 sites of care delivery.

TJU is the sole corporate member of JHP. JHP includes the accounts and subsidiaries of JHP. JHP provides access to healthcare services on a prepaid basis. JHP is licensed to operate throughout the Commonwealth of Pennsylvania for both the Children’s Health Insurance Program (“CHIP”) and the Medicaid lines of business. Further, JHP operates Medicare Advantage programs in Pennsylvania and New Jersey, has a preferred provider organization (“PPO”) product, and an Affordable Care Act (“ACT”) product in Pennsylvania. Total health plan membership in all of these lines of business is approximately 367,000 members.

Subsequent Events

TJU has performed an evaluation of subsequent events through October 28, 2025, which is the date the consolidated financial statements were issued.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on an accrual basis. All significant intercompany accounts and transactions have been eliminated. Transactions with related parties occur in the ordinary course of the TJU's activities, which do not have a material effect on the TJU's financial position. Related parties may include affiliates, trusts, and investment holdings. In addition, related parties may also include board members and senior management, their family members, and any entities with which they are associated that may do business with the University.

TJU classifies net assets as follows:

Net Assets without Donor Restrictions are those net 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 net 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.

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, interest rate hedges, net assets released from restrictions used for the purchase of property and equipment, value of and distributions to noncontrolling interest, contribution received in LVHN transaction, gain 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

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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.

The following table provides a reconciliation of cash and cash equivalents reported within the consolidated balance sheets to the amounts reported in the consolidated statements of cash flows at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$406,139	\$562,202
Cash in long-term investments	<u>400,000</u>	<u>-</u>
Cash and cash equivalents	<u><u>\$806,139</u></u>	<u><u>\$562,202</u></u>

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 \$103.0 million and \$47.3 million for the years ended June 30, 2025 and 2024, respectively. The estimated costs of providing charity services are based on a

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Revenue from the Medicare and Medicaid programs accounted for approximately 39.5% and 12.9%, respectively, and 42.3% and 15.2%, respectively of net patient service revenue in 2025 and 2024, 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 2021, 2022, 2023, 2024 and 2025, have been audited and final settled as of June 30, 2025. 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 \$515.9 million and \$331.7 million in 2025 and 2024, respectively, and are recorded in net patient service revenue. TJU paid taxes in respect to these programs amounting to \$300.1 million and \$181.4 million in 2025 and 2024, 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 22.3% and 7.1%, respectively, and 23.8% and 7.5%, respectively, of TJU's net patient service revenue in 2025 and 2024, 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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Other Revenue

The component of other revenue for the years ended June 30, 2025 and 2024, are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Ambulatory pharmacy	\$1,376,956	\$541,229
Government support for COVID-19	467	40,751
Contracted physician services	36,538	31,981
Rental income	29,179	24,462
Cafeteria	20,187	20,629
All other	<u>213,921</u>	<u>117,477</u>
Total	<u>\$1,677,248</u>	<u>\$776,530</u>

Medical Costs Payable

Medical costs payable consists principally of unpaid fee-for-service medical and pharmacy claims and capitation costs related to JHP’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 JHP 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 JHP 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. JHP 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 2025 and 2024, revenue earned from federal sources totaled \$119.3 million and \$123.4 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

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 \$97.1 million and \$93.7 million in 2025 and 2024, 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 \$9.5 million are included in other noncurrent assets on the consolidated balance sheets at June 30, 2025 and 2024, respectively.

Investments

Investments are reported at fair value. Debt and equity securities with readily determinable fair values are based on quoted prices from national securities exchanges. Alternative investments, which are not readily marketable, are carried at estimated fair values provided by investment managers. As a practical expedient under the Fair Value Measurement standard, TJU estimates the fair value of an investment in an investment company at the measurement date using the reported net asset value (NAV). Adjustments are recorded if TJU expects to sell the investment at an amount other than NAV or if the NAV is not prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). When the reported NAV is not as of the measurement date, TJU adjusts for interim cash flows. These amounts represent the estimated fair value of such investments at June 30, 2025 and 2024. TJU performs additional procedures on alternative investments, including due diligence reviews and other procedures with respect to the capital account or NAV information, to confirm compliance with valuation policies, redemption rights as of the measurement date, and the impact of any 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

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

to uncertainty and 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). Instead, the Pennsylvania Act governs the investment, use, and management of TJU's endowment funds. The Pennsylvania Act permits a nonprofit organization to adopt an appropriation policy designed to preserve the long-term real value of investments. Consistent with the Pennsylvania Act, TJU's investment policy objectives are to provide sufficient spendable income to meet current and future budgetary requirements while protecting the purchasing power of endowment assets. For both 2025 and 2024, TJU calculated spendable income for endowment funds at 7% of a rolling three-year average.

Concentrations of Credit Risk

TJU's financial instruments exposed to concentrations of credit risk consist primarily of cash, cash equivalents, and investments. These funds are held in high-quality financial institutions and managed by TJU personnel and external advisors. Balances at financial institutions may 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):

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Methodist Hospital Foundation	\$13,322	\$12,419
Magee Rehabilitation Hospital Foundation	<u>46,174</u>	<u>41,141</u>
Total	<u>\$59,496</u>	<u>\$53,560</u>

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, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Direct student loans, net	\$14,485	\$14,319
Federally-sponsored student loans	<u>5,430</u>	<u>4,844</u>
Total	<u>\$19,915</u>	<u>\$19,163</u>

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, 2025 and 2024 to be reasonable and adequate to absorb potential credit losses inherent in the student loan portfolio.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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.

During the year ended June 30, 2024, TJU changed the estimated useful lives of its buildings and equipment, primarily impacting buildings and building improvements from 5-40 years to 5-45 years. The effect was a net decrease in depreciation expense of approximately \$68.0 million.

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 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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The change in the carrying amount of goodwill for the year ended June 30, 2025 and 2024 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Beginning balance	\$246,109	\$246,109
Additions	2,700	-
Ending balance	<u>\$248,809</u>	<u>\$246,109</u>

Reclassifications

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

New Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. The ASU improves financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations and is effective for fiscal years beginning after December 15, 2022. TJU adopted this standard in 2024 and noted there is no material impact to the consolidated financial statements.

2. BUSINESS COMBINATIONS

On August 1, 2024 Jefferson Health Corporation became the sole corporate member of Lehigh Valley Health Network (LVHN). LVHN was the parent company of an integrated healthcare system in eastern Pennsylvania with a mission to heal, comfort, and care for the people in the communities it serves, including Lehigh, Northampton, Schuylkill, Carbon, Monroe, Luzerne, and Lackawanna Counties in Pennsylvania. TJU acquired all of the assets and liabilities of LVHN and transferred no consideration. The TJU board was reconstituted to include members designated by LVHN. The acquisition of LVHN is intended to improve the access and quality of the care provided to the communities served by both organizations, to enhance the educational and research missions of TJU and LVHN and to promote the expansion of the JHP programs into the Lehigh Valley region. On June 30, 2025 LVHN merged into JHC.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The following table summarizes the fair value of assets, liabilities and net assets contributed by LVHN at the acquisition date (in thousands):

Cash and cash equivalents	\$262,189
Accounts receivable	597,405
Investments	1,987,865
Land, buildings and equipment	1,928,046
Other assets	890,732
Total assets acquired	<u>\$5,666,237</u>
Accrued payroll and related costs	\$197,272
Accrued professional liability and workers' compensation claims	213,421
Long-term obligations	1,358,831
Accrued pension obligations	1,575
Accounts payable, accrued expenses and other liabilities	898,325
Total liabilities assumed	<u>\$2,669,424</u>
Net assets without donor restriction	\$2,598,846
Net assets with donor restriction	397,967
Total net assets contributed	<u>\$2,996,813</u>

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, 2025, as if the acquisition of LVHN had occurred at July 1, 2024 are (in thousands):

Operating Revenues, Gains and Other Support	Change in Net Assets Without Donor Restriction	Change in Net Assets With Donor Restriction
<u>\$16,148,416</u>	<u>\$2,551,291</u>	<u>\$486,833</u>

3. REGULATORY REQUIREMENTS FOR JHP

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:

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

- \$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.

JHP’s statutory net worth has exceeded the NAIC Company Action Level calculated for its RBC requirements as of December 31, 2024 and 2023. JHP’s recorded capital and surplus under statutory accounting principles was \$336.7 million and \$310.7 million as of December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023 JHP’s RBC percentage filed with PID was 460% and 408%, respectively.

4. NET ASSETS

Net assets consisted of the following at June 30, 2025 and 2024 (in thousands):

Detail of net assets	2025			2024		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Operating	\$3,133,766	\$461,276	\$3,595,042	\$2,067,607	\$281,915	\$2,349,522
Capital gifts	-	61,294	61,294	-	53,721	53,721
Student loan funds	28,912	29,907	58,819	27,978	27,848	55,826
Endowment funds	3,644,960	1,045,973	4,690,933	2,160,762	751,796	2,912,558
Assets held by affiliated foundations	-	59,496	59,496	-	53,560	53,560
Deferred giving	-	14,742	14,742	-	17,015	17,015
Total	\$6,807,638	\$1,672,688	\$8,480,326	\$4,256,347	\$1,185,855	\$5,442,202

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

5. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited are presented in the consolidated balance sheets at June 30, 2025 and 2024 consist of the following (in thousands):

	<u>2025</u>	<u>2024</u>
Held by trustee under indenture agreement	\$423,330	\$9,266
Deferred compensation fund	251,356	46,950
Self Insurance funds	99,463	-
Women's Board, Medical Staff and other funds	8,591	1,700
Restricted for capital purposes	<u>26,200</u>	<u>16,356</u>
Total	\$808,940	\$74,272
Less current portion	<u>(51,793)</u>	<u>(812)</u>
Noncurrent portion	<u>\$757,147</u>	<u>\$73,460</u>

6. INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Short-term investments	\$943,541	\$655,137
Assets whose use is limited, current	51,793	812
Long-term investments	5,217,745	3,242,347
Assets whose use is limited, noncurrent	<u>757,147</u>	<u>73,460</u>
	<u>\$6,970,226</u>	<u>\$3,971,756</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

A summary of investments at June 30, 2025 and 2024 is as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Cash equivalents	\$1,045,347	\$57,972
Equity securities	54,928	36,209
Fixed income securities	316,408	174,518
Funds:		
Global equity	1,312,133	1,510,253
Fixed income	2,109,754	870,931
Real estate	302,271	146,429
Other mutual funds	243,346	54,599
Private equity	982,432	638,477
Real estate	1,493	928
Hedge funds	128,026	98,596
External trusts	222,652	194,465
Investments subject to equity method and other	251,436	188,379
	<u>\$6,970,226</u>	<u>\$3,971,756</u>

Most private investment funds (private equity real asset funds are structured as closed-end, commitment-based investment vehicles. where TJU commits a specified amount of capital at inception of the fund (i.e., committed capital) which is drawn down over the life of the fund. Such funds typically do not allow redemptions or new subscriptions after the final closing. Accordingly, TJU generally holds these interests until maturity, although limited secondary market transactions may occur. Fund managers may value the underlying investments based on appraisals, discounted cash flow analyses, industry comparables, or other methods. TJU values these investments at NAV.

Unlike private investment funds, hedge funds are generally open-ended and permit subscriptions and redemptions as specified in fund governing documents. The level of liquidity is aligned with the liquidity and risk of the underlying portfolio. Investments may include securities not quoted in active markets, and illiquid positions may be valued using appraisals, discounted cash flows, or industry comparables or some other method. The valuation approaches described above may result in fair values that differ from amounts ultimately realized. While TJU believes its methodologies are appropriate and consistent with those of other market participants, the use of different assumptions could produce materially different estimates.

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 sufficient participants to absorb sales without materially impacting prices. The related pooled

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

funds are also traded on such markets and priced daily, with next-day settlement. Real asset funds generally provide monthly liquidity.

Private equity investments have limited liquidity, with distributions typically occurring quarterly. Liquidity may be achieved through secondary sales. At June 30, 2025 and 2024, TJU had unfunded commitments of \$1.0 billion and \$751.5 million, respectively, which are expected to be called over the next three to five years.

	<u>2025</u>	<u>2024</u>
Private equity	\$1,060,403	\$751,368
Real estate	-	86
	<u>\$1,060,403</u>	<u>\$751,454</u>

Hedge funds typically provide quarterly liquidity with 60–90 days’ notice. Liquidity terms may be further limited by gates, holdbacks, side pockets, or redemption fees. When holdbacks are imposed, TJU evaluates the impact on overall valuation and the risk of not fully realizing the 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, administered by independent trustees, are primarily invested in domestic and international equity and 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); MLJH, LLC (50% owned joint venture); Fresenius Medical Care Voorhees, LLC (“FMCV”) (30% owned joint venture); JeffHome PA-NJ (“JeffHome”) (49% owned joint venture); Eastern PA Endoscopy Center (“EPAEC”) (68% owned joint venture); Universal Health Services LVHN (“UHS-LVHN”) (49% owned joint venture); Allspire Health GPO (“Allspire”) (20% owned joint venture). A summary of investments subject to the equity method and other investments is as follows at June 30, 2025 and 2024 (in thousands):

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Equity method:		
Five Pointe	\$98,354	\$77,172
MLJH, LLC	32,192	31,282
JeffHome, LLC	25,293	26,471
FMCV, LLC	16,365	17,382
UHS-LVHN	15,847	-
EPAEC	10,619	-
MLRRG	7,684	6,924
Allspire	7,069	-
Other equity method investments	21,688	14,428
Other	<u>16,324</u>	<u>14,720</u>
	<u>\$251,436</u>	<u>\$188,379</u>

A summary of investments held under split-interest agreements is as follows at June 30, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Charitable gift annuities	\$16,728	\$15,246
Pooled income funds	632	597
Charitable remainder trusts	<u>5,901</u>	<u>9,313</u>
	<u>\$23,261</u>	<u>\$25,156</u>

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 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Investment income included in operating income (losses):		
Interest and dividends	\$29,094	\$43,911
Endowment payout	236,616	150,122
Other equity method investments	<u>4,915</u>	<u>5,394</u>
	\$270,625	\$199,427
Investment income included in nonoperating income (losses):		
Net realized and unrealized gains (losses)	331,098	247,633
Interest and dividends	41,723	3,460
Endowment payout	<u>(236,616)</u>	<u>(150,122)</u>
	<u>136,205</u>	<u>100,971</u>
Total	<u>\$406,830</u>	<u>\$300,398</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

7. ENDOWMENT FUNDS

TJU's endowments consist of approximately 1,500 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, 2025, 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	-	\$1,045,973	\$1,045,973
Quasi-endowment funds	\$3,644,960	-	3,644,960
Total funds	<u>\$3,644,960</u>	<u>\$1,045,973</u>	<u>\$4,690,933</u>

Changes in endowment net assets for the fiscal year ended June 30, 2025, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$2,160,762	\$751,796	\$2,912,558
Investment returns	208,771	73,260	282,031
Contributions	25	15,531	15,556
LVHN net assets acquired	1,128,242	256,679	1,384,921
Appropriation of assets for expenditure	(210,290)	(38,335)	(248,625)
Transfers of University resources and other	357,450	(12,958)	344,492
Endowment net assets, end of year	<u>\$3,644,960</u>	<u>\$1,045,973</u>	<u>\$4,690,933</u>

At June 30, 2024, 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	-	\$751,796	751,796
Quasi-endowment funds	\$2,160,762	-	2,160,762
Total funds	<u>2,160,762</u>	<u>751,796</u>	<u>2,912,558</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Changes in endowment net assets for the fiscal year ended June 30, 2024, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$1,941,530	\$724,458	\$2,665,988
Investment returns	201,374	49,724	251,098
Contributions	1,333	12,608	13,941
Appropriation of assets for expenditure	(150,122)	(32,332)	(182,454)
Transfers of University resources and other	166,647	(2,662)	163,985
Endowment net assets, end of year	<u>\$2,160,762</u>	<u>\$751,796</u>	<u>\$2,912,558</u>

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. 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. The historical value of these funds were \$31.8 million and \$38.5 million as of June 30, 2025 and 2024, respectively. The current value of these funds are \$30.5 million and \$36.3 million as of June 30, 2025 and 2024, respectively.

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):

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$406,139	\$562,202
Accounts receivable	1,893,302	1,161,036
Insurance premium receivable	307,675	181,479
Pledge payments available for operations	20,407	22,040
Short-term investments	900,440	585,856
Subsequent year's endowment payout	<u>245,219</u>	<u>206,374</u>
Total financial assets available within one year	3,773,182	2,718,987
Liquidity resources:		
Bank lines of credit	890,911	763,300
Bank revolving lines of credit	55,215	-
Total financial assets and liquidity resources available within one year	<u>4,719,308</u>	<u>\$3,482,287</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 \$1.3 billion and \$763.3 million at June 30, 2025 and 2024, respectively, under which there was borrowing of \$372.1 million at June 30, 2025 and no borrowing at June 30, 2024.

Additionally, TJU has a \$91.3 million revolving line of credit for a commercial card payment program. There are no stated interest rates on this line of credit as the balance is due in full each month. For the fiscal year ended June 30, 2025, outstanding draws on this revolving line of credit were \$36.0 million.

9. FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes inputs used to measure fair value, giving the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest 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 valuation techniques and broadly refer to the assumption that market participants use to make valuation decisions. An investment 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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 listed equities, U.S. government obligations, mutual funds, and certain money market securities. Liquidity is generally daily based on quoted market value at time of transaction or at daily NAV.

Level 2 - Investments that trade in markets or 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 bonds, high-yield bonds, and certain mortgage products. There were no transfers between Levels 1 and 2 occurred during 2025 or 2024.

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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2025</u>
Cash and cash equivalents	\$1,045,347	-	-	-	\$1,045,347
Equity securities	38,201	\$16,727	-	-	54,928
Fixed income securities	1,513	294,078	-	\$20,817	316,408
Funds:					
Global equity	39,078	-	-	1,273,055	1,312,133
Fixed income	77	19	-	2,109,658	2,109,754
Real asset	-	4,596	-	297,675	302,271
Other mutual funds	243,346	-	-	-	243,346
Private equity	-	-	-	982,432	982,432
Real estate	-	-	-	1,493	1,493
Hedge funds	-	-	-	128,026	128,026
External trusts	-	-	\$222,652	-	222,652
Total	<u>\$1,367,562</u>	<u>\$315,420</u>	<u>\$222,652</u>	<u>\$4,813,156</u>	<u>\$6,718,790</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2024</u>
Cash and cash equivalents	\$57,972	-	-	-	\$57,972
Equity securities	20,963	\$15,246	-	-	36,209
Fixed income securities	1,287	154,538	-	\$18,693	174,518
Funds:	-				
Global equity	34,214	-	-	1,476,039	1,510,253
Fixed income	-	19	-	870,912	870,931
Real asset	-	4,056	-	142,373	146,429
Other mutual funds	54,599	-	-	-	54,599
Private equity	-	-	-	638,477	638,477
Real estate	-	-	-	928	928
Hedge funds	-	-	-	98,596	98,596
External trusts	-	-	\$194,465	-	194,465
Total	<u>\$169,035</u>	<u>\$173,859</u>	<u>\$194,465</u>	<u>\$3,246,018</u>	<u>\$3,783,377</u>

Investments not subject to fair value leveling or fair value at NAV at June 30, 2025 and 2024 totaled \$251.4 million and \$188.4 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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The following table presents the other liabilities carried on the consolidated balance sheets by level within the valuation hierarchy as of June 30, 2025 and 2024 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2025</u>
Interest rate hedges	-	\$12,231	-	-	\$12,231

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2024</u>
Interest rate hedges	-	\$9,202	-	-	\$9,202

The following tables include a roll-forward of the amounts for the year ended June 30, 2025 and 2024 (in thousands) for external trust investments classified within Level 3.

	<u>2025</u>	<u>2024</u>
Beginning balance	\$194,465	\$178,652
LVHN external trust investments	14,833	-
Unrealized gains/(loss), net	13,354	15,813
Ending balance	<u>\$222,652</u>	<u>\$194,465</u>

10. PLEDGES RECEIVABLE

A summary of pledges receivable is as follows at June 30, 2025 and 2024, respectively (in thousands):

	<u>2025</u>	<u>2024</u>
Unconditional promises expected to be collected in:		
Less than one year	\$50,842	\$44,988
One year to five years	71,620	115,635
Over five years	94,067	1,090
	<u>216,529</u>	<u>161,713</u>
Less: unamortized discount and allowance for doubtful accounts	<u>(54,843)</u>	<u>(35,304)</u>
	<u>\$161,686</u>	<u>\$126,409</u>

The discount rate ranges from 0.41% to 5.6%. TJU's largest pledge comprises 26% and 39% of the pledge receivable at June 30, 2025 and 2024, respectively.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

11. LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment is as follows at June 30, 2025 and 2024, respectively (in thousands):

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$328,117	\$233,585
Buildings and building improvements	5,790,445	4,518,887
Equipment	3,350,887	2,695,153
Leasehold improvements	398,157	189,064
Construction in progress	367,397	196,954
Less: accumulated depreciation	<u>(4,020,998)</u>	<u>(3,560,336)</u>
Total land, buildings and equipment, net	<u>\$6,214,005</u>	<u>\$4,273,307</u>

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

Land improvements	5-40 years
Buildings and building improvements	5-70 years
Equipment	3-40 years
Leasehold improvements	3-25 years

In 2024, TJU recorded disposals of obsolete building improvement and equipment assets with an original cost of \$364.7 million and net book value of \$0.

Depreciation expense is \$493.1 million and \$293.8 million at June 30, 2025 and 2024, respectively.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

12. MEDICAL CLAIMS PAYABLE

The following table shows the components of the change in medical costs payable for the year ended June 30, 2025 and 2024 (in thousands):

	<u>2025</u>	<u>2024</u>
Medical costs payable June 30, 2024 and 2023	\$187,837	\$183,363
Claims occurring in:		
Current year	2,212,042	1,868,808
Prior years	<u>31,301</u>	<u>3,918</u>
Net incurred benefit expenses	<u>2,243,343</u>	<u>1,872,726</u>
Claim payments:		
Current year	(1,980,212)	(1,746,681)
Prior years	<u>(201,792)</u>	<u>(121,572)</u>
Net payments	<u>(2,182,004)</u>	<u>(1,868,252)</u>
Medical costs payable June 30, 2025 and 2024	<u>\$249,176</u>	<u>\$187,837</u>

The positive/(negative) amount noted as “prior year” claims in 2025 and 2024 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 2025 and 2024 reported above excludes approximately \$199.3 million and \$80.3 million that primarily represents amounts due to contracted risk hospitals.

JHP'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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

13. LONG-TERM OBLIGATIONS

A summary of long-term obligations is as follows at June 30, 2025 and 2024, respectively (in thousands):

	Final Maturity	Interest Rate at June 30, 2025	2025	2024
Revenue bonds:				
Fixed rate obligations	2065	3.00% - 6.50%	\$4,200,796	\$2,618,605
Variable rate obligations	2062	2.72% - 4.10%	716,290	693,605
Unamortized premium and issue costs			160,586	128,620
Total revenue bonds			<u>5,077,672</u>	<u>3,440,830</u>
Finance lease obligations	2037	1.24% - 5.50%	158,327	20,228
Other			46,202	13,982
Total long-term debt obligations			<u>\$5,282,201</u>	<u>\$3,475,040</u>

In 2024, TJU issued the Series 2024A Revenue Bonds, and the proceeds were used to purchase the core and shell of an ambulatory care facility on land leased by TJU.

The Series 2024B-E Revenue Bonds were issued in November and December 2024. The proceeds were used to fund the costs of (i) certain capital projects, (ii) the acquisition by TJU of its sole corporate membership interest in LVHN related to the payment or defeasance of all or a portion of certain indebtedness previously issued for the benefit of LVHN, and (iii) the refunding or purchase (for extinguishment) of all or a portion of indebtedness consisting of the Series 2015A, Series 2015E, Series 2105F, Series 2015H, Series 2022A and Series 2024A.

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: Abington Health Foundation, Abington Memorial Hospital, Albert Einstein Medical Center, Einstein Community Health Associates; Einstein Medical Center Montgomery, Einstein Practice Plan, Inc., Fornance Physician Services, JHC, Jefferson Health – Northeast, JUP, Kennedy Health Facilities, Inc., Kennedy Medical Group Practice, P.C., Kennedy University Hospital, Inc., Lansdale Hospital, Lehigh Valley Hospital, Inc., Lehigh Valley Hospital – Hazleton, Lehigh Valley Hospital – Pocono; Lehigh Valley Hospital – Schuylkill, Montgomery Health Foundation, Philadelphia University, The Magee Memorial Hospital for Convalescents, TJU, and Thomas Jefferson University Hospitals, Inc.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 letter of credit agreements (the “LOCs”) and revolving credit agreements (the “Revolvers”, and collectively with the CCAs and the “LOCs, the “Credit Agreements”). TJU was in compliance with the financial covenants in the MTI and Credit Agreements at June 30, 2025.

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

	Revenue Bonds and Other	Finance Lease Obligations	Total
2026	64,238	26,414	90,652
2027	69,112	8,655	77,767
2028	70,674	7,278	77,952
2029	73,715	6,180	79,895
2030	77,059	6,536	83,595
Thereafter	4,608,716	103,264	4,711,980

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, 2025 and 2024 in the consolidated balance sheets is as follows (in thousands):

Expiration Date	TJU Receives	TJU Pays	Notional Amount at June 30, 2025	Notional Amount at June 30, 2024	Balance Sheet Location	Fair Value at June 30, 2025	Fair Value at June 30, 2024
Expiration 2/1/34	67% of United States Dollar SOFR (one Month)	2.98%	\$49,895	\$53,595	Noncurrent Liability	(\$155)	(\$857)
Expiration 9/1/45	67% of United States Dollar SOFR (one Month)	3.925%	\$50,918	\$44,673	Noncurrent Liability	\$9,585	\$9,340
Expiration 5/1/27	68% of United States Dollar SOFR (one Month)	3.98%	\$18,650	\$27,425	Noncurrent Liability	\$85	\$223
Expiration 5/1/27	68% of United States Dollar CMS Basis (Five Year minus 0.293%)	68% of United States Dollar CMS Basis (one Month)	\$10,725	\$15,750	Noncurrent Liability	\$205	\$309
Expiration 5/1/27	68% of United States Dollar CMS Basis (Five Year minus 0.325%)	68% of United States Dollar CMS Basis (one Month)	\$10,725	\$15,750	Noncurrent Liability	\$54	\$187
Expiration 7/1/2027	4.00%	SIFMA + 0.35%	\$70,380	\$71,980	Noncurrent Liability	\$2,518	\$0

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The daily compounded Secured Overnight Financing Rate (SOFR) ranged from 4.26% to 5.40% (average rate of 4.66%) in fiscal year 2025. The SOFR, with a five-year maturity, ranged from 3.10% to 4.28% (average rate of 3.71%) in fiscal year 2024. Non-operating loss of \$3.5 million and non-operating gain of \$2.5 million at June 30, 2025 and 2024, respectively, are included in the consolidated statements of operations and changes in net assets without donor restrictions for interest rate swap contracts (in thousands).

	<u>2025</u>	<u>2024</u>
Change in valuation of interest rate hedges	(\$2,894)	\$2,784
Net settlement payments with counterparties	<u>(580)</u>	<u>(334)</u>
Non-operating gain (loss) on interest rate hedges	<u><u>(\$3,474)</u></u>	<u><u>\$2,450</u></u>

Accumulated losses on interest rate hedges of \$12.2 million and \$9.2 million at June 30, 2025 and 2024, 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):

	<u>2025</u>	<u>2024</u>
Amount of rent expense related to amortization of right-of-use assets	\$115,112	\$59,839
Short-term and variable lease costs	<u>61,325</u>	<u>43,407</u>
Rent expense	<u><u>\$176,437</u></u>	<u><u>\$103,246</u></u>
Weighted average remaining lease term (years)	10.4	11.6
Weighted average discount rate	4.31%	2.96%

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

A summary of future minimum commitments under operating leases, at June 30, 2025, is as follows (in thousands):

2026	\$110,509
2027	97,670
2028	88,163
2029	84,451
2030	65,840
Thereafter	318,794
Total minimum lease payments	<u>765,427</u>
Less imputed interest	<u>(145,929)</u>
Net present value of minimum lease payments	<u>\$619,498</u>
2025 fixed expense	\$115,112

16. EMPLOYEE BENEFIT PLANS

TJU has non-contributory defined benefit pension plans for certain full-time employees. The TJU plan is frozen new entrants, the Einstein plan is not and the LVHN plan is completely frozen. Benefits under the non-contributory defined benefit plans are based on the employees' 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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Change in projected benefit obligation:		
Benefit obligation, beginning of year	\$2,293,580	\$2,471,820
Acquisition	1,130,373	-
Service cost	37,794	38,989
Interest cost	169,990	123,682
Net experience gain	(14,612)	(91,684)
Settlement	(146,236)	(140,085)
Benefits paid	(164,397)	(109,142)
Plan amendment	17,810	-
Projected benefit obligation, end of year	<u>3,324,302</u>	<u>2,293,580</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	2,193,389	2,227,927
Acquisition	1,156,030	-
Actual return of plan assets	172,001	158,218
Settlement	(133,538)	(136,014)
Employer contributions	43,000	52,400
Benefit payments	(164,397)	(109,142)
Fair value of plan assets, end of year	<u>3,266,485</u>	<u>2,193,389</u>
Plan funded status	<u>(\$57,817)</u>	<u>(\$100,191)</u>

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

	<u>2025</u>	<u>2024</u>
Net actuarial loss	(\$22,954)	(\$31,919)
Net unrecognized prior service costs	13,184	(5,921)
	<u>(\$9,770)</u>	<u>(\$37,840)</u>

The accumulated benefit obligation at June 30, 2025 and 2024 was as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Accumulated benefit obligation	<u>\$3,230,365</u>	<u>\$2,202,397</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The components of net periodic benefit cost for the plans for the years ended June 30, 2025 and 2024 were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Service cost	\$37,794	\$38,989
Interest cost	169,990	123,682
Expected return on plan assets	(207,031)	(145,273)
Amortization of actuarial loss	-	-
Amortization of prior service credit	(1,295)	(1,295)
Net periodic benefit cost	(542)	16,103
Settlement	(1,245)	4,869
Total	(1,787)	20,972
Other changes in plan assets and benefit obligations recognized in net assets without donor restriction:		
Net actuarial gain	7,720	(108,701)
Amortization of net actuarial loss	1,245	(4,869)
Prior service cost/(credit)	17,810	-
Amortization of prior service credit	1,295	1,295
Total recognized in net assets without donor restriction	28,070	(112,275)
Total recognized in net periodic benefit cost and net assets without donor restriction	<u>26,283</u>	<u>(91,303)</u>

In the consolidated statements of operations and changes in net assets, service cost is reported as employee benefits expense while the remaining components of net periodic benefit cost are reported as a decrease in pension liability. There will be no estimated actuarial loss that will be amortized in 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:

	<u>2025</u>	<u>2024</u>
Discount rate	5.59%	5.49%
Rate of compensation increase	3.00% to 3.25%	1.50% to 4.50%
Expected return on plan assets	6.26%	6.75%

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Discount rate - benefits obligations	5.41%	5.18%
Discount rate - service cost	5.60%	5.23%
Discount rate - interest cost	5.26%	5.16%
Rate of compensation increase	3.00% to 3.25%	1.50% to 4.50%

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

	<u>Targeted Range</u>	<u>Percentage of Plan Assets June 30, 2025</u>	<u>Percentage of Plan Assets June 30, 2024</u>
Cash	0%	3%	10%
Fixed income	60-70%	71%	32%
Global equity	10-20%	15%	53%
Real estate	0-5%	2%	0%
Private investments	15-25%	10%	5%
		<u>100%</u>	<u>100%</u>

The portfolios utilize a long-term asset allocation strategy that allows management to rebalance the asset allocation back to target levels monthly. 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, weighed 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 \$38.8 million during fiscal year 2026.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Projected benefit payments are as follows (in thousands):

2026	\$221,871
2027	212,430
2028	220,721
2029	228,577
2030	234,688
Thereafter	<u>1,234,086</u>
	<u>\$2,352,373</u>

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, 2025 and 2024 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2025</u>
Cash and cash equivalents	\$26,277	\$59,102	\$0	\$0	\$85,379
Equity securities	422	113,230	-	-	113,652
Fixed income securities	-	23	-	-	23
Funds:					
Global equity	-	-	-	322,572	322,572
Fixed income	-	878,378	-	1,439,498	2,317,876
Real assets	-	-	-	63,527	63,527
Other mutual funds	-	-	-	-	-
Private equity	-	-	-	243,706	243,706
Real Estate	-	-	-	51,292	51,292
Hedge funds	-	-	-	68,458	68,458
Total	<u>\$26,699</u>	<u>\$1,050,733</u>	<u>-</u>	<u>2,189,053</u>	<u>\$3,266,485</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>2024</u>
Cash and cash equivalents	\$4,533	\$217,477	\$0	\$0	\$222,010
Equity securities	13	-	-	-	13
Fixed income securities	-	27	-	-	27
Funds:					
Global equity	-	-	-	1,097,933	1,097,933
Fixed income	-	-	-	708,490	708,490
Real assets	-	-	-	62,872	62,872
Other mutual funds	-	-	-	-	-
Private equity	-	-	-	101,422	101,422
Real Estate	-	-	-	-	-
Hedge funds	-	-	-	622	622
Total	<u>\$4,546</u>	<u>\$217,504</u>	<u>\$0</u>	<u>1,971,339</u>	<u>\$2,193,389</u>

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 defined contribution arrangements approved by TJU or its subsidiaries. TJU's share of the cost of these benefits was \$244.4 million and \$144.5 million for the year ended June 30, 2025 and 2024, respectively.

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 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 \$7.6 million and \$7.5 million for the years ended June 30, 2025 and 2024. The contributions represent approximately 20.3% and 24.1% 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, 2026 will be 21.6 %.

The Pension Fund was determined to be in critical and declining status (also referred to as red and declining zone status) under the Pension Protection Act of 2006 for the plan years beginning January 1, 2025 and 2024. 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, 2024, the most recent date for which such information is available the projected benefit obligation exceeded plan assets of the Pension Fund by \$291.4 million.

17. PROFESSIONAL LIABILITY CLAIMS

TJU maintains professional liability insurance under both self-insured and alternative risk financing insurance programs to fund their potential professional and general liability claims. For all self-insured programs TJU accrues 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.

MLRRG and Cassatt RRG ("CRRG") provide primary layer professional liability coverage for certain TJU entities for claims made through June 30, 2024. Effective July 1, 2024, MLRRG provides primary layer professional liability coverage on a claims made basis for entities previously insured by CRRG. CRRG will administer and manage the run-off of claims that have been made against certain TJU entities that had been insured by CRRG as of June 30,

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

2024. 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 TJU to the assets in the TJU protected cell.

CRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. CRRG is reinsured by Cassatt Insurance Company Ltd. ("CICL"). CICL is incorporated as an insurance company under the laws of Bermuda.

The LVHN Reciprocal Risk Retention Group ("RRG"), a consolidated self-insurance trust under the captive insurance laws of the State of South Carolina, provides primary layer professional liability coverage for legacy LVHN entities.

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 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 2025 and 2024 and include a charge for premium tax and operating expenses.

TJU has accrued professional liability claims of \$979.1 million and \$874.0 million at June 30, 2025 and 2024, respectively, of which \$179.7 million and \$221.0 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 an expected level using discount rate from 3.0% to 3.5%. Anticipated malpractice insurance recoveries for June 30, 2025 and 2024 is \$383.3 million and \$445.3 million, respectively.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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 \$53.5 million and \$41.1 million at June 30, 2025 and 2024, 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 \$39.4 million and \$7.5 million at June 30, 2025 and 2024, respectively, primarily related to self-insurance arrangements for workers' compensation. The letters of credit expire between August 30, 2025 and February 7, 2028.

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.

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

20. FUNCTIONAL CLASSIFICATION

Expenses for the years ended June 30, 2025 and 2024 are categorized on a functional basis as follows (in thousands):

	2025				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	\$301,446	\$5,221,882	\$93,077	\$560,943	\$6,177,348
Employee benefits	72,198	1,365,561	23,955	152,413	1,614,127
Insurance services medical expenses	-	-	1,962,496	-	1,962,496
Supplies	25,845	2,787,891	134	20,345	2,834,215
Purchased services	44,063	881,223	78,002	342,598	1,345,886
Depreciation and amortization	31,173	461,178	7,204	4,082	503,637
Interest	14,352	171,921	487	14,707	201,467
Insurance	2,007	230,589	1,206	706	234,508
Utilities	11,997	88,022	1,211	5,951	107,181
Other expenses	27,829	690,115	16,050	249,304	983,298
Total operating expense	530,910	11,898,382	2,183,822	1,351,049	15,964,163
Non-service net periodic benefit cost	(1,771)	(33,486)	(587)	(3,737)	(39,581)
Total	\$529,139	\$11,864,896	\$2,183,235	\$1,347,312	\$15,924,582

	2024				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	\$286,316	\$3,170,918	\$90,695	\$374,735	\$3,922,664
Employee benefits	75,673	648,689	22,793	126,479	873,634
Insurance services medical expenses	-	-	1,664,816	-	1,664,816
Supplies	24,659	1,426,004	-	-	1,450,663
Purchased services	42,042	395,740	70,171	217,915	725,868
Depreciation and amortization	34,790	248,846	17,245	3,308	304,189
Interest	12,154	97,690	1,070	5,095	116,009
Insurance	2,059	190,942	1,303	-	194,304
Utilities	9,570	59,178	1,239	339	70,326
Other expenses	78,868	193,388	6,311	397,274	675,841
Total operating expense	566,131	6,431,395	1,875,643	1,125,145	9,998,314
Non-service net periodic benefit cost	(1,561)	(13,378)	(470)	(2,608)	(18,017)
Total	\$564,570	\$6,418,017	\$1,875,173	\$1,122,537	\$9,980,297

21. NONCONTROLLING INTEREST

TJU has a controlling interest in certain joint ventures in healthcare related organizations; the Riverview Surgery Center at the Navy Yard, LP, a 51% owned joint venture; Jefferson University Radiology Associates, an 80% owned joint venture and Rothman Orthopaedic Specialty Hospital, 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

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

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, 2023	\$3,933,422	\$42,652	\$3,976,074
Income from Operations	(7,550)	8,892	1,342
Distributions to NCI	-	(5,974)	(5,974)
Other changes, net	284,008	897	284,905
Balance, June 30, 2024	<u>\$4,209,880</u>	<u>\$46,467</u>	<u>\$4,256,347</u>
Income from Operations	(237,230)	28,924	(208,306)
Acquisition of LVHN	2,560,190	38,656	2,598,846
Distributions to NCI	-	(30,070)	(30,070)
Other changes, net	190,833	(12)	190,821
Balance, June 30, 2025	<u>\$6,723,673</u>	<u>\$83,965</u>	<u>\$6,807,638</u>

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.

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, 2025 and 2024 (in thousands):

Thomas Jefferson University
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Provider Relief Fund	\$0	\$11,918
Employee Retention Credit	-	3,250
Disaster Relief (FEMA/PEMA)	<u>467</u>	<u>25,583</u>
Total	<u>\$467</u>	<u>\$40,751</u>

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, 2025 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 \$3.5 million and \$9.0 million are included in the accompanying consolidated balance sheets for the years ended June 30, 2025 and 2024 related to the Employee Retention Credit.



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, 2025 and 2024 and have issued our report thereon dated October 28, 2025, 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 Balance Sheet and Consolidating Statement of Operations and Changes in Net Assets Without Donor Restriction as of and for the year ended June 30, 2025 (the "supplemental information") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is not intended to present, and we do not express an opinion on, the financial position, the results of its operations and cash flows of the individual companies. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

October 28, 2025

Thomas Jefferson University
Unaudited Consolidating Balance Sheets
June 30, 2025
(In Thousands)

Assets	System	Insurance	Eliminations	Consolidated
Current assets:				
Cash and cash equivalents	\$352,591	\$53,548	-	\$406,139
Short-term investments	943,540	-	-	943,540
Accounts receivable	1,922,050	-	(\$28,748)	1,893,302
Insurance premium receivable	-	332,699	-	332,699
Inventory and supplies	257,796	-	-	257,796
Pledges receivable, current	50,842	-	-	50,842
Insurance recoverable, current	104,032	600	-	104,632
Assets whose use is limited, current	51,793	-	-	51,793
Other current assets	153,556	19,329	-	172,885
Total current assets	<u>3,836,200</u>	<u>406,176</u>	<u>(28,748)</u>	<u>4,213,628</u>
Long-term investments	5,372,835	288,156	(443,246)	5,217,745
Assets whose use is limited, noncurrent	757,147	-	-	757,147
Assets held by affiliated foundations	59,496	-	-	59,496
Pledges receivable, noncurrent	110,844	-	-	110,844
Goodwill	248,809	-	-	248,809
Insurance recoverable, noncurrent	297,380	-	-	297,380
Loans receivable from students, net	19,914	-	-	19,914
Land, buildings and equipment, net	6,195,189	18,816	-	6,214,005
Right-of-use assets	584,124	21,927	-	606,051
Other noncurrent assets	533,738	12,866	-	546,604
Total assets	<u>\$18,015,676</u>	<u>\$747,941</u>	<u>(\$471,994)</u>	<u>\$18,291,623</u>
Liabilities and Net Assets				
Current liabilities:				
Current portion of:				
Long-term obligations	\$99,757	-	-	\$99,757
Accrued professional liability claims	179,701	-	-	179,701
Accrued workers' compensation claims	24,091	-	-	24,091
Advances and deferred revenues	515,232	-	-	515,232
Operating lease obligations	81,642	-	-	81,642
Accounts payable and accrued expenses	936,983	\$12,092	\$4,691	953,766
Medical costs payable	-	282,615	(33,439)	249,176
DHS insurance program payable	-	19,963	-	19,963
Accrued payroll and related costs	671,716	15,724	-	687,440
Total current liabilities	<u>2,509,122</u>	<u>330,394</u>	<u>(28,748)</u>	<u>2,810,768</u>
Long-term obligations	5,182,444	-	-	5,182,444
Accrued pension liability	106,757	-	-	106,757
Federal student loan advances	5,035	-	-	5,035
Accrued professional liability claims	799,414	-	-	799,414
Accrued workers' compensation claims	29,362	-	-	29,362
Interest rate hedges	12,291	-	-	12,291
Operating lease obligations	514,992	22,864	-	537,856
Other noncurrent liabilities	326,486	884	-	327,370
Total liabilities	<u>9,485,903</u>	<u>354,142</u>	<u>(28,748)</u>	<u>9,811,297</u>
Net assets:				
Net assets without donor restriction	6,773,511	393,408	(443,246)	6,723,673
Noncontrolling interest in joint ventures	83,965	-	-	83,965
Net assets with donor restriction	1,672,297	391	-	1,672,688
Total net assets	<u>8,529,773</u>	<u>393,799</u>	<u>(443,246)</u>	<u>8,480,326</u>
Total liabilities and net assets	<u>\$18,015,676</u>	<u>\$747,941</u>	<u>(\$471,994)</u>	<u>\$18,291,623</u>

Thomas Jefferson University
Unaudited Consolidating Statements of Operations and Net Assets Without Donor Restrictions
For the Year Ended June 30, 2025
(In Thousands)

	<u>System</u>	<u>Insurance</u>	<u>Eliminations</u>	<u>Consolidated</u>
Operating revenues, gains and other support:				
Net patient service revenue	\$11,271,418	-	(\$217,131)	\$11,054,287
Insurance premium revenue	0	\$2,225,203	-	2,225,203
Grants and contracts	183,738	-	-	183,738
Tuition and fees, net	235,466	-	-	235,466
Investment income	269,692	18,124	(17,191)	270,625
Contributions	6,222	-	-	6,222
Other revenue	1,494,839	2	182,408	1,677,248
Net assets released from restrictions	103,068	-	-	103,068
Total operating revenues, gains and other support	<u>13,564,443</u>	<u>2,243,328</u>	<u>(51,914)</u>	<u>15,755,857</u>
Operating expenses:				
Salaries and wages	6,084,271	93,077	-	6,177,348
Employee benefits	1,590,172	23,955	-	1,614,127
Insurance services medical expenses	0	1,997,219	(34,723)	1,962,496
Supplies	2,834,081	134	-	2,834,215
Purchased services	1,267,884	78,002	-	1,345,886
Depreciation and amortization	496,433	7,204	-	503,637
Interest	200,980	487	-	201,467
Insurance	233,301	1,206	-	234,507
Utilities	105,970	1,211	-	107,181
Other	967,249	16,050	-	983,299
Total operating expenses	<u>13,780,341</u>	<u>2,218,545</u>	<u>(34,723)</u>	<u>15,964,163</u>
(Loss) Income from operations	<u>(215,898)</u>	<u>24,783</u>	<u>(17,191)</u>	<u>(208,306)</u>
Nonoperating items and other changes in net assets without donor restriction, net:				
Return on investments, net of amounts classified as operating revenue	130,862	5,343	-	136,205
Contribution received in LVHN acquisition	2,598,846	-	-	2,598,846
Interest rate hedges	(3,474)	-	-	(3,474)
Reclassification of net assets	(13,642)	13,500	-	(142)
Net assets released from restrictions used for purchase of property and equipment	24,263	-	-	24,263
Adjustment to funded status of pension plan	(4,421)	-	-	(4,421)
Distributions to noncontrolling interest	(30,070)	-	-	(30,070)
Gain on defeasance of debt	34,985	-	-	34,985
Other	3,405	-	-	3,405
Increase in nonoperating items and other changes in net assets without donor restriction	<u>2,740,754</u>	<u>18,843</u>	<u>-</u>	<u>2,759,597</u>
Increase (Decrease) in net assets without donor restriction	<u>\$2,524,856</u>	<u>\$43,626</u>	<u>(\$17,191)</u>	<u>\$2,551,291</u>

Thomas Jefferson University
Notes to Consolidating Financial Information
June 30, 2025

1. The supplemental consolidating financial information of Thomas Jefferson University includes the Consolidating Balance Sheet as of June 30, 2025 and Consolidating Statement of Operations and Net Assets without Donor Restrictions, for the year ended June 30, 2025. 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.

2. The columns in the consolidating schedules are defined as follows:
 - System includes the accounts of subsidiaries of Thomas Jefferson University including Jefferson Health Corporation.

 - Insurance includes the accounts of Jefferson Health Plans; Partners Insurance Company, Inc.; Partners Insurance Company of New Jersey, Inc.; SelectScripts, LLC; Health Partners Solutions, LLC; and Health Partners Foundation.