



RWJ BARNABAS HEALTH, INC.

Consolidated Financial Statements

December 31, 2025 and 2024

(With Independent Auditors' Report Thereon)

RWJ BARNABAS HEALTH, INC.

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KPMG LLP
4242 Six Forks Road
Suite 850
Raleigh, NC 27609

Independent Auditors' Report

The Board of Trustees
RWJ Barnabas Health, Inc.:

Opinion

We have audited the consolidated financial statements of RWJ Barnabas Health, Inc. (the Corporation), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 Corporation's ability to continue as a going concern for one year after the date that 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 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 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 Corporation'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 Corporation'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.

KPMG LLP

Raleigh, North Carolina
April 13, 2026

RWJ BARNABAS HEALTH, INC.

Consolidated Balance Sheets

December 31, 2025 and 2024

(In thousands)

Assets	2025	2024
Current assets:		
Cash and cash equivalents	\$ 217,606	291,326
Short-term investments	423,060	339,978
Assets limited or restricted as to use	91,075	94,486
Patient accounts receivable	1,037,503	963,409
Estimated amounts due from third-party payors	580,623	201,837
Other current assets	375,697	388,744
Total current assets	2,725,564	2,279,780
Assets limited or restricted as to use, noncurrent portion	497,010	477,766
Investments	4,648,575	3,825,981
Property, plant, and equipment, net	5,282,181	4,868,981
Right-of-use assets	338,585	275,921
Other assets, net	1,593,350	1,327,308
Total assets	\$ 15,085,265	13,055,737
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 658,919	650,235
Accrued expenses and other current liabilities	1,602,048	1,383,575
Estimated amounts due to third-party payors	35,190	24,907
Short-term borrowings	99,340	—
Long-term debt	128,333	52,172
Lease obligations	52,107	49,678
Self-insurance liabilities	149,627	119,213
Total current liabilities	2,725,564	2,279,780
Estimated amounts due to third-party payors, net of current portion	156,323	118,340
Self-insurance liabilities, net of current portion	435,226	425,262
Long-term debt, net of current portion	3,244,453	3,373,925
Lease obligations, net of current portion	316,425	253,856
Accrued pension liability	56,035	66,422
Other liabilities	301,453	240,479
Total liabilities	7,235,479	6,758,064
Net assets:		
Without donor restrictions:		
Controlling interest	7,509,403	5,865,002
Noncontrolling interest	30,615	28,945
Total net assets without donor restrictions	7,540,018	5,893,947
With donor restrictions	309,768	403,726
Total net assets	7,849,786	6,297,673
Total liabilities and net assets	\$ 15,085,265	13,055,737

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.
Consolidated Statements of Operations
Years ended December 31, 2025 and 2024
(In thousands)

	2025	2024
Revenue:		
Patient service revenue	\$ 10,239,083	8,860,549
Other revenue, net	797,701	706,046
Total revenue	11,036,784	9,566,595
Expenses:		
Salaries and wages	3,855,309	3,559,035
Physician fees and salaries	1,401,885	1,254,722
Employee benefits	856,303	710,614
Supplies	1,785,044	1,581,275
Other	1,924,958	1,718,434
Interest	104,922	99,147
Depreciation and amortization	399,477	352,703
Total expenses	10,327,898	9,275,930
Income from operations	708,886	290,665
Nonoperating revenue:		
Investment income, net	597,623	401,854
Other, net	77,160	72,019
Total nonoperating revenue, net	674,783	473,873
Excess of revenue over expenses	1,383,669	764,538
Other changes:		
Pension changes other than net periodic benefit cost	9,060	(8,843)
Net assets released from restriction for purchases of property and equipment	111,176	27,709
Other, net	142,166	40,735
Increase in net assets without donor restrictions	\$ 1,646,071	824,139

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2025 and 2024

(In thousands)

	<u>Controlling interest</u>	<u>Noncontrolling interest</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total net assets</u>
Net assets at December 31, 2023	\$ 5,034,583	35,225	5,069,808	336,244	5,406,052
Changes in net assets:					
Excess of revenue over expenses	764,808	(270)	764,538	—	764,538
Pension changes other than net periodic benefit cost	(8,843)	—	(8,843)	—	(8,843)
Change in interest in restricted net assets of unconsolidated foundation	(122)	—	(122)	(5,317)	(5,439)
Net assets released from restriction	27,709	—	27,709	(44,773)	(17,064)
Restricted contributions	—	—	—	117,336	117,336
Investment income on restricted investments, net	—	—	—	1,165	1,165
Other	46,867	(6,010)	40,857	(929)	39,928
Change in net assets	<u>830,419</u>	<u>(6,280)</u>	<u>824,139</u>	<u>67,482</u>	<u>891,621</u>
Net assets at December 31, 2024	<u>5,865,002</u>	<u>28,945</u>	<u>5,893,947</u>	<u>403,726</u>	<u>6,297,673</u>
Changes in net assets:					
Excess of revenue over expenses	1,381,999	1,670	1,383,669	—	1,383,669
Pension changes other than net periodic benefit cost	9,060	—	9,060	—	9,060
Change in interest in restricted net assets of unconsolidated foundation	(162)	—	(162)	(668)	(830)
Net assets released from restriction	111,176	—	111,176	(136,308)	(25,132)
Restricted contributions	—	—	—	41,852	41,852
Investment income on restricted investments, net	—	—	—	919	919
Other	142,328	—	142,328	247	142,575
Change in net assets	<u>1,644,401</u>	<u>1,670</u>	<u>1,646,071</u>	<u>(93,958)</u>	<u>1,552,113</u>
Net assets at December 31, 2025	<u>\$ 7,509,403</u>	<u>30,615</u>	<u>7,540,018</u>	<u>309,768</u>	<u>7,849,786</u>

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Consolidated Statements of Cash Flows
Years ended December 31, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,552,113	891,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Pension changes other than net periodic benefit cost	(9,060)	8,843
Depreciation and amortization expense	399,477	352,703
Amortization of bond financing costs, premiums, and discounts	(15,156)	(15,606)
Net change in unrealized (gains) losses on investments	(377,883)	5,668
Realized gains on investments	(141,600)	(304,615)
Gains on interest rate swaps	—	(12,892)
Equity-based compensation	4,570	9,398
Equity in income of joint ventures	(152,348)	(133,273)
Distributions received from investments in joint ventures	130,406	112,115
Gain on sale of assets	(4,442)	(24)
Gain on acquisition of subsidiary	(90,822)	—
Contributions restricted for long-term use	(188,382)	(59,102)
Gain on extinguishment of debt, net	(11)	(58,150)
Other changes in net assets	1,236	6,304
Changes in operating assets and liabilities:		
Patient accounts receivable	(66,394)	(78,845)
Reduction in the carrying amount in the right-of-use assets	67,302	65,121
Other assets	29,908	(50,790)
Accounts payable, accrued expenses, and other current liabilities	203,323	(48,685)
Estimated amounts due from and to third-party payors	(330,520)	96,402
Accrued pension liability	(1,327)	2,192
Lease obligation, self-insurance, and other long-term liabilities	31,727	6,355
Net cash provided by operating activities	<u>1,042,117</u>	<u>794,740</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(782,966)	(867,192)
Purchases of investments	(5,993,751)	(12,310,227)
Proceeds from the sale of investments	5,583,779	12,527,335
Investments in equity method and cost method joint ventures	(115,226)	(120,591)
Cash paid in acquisition of subsidiaries, net	(57,593)	(2,875)
Proceeds from sale of assets	2,946	671
Net cash used in investing activities	<u>(1,362,811)</u>	<u>(772,879)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	—	690,006
Repayments of long-term debt	(51,671)	(705,885)
Borrowings under commercial paper program and letter of credit	251,038	49,701
Repayments under commercial paper program and letter of credit	(151,698)	(49,701)
Payments for deferred financing costs	—	(5,308)
Settlement of interest rate swaps	—	52,262
Proceeds from contributions restricted for long-term use	188,382	59,102
Proceeds from conditional grants and contributions for long-term use	2,976	10,237
Net cash provided by financing activities	<u>239,027</u>	<u>100,414</u>
Net (decrease) increase in cash and cash equivalents	(81,667)	122,275
Cash, cash equivalents, and restricted cash at beginning of year	380,261	257,986
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 298,594</u>	<u>380,261</u>
Cash and cash equivalents	\$ 217,606	291,326
Restricted cash included in assets limited or restricted as to use	80,988	88,935
Total cash, cash equivalents, and restricted cash	<u>\$ 298,594</u>	<u>380,261</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 120,546	103,862
Finance lease obligations incurred	33,788	12,042
Supplemental disclosures of noncash investing and financing activities:		
Change in noncash acquisitions of property, plant, and equipment	\$ 17,002	4,937

See accompanying notes to consolidated financial statements.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(1) Organization

RWJ Barnabas Health, Inc. (the Corporation) is a not-for-profit, tax-exempt corporation located in West Orange, New Jersey. RWJ Barnabas Health, Inc. is the sole corporate member or sole shareholder of the Corporation's affiliated organizations. The Corporation was organized to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

The services and facilities of the Corporation include 12 acute care hospitals, (including an academic medical center), three acute care children's hospitals, a pediatric rehabilitation hospital with a network of outpatient centers, a freestanding 100-bed behavioral health center, two trauma centers, a satellite emergency department, ambulatory care centers, geriatric centers, the state's largest behavioral health network, comprehensive home care and hospice programs, fitness and wellness centers, physical therapy services, retail pharmacy services, medical groups, multi-site imaging centers, an accountable care organization, a burn treatment facility, comprehensive cancer services, including a free standing cancer hospital, breast centers, and comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, and kidney transplant centers.

(2) Significant Accounting Policies

(a) Basis of Accounting of Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting and include all affiliates and other entities for which operating control is exercised by the Corporation. Investments in entities where the Corporation does not have operating control are recorded under the equity or cost method of accounting. The Corporation has included its equity share of income or losses from investments in unconsolidated affiliates in other operating revenue, net. Intercompany balances and transactions are eliminated in consolidation.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in money market funds and highly liquid debt instruments with original maturities of three months or less, excluding assets limited or restricted as to use.

Cash and cash equivalents are maintained with domestic financial institutions with deposits, which exceed federally insured limits. It is the Corporation's policy to monitor the financial strength of these institutions.

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Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(d) Patient Accounts Receivable

The Corporation has agreements with third-party payors that provide for payment at amounts different from its established charges. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Management regularly reviews accounts and contracts to record explicit price concessions that are netted against patient accounts receivable in the consolidated balance sheets. The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. The concentration of patient accounts receivable as of December 31, 2025 and 2024 was as follows:

	December 31	
	2025	2024
Medicare	24 %	25 %
Medicaid	13	13
Blue Cross	21	20
Commercial and managed care	32	32
Self-pay patients and other	10	10
	<u>100 %</u>	<u>100 %</u>

(e) Revenue

(i) Patient Service Revenue

The Corporation's patient service revenue is recognized at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from a facility.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to in-house acute care patients. The performance

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of year-end.

The majority of the Corporation's services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive audit and review of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. For further discussion on third-party reimbursement, refer to note 4. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Implicit price concessions are determined based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2025 or 2024. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. There was no bad debt expense for the years ended December 31, 2025 or 2024.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. The Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (e.g., co-pays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients. Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established charges. The Corporation has determined that it has provided sufficient implicit price concessions for these accounts. Price concessions, including charity care, are not reported as revenue.

The Corporation has elected the financing component practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payors pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

The Corporation has determined that the nature, amount, timing, and uncertainty of patient service revenue and cash flows are affected by payors and service lines. The following tables reflect patient service revenue from third-party payors, government subsidies, and others (including uninsured patients) for the years ended December 31, 2025 and 2024:

	2025		
	Inpatient	Outpatient	Total
Medicare	\$ 2,020,660	1,366,627	3,387,287
Medicaid	922,056	883,538	1,805,594
Blue Cross	988,863	1,293,572	2,282,435
Commercial and managed care	1,089,286	1,126,676	2,215,962
Self-pay patients and other	193,220	269,407	462,627
State of New Jersey subsidy revenue	85,178	—	85,178
Total patient service revenue	<u>\$ 5,299,263</u>	<u>4,939,820</u>	<u>10,239,083</u>
2024			
	Inpatient	Outpatient	Total
Medicare	\$ 1,757,544	1,167,527	2,925,071
Medicaid	792,716	768,678	1,561,394
Blue Cross	889,461	1,088,759	1,978,220
Commercial and managed care	901,534	919,736	1,821,270
Self-pay patients and other	173,271	268,477	441,748
State of New Jersey subsidy revenue	132,846	—	132,846
Total patient service revenue	<u>\$ 4,647,372</u>	<u>4,213,177</u>	<u>8,860,549</u>

(ii) *Other Revenue, Net*

Other revenue, net includes income from grants, equity in the income of joint ventures, unrestricted contributions, net assets released from restriction for operations, cafeteria sales, and parking. Grant revenue and contributions of the Corporation are nonexchange transactions in which no commensurate value is exchanged. In such cases, contribution accounting is applied under Accounting Standards Codification (ASC) Topic 958-605, *Not-for-Profit Entities, Revenue Recognition*. Equity in the income of joint ventures is evaluated under ASC Topic 323, *Investments – Equity Method and Joint Ventures*.

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(In thousands)

Additionally, pharmacy sales and other contracts related to healthcare services are included in other revenue and consist of contracts, which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable.

(f) Supplies

Supplies are carried at the lower of cost, determined principally on an average cost basis, or net realizable value. Supplies, totaling \$148,449 and \$128,804, are included in other current assets in the consolidated balance sheets at December 31, 2025 and 2024, respectively.

(g) Assets Limited or Restricted as to Use

Assets limited or restricted as to use include assets held by trustees under bond indenture agreements, assets restricted for self-insurance, assets held for supplemental retirement benefits, and assets restricted by donors for specific purposes or endowment. Amounts required to meet current liabilities of the Corporation are classified as current assets. Restricted cash of \$80,988 and \$88,935 as of December 31, 2025 and 2024, respectively, is included in assets limited or restricted as to use and assets limited or restricted as to use, noncurrent portion, in the consolidated balance sheets.

(h) Investments and Investment Income

A significant portion of the Corporation's investments are held in an investment portfolio maintained for the benefit of the Corporation and its affiliates. Debt securities are designated as trading. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value, based on quoted market prices. Donated investments are recorded at their fair value, based on quoted market prices at the date of receipt.

Alternative investments (nontraditional, not readily marketable asset classes) within the investment portfolio are structured such that the Corporation holds interests in private investment funds, consisting of hedge funds, private equity funds, and real estate funds. These investments are reported at fair value as estimated and reported by general partners, based upon the underlying net asset value (NAV) of the fund or partnership as a practical expedient. Because of inherent uncertainty in these valuations, those estimated values may significantly differ from the values that would have been used had a ready market for the investments existed, and differences could be material.

Investment income not restricted by donors including realized and unrealized gains and losses on investments and changes in the fair value of alternative investments are included in nonoperating revenue (expenses). Investment income and realized gains and losses on assets restricted by donors for specific purposes or endowment are included in net assets with donor restrictions.

(i) Property, Plant, and Equipment

Property, plant, and equipment expenditures are recorded at cost or, if donated or impaired, at fair value at the date of donation or impairment. Finance leases are recorded at the present value of the future minimum lease payments at the inception of the lease and are included in property, plant, and equipment.

RWJ BARNABAS HEALTH, INC.

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December 31, 2025 and 2024

(In thousands)

Depreciation expense is computed on a straight-line basis using estimated useful lives of the assets, ranging from 2 to 57 years. Real estate and equipment held under finance leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term. Such amortization is included in depreciation expense. Gifts of long-lived assets, such as land, buildings, or equipment, are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, and are excluded from the excess of revenue over expenses in the consolidated statements of operations. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(j) Leases

The Corporation determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease obligations, current and long-term, in the consolidated balance sheets. ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the Corporation's incremental borrowing rate. The ROU asset also includes any prepaid rent while excluding lease incentives and initial direct costs incurred.

Lease expense for operating minimum lease payments is recognized on a straight-line basis over the full lease term. Finance leases are included in property, plant, and equipment and long-term debt in the consolidated balance sheets. Finance lease assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term using the explicit interest rate, when available. If an explicit interest rate is not available, the Corporation applies its incremental borrowing rate. Finance lease assets are amortized on a straight-line basis over the full lease term and presented in depreciation and amortization in the consolidated statement of operations. Interest on lease payments is calculated using the effective interest method and presented in interest expense in the consolidated statement of operations.

(k) Investments in Unconsolidated Organizations

The Corporation maintains noncontrolling interests in various joint ventures that do not require consolidation. The majority of these investments are accounted for using the equity method of accounting, as the Corporation has significant influence, but does not have control, over the operating and financial policies of the investee. The Corporation classifies distributions from an investee on the cash flow statement by evaluating the facts, circumstances and nature of each distribution. Investments in unconsolidated organizations are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the investment might not be recoverable.

(l) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, net assets with donor

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated statements of operations.

Pledges receivable represent an unconditional promise to give cash and other assets to the Corporation's affiliates over a period not greater than 20 years. Such amounts are recorded at their present value at the date the promise is received, net of an allowance for uncollectible pledges. Such amounts are included as externally designated or restricted noncurrent assets limited as to use in the consolidated balance sheets.

(m) Net Assets including Noncontrolling Interest

Resources are classified for reporting purposes as net assets without donor restrictions and net assets with donor restrictions, according to the absence or existence of donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the Board of Trustees are not considered to be donor-restricted. Net assets with donor restrictions represent funds, including contributions and accumulated investment returns, whose use has been restricted by donors to a specific period or purpose or that have been restricted by donors to be maintained in perpetuity to provide a permanent source of income. Generally, the donors of these donor-restricted assets permit the use of part of the income earned on related investments for specific purposes.

The consolidated financial statements include all assets, liabilities, revenues, and expenses of less than 100% owned entities that the Corporation controls in accordance with the applicable accounting guidance. Accordingly, the Corporation has reflected a noncontrolling interest for the portion of the Corporation's revenue and expenses not controlled by the Corporation, separate in the consolidated balance sheets and consolidated statements of changes in net assets.

Net assets without and with donor restrictions are available for the following purposes:

	December 31	
	2025	2024
Without donor restrictions:		
Undesignated	\$ 7,540,018	5,893,947
With donor restrictions:		
Perpetual in nature	33,266	33,254
Purpose restricted	201,773	291,392
Time restricted	74,729	79,080
Net assets	\$ <u>7,849,786</u>	<u>6,297,673</u>

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(In thousands)

(n) Performance Indicator

The consolidated statements of operations include a performance indicator, which is the excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, include certain changes in pension obligations, capital contributions, and other transactions.

The Corporation differentiates its ongoing operating activities by providing income from operations as a sub performance indicator. Investment income, net and other, net which is inclusive of net periodic benefit costs other than service costs, gain on interest rate swap agreements, gain on early extinguishment of debt, gain on acquisition of subsidiary and insurance proceeds, which are not considered to be components of the Corporation's ongoing activities, are excluded from income from operations and reported as nonoperating revenue (expenses) in the consolidated statements of operations. Investment income earned on assets limited as to use under bond indenture agreements is included in other revenue in the consolidated statements of operations.

(o) Income Taxes

The Corporation and its affiliates, excluding its for-profit subsidiaries and nominee owned captive professional medical services corporation, are not-for-profit corporations and are exempt from federal and state income taxes on related income under existing provisions of the Internal Revenue Code and State of New Jersey statutes.

The Corporation's for-profit subsidiaries have recorded various deferred income tax assets and liabilities that reflect temporary differences between the amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes. These amounts are not material to the consolidated financial position of the Corporation and are included as other assets or other liabilities in the consolidated balance sheets as appropriate. In addition, the provision for income taxes recorded by the Corporation's for-profit subsidiaries is not material to the consolidated results of operations of the Corporation and is included as other expenses in the consolidated statement of operations.

Certain for-profit subsidiaries have federal net operating loss (NOL) carryforwards of \$20,025 that expire through 2037 and State of New Jersey NOL carryforwards of \$140,711 that expire through 2045. Certain for-profit subsidiaries have federal NOL carryforwards of \$126,286 that expire indefinitely.

At December 31, 2025 and 2024, all deferred tax assets related to these NOL carryforwards have been fully reserved due to the uncertainty of realizing the tax benefits associated with these amounts.

The Corporation and its affiliates recognize the financial statements' effects of tax positions when they are more likely than not, based on technical merits, that the positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The Corporation does not have any significant uncertain tax positions as of December 31, 2025 and 2024.

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(p) Self-Insurance

Under the Corporation's self-insurance programs, claims are recorded based upon actuarial estimation, including both reported and incurred but not reported claims, taking into consideration the severity of incidents and the expected timing of claim payments (note 12a, b, and c).

(q) Impairment of Long-Lived Assets

Management routinely evaluates the carrying value of its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets, or a related group of assets, may not be recoverable from estimated undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds its estimated recoverability, an asset impairment charge is recognized for the difference between the fair value and carrying value of the asset.

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are changed, the carrying value of affected assets is allocated over the remaining useful lives. In estimating the future cash flows to determine whether an asset is impaired, the Corporation groups its assets at the lowest level for which there are identifiable cash flows independent of other groups of assets. No impairment charge was recorded during the year ended December 31, 2025 or 2024.

(r) Goodwill and Intangible Assets

Goodwill and intangible assets are accounted for under ASC Topic 350, *Intangibles – Goodwill and Other*. Goodwill represents the excess of the aggregate purchase price over the fair value of net assets acquired in business combinations. Identifiable intangible assets are initially recorded at fair value at the time of acquisition using the income approach. Goodwill and intangible assets have indefinite useful lives and are not amortized, but are subjected to impairment tests. The Corporation performs impairment testing at least annually or more frequently if events or circumstances change creating a reasonable possibility that impairment may exist. The Corporation has determined that its operation comprise a single reporting entity.

The following is the carrying amount and changes in the carrying amount of goodwill and intangible assets, which are included in other assets, net, for the years ended December 31, 2025 and 2024:

	<u>Goodwill</u>	<u>Intangible assets</u>	<u>Total</u>
December 31, 2023	\$ 277,189	13,813	291,002
Goodwill related to acquisitions	<u>5,805</u>	<u>—</u>	<u>5,805</u>
December 31, 2024	282,994	13,813	296,807
Goodwill related to acquisitions	<u>185,008</u>	<u>—</u>	<u>185,008</u>
December 31, 2025	<u>\$ 468,002</u>	<u>13,813</u>	<u>481,815</u>

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(3) Charity Care and Community Benefit

In accordance with the Corporation's mission and philosophy, the Corporation's hospitals and affiliates commit substantial resources to both the indigent population and the broader community. The Corporation's charity care policy is to provide care without regard to the patient's ability to pay for services rendered. To the extent that patients do not have the ability to pay, services rendered to those patients are reported as charity care.

The Corporation's hospitals utilize a cost to charge ratio methodology to convert charity care to cost. The cost to charge ratio is calculated utilizing the Corporation's cost accounting system or filed cost reports.

The Corporation provided charity care at estimated cost, net of state subsidy funding, to the indigent population and broader population of \$276,605 and \$235,418, for the years ended December 31, 2025 and 2024, respectively.

The State of New Jersey's regulations provide for the distribution of funds from a Charity Care Fund, which is intended to partially offset the cost of services provided to the uninsured. For the years ended December 31, 2025 and 2024, the Corporation's hospitals recorded distributions from the Charity Care Fund of \$17,475 and \$52,049, respectively, which are included in patient service revenue.

(4) Healthcare Reimbursement System

- (a) The Corporation receives Medicaid funding under the New Jersey County Option Hospital Fee Program (the Program). This Program is administered through the New Jersey Department of Human Services-Division of Medical Assistance and Health Services and began July 1, 2021 in seven New Jersey counties, with expansion to additional counties since its inception. The Program requires participating hospitals to pay quarterly assessed fees based on inpatient and/or outpatient services within the county, and such payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as State Directed Payments, to support local hospitals and to ensure that they continue to provide necessary services to low-income citizens. The State Directed Payments are subject to annual reconciliation based on actual Medicaid utilization data. Fees incurred by the Corporation were \$241,500 and \$143,204 for the years ended December 31, 2025 and 2024, respectively, are included within other expenses within the consolidated statements of operations. Medicaid State Directed Payments earned were \$727,987 and \$373,064, are included within patient service revenue for the years ended December 31, 2025 and 2024, respectively. This Program requires annual State and federal review and approval of rates to be paid. The current program year is set to expire on June 30, 2026 and there is no guarantee the program will be renewed.
- (b) The Corporation records patient service revenue at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. Patient service revenue consists of amounts charged for services rendered less estimated discounts for contractual and other allowances for patients covered by Medicare, Medicaid, and other health plans and discounts offered to patients under the Corporation's uninsured discount program.

The Medicare program currently pays for most services at predetermined rates; however, certain services and specified expenses continue to be reimbursed on a cost basis. The Medicaid program also currently reimburses the Corporation at predetermined rates for inpatient services and on a cost

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reimbursement methodology for outpatient services. Regulations require annual retroactive settlements for cost-based reimbursement and other payment arrangements through cost reports filed by the Corporation.

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. These agreements have retrospective audit clauses, allowing the payor to review and adjust claims subsequent to initial payment.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a possibility that recorded estimates could change by a material amount. In accounting for Medicare and Medicaid cost report settlements, the Corporation records all third-party receivables and liabilities at their estimated realizable values. Management periodically reviews recorded amounts receivable from, or payable to, third-party payors and adjusts these balances as new information becomes available. In addition, revenue received under certain third-party agreements is subject to audit.

During the years ended December 31, 2025 and 2024, certain of the Corporation's prior year third-party cost reports were audited and settled, or tentatively settled by third-party payors. Adjustments resulting from such audits, settlements, and management reviews are reflected as adjustments to patient service revenue in the period that the adjustments become known. Accordingly, the Corporation evaluated the results of these settlements on its open cost reports. The effect of cost report settlements and other adjustments increased patient service revenue by \$64,551 and \$39,131 for the years ended December 31, 2025 and 2024, respectively. Although certain other prior year cost reports submitted to third-party payors remain subject to audit and retroactive adjustment, management does not expect any material adverse settlements. Medicare cost reports for all years prior to 2021 have been audited and settled. Medicaid cost reports for all years prior to 2023 have been audited and settled for all acute care hospitals. For the pediatric rehabilitation hospital, Medicaid cost reports have been audited, and settled, by the fiscal intermediary through 2023. The fiscal intermediary may reopen certain years related to specific settlement items in the cost report year.

(c) The Corporation has a compliance program to monitor conformity with applicable laws and regulations, but the possibility of future government review and interpretation exists. The Corporation is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing. The Corporation and others in the healthcare industry are subject to certain inherent risks, including the following:

- Substantial dependence on revenue derived from reimbursement by the Federal Medicare and State Medicaid programs that have been reduced in recent years and which entail exposure to various healthcare fraud statutes; and,
- Government regulations, government budgetary constraints, and proposed legislative and regulatory changes.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements, and it is reasonably possible that a change in such

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estimates may occur. Management of the Corporation believes that adequate provision has been made in the consolidated financial statements for the matters discussed above and their ultimate resolution will not have a material effect on the consolidated financial statements.

(5) Investments and Assets Limited or Restricted as to Use

Investments and assets limited or restricted as to use consist of the following:

	December 31	
	2025	2024
Investments and assets limited or restricted as to use:		
Cash and cash equivalents and money market funds	\$ 359,783	430,241
Government obligations/municipal bonds	378,547	124,541
Corporate bonds	454,523	245,290
Public fixed income funds	145,654	276,566
Public equity funds	762,050	—
Equity mutual funds	565,164	1,414,622
Equity securities	2,810	187,993
Equity funds	1,212,401	830,445
Unit investment trusts	1,360	1,185
Asset-backed securities	168,891	178,823
Mortgage-backed securities	70,699	62,508
Alternative investments	1,325,621	762,856
Pledges receivable, net	177,324	186,905
Other investments	25,626	30,340
Accrued interest	9,267	5,896
	<u>5,659,720</u>	<u>4,738,211</u>
Total investments and assets limited or restricted as to use	\$ <u>5,659,720</u>	<u>4,738,211</u>

These amounts are reflected in the consolidated balance sheets as follows:

	December 31	
	2025	2024
Current portion of investments	\$ 423,060	339,978
Assets limited or restricted as to use	91,075	94,486
Noncurrent assets limited or restricted as to use	497,010	477,766
Investments	<u>4,648,575</u>	<u>3,825,981</u>
	<u>\$ 5,659,720</u>	<u>4,738,211</u>

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Investments and assets limited or restricted as to use are classified as follows:

	December 31	
	2025	2024
Investments	\$ 5,071,635	4,165,959
Self-insurance funds	25,774	26,300
Donor-restricted funds and pledges receivable, net	275,595	283,417
Funds held by bond trustees under bond indenture agreements	62,183	63,777
Supplemental employee and other retirement assets	195,955	164,154
Other limited use funds	28,578	34,604
	<u>\$ 5,659,720</u>	<u>4,738,211</u>

Assets held under bond indenture agreements are maintained for the following purposes:

	December 31	
	2025	2024
Interest funds	\$ 62,138	63,732
Principal funds	45	45
	<u>\$ 62,183</u>	<u>63,777</u>

The Corporation's investments are exposed to various kinds and levels of risk. Fixed income securities, including fixed income mutual funds, expose the Corporation to interest rate risk, credit risk, and liquidity risk. As interest rates change, the values of many fixed income securities are affected. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is a risk that a financial asset may not be readily sold.

Corporate bonds, equity mutual funds, equity securities, and commercial mortgage-backed securities expose the Corporation to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is the risk associated with a particular fund's operating performance. Liquidity risk, as previously defined, tends to be higher for international funds and small capitalization equity funds.

The Corporation has incorporated an Investment Policy Statement (IPS) into its investment program. The IPS, which has been formally adopted by the Board of Trustees, contains standards designed to ensure adequate diversification by asset category and geography. The IPS also limits fixed income investments by credit rating, which serves to further mitigate the risk associated with the investment program. At December 31, 2025 and 2024, management believes that its investment positions are in accordance with guidelines established by the IPS.

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(In thousands)

(6) Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures such as operating expenses and construction costs not financed with debt are as follows:

	December 31	
	2025	2024
Cash and cash equivalents	\$ 217,606	291,326
Short-term investments	423,060	339,978
Patient accounts receivable	1,037,503	963,409
Estimated amounts due from third party payors and other current assets	697,330	328,108
	<u>\$ 2,375,499</u>	<u>1,922,821</u>

Current financial assets not available for general use because of contractual or donor-imposed restrictions were \$91,075 and \$94,486 at December 31, 2025 and 2024, respectively. Amounts not available for general use include amounts set aside for scheduled principal payments on debt, self-insurance funds, and perpetual, time, and purpose-restricted assets.

As of December 31, 2025, the Corporation has unrestricted cash and investments on hand to cover 194 days of operating expenses. The Corporation's practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. Besides short-term investments, the Corporation has \$4,648,575 classified as long-term investments at December 31, 2025, of which most is available for general use. In the event of an unanticipated liquidity need, the Corporation could draw upon a \$100,000 secured revolving promissory note as well as its self-liquidity backed commercial paper program which is authorized up to \$200,000 (note 9).

(7) Fair Value Measurements

ASC Topic 820, *Fair Value Measurement*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include cash and cash equivalents and debt and equity securities that are traded in an active exchange market.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed debt securities and corporate bonds.

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Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. The Corporation currently holds no Level 3 investments.

The following tables present the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis, and exclude pledges receivable, net, other investments, and accrued interest receivable as of December 31, 2025 and 2024:

	December 31, 2025				
	Fair value	Level 1	Level 2	Level 3	NAV
Investment categories:					
Cash and cash equivalents and money market funds	\$ 359,782	359,782	—	—	—
Equity securities	2,810	2,810	—	—	—
Equity Mutual Funds	565,164	565,164	—	—	—
Equity Funds	1,212,401	1,212,401	—	—	—
Public equity funds	762,050	—	—	—	762,050
Public fixed income funds	—	—	—	—	—
Public fixed income funds	145,654	145,654	—	—	—
Unit investment trusts	1,361	1,361	—	—	—
Commercial mortgage-backed securities	70,699	—	70,699	—	—
Corporate bonds	454,523	—	454,523	—	—
Asset-backed securities	168,891	—	168,891	—	—
Government bonds	254,910	—	254,910	—	—
Government mortgage-backed securities	102,813	—	102,813	—	—
Municipal bonds	20,824	—	20,824	—	—
Alternative investments	1,325,621	—	—	—	1,325,621
Total	\$ 5,447,503	2,287,172	1,072,660	—	2,087,671

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(In thousands)

						December 31, 2024					
						Fair value	Level 1	Level 2	Level 3	NAV	
Investment categories:											
Cash and cash equivalents											
and money market funds						\$	430,241	430,241	—	—	—
Equity securities							187,993	187,993	—	—	—
Equity mutual funds							1,414,622	1,414,622	—	—	—
Equity funds							830,445	830,445	—	—	—
Fixed income mutual funds							276,566	276,566	—	—	—
Unit investment trusts							1,185	1,185	—	—	—
Commercial mortgage-backed securities							62,508	—	62,508	—	—
Corporate bonds							245,290	—	245,290	—	—
Asset-backed securities							178,823	—	178,823	—	—
Government bonds							101,264	—	101,264	—	—
Government mortgage-backed securities							16,354	—	16,354	—	—
Municipal bonds							6,923	—	6,923	—	—
Alternative investments							762,856	—	—	—	762,856
Total						\$	<u>4,515,070</u>	<u>3,141,052</u>	<u>611,162</u>	<u>—</u>	<u>762,856</u>

The following discussion describes the valuation methodologies used for financial assets measured at fair value for investment and pension plan assets. The techniques utilized in estimating the fair values are affected by the assumptions used, including discount rates and estimates of the amount and timing of future cash flows.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. The disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. Care should be exercised in deriving conclusions about the Corporation's business, its value, or consolidated financial position based on the fair value information of financial assets presented.

Fair values for the Corporation's fixed income securities are based on prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. Inputs include direct or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets and quoted prices for identical assets or liabilities in inactive markets; other inputs that may be

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(In thousands)

considered in fair value determination include interest rates and yield curves, volatilities, and credit risk. Pricing evaluations generally reflect discounted expected future cash flows, which incorporate yield curves for instruments with similar characteristics, such as credit rating, duration, and yields. Each designates specific pricing services or indexes for each sector of the market based upon the provider's expertise. The Corporation's fixed income securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by the Corporation from observable market quotations, when available.

Mutual funds and unit investment trusts are valued at the NAV of shares held at year-end, based on published market quotations on active markets.

Fair values of commercial mortgage-backed securities and asset-backed securities have been determined by the Corporation based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk, or quoted market prices and recent transactions, when available.

Fair values of U.S. government bonds/municipal bonds and corporate bonds have been determined by the Corporation from observable market quotations, when available. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

Fair values of bank loans are determined by the Corporation using quoted prices of securities with similar coupon rates and maturity dates or discounted cash flows.

The following tables summarize redemption terms and the Corporation's commitments for the hedge funds and others as of December 31, 2025 and 2024:

<u>Description of investment</u>	2025			
	<u>Carrying value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice required</u>
Hedge funds	\$ 580,670	20,000	Monthly – annually	45–90 days written notice
Private equity	166,200	276,133	—	—
Private credit	424,943	43,376	—	—
Private real assets	153,807	169,188	—	—
	<u>\$ 1,325,621</u>	<u>508,697</u>		

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<u>Description of investment</u>	2024			
	<u>Carrying value</u>	<u>Unfunded commitment</u>	<u>Redemption frequency</u>	<u>Redemption notice required</u>
Hedge funds	\$ 113,845	—	Monthly – annually	45–90 days written notice
Private equity	106,505	111,732	—	—
Private credit	431,906	38,887	—	—
Private real assets	110,600	15,981	Quarterly	90 days written notice
	<u>\$ 762,856</u>	<u>166,600</u>		

Investments in hedge funds, interests in investment funds with complex portfolio-construction and risk management techniques, are typically carried at estimated fair value based on the NAV of the shares in each investment company or partnership. Changes in unrealized gains or losses on investments, including those for which partial liquidations were effected in the course of the year, are calculated as the difference between the NAV of the investment at year-end less the NAV of the investment at the beginning of the year, as adjusted for contributions and redemptions made during the year. At December 31, 2025, the Corporation holds \$580,670 of investments in hedge funds which are subject to a range of quarterly to annual redemptions with up to a 20% withdrawal limitation on the invested balance. Generally, no dividends or other distributions are paid.

Investments in private equity funds, typically structured as limited partnership interests, are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund. The fair value of limited partnership interests is generally based on fair value capital balances reported by the underlying partnerships, subject to management review and adjustment.

Real estate funds invest primarily in institutional quality commercial and residential real estate assets within the U.S. and investments in publicly traded real estate investment trusts. Fair value is estimated based on the NAV of the shares in each partnership. The Partnership distributes current income to the partners on a quarterly basis based on each partners' interest. Partners can choose to participate in a reinvestment plan in which all distributions are automatically invested in additional units. Redemptions can generally be made quarterly with 90 days' prior written notice after an initial lock-up period expires.

Investments in other alternative investments consist of private debt funds structured as a limited partnership interest with ability to invest in short-term opportunities and are carried at fair value estimated using NAV or equivalent as determined by the general partner in the absence of readily ascertainable market values. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. Voluntary redemptions are not permitted and investment is through the life of the fund. The Corporation also invests in certain venture capital funds. Investments in venture capital funds, typically structured as limited partnerships, consist of ownership stakes in small to medium sized start-up

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firms. These firms generally have high growth potential and are characterized by higher risk/reward profiles. Distributions under this investment structure are typically made to investors through the liquidation of the underlying assets. Voluntary redemptions are generally not permitted by limited partners and investments in these partnership interests are through the life of the fund.

(8) Property, Plant, and Equipment

Property, plant, and equipment consist of the following as of December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 273,840	190,073
Buildings and leasehold improvements	5,203,860	4,138,927
Fixed equipment	552,017	519,659
Major movable equipment	3,123,708	3,126,445
Real estate and equipment under finance leases	<u>320,919</u>	<u>306,540</u>
	9,474,344	8,281,644
Less accumulated depreciation and amortization (including accumulated amortization of real estate and equipment under finance leases of \$61,554 and \$55,097)	<u>4,787,743</u>	<u>4,825,569</u>
	4,686,601	3,456,075
Construction in progress	<u>595,580</u>	<u>1,412,906</u>
Property, plant, and equipment, net	<u>\$ 5,282,181</u>	<u>4,868,981</u>

As of December 31, 2025, the Corporation had open commitments of approximately \$256,000 to complete the construction of the Melchiorre Cancer Center at Cooperman Barnabas Medical Center, the Vogel Medical Campus at Monmouth Medical Center, and other renovation and expansion projects at various affiliates of the Corporation.

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(9) Long-Term Debt

Long-term debt consists of the following:

	December 31	
	2025	2024
Master Trust indebtedness:		
New Jersey Health Care Facilities Financing Authority (NJHCFFA) Revenue and Refunding Bonds:		
RWJ Barnabas Health Obligated Group Issue, 2024A \$252,725 Serial Bonds maturing through July 1, 2044 with interest rates ranging from 5.00% to 5.25%; \$117,605 of Term Bonds maturing July 1, 2054 with interest rates ranging from 4.00% to 4.280%.	\$ 367,710	370,330
RWJ Barnabas Health Obligated Group Issue, 2024B \$250,690 Serial Bonds maturing through July 1, 2036 with an interest rate 5.00%.	250,690	250,690
RWJ Barnabas Health Obligated Group Issue, 2021A \$277,165 Serial Bonds maturing through July 1, 2045 with interest rates ranging from 4.00% to 5.00%; \$400,490 of Term Bonds maturing July 1, 2051 with interest rates ranging from 2.040% to 2.625%.	640,485	677,655
RWJ Barnabas Health Obligated Group Issue, Series 2019A Serial Bonds maturing through July 1, 2029 with an interest rate of 5.00%.	7,445	9,420
RWJ Barnabas Health Obligated Group Issue, Series 2019B-2 Six Year Put Bonds maturing on June 30, 2026 with an interest rate of 3.625%.	70,555	70,555
RWJ Barnabas Health Obligated Group Issue, Series 2019B-3 Seven Year Put Bonds maturing on July 1, 2045 with an interest rate of 5.00%.	70,550	70,550
RWJ Barnabas Health Obligated Group Issue, Series 2016A \$379,840 serial bonds maturing through July 1, 2036 with interest rates ranging from 3.50% to 5.00%; \$279,570 of term bonds maturing on July 1, 2043 with interest rates ranging from 4.00% to 5.00%.	655,695	659,410
RWJ Barnabas Health, Series 2019 serial bonds maturity through July 1, 2049 with an interest rate of 3.48%	205,873	205,873
RWJ Barnabas Health Private Placement Taxable Notes, Series 2018 maturing July 1, 2029 through July 1, 2044 with interest rates ranging from 4.04% to 4.40%	300,000	300,000

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	2025	2024
RWJ Barnabas Health Taxable Revenue Bonds, Series 2016 \$100,000 maturing July 1, 2026 with an interest rate of 2.954%; \$230,015 maturing July 1, 2046 with an interest rate of 3.949%	\$ 330,015	330,015
Total Master Trust Indebtedness	2,899,018	2,944,498
Notes payable	—	11
Finance leases with various interest rates	278,722	271,386
Total long-term debt	3,177,740	3,215,895
Plus unamortized bond premium	210,799	227,207
Less:		
Deferred financing costs, net	15,753	17,005
Current portion	128,333	52,172
Long-term portion	\$ 3,244,453	3,373,925

Under the terms of the Master Trust Indenture (MTI), Children's Specialized Hospital (CSH), Clara Maass Medical Center, Community Medical Center, Jersey City Medical Center, Monmouth Medical Center, Newark Beth Israel Medical Center, RWJ Barnabas Health, Inc., RWJBH Corporate Services, Inc., RWJUH, Robert Wood Johnson University Hospital at Hamilton, Robert Wood Johnson University Hospital Rahway, and Cooperman Barnabas Medical Center (CBMC), are members of an Obligated Group. Substantially all the Corporation's debt is subject to the provisions of the MTI.

To secure its payment obligations, the Obligated Group has granted to The Bank of New York Mellon Corporation, the Master Trustee, a first lien and security interest in the gross revenue of each member of the Obligated Group.

Obligated Group members are jointly and severally liable under the MTI. The Corporation does have the right to name designated affiliates. Though designated affiliates are not obligated to make debt service payments on the obligations under the MTI, the Corporation may cause each designated affiliate to transfer such amounts as necessary to enable the Obligated Group members to comply with the terms of the MTI, including payment of the outstanding obligations.

The Corporation's Obligated Group is required to maintain certain financial covenants in connection with the NJHCFFA and credit arrangements with a consortium of banks, including JPMorgan Chase Bank, N.A. (JPMorgan) and U.S. Bank.

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On April 8, 2024, the Corporation made an offer to purchase bonds in an aggregate principal amount of up to \$330,000 relating to select maturities of the Series 2016 and Series 2019 bonds. In connection with that offer, the Corporation purchased tendered target bonds in an aggregate principal amount of \$261,397. The settlement date was May 8, 2024.

On May 1, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024A bond issuance in the amount of \$370,330. Series 2024A was issued at a premium for a total source of funds of \$404,142. The Corporation used a portion of these proceeds to defease the Series 2019 B-1 bonds in the amount of \$70,812. The remainder of the proceeds was used for reimbursement of prior capital costs.

On May 16, 2024, the Corporation completed the RWJ Barnabas Health Obligated Group Issue, Series 2024B bond issuance in the amount of \$250,690. The Series 2024B bonds were used to refund the Barnabas Health System, Series 2014A, Robert Wood Johnson University Hospital, Series 2014A and Robert Wood Johnson University Hospital, Series 2013A.

On May 16, 2024, the Corporation defeased the Barnabas Health System, Taxable Revenue Bonds, Series 2012 for \$80,979.

Collectively, the above transactions effectuated during 2024 resulted in a gain on extinguishment of debt of \$58,150 which is recorded in other, net within nonoperating revenue (expenses).

During 2024, the Corporation established a self-liquidity backed commercial paper program which will serve as a source for interim liquidity needs. The program is authorized up to \$200,000. As of December 31, 2025, there was \$99,340 of commercial paper, net of discount, outstanding which is recorded in Short-term borrowings in the consolidated balance sheet. No commercial paper was outstanding as of December 31, 2024.

On July 1, 2025, the Series 2019 B-2 bonds were subject to a mandatory tender. At that time, the bonds were converted via a direct placement with JPMorgan at the same par value. The new long-term interest rate was set at 3.625% with a new mandatory purchase date of June 30, 2026.

The Corporation had entered into forward interest rate swap agreements with JPMorgan, Bank of America, and U.S. Bank, respectively. The total notional amount of all swap agreements was \$281,960. Under the terms of these agreements, the Corporation was paying fixed interest rates ranging from 0.90275% to 1.3625% in exchange for variable rate payments equal to 70% of the effective Federal funds rate. The notional amounts on these swap agreements were tied to the outstanding principal on the underlying bond series. On April 24, 2024, the Corporation exercised its option to terminate the interest rate swap agreements for \$52,262, net, which resulted in a gain of \$12,892, and is included in other, net in nonoperating revenue in the consolidated statements of operations.

Effective March 29, 2025, the Corporation entered into a secured revolving promissory note (the Note) for the principal amount of \$100,000 with JPMorgan for routine working capital needs. The terms of the Note include a commitment fee of 0.08%. The interest rate is based on Secured Overnight Financing Rate (SOFR) and an adjusted term SOFR fixed rate of 0.10% for the interest period plus 0.50% per annum. The Corporation may request, and the lender at its discretion can approve, up to an additional \$50,000 of

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principal. As of December 31, 2025, \$6,817 of the Note was used in the form of standby letters of credit (LOC) that provides liquidity support for the Corporation's self-insured workers' compensation and other programs. There was no cash drawn from the Note during the term. The Note expired on March 27, 2026 and was replaced with a \$150,000 secured revolving promissory note (New Note) with JPMorgan expiring on March 26, 2027. The terms of the New Note have not changed from the prior Note, with the exception of removing the \$50,000 accordion feature.

Scheduled maturities on long-term debt and future minimum payments on finance lease obligations at December 31, 2025 are as follows:

	<u>Long-term debt</u>	<u>Finance leases</u>	<u>Total</u>
2026	\$ 122,010	17,898	139,908
2027	25,285	17,033	42,318
2028	15,160	16,243	31,403
2029	201,655	16,056	217,711
2030	56,430	16,295	72,725
Thereafter	<u>2,478,478</u>	<u>379,084</u>	<u>2,857,562</u>
Total	2,899,018	462,609	3,361,627
Plus unamortized bond premium	210,799	—	210,799
Less:			
Amount representing interest on finance lease obligations	—	183,887	183,887
Deferred financing costs, net	15,753	—	15,753
Current portion	<u>122,010</u>	<u>6,323</u>	<u>128,333</u>
Long-term portion	<u>\$ 2,972,054</u>	<u>272,399</u>	<u>3,244,453</u>

(10) Employee Benefit Plans

The Corporation maintains a single noncontributory defined-benefit plan, the RWJ Barnabas Health Retirement Income Plan (the RWJBH Plan). Participation in the RWJBH Plan is closed to new entrants and is currently frozen to future benefit accruals. Benefits under the RWJBH Plan are substantially based on years of service and employee's career earnings. The Corporation will contribute to the RWJBH Plan based on actuarially determined amounts necessary to provide assets sufficient to meet anticipated benefit payments to plan participants and to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006, and Internal Revenue Service regulations.

GAAP requires recognition on the balance sheet of the funded status of defined-benefit pension plans and the recognition in net assets without donor restrictions of unrecognized actuarial gains and losses and prior service costs and credits. The funded status is measured as the difference between the fair value of the RWJBH Plan's assets and the projected benefit obligation of the RWJBH Plan.

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Included in net assets without donor restrictions at December 31, 2025 and 2024 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of approximately \$1,955 and \$2,074, respectively, and unrecognized actuarial losses of approximately \$259,893 and \$268,834, respectively. Unrecognized prior service cost is the impact of changes in plan benefits applied retrospectively to employee service previously rendered. Unrecognized actuarial losses represent unexpected changes in the projected benefit obligation and plan assets over time, primarily due to changes in assumed discount rates and investment experience. Using the measurement date of December 31, the following table sets forth the funded status of the RWJBH Plan and the amounts recognized in the Corporation's consolidated financial statements:

	December 31	
	2025	2024
Changes in benefit obligation:		
Benefit obligation at beginning of year	\$ 792,724	829,746
Interest cost	43,730	43,594
Actuarial losses (gains)	15,570	(15,149)
Benefits paid and expenses	<u>(67,683)</u>	<u>(65,467)</u>
Benefit obligation at end of year	<u>784,341</u>	<u>792,724</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	726,302	774,359
Actual return on plan assets	54,687	7,410
Employer contributions	15,000	10,000
Benefits paid and expenses	<u>(67,683)</u>	<u>(65,467)</u>
Fair value of plan assets at end of year	<u>728,306</u>	<u>726,302</u>
Funded status – accrued pension liability	<u>\$ (56,035)</u>	<u>(66,422)</u>

The actuarial loss in 2025 of \$15,570 resulted in an overall increase in the projected benefit obligation at December 31, 2025, which was primarily attributable to a decrease in the discount rate assumption from 2024 to 2025.

The actuarial gain in 2024 of \$15,149 resulted in an overall decrease in the projected benefit obligation at December 31, 2024, which was primarily attributable to an increase in the discount rate assumption from 2023 to 2024.

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The actuarially computed net periodic pension cost for the years ended December 31, 2025 and 2024 included the following components, which are included in other nonoperating revenue, net:

	<u>2025</u>	<u>2024</u>
Interest cost	\$ 43,730	43,594
Expected return on plan assets	(39,980)	(40,470)
Amortization of prior service cost	119	119
Amortization of actuarial loss	<u>9,804</u>	<u>8,949</u>
Net periodic pension cost	<u>\$ 13,673</u>	<u>12,192</u>

The following table presents the weighted average assumptions used in determining the net periodic pension cost for the years ended December 31, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Discount rate	5.85 %	5.52 %
Weighted average interest crediting rate for cash balance plans	4.47	5.17
Expected long-term rate of return on plan assets	5.85	5.52

The following table presents the weighted average assumption used in the accounting for the projected benefit obligation as of December 31, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Discount rate	5.63 %	5.85 %
Weighted average interest crediting rate for cash balance plans	3.77	4.47

Expected benefit payments by year, as of December 31, 2025, are as follows:

2026	78,171
2027	76,040
2028	79,300
2029	76,724
2030	78,093
2031–2035	305,938

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The consolidated assets of the RWJBH Plan are managed primarily utilizing a Liability-Driven Investment Strategy (LDI) with the objective of minimizing funded-status volatility, while improving the funded status of the plan. A portion of the plan assets are invested in return-seeking investments which are strategies that seek to diversify and enhance returns relative to the LDI strategy.

The following tables present the Corporation's fair value hierarchy for those pension plan assets measured at fair value as of December 31, 2025 and 2024. At December 31, 2025 or 2024, the Corporation held no Level 3 assets.

December 31, 2025					
	Fair value	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	\$ 2,276	2,276	—	—	—
Equity Funds	18,724	18,724	—	—	—
Corporate bonds	328,612	—	328,612	—	—
Government bonds	115,831	—	115,831	—	—
Bond funds	83,103	—	83,103	—	—
Bank loans	862	—	862	—	—
Other investments	21,381	—	21,381	—	—
Alternative investments	157,517	—	—	—	157,517
	\$ 728,306	21,000	549,789	—	157,517

December 31, 2024					
	Fair value	Level 1	Level 2	Level 3	NAV
Cash and cash equivalents	\$ 4,565	4,565	—	—	—
Corporate bonds	311,312	—	311,312	—	—
Government bonds	135,955	—	135,955	—	—
Bond funds	88,251	—	88,251	—	—
Bank loans	1,343	—	1,343	—	—
Other investments	21,559	—	21,559	—	—
Alternative investments	163,317	—	—	—	163,317
	\$ 726,302	4,565	558,420	—	163,317

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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Alternative investments include private equity, private credit and other investments.

<u>Description of investment</u>	2025	
	<u>Carrying value</u>	<u>Unfunded commitment</u>
Private equity	\$ 10,841	26,636
Private credit	146,676	40,416
	<u>\$ 157,517</u>	<u>67,052</u>

<u>Description of investment</u>	2024	
	<u>Carrying value</u>	<u>Unfunded commitment</u>
Private equity	\$ 7,252	13,962
Private credit	156,065	87,432
	<u>\$ 163,317</u>	<u>101,394</u>

The Corporation maintains multiple defined-contribution retirement plans for its employees. Benefit expense for these plans for the years ended December 31, 2025 and 2024 was \$140,456 and \$98,990, respectively. The Corporation also has several supplemental executive retirement plans for certain key individuals. The plans were funded during 2025 and 2024 based upon the benefit formula as outlined in the plan documents.

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(11) Leases

The following table presents the components of the ROU assets, liabilities, and expenses related to leases and their classification in the consolidated balance sheets and statements of operations as of and for the years ended December 31, 2025 and 2024:

Components of lease balances	Classification in consolidated balance sheets	2025	2024
Assets:			
Operating lease assets	ROU asset	\$ 338,585	275,921
Finance lease assets	Property, plant, and equipment, net	<u>259,365</u>	<u>251,443</u>
Total leased assets		\$ <u>597,950</u>	<u>527,364</u>
Liabilities:			
Operating lease liabilities:			
Current	Lease obligations	\$ 52,107	49,678
Long term	Lease obligations, net of current portion	<u>316,425</u>	<u>253,856</u>
Total operating lease liabilities		<u>368,532</u>	<u>303,534</u>
Finance lease liabilities:			
Current	Long-term debt	6,323	6,680
Long term	Long-term debt, net of current portion	<u>272,399</u>	<u>264,706</u>
Total finance lease liabilities		<u>278,722</u>	<u>271,386</u>
Total lease liabilities		\$ <u>647,254</u>	<u>574,920</u>
Components of lease expense	Classification in consolidated statements of operations	2025	2024
Operating lease expense	Other operating expenses	\$ 67,302	65,746
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	6,457	12,255
Interest on lease liabilities	Interest	<u>11,012</u>	<u>10,985</u>
Total finance lease expense		17,469	23,240
Variable and short-term lease expense	Other operating expenses	<u>28,589</u>	<u>27,717</u>
Total lease expense		\$ <u>113,360</u>	<u>116,703</u>

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The Corporation determines if an arrangement is a lease at the inception of the contract. The ROU assets represent the Corporation's right to use the underlying assets for the lease term and the lease liabilities represent the Corporation's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. An estimated incremental borrowing rate, which is derived from information available at the lease commencement date, is used to determine the present value of lease payments. The incremental borrowing rates for the portfolio of leases are based upon indicative borrowing rates for taxable debt with terms that correspond to the various lease terms.

The Corporation's operating leases are primarily for real estate, including medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. Finance leases are primarily for real estate and medical equipment. Real estate lease agreements typically have initial terms of 5 to 10 years, and equipment lease agreements typically have initial terms between 2 and 5 years. The Corporation has certain long-term land leases whose original terms range from 50 to 98 years. Leases with an initial term of 12 months or less (short-term leases) are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that can extend the lease term from 1 to 20 years. The Corporation has the option to renew its land leases that can extend the lease term significantly. The exercise of lease renewal options is at the Corporation's sole discretion. Renewal options are assessed at the commencement date, modification date, and when a reassessment event has occurred. The renewal option is included in the lease term when it is reasonably certain to be exercised. Certain leases also include options to purchase the leased property. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized in other operating expenses, net, but are not included in the ROU asset or liability balances. Real estate leases generally include rental escalation clauses that are factored into the determination of lease expense when appropriate. Escalations based on an index, such as the Consumer Price Index, are estimated at the commencement date and differences to the initial estimate are treated as variable lease payments. The lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

The Corporation has elected the practical expedient that allows lessees to choose to not separate lease and nonlease components by class of underlying asset and is applying this expedient to all real estate asset classes. The Corporation elected the practical expedient package to not reassess at adoption (i) whether expired or existing contracts contain leases under the new definition of a lease, (ii) lease classification for expired or existing leases, or (iii) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842.

Sublease income is included in other revenue in the consolidated statements of operations and amounted to \$3,821 and \$3,655 for the years ended December 31, 2025 and 2024, respectively.

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The weighted average lease terms and discount rates for operating and finance leases at December 31, 2025 and 2024 are presented in the following table:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term:		
Operating leases	10.0 years	9.9 years
Finance leases	22.4 years	24.4 years
Weighted average discount rate:		
Operating leases	4.55 %	4.19 %
Finance leases	4.24	4.20

Cash flow and other information related to leases is included in the following table for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	\$ 66,398	64,616
Operating cash outflows from finance leases	11,012	10,985
Financing cash outflows from finance leases	6,191	5,459
ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ 105,668	33,266
Finance leases	33,788	12,042

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Future maturities of lease liabilities at December 31, 2025 are presented in the following table:

	Operating leases	Finance leases	Total
2026	\$ 67,255	17,898	85,153
2027	61,876	17,033	78,909
2028	55,141	16,243	71,384
2029	46,333	16,056	62,389
2030	40,069	16,295	56,364
Thereafter	<u>209,128</u>	<u>379,084</u>	<u>588,212</u>
Total lease payments	479,802	462,609	942,411
Less imputed interest	<u>111,270</u>	<u>183,887</u>	<u>295,157</u>
Total lease obligations	368,532	278,722	647,254
Less current obligations	<u>52,107</u>	<u>6,323</u>	<u>58,430</u>
Long-term lease obligations	\$ <u>316,425</u>	<u>272,399</u>	<u>588,824</u>

(12) Commitments and Contingencies

(a) Professional and General Liabilities

Commercial Professional Insurance Co. Ltd. (CPIC), is an off-shore captive insurance company located in Bermuda, which writes professional liability, comprehensive general liability, and other casualty lines of business for the Corporation and its affiliates. CPIC is a wholly owned affiliate of CBMC and is consolidated in the accompanying consolidated financial statements. Investments and other assets maintained by CPIC are reported in assets limited as to use under externally designated or restricted assets in the consolidated balance sheets. The Corporation has estimated a range of losses for its potential liability for professional liability, comprehensive general liability, and other casualty lines of business related to CPIC based upon its own past experience and industry experience data. These estimates include ultimate costs for unreported incidents and losses not covered by current insurance limits on a present value basis.

For policy years beginning July 1, 2004, CPIC provides payment of claims on a reimbursement basis for the Corporation's self-insurance program. For professional liability, the most recent limits are \$1,000 for each medical incident with a \$3,000 aggregate for CSH claims, \$10,000 for each medical incident with no aggregate for all other facilities, and a buffer layer of \$7,500 for each medical incident with an annual aggregate limit of \$15,000. For general liability, the limit is \$1,000 for each and every general liability occurrence with no aggregate. Prior to July 1, 2018, the Corporation purchased excess coverage of \$150,000 from various carriers for amounts in excess of CPIC's retained limits. Beginning July 1, 2018, the excess coverage is funded through CPIC and reinsured through various carriers.

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At December 31, 2025 and 2024, total liabilities, which include tail coverage, were \$449,910 and \$432,537, respectively. The liabilities have been discounted at 2.5% and are included in self-insurance liabilities in the accompanying consolidated balance sheets. The undiscounted liability was \$475,720 and \$461,779 as of December 31, 2025 and 2024, respectively. The liabilities also include \$23,914 and \$44,311 of claims at December 31, 2025 and 2024, respectively, which are expected to be reimbursed by the insurance carrier. Such amounts are included in other assets, net, in the accompanying consolidated balance sheets.

(b) Workers' Compensation

The Corporation is self-insured for the majority of workers' compensation benefits and has a commercial insurance policy excess of \$1,000 for each and every claim. At December 31, 2025 and 2024, the accrual for estimated workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported and totaled \$78,904 and \$74,494, respectively. The liabilities also include \$12,454 and \$14,439 of claims as of December 31, 2025 and 2024, respectively, which are expected to be reimbursed by the excess carrier. Such amounts are included in other assets, net. The Corporation's obligation to pay workers' compensation benefits from the runoff of a legacy workers' compensation program, which ended in 2013, is supported by an unsecured letter of credit in the amount of \$3,850 (note 9).

(c) Employee Health Insurance

The Corporation maintains self-insured employee health benefit programs to provide coverage for its employees. At December 31, 2025 and 2024, the accrual for estimated employee health insurance claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported of approximately \$56,040 and \$37,444, respectively, and is included in self-insurance liabilities in the consolidated balance sheets.

(d) Litigation

Various investigations, lawsuits, and claims arising in the normal course of operations are pending or on appeal against the Corporation. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that the liabilities that may arise from such actions would not materially affect the consolidated financial position or results of operations of the Corporation.

(e) Other

For the year ended December 31, 2025, approximately 22% of the Corporation's employees were covered by collective bargaining agreements, of which 16.2% expire in the next year. For the year ended December 31, 2024, approximately 22% of the Corporation's employees were covered by collective bargaining agreements, of which 8.5% expired during 2025.

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(13) Functional Expenses

The Corporation provides general healthcare services primarily to residents within its geographic area and supports research and educational programs. Expenses are allocated based on estimated time and effort contingent upon the location and/or specialty the expense was incurred. Expenses related to providing these services and supporting functions are as follows for the years ended December 31, 2025 and 2024:

	2025		
	Healthcare services	General and administrative	Total
Salaries and wages	\$ 3,248,601	606,708	3,855,309
Physician fees and salaries	1,261,696	140,189	1,401,885
Employee benefits	719,295	137,008	856,303
Supplies	1,781,108	3,936	1,785,044
Other	1,408,782	516,176	1,924,958
Interest	97,127	7,795	104,922
Depreciation and amortization	356,951	42,526	399,477
Total	\$ <u>8,873,560</u>	<u>1,454,338</u>	<u>10,327,898</u>

	2024		
	Healthcare services	General and administrative	Total
Salaries and wages	\$ 2,997,820	561,215	3,559,035
Physician fees and salaries	1,129,250	125,472	1,254,722
Employee benefits	596,916	113,698	710,614
Supplies	1,569,072	12,203	1,581,275
Other	1,209,853	508,581	1,718,434
Interest	93,282	5,865	99,147
Depreciation and amortization	312,638	40,065	352,703
Total	\$ <u>7,908,831</u>	<u>1,367,099</u>	<u>9,275,930</u>

(14) Investments in Joint Ventures

The Corporation has invested in a number of joint ventures to provide specialty healthcare services. These services include surgical, diagnostic imaging, home care and hospice, rehabilitation, medical transportation, and fitness and wellness programs. The investments range from 20% to 70% ownership. The Corporation does not exercise operating control over these investments; accordingly, they are recorded under the equity method of accounting and report only the Corporation's share of net income attributable to the investee as equity in earnings in other revenue in the accompanying consolidated statements of operations. Financial information for the equity method investees for the years ended December 31, 2025 and 2024 includes net operating revenue of \$1,928,295 and \$1,706,251, net income of

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(In thousands)

\$399,449 and \$368,452, and net income attributable to the Corporation of \$152,348 and \$133,273, respectively. For the year ended December 31, 2025 and 2024, the Corporation invested capital of \$95,089 and \$108,570 in equity method joint ventures. For the year ended December 31, 2025 and 2024, the Corporation received distributions from investments in joint ventures of \$130,406 and \$112,115, respectively. During 2025, the Corporation purchased the remaining ownership share of two equity method joint ventures. As a result of the change in control, equity investments of \$42,166 were reversed resulting in a gain of \$90,822 which is included in other, net within nonoperating revenue (expenses).

Total investments in joint ventures amounted to \$919,179 and \$844,314 at December 31, 2025 and 2024, respectively. These amounts are included in other assets, net in the consolidated balance sheets.

(15) Affiliation with Rutgers, The State University of New Jersey

The Corporation, Rutgers, the State University of New Jersey (Rutgers), and Rutgers Health Group (RHG) entered into a Master Affiliation Agreement (MAA) in 2018 with the goal of integrating medical education, advanced research and healthcare delivery.

The MAA requires reciprocal commitments and the alignment of each party's respective strategic, operational, and financial interests, and activities as part of a coordinated and mutually supportive academic health system. The Corporation and Rutgers have executed on strategies contemplated in the MAA including integrating the clinical operations of the Faculty of Robert Wood Johnson Medical School (RWJMS) and the Rutgers CINJ through Integrated Practice Agreements (IPA). Under the terms of these agreements, Rutgers will continue to employ providers and certain support staff, but the Corporation is responsible for the operations of the clinical practices and related financial results. This included establishing a unified medical records system across the Corporation's entire medical group (including RWJMS and CINJ) and creating a unified and integrated patient experience.

As of December 31, 2025 and 2024, the Corporation owed Rutgers \$130,560 and \$112,599, net, respectively, under the MAA and IPA agreements. These amounts are included in accrued expenses and other liabilities in the consolidated balance sheets.

(16) Potential Affiliations

On January 5, 2026, the Corporation and Englewood Health (Englewood) signed a definitive agreement whereby Englewood will become part of the RWJ Barnabas Health system. The relationship is designed to enhance healthcare services for residents of Bergen, Hudson and Passaic counties and the surrounding communities. The terms of the definitive agreement call for the Corporation to make capital investments in Englewood and to expand the network of outpatient services and community health programs. The consummation of the transaction contemplated by the definitive agreement is subject to approvals from state regulatory authorities. It is anticipated that this transaction will be completed in the first quarter of 2027.

RWJ BARNABAS HEALTH, INC.

Notes to Consolidated Financial Statements

December 31, 2025 and 2024

(In thousands)

(17) Subsequent Events

On January 29, 2026, the Corporation entered into a Memorandum of Understanding with the NJHCFFA as a preliminary step towards a potential bond financing with a contemplated issuance date of second quarter 2026. On March 26, 2026, the NJHCFFA approved a contingent bond sale with principal amount not to exceed \$1,750,000 with an interest rate not to exceed 6%. The Corporation anticipates that the proceeds of the potential issue will be used for capital projects of the Corporation. No assurance is given that such a bond issue will occur. The Corporation is currently evaluating the appropriate size of the potential transaction.

Management evaluated all events occurring subsequent to December 31, 2025 and through April 13, 2026, the date the consolidated financial statements were available to be issued. The Corporation did not have any material recognizable subsequent events during the period, except as previously disclosed.