

Holy Name Medical Center, Inc. and Subsidiaries
Consolidated Financial Statements
December 31, 2025 and 2024
With Independent Auditor's Report

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2025 and 2024

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Independent Auditor's Report

To the Board of Trustees of
Holy Name Medical Center, Inc. and Subsidiaries:

Opinion

We have audited the consolidated financial statements of Holy Name Medical Center, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, changes in net assets, and cash flows for the year 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 Holy Name Medical Center, Inc. and Subsidiaries as of December 31, 2025, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Holy Name Medical Center, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Holy Name Medical Center, Inc. and Subsidiaries for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those statements on May 30, 2025.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheet as of December 31, 2025, and consolidating statements of operations and changes in net assets for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2026 on our consideration of Holy Name Medical Center, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holy Name Medical Center, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holy Name Medical Center, Inc. and Subsidiaries' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

May 29, 2026

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 31	
	2025	2024
	<i>(In Thousands)</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 27,196	\$ 33,335
Assets whose use is limited and that are required for current liabilities	15,548	20,700
Investments	154,233	76,761
Patient accounts receivable, net	72,752	70,941
Other receivables	34,449	21,575
Supplies	12,768	11,996
Prepaid expenses and other current assets	12,722	11,079
Total current assets	329,668	246,387
Assets whose use is limited, less current portion	16,175	15,311
Property, plant, and equipment, net	209,499	216,402
Right-of-use assets	22,850	25,332
Other assets	60,680	58,675
Total assets	\$ 638,872	\$ 562,107
Liabilities and net assets		
Current liabilities:		
Accounts payable and other accrued expenses	85,433	82,742
Accrued payroll and vacation	23,928	22,455
Operating lease liabilities, current portion	6,565	6,601
Accrued interest payable	1,410	1,468
Current installments of long-term debt	12,391	11,617
Due to third-party payers	4,547	4,623
Total current liabilities	134,274	129,506
Other liabilities	4,610	4,399
Long-term debt, excluding current installments	98,419	110,082
Operating lease liabilities, excluding current portion	19,460	22,264
Due to third-party payers, excluding current portion	7,216	11,256
Total liabilities	263,979	277,507
Commitments and contingencies		
Net assets:		
Net assets without donor restrictions	343,784	261,242
Net assets with donor restrictions	31,109	23,358
Total net assets	374,893	284,600
Total liabilities and net assets	\$ 638,872	\$ 562,107

The Notes to Consolidated Financial Statements are an integral part of these statements.

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Statements of Operations

	Year Ended December 31	
	2025	2024
	<i>(In Thousands)</i>	
Revenue:		
Net patient service revenue	\$ 602,687	\$ 567,690
Other operating revenue	110,897	40,205
Net assets released from restriction for operations	1,618	1,173
Total revenue	<u>715,202</u>	<u>609,068</u>
Expenses:		
Salaries and wages	227,986	220,322
Physician fees	12,479	11,651
Employee benefits	48,030	37,443
Supplies and other	256,447	241,735
Depreciation and amortization	30,207	27,336
Interest	2,904	2,361
Total expenses	<u>578,053</u>	<u>540,848</u>
Income from operations	137,149	68,220
Nonoperating gains and losses, net	7,655	3,013
Gain on split dollar life insurance (<i>Note 1</i>)	–	936
Change in net unrealized gains and losses on equity investments and assets whose use is limited	4,940	3,467
Excess of revenue over expenses	<u>149,744</u>	<u>75,636</u>
Net assets released from restriction for capital purposes	1,709	3,533
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	12,209	(1,198)
Transfers to affiliates	<u>(81,120)</u>	<u>(80,380)</u>
Increase (decrease) in net assets without donor restrictions	<u>\$ 82,542</u>	<u>\$ (2,409)</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

	<u>Net Assets With Donor Restrictions</u>				
	<u>Net Assets Without Donor Restrictions</u>	<u>Purpose and Time Restrictions</u>	<u>Permanent Endowment</u>	<u>Total Net Assets With Donor Restrictions</u>	<u>Total</u>
	<i>(In Thousands)</i>				
Balance at January 1, 2024	\$ 263,651	\$ 17,432	\$ 4,664	\$ 22,096	\$ 285,747
Excess of revenue over expenses	75,636	–	–	–	75,636
Restricted investment gain and investment income	–	362	247	609	609
Net assets released from restriction for capital purposes	3,533	(3,533)	–	(3,533)	–
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	(1,198)	248	235	483	(715)
Net assets released from restriction for operations	–	(1,173)	–	(1,173)	(1,173)
Transfers to affiliates	(80,380)	–	–	–	(80,380)
Contributions	–	4,645	231	4,876	4,876
(Decrease) increase in net assets	(2,409)	549	713	1,262	(1,147)
Balance at December 31, 2024	261,242	17,981	5,377	23,358	284,600
Excess of revenue over expenses	149,744	–	–	–	149,744
Restricted investment gain and investment income	–	746	1,070	1,816	1,816
Net assets released from restriction for capital purposes	1,709	(1,709)	–	(1,709)	–
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	12,209	(49)	391	342	12,551
Net assets released from restriction for operations	–	(1,570)	(48)	(1,618)	(1,618)
Transfers to affiliates	(81,120)	–	–	–	(81,120)
Contributions	–	4,062	4,858	8,920	8,920
Increase in net assets	82,542	1,480	6,271	7,751	90,293
Balance at December 31, 2025	\$ 343,784	\$ 19,461	\$ 11,648	\$ 31,109	\$ 374,893

The Notes to Consolidated Financial Statements are an integral part of these statements.

Holy Name Medical Center, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2025	2024
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ 90,293	\$ (1,147)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	30,207	27,336
Amortization of deferred financing costs	196	135
(Gain) loss on fixed assets disposal and terminated projects	(16)	41
Net realized and change in net unrealized gains and losses on investments and assets whose use is limited	(21,658)	(5,892)
Restricted contributions and interest income	(10,736)	(5,485)
Receipt of donated stock	(65,700)	-
Transfers to affiliates	81,120	80,380
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(1,811)	3,385
Other current assets	(15,289)	(6,702)
Other assets	(83,125)	(84,215)
Change in right-of-use assets and liabilities	(358)	(326)
Accounts payable and other accrued expenses	2,691	6,816
Accrued payroll and vacation	1,473	1,800
Due to third-party payers	(4,116)	6,656
Other liabilities	211	1,508
Accrued interest payable	(58)	1,363
Net cash provided by operating activities	3,324	25,653
Investing activities		
Acquisition of property and equipment	(23,319)	(41,349)
Purchases of assets whose use is limited and investments	(81,667)	(137,107)
Sales of assets whose use is limited and investments	92,937	127,601
Proceeds from sale of fixed assets	31	72
Net cash used in investing activities	(12,018)	(50,783)
Financing activities		
Payments on long-term debt and finance lease obligations	(11,213)	(9,416)
Proceeds from the issuance of debt	128	59,150
Payments for debt issuance costs	-	(585)
Restricted contributions and interest income	10,736	5,485
Net cash (used in) provided by financing activities	(349)	54,634
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,043)	29,504
Cash, cash equivalents and restricted cash at beginning of year	56,154	26,650
Cash, cash equivalents and restricted cash at end of year	\$ 47,111	\$ 56,154
Reconciliation of cash, cash equivalents and restricted cash at end of year to the consolidated balance sheets		
Cash and cash equivalents	\$ 27,196	\$ 33,335
Assets limited as to use: cash and cash equivalents	16,296	21,424
Investments: cash and cash equivalents	3,126	1,025
Other assets: cash and cash equivalents	493	370
Total cash, cash equivalents and restricted cash	\$ 47,111	\$ 56,154
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 4,131	\$ 2,199

The Notes to Consolidated Financial Statements are an integral part of these statements.

Holy Name Medical Center, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Dollars in Thousands)

December 31, 2025

1. Summary of Significant Accounting Policies

Organization

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

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

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

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

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

ACO is a limited liability company formed for the purpose of promoting efficient and effective services across the continuum of care through the development of an accountable care organization. Harmony Health was formed on April 19, 2017 with the purpose of forming a clinically integrated network of healthcare providers with the goal of providing improved patient care quality, experience, efficiency and engagement. PAIX was formed on September 8, 2020, with the purpose of selling software license for developed applications. PAIX India was formed on December 6, 2023 as a subsidiary to PAIX with the purpose of providing support services to the Medical Center, HPS and related party physician groups. HNH Insurance was formed in the Cayman Islands, on January 26, 2024, with the purpose of operating as a captive insurance company to provide insurance to the Company and its affiliates.

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

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

Cash and Cash Equivalents

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

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

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable and Net Patient Service Revenue

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

Investments and Investment Return

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

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

Investment return includes interest and dividends, realized gains and losses, and income derived from alternative investments and is included in the excess of revenue over expenses in nonoperating gains and losses, net, unless restricted by donor or law. The change in net unrealized gains and losses on other-than-trading fixed income securities within investments and assets whose use is limited are excluded from the excess of revenue over expenses to the extent such losses are not related to credit losses. The change in net unrealized gains and losses on equity investments and assets whose use is limited are included within the excess of revenue over expenses.

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

Assets Whose Use is Limited

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

Pledges Receivable

Through the fundraising activities of the Foundation, the Company is the recipient of pledges which are recorded at the time the unconditional promise to give is made, at estimated net realizable value (\$2,602 and \$833 at December 31, 2025 and 2024, respectively). Pledges are reported within other receivables and other assets in the accompanying consolidated balance sheets. The amount of the allowance for uncollectible pledges is based on management's assessment of historical and expected collections and other collection indicators. Additions to the allowance for uncollectible pledges result from the provision for uncollectible pledges. Pledges written off as uncollectible are deducted from the allowance for uncollectible pledges. Pledges are discounted to net present value based on the scheduled payment terms of each pledge using a risk-free rate at the date of the pledge.

Supplemental Executive Retirement Plans

Certain Company employees participate in supplemental executive retirement plans. In connection with these plans, the Company deposits amounts with trustees on behalf of the participating employees. The assets are restricted for payments under the plans but may revert to the Company under certain specified circumstances. At December 31, 2025 and 2024, amounts on deposit with trustees aggregated \$2,636 and \$2,442, respectively. At December 31, 2025, there were no contributions payable and the total liabilities under the plans were \$2,636. At December 31, 2024, there were no contributions payable and the total liabilities under the plans were \$2,442. Investments consist of mutual funds and are reported at fair value based upon quoted market prices. Amounts on deposit and liability amounts are included in the accompanying consolidated balance sheets within other assets and liabilities as either current or noncurrent based on the terms of the respective plan. During 2025 and 2024, there were no forfeitures in the plans.

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

The investments held by the trustees are classified as trading securities. During 2025 and 2024, the Company contributed \$221 and \$440, respectively, to these plans. For the year ended December 31, 2025 and 2024, the Company recorded investment gains of \$281 and \$340, respectively, as a component of other operating revenue. Changes to the liabilities for these plans are recorded in employee benefits expense in the accompanying consolidated statements of operations.

Split Dollar Life Insurance

During 2020, the Company entered into an agreement and granted a loan to fund life insurance premium payments for a key employee. The loan is collateralized by the assignment of the cash surrender value of the respective life insurance policies. In addition, the loan was issued with full recourse. The policies are owned by the executive with sole control over the listed beneficiaries. The loan is payable within sixty days after receipt of demand. The total value of the loan receivable, included in other assets in the accompanying consolidated balance sheets at December 31, 2025 and 2024 was \$28,730 and \$28,397, respectively. For the year ended December 31, 2024, the Company recorded a valuation gain on the loan receivable of \$936 due to the change in the value of the life insurance policies above the previously impaired value.

Supplies

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

Property, Plant, and Equipment

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

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

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

Costs of Borrowing

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. For the years ended December 31, 2025 and 2024, the Company capitalized \$1,169 and \$1,201 of interest cost, respectively.

Deferred financing costs are amortized over the period the obligation is outstanding using the effective interest method. Unamortized deferred financing costs of \$722 and \$847 at December 31, 2025 and 2024, respectively, have been reported as a direct reduction from long-term debt. See Note 8 for additional information relative to debt-related matters.

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

The Company follows the requirements of the New Jersey Uniform Prudent Management of Institutional Funds Act as they relate to its permanently restricted contributions and net assets, effective upon New Jersey State's enactment of the legislation in 2009. The Company has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the endowment funds.

Excess of Revenue Over Expenses

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

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

Advertising Costs

The Company expenses advertising costs as incurred. For the years ended December 31, 2025 and 2024, advertising costs totaled \$3,629 and \$5,500, respectively.

Income Taxes

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

Holy Name Medical Center, Inc. and Subsidiaries

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

1. Summary of Significant Accounting Policies (continued)

COVID-19 Update

The Company applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund. For the year ended December 31, 2025, the Company recognized approximately \$40 in FEMA reimbursements within other operating revenue in the accompanying consolidated statement of operations. There are no receivables on the consolidated balance sheet as of December 31, 2025. For the year ended December 31, 2024, the Company recognized approximately \$3,556 in FEMA reimbursements within other operating revenue in the accompanying consolidated statement of operations and a receivable of \$3,556 within other receivables on the consolidated balance sheet as of December 31, 2024.

Recent Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606. The Company prospectively adopted ASU 2025-05 effective January 1, 2025 with no significant impact on the Company’s consolidated financial statements.

Reclassifications

Certain items at December 31, 2024 have been reclassified to conform to the presentation at December 31, 2025. There was no effect on net assets for these reclassifications.

2. Uncompensated Care and Community Benefit

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

Holy Name Medical Center, Inc. and Subsidiaries

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

2. Uncompensated Care and Community Benefit (continued)

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

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

For patients who are deemed eligible for charity care and patients who apply and qualify for financial aid under the Company's financial aid policy, care given but not paid for is classified as charity care. For the years ended December 31, 2025 and 2024, the estimated cost of uncompensated care was \$30,311 and \$27,796, respectively. The estimated cost of charity care includes the direct and indirect cost of providing charity care services and is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated charges associated with providing charity care.

Uncompensated care consists of the following:

	Year Ended December 31	
	2025	2024
Charity care at estimated cost ^(a)	\$ 5,338	\$ 5,281
Free care and reduced price medical care under the Company's compassionate care program at estimated cost ^(b)	4,382	4,761
Implicit price concessions at estimated cost ^(c)	20,591	17,754
Total uncompensated care	<u>\$ 30,311</u>	<u>\$ 27,796</u>

Holy Name Medical Center, Inc. and Subsidiaries

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

2. Uncompensated Care and Community Benefit (continued)

- (a) *Charity Care:* For patients that do not receive free care and who are deemed eligible for charity care, care given but not paid for is classified as charity care. The cost of charity care is estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing charity care services. Funds received from the New Jersey Health Care Subsidy Fund (HCSF) to offset charity services provided totaled \$9 and \$378 for the years ended December 31, 2025 and 2024, respectively. Commencing July 1, 2024, the New Jersey Department of Human Services-Division of Medical Assistance and Health Services (DMAHS) redirected the HCSF towards a new Medicaid Outpatient Hospital Supplemental State-Directed Payment Program. Under the new program, hospitals receive quarterly payments through Medicaid managed care organizations. The Company received and recorded \$4,393 and \$2,669 in net patient service revenue under this program for the years ended December 31, 2025 and 2024, respectively.
- (b) *Free Care and Company's Compassionate Care Program:* In addition to charity care reported under the DOH criteria, the Company provides a significant amount of uncompensated care, which includes free care and care provided to patients at reduced prices. Beginning in 2009, the Company initiated a compassionate care program to make available free and reduced fee care programs for qualifying patients under its financial aid policy. The cost of free and compassionate care is estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing such services.
- (c) *Implicit Price Concessions:* To record net patient service revenue at an estimated net realizable amount, management determines implicit price concessions as a direct reduction of net patient service revenue. The cost of the patient services to which implicit price concessions relates was estimated by utilizing a cost accounting system and includes the direct and indirect cost of providing medical and professional services.

Holy Name Medical Center, Inc. and Subsidiaries

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

2. Uncompensated Care and Community Benefit (continued)

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

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

Community benefits also include losses incurred in providing services to patients who participate in certain public health programs such as Medicaid. Payments received by the Company for patient services provided to Medicaid program participants are less than the estimated cost of providing such services. Therefore, to the extent Medicaid payments are less than the cost of care provided to Medicaid patients, the uncompensated cost of that care is considered to be a community benefit. The total shortfall of Medicaid uncompensated costs for the years ended December 31, 2025 and 2024, was \$20,591 and \$18,663, respectively.

Holy Name Medical Center, Inc. and Subsidiaries

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

3. Accounts Receivable and Net Patient Service Revenue

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

The Company's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Company's standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payer coverage on the basis of contractual or formula-driven rates for the services rendered (see description of third-party payment programs below). The estimates for contractual allowances and discounts are based on contractual agreements, the Company's discount policies and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Company's historical collection experience for applicable patient portfolios. Generally, the Company bills patients and third-party payers after the services are performed and the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Company. Net patient service revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services or patients receiving services in the Company's outpatient settings. The Company measures the performance obligation from admission into the Company or the commencement of an outpatient service to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or the completion of the outpatient visit.

Holy Name Medical Center, Inc. and Subsidiaries

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

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

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

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended December 31, 2025 and 2024, changes in the Company's estimates of implicit price concessions, discounts, contractual adjustments or other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as credit losses. Credit loss for the years ended December 31, 2025 and 2024, was not significant.

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

Net patient service revenue disaggregated by payer is as follows:

	Year Ended December 31	
	2025	2024
Medicare, including managed care ¹	\$ 209,157	\$ 179,714
Medicaid, including Medicaid pending and managed care ¹	47,476	67,145
Managed care	316,815	285,056
Commercial and other	23,879	26,223
Self-pay	5,360	9,552
	\$ 602,687	\$ 567,690

¹ Activity administered by managed care organizations represented approximately 42% of Medicare and 89% of Medicaid revenue in 2025 and 44% of Medicare and 94% of Medicaid revenue in 2024.

Holy Name Medical Center, Inc. and Subsidiaries

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

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

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

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

	Year Ended December 31	
	2025	2024
Inpatient services	\$ 216,011	\$ 194,077
Outpatient services	386,676	373,613
	<u>\$ 602,687</u>	<u>\$ 567,690</u>

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

	December 31	
	2025	2024
Patient receivables	\$ 56,783	\$ 62,024
Contract assets	15,969	8,917
	<u>\$ 72,752</u>	<u>\$ 70,941</u>

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

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

Holy Name Medical Center, Inc. and Subsidiaries

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

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

Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. For the years ended December 31, 2025 and 2024, there were no significant adjustments to prior year settlement estimates.

Third-Party Payment Programs

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

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

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

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

Medicare cost reports, which serve as the basis for final settlement with the Medicare program, have been audited by the Medicare fiscal intermediary and settled through 2022 although revisions to final settlements or other retroactive changes could be made. Other years and various issues remain open for audit and settlement, as are numerous issues related to the New Jersey State Medicaid program for prior years.

Holy Name Medical Center, Inc. and Subsidiaries

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

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

As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount when open years are settled, when audits are completed, and when additional information is obtained.

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

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

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

Commencing July 1, 2023, the Company receives additional Medicaid funding under the New Jersey County Option Hospital Fee Program. This program is administered through the State of New Jersey Department of Human Services Division of Medical Assistance and Health Services. The program requires that participating hospitals pay quarterly assessed fees based on estimated non-Medicare discharge data within the county, and such payments are then pooled with federal Medicaid matching funds and redistributed to the participating hospitals as State Directed Payments.

Holy Name Medical Center, Inc. and Subsidiaries

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

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

The State Directed Payments are subject to annual settlement based on actual Medicaid utilization data and other factors. The program resulted in fees paid by the Company of \$15,121 (included in supplies and other expenses) and \$43,084 included within net patient service revenue for the year ended December 31, 2025 on the consolidated statements of operations. For the year ended December 31, 2024, the Company paid fees to the program of \$13,082 (included in supplies and other expenses) and recorded \$30,537 within net patient service revenue on the consolidated statements of operations.

For the year ended December 31, 2025 and 2024, the Company has a receivable of \$27,785 and \$7,836, respectively, for the New Jersey County Option Hospital Fee Program which is included in other receivables in the consolidated balance sheets.

4. Fair Value Measurements

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

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

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

Holy Name Medical Center, Inc. and Subsidiaries

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

4. Fair Value Measurements (continued)

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

Financial assets and liabilities carried at fair value as of December 31, 2025 and 2024, are classified in the tables below in one of the three categories described above:

	2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 47,113	\$ –	\$ –	\$ 47,113
Mutual funds – fixed income	468	–	–	468
Mutual funds – equity	112,975	–	–	112,975
Equities	4,915	–	–	4,915
Corporate bonds	–	15,649	–	15,649
Certificates of deposit	–	2,357	–	2,357
Government mortgage-backed securities	–	6,314	–	6,314
U.S. Government obligations	–	14,255	–	14,255
	<u>\$ 165,471</u>	<u>\$ 38,575</u>	<u>\$ –</u>	
Investments measured at net asset value:				
Commingled funds				11,500
Stable value contracts				70
Total				<u>\$ 215,616</u>

Holy Name Medical Center, Inc. and Subsidiaries

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

4. Fair Value Measurements (continued)

	2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 56,154	\$ –	\$ –	\$ 56,154
Mutual funds – fixed income	312	–	–	312
Mutual funds – equity	57,808	–	–	57,808
Equities	4,561	–	–	4,561
Corporate bonds	–	13,245	–	13,245
Certificates of deposit	–	2,464	–	2,464
Government mortgage-backed securities	–	3,127	–	3,127
U.S. Government obligations	–	10,619	–	10,619
	<u>\$ 118,835</u>	<u>\$ 29,455</u>	<u>\$ –</u>	
Investments measured at net asset value:				
Stable value contracts				<u>77</u>
Total				<u>\$ 148,367</u>

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

Fair value for Level 1 is based upon quoted market prices for mutual funds, and equities. Equities primarily consist of the common stock of corporations in the materials, industrials, consumer discretionary, consumer staples, information technology, health care, and financial services sectors. Fair value for Level 2 is based on 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 collaborated by observable market data for substantially the full term of the assets or liabilities. Level 2 consists of corporate bonds, certificates of deposits, government mortgage-backed securities, and U.S. Government obligations. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Holy Name Medical Center, Inc. and Subsidiaries

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

5. Assets Whose Use is Limited

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

	December 31	
	2025	2024
By donors:		
Cash and cash equivalents	\$ 8,671	\$ 4,212
Mutual funds – equity	11,774	8,581
Equities	858	230
Corporate bonds	507	3,360
U.S. Government obligations	357	486
Alternative investments (equity method value)	9	9
Government mortgage-backed securities	321	159
Certificates of deposit	1,574	1,706
Accrued interest	27	56
	24,098	18,799
Under bond indenture agreements:		
Cash and cash equivalents	7,625	17,212
	7,625	17,212
Total assets whose use is limited	31,723	36,011
Less assets whose use is limited and that are required for current liabilities	15,548	20,700
Noncurrent assets whose use is limited	\$ 16,175	\$ 15,311

Holy Name Medical Center, Inc. and Subsidiaries

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

5. Assets Whose Use is Limited (continued)

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

	December 31	
	2025	2024
Series 2024 Revenue Bonds:		
Construction fund	\$ 4,310	\$ 13,644
Series 2021 Revenue Bonds:		
Debt service principal fund	3,315	1,740
Series 2020 Revenue Bonds:		
Debt service principal fund	–	1,828
Total under bond indenture agreements	<u>\$ 7,625</u>	<u>\$ 17,212</u>

The Company's gross unrealized losses of individual fixed income securities in 2025 and 2024 classified as assets whose use is limited were not significant at December 31, 2025 and 2024, and were not deemed to be a credit loss or impairment based on expected near-term recovery and the ability and intent of the Company to hold such securities until maturity.

6. Investments

Investments consist of the following:

	December 31	
	2025	2024
Cash and cash equivalents	\$ 3,125	\$ 1,025
Mutual funds – equity	99,166	47,234
Equities	4,057	4,331
Corporate bonds	15,142	9,884
U.S. Government obligations	13,899	10,134
Government mortgage-backed securities	5,994	2,968
Certificates of deposit	783	758
Alternative investments (equity method value)	163	173
Commingled funds	1,500	2,968
Accrued interest	404	254
	<u>\$ 154,233</u>	<u>\$ 76,761</u>

Holy Name Medical Center, Inc. and Subsidiaries

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

6. Investments (continued)

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

	Year Ended December 31	
	2025	2024
Interest, dividend income, and realized gains and losses on investments	\$ 7,125	\$ 2,920
Losses from alternative investments, net	(10)	(77)
	<u>\$ 7,115</u>	<u>\$ 2,843</u>

7. Property, Plant, and Equipment

A summary of property and equipment is as follows:

	December 31	
	2025	2024
Land	\$ 16,085	\$ 16,085
Land improvements	3,565	3,561
Building and fixed equipment	369,860	345,164
Major movable equipment	227,664	210,410
	<u>617,174</u>	<u>575,220</u>
Less accumulated depreciation and amortization	419,885	390,175
	<u>197,289</u>	<u>185,045</u>
Construction-in-progress	12,210	31,357
Property and equipment, net	<u>\$ 209,499</u>	<u>\$ 216,402</u>

Depreciation and amortization expense for the years ended December 31, 2025 and 2024, was \$30,207 and \$27,336, respectively.

During 2025 and 2024, the Company capitalized \$1,169 and \$1,201, respectively, of interest expense net of interest income related to certain construction projects.

Holy Name Medical Center, Inc. and Subsidiaries

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

7. Property, Plant, and Equipment (continued)

Equipment financed through finance lease obligations are included in the amounts above. The amortization for the equipment was \$664 and \$676 for the years ended December 31, 2025 and 2024, respectively.

During 2025, the Company recognized net gains on fixed asset disposals of \$16. During 2024, the Company recognized losses on fixed asset disposals and terminated projects of \$41. The gains and losses on fixed asset disposals and terminated projects are recorded within the excess of revenue over expenses.

8. Long-Term Debt

A summary of long-term debt follows:

	December 31	
	2025	2024
Mortgage loans ^(a)	\$ 2,978	\$ 4,634
Series 2020 Bonds ^(b)	-	3,460
Series 2021 Bonds ^(c)	33,412	36,727
Series 2024 Bonds ^(d)	55,000	55,000
Taxable term loan ^(e)	9,163	11,170
Hospital Energy Efficiency Program Loan ^(f)	8,015	8,164
Automobile loans ^(g)	-	18
Finance lease obligations – at rates varying from 3% to 3.56%, with varying maturities through 2058 ^(h)	4,425	4,905
Total long-term debt	112,993	124,078
Less: deferred financing costs, net	722	847
Less: debt discount, net	1,461	1,532
Less: current portion of long-term debt	12,391	11,617
Long-term debt, net of current portion	\$ 98,419	\$ 110,082

Holy Name Medical Center, Inc. and Subsidiaries

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

8. Long-Term Debt (continued)

- (a) *Holy Name Real Estate Corporation* – On April 2, 2024, Realty entered into an agreement to purchase property (730 Palisades Avenue; the Palisades Avenue property) for \$6,782. Realty entered into a \$4,150 mortgage loan on the Palisades Avenue property with an annual interest rate of 4% and annual payments from April 1, 2025 through April 1, 2027. The loan is collateralized by the Palisades Avenue property. At December 31, 2025 and 2024, the principal balance outstanding was \$2,767 and \$4,150, respectively. On August 25, 2016, Realty entered into an agreement to purchase property (699 Teaneck Road; the Teaneck Road property) for \$3,570. Realty entered into a \$2,380 mortgage loan on the Teaneck Road property with an annual interest rate of 3.75% and monthly payments from October 1, 2016 through September 1, 2026. The loan is collateralized by the Teaneck Road property. At December 31, 2025 and 2024, the principal balance outstanding was \$211 and \$484, respectively. The mortgage loan related to the Teaneck Road property is guaranteed by the Medical Center.
- (b) *Holy Name Medical Center* – In April 2020, the Authority issued \$19,100 of Series 2020 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. At December 31, 2024, the Series 2020 Bonds consist of \$3,460 maturing annually through July 1, 2025, with an interest rate of 2.25%. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment. The bonds were repaid during the year ended December 31, 2025.
- (c) *Holy Name Medical Center* – In July 2021, the Authority issued \$45,437 of Series 2021 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. At December 31, 2025 and 2024, the Series 2021 Bonds consist of \$33,412 and \$36,727, respectively, maturing annually through July 1, 2030, with an interest rate of 1.78%. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.
- (d) *Holy Name Medical Center* – In March 2024, the Authority issued \$55,000 of Series 2024 Bonds on behalf of the Medical Center, in a direct bond purchase agreement with TD Bank N.A.. At December 31, 2025 and 2024, the Series 2024 Bonds consist of \$55,000, respectively, maturing on July 1, 2053, with an interest rate of 4.56%. Principal payments will commence on July 1, 2030 and mature annually through July 1, 2053. The bonds are collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.

Holy Name Medical Center, Inc. and Subsidiaries

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

8. Long-Term Debt (continued)

- (e) *Holy Name Medical Center* – On February 14, 2020, the Medical Center entered into a taxable term loan with TD Bank for \$20,000. The term loan was entered into to finance equipment and capital improvements, with an annual interest rate of 2.66% and monthly payments from April 1, 2020 through February 14, 2030. At December 31, 2025 and 2024, the taxable term loan principal outstanding balance was \$9,163 and \$11,170, respectively. The loan is collateralized by a pledge of gross receipts and a first mortgage lien on certain land, buildings and equipment.
- (f) *Holy Name Medical Center* – In 2022, the Medical Center participated in a Hospital Energy Efficiency Program for implementation of specific energy conservation measures through a utility company using grant funding (not subject to repayment) combined with an interest free loan to be repaid over 60 months upon the completion of the energy conservation project. As of December 31, 2025 and 2024, the Company has an outstanding loan of \$8,015 and \$8,164, respectively, under the program. The Medical Center determined the present value of the payments to be made under the terms of the agreement using an imputed interest rate and recorded a discount on the loan of approximately \$1,532. The discount is amortized and recorded in interest expense based on the effective interest method. The Medical Center used the prime rate of interest which was 8.50% at the date of the transaction. At December 31, 2025 and 2024, the discount on the loan was \$1,461 and \$1,532, respectively.
- (g) *Holy Name Medical Center* – The Medical Center entered into several term loan agreements with BMW Financial. The term loans are collateralized by the automobiles with an annual rate varying from 2.95% to 3.55% with varying maturities through 2025. At December 31, 2024, the principal balances outstanding was \$18. The term loans were repaid during the year ended December 31, 2025
- (h) *Holy Name Medical Center* – The Medical Center entered into finance lease obligations for the following (collectively, the finance leases):
- i. \$3,842 ground lease obligation with the Corporation, entered into on January 1, 2019, with an implicit interest rate of 2.97% and monthly payments through December 31, 2058. At December 31, 2025 and 2024, the principal balance outstanding was \$3,751 and \$3,774, respectively.

Holy Name Medical Center, Inc. and Subsidiaries

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

8. Long-Term Debt (continued)

- ii. \$2,237 TD Equipment Finance, Inc. lease obligation for 3Dimensions Mammography System, with an interest rate of 3.56% and monthly payments from June 4, 2022 through May 4, 2027. At December 31, 2025 and 2024, the principal balance outstanding was \$674 and \$1,131, respectively.

The Medical Center has an unsecured line of credit for \$6,100, with an expiration date of August 31, 2026. At December 31, 2025 and 2024, the Medical Center had no outstanding balance on the line of credit.

Under the terms of the various debt agreements, the Company is required to be in compliance with certain financial covenants and ratios as described in the respective agreements. At December 31, 2025 and 2024, the Company was in compliance with these financial covenants.

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

	Bonds Payable	Mortgage Loans	Taxable Term Loan	Finance Lease Obligations	Hospital Energy Efficiency Program Loan	Total
2026	\$ 6,575	\$ 1,595	\$ 2,063	\$ 500	\$ 1,658	\$ 12,391
2027	6,300	1,383	2,119	233	1,658	11,693
2028	6,525	–	2,176	35	1,658	10,394
2029	6,750	–	2,236	39	1,658	10,683
2030	8,572	–	569	43	1,383	10,567
Thereafter	53,690	–	–	3,575	–	57,265
	<u>\$ 88,412</u>	<u>\$ 2,978</u>	<u>\$ 9,163</u>	<u>\$ 4,425</u>	<u>\$ 8,015</u>	<u>\$ 112,993</u>

9. Leases

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

Holy Name Medical Center, Inc. and Subsidiaries

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

9. Leases (continued)

For leases with initial terms greater than one year, the Company records the related right-of-use assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. The Company's leases may include variable lease payments and renewal options. Variable lease payments are excluded from the amounts used to determine the right-of-use assets and liabilities unless the variable lease payments depend on an index or rate or are in substance fixed payments. Lease payments related to periods subject to renewal options are also excluded from the amounts used to determine the right-of-use assets and liabilities unless the Company is reasonably certain to exercise the option to extend the lease.

The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term. The Company separates lease components from non-lease components in contracts when determining its lease payments. As such, the Company accounts for the applicable non-lease components separately from the related lease components when determining the right-of-use assets and liabilities. The Company does not record leases with an initial term of less than one year as right-of-use assets and liabilities.

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

	December 31	
	2025	2024
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	\$ 664	\$ 676
Interest on lease liabilities	142	160
Operating lease cost	8,145	7,587
Short-term lease cost	901	966
Sublease income	(4,538)	(4,074)
Total lease cost	\$ 5,314	\$ 5,315
 Right-of-use assets and liabilities		
Right-of-use assets – finance leases	\$ 4,601	\$ 5,265
Right-of-use liabilities – finance leases	4,425	4,905
Right-of-use assets – operating leases	22,850	25,332
Right-of-use liabilities – operating leases	26,025	28,865

Holy Name Medical Center, Inc. and Subsidiaries

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

9. Leases (continued)

Other information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases	\$	142	\$	160
Operating cash flows from operating leases		8,164		7,963
Financing cash flows from finance leases		482		462

Right-of-use assets obtained in exchange for new operating lease liabilities

4,249	5,294
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Weighted average remaining lease term – finance leases	28 years	27 years
Weighted average remaining lease term – operating leases	5.42 years	5.74 years
Weighted average discount rate – finance leases	3.03%	3.06%
Weighted average discount rate – operating leases	1.96%	2.11%

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

The following table reconciles the undiscounted lease payments to the lease liabilities recorded on the accompanying consolidated balance sheet at December 31, 2025:

	Finance Leases	Operating Leases
2026	\$ 627	\$ 6,996
2027	345	5,419
2028	144	4,219
2029	147	3,354
2030	150	2,521
Thereafter	5,418	4,713
Total lease payments	6,831	27,222
Less imputed interest	2,406	1,197
Total lease obligations	4,425	26,025
Less current portion	500	6,565
Long-term portion	<u>\$ 3,925</u>	<u>\$ 19,460</u>

Rental expense to unrelated parties approximated \$9,874 and \$9,885 in 2025 and 2024, respectively.

Holy Name Medical Center, Inc. and Subsidiaries

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

10. Pension Plan

In June 1997, the Company implemented a 401(k) retirement plan for which all employees who have attained the age of 21 are eligible to participate. Employees are eligible for Company contributions following one year of service and having completed at least 1,000 hours of service. Employees are fully vested in the plan after five years of service. Employees may contribute 1% to 50% of their salary on a pretax basis, not to exceed IRS limitations in any given year. All pretax contributions are 100% vested by the employee. The Company matches 50% of the first 6% of employee contributions. In addition, the Company may contribute on behalf of each employee an additional 1% of his/her salary, at the Company's discretion. The Company contributed \$5,676 and \$5,143 into the plan in 2025 and 2024, respectively.

11. Net Assets with Donor Restrictions

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

	December 31	
	2025	2024
Scholarships for nursing students, program and department expenses, educational training, special projects and purchase of equipment	\$ 2,782	\$ 2,641
Medical staff continuing education and special projects	151	250
Funds held by the Foundation on behalf of the Medical Center to support various program expenses, educational training, special projects, community outreach, and the purchase of equipment	12,849	11,752
Funds held by the Foundation on behalf of the Medical Center to support the School of Nursing	389	532
Funds held by the Foundation, on behalf of CRUDEM	1,191	923
Funding for hemodialysis services	2,099	1,883
	\$ 19,461	\$ 17,981

Holy Name Medical Center, Inc. and Subsidiaries

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

11. Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions include permanent endowments that have been restricted by donors to be maintained in perpetuity and invested by the Company, the income of which is expendable to support health care services. During 2025 and 2024, endowments of \$4,858 and \$231 were received by the Company, respectively. As of December 31, 2025 and 2024, there were \$1,753 and \$257 pledge receivables, respectively.

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

	December 31	
	2025	2024
Funds held by the Foundation on behalf of the Medical Center to support Villa Marie Claire	\$ 2,381	\$ 1,985
Funds held by the Foundation on behalf of the Medical Center to support the Graduate Medical Program	1,682	1,442
Funds held by the Foundation on behalf of the Medical Center to support Jewish Patient Experience	68	56
Funds held by the Foundation on behalf of the Medical Center to support the School of Nursing	6,152	756
Funds held by the Foundation on behalf of the Medical Center to support the Oncology Program	1,351	1,126
Funds held by the Foundation on behalf of CRUDEM	14	12
	\$ 11,648	\$ 5,377

During 2025 and 2024, \$3,327 and \$4,706 of net assets, including amounts raised in 2025, were released from restriction.

12. Related-Party Transactions

The Company, in the normal course of its operations, enters into transactions with related parties. Such transactions are subject to the Company's purchasing and conflict of interest policies.

Due to changes in health care payment models, increased local competition and uncertainty in health care reform, management implemented a strategy to align incentives between physician groups and the Medical Center. The Medical Center provides funding to various medical corporations in Bergen County (the Physician Network) which are controlled by the Corporation.

Holy Name Medical Center, Inc. and Subsidiaries

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

12. Related-Party Transactions (continued)

The Medical Center continually reassesses amounts due from related parties for collectability based upon the results of their operations and other circumstances. The Medical Center has assessed the operations of the Physician Network at December 31, 2025 and 2024, and determined that \$81,120 and \$80,380, respectively, of amounts due from certain members of the Physician Network where there is not expectation of repayment and accounted for such amounts as permanent transfers to affiliates in the accompanying consolidated statements of operations. The net amounts due from the Physician Network were \$17,685 and \$18,341 at December 31, 2025 and 2024, respectively, which is included in other assets in the accompanying consolidated balance sheets.

13. School of Nursing

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

	Year Ended December 31	
	2025	2024
Total revenue	\$ 5,950	\$ 5,228
Total expenses	(4,993)	(4,410)
Excess of revenue over expenses	<u>\$ 957</u>	<u>\$ 818</u>

The Medical Center did not distribute any refunds to students for PELL grants related to the School of Nursing's fiscal years ended June 30, 2025 and 2024, and, therefore, did not establish a cash reserve fund.

14. Commitments and Contingencies

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

Holy Name Medical Center, Inc. and Subsidiaries

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

15. Concentrations of Credit Risk

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

	December 31	
	2025	2024
Medicare and Medicaid	16%	13%
Blue Cross	15	12
Managed care	56	51
Other third-party payers (none over 10%)	5	14
Self-pay	8	10
	100%	100%

16. Accrued Malpractice Claims

The Company purchased first dollar coverage for professional and general liability insurance coverage through a commercial insurance carrier. The Company held a claims-made policy for malpractice with coverage limit of \$1,000 per occurrence and \$3,000 in the aggregate. In addition, the Company purchased additional excess coverage for amounts up to \$10,000. As described in Note 1, following the incorporation of HNH Insurance, the Company modified the policy with the commercial insurance carrier which now has the deductible layer insured through HNH Insurance. The policy with HNH Insurance provides claims-based coverage limit of \$500 per incident and \$1,500 in the aggregate. The Company continues to purchase additional excess coverage for amounts up to \$10,000 through a commercial insurance carrier.

The Company records 2.5% discounted estimated liabilities relating to asserted and unasserted claims as reserves for insurance claims within accounts payable and other accrued expenses and other liabilities in the consolidated balance sheets. As of December 31, 2025 and 2024, these reserves total \$4,416 and \$4,167, respectively. Receivables for expected insurance recoveries are included in other receivables and other assets in the consolidated balance sheets, amounting to \$4,416 and \$4,167 at December 31, 2025 and 2024, respectively.

Holy Name Medical Center, Inc. and Subsidiaries

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

16. Accrued Malpractice Claims (continued)

An estimate for unreported incidents and losses is actuarially determined based on Medical Center-specific and industry experience data. The Company recorded estimated liability for claims incurred but not reported discounted at 2.5% of \$1,300 and \$1,718 at December 31, 2025 and 2024, respectively, within accounts payable and other accrued expenses in the accompanying consolidated balance sheets.

17. Functional Expenses

The Company provides general health care services to residents within its geographic area. Expenses related to provision of these services for the years ended December 31, 2025 and 2024 were as follows:

	Health Care and Related Services	Program Support and General Services	Total
December 31, 2025			
Salaries and wages	\$ 196,877	\$ 31,109	\$ 227,986
Physician fees	11,276	1,203	12,479
Employee benefits	41,622	6,408	48,030
Supplies and other	220,887	35,560	256,447
Depreciation and amortization	24,742	5,465	30,207
Interest	2,488	416	2,904
Total	<u>\$ 497,892</u>	<u>\$ 80,161</u>	<u>\$ 578,053</u>
December 31, 2024			
Salaries and wages	\$ 193,447	\$ 26,875	\$ 220,322
Physician fees	10,531	1,120	11,651
Employee benefits	32,551	4,892	37,443
Supplies and other	210,035	31,700	241,735
Depreciation and amortization	22,475	4,861	27,336
Interest	1,986	375	2,361
Total	<u>\$ 471,025</u>	<u>\$ 69,823</u>	<u>\$ 540,848</u>

Holy Name Medical Center, Inc. and Subsidiaries

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

17. Functional Expenses (continued)

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

18. Liquidity and Availability

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

	December 31	
	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 27,196	\$ 33,335
Patient accounts receivable, net	72,752	70,941
Investments	154,233	76,761
Other receivables	34,449	21,575
Pledges receivable, net	2,602	833
Assets limited as to use	31,723	36,011
Total financial assets at year-end	322,955	239,456
Less amounts not available to be used within one year:		
Assets limited as to use	18,735	15,311
Financial assets available to meet general expenditures within one year	\$ 304,220	\$ 224,145

Assets limited as to use, as described in Note 5, are not available for general expenditure within the next year. Additionally, the Company maintains a \$6,100 line of credit, as discussed in more detail in Note 8. As of December 31, 2025 and 2024, \$6,100 remained available on the Medical Center's line of credit.

Holy Name Medical Center, Inc. and Subsidiaries

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

19. Other Operating Revenue

Other operating revenue consists of the following:

	Year Ended December 31	
	2025	2024
Tuition revenue	\$ 3,960	\$ 3,721
Rental income	6,522	6,430
Contribution revenue	68,708	3,373
Grant revenue and other assistance	7,417	11,200
Cafeteria revenue	2,485	2,554
Pharmacy revenue	3,482	3,498
Clinical research revenue	1,202	861
Membership revenue	1,522	1,446
Accountable care organization revenue	2,860	2,662
Other	12,739	4,460
	<u>\$ 110,897</u>	<u>\$ 40,205</u>

20. Subsequent Events

Subsequent events have been evaluated through May 29, 2026, which is the date the consolidated financial statements were issued. No subsequent events have occurred that require disclosure in or adjustment to the consolidated financial statements.

Supplementary Information

Holy Name Medical Center, Inc. and Subsidiaries

Consolidating Balance Sheet

December 31, 2025

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	PAIX Technologies	HNH Insurance	Eliminations	Total
<i>(In Thousands)</i>													
Assets													
Current assets:													
Cash and cash equivalents	\$ 15,810	\$ 568	\$ 778	\$ 107	\$ 1,978	\$ 132	\$ 2,690	\$ 1,149	\$ 4	\$ 1,201	\$ 2,779	-	\$ 27,196
Assets whose use is limited and that are required for current liabilities	7,625	-	-	-	7,923	-	-	-	-	-	-	-	15,548
Investments	79,175	-	-	-	75,058	-	-	-	-	-	-	-	154,233
Patient accounts receivable, net	71,585	636	-	-	-	-	531	-	-	-	-	-	72,752
Due from affiliates, net	73,178	-	-	-	-	-	-	8,455	-	-	-	(81,633)	-
Other receivables	31,982	574	241	-	68	125	831	-	-	234	394	-	34,449
Supplies	12,736	-	-	-	31	1	-	-	-	-	-	-	12,768
Prepaid expenses and other current assets	9,043	56	346	1,375	34	24	3	63	9	1,740	29	-	12,722
Total current assets	301,134	1,834	1,365	1,482	85,092	282	4,055	9,667	13	3,175	3,202	(81,633)	329,668
Assets whose use is limited, less current portion	4,231	-	-	-	11,944	-	-	-	-	-	-	-	16,175
Assets held by related organization	97,073	-	-	-	-	-	-	-	-	-	-	(97,073)	-
Property, plant, and equipment, net	173,721	305	30,823	86	365	3,813	9	-	-	377	-	-	209,499
Right-of-use assets	7,171	-	15,679	-	-	-	-	-	-	-	-	-	22,850
Other assets	57,502	-	617	-	2,561	-	-	-	-	-	-	-	60,680
Total assets	\$ 640,832	\$ 2,139	\$ 48,484	\$ 1,568	\$ 99,962	\$ 4,095	\$ 4,064	\$ 9,667	\$ 13	\$ 3,552	\$ 3,202	\$ (178,706)	\$ 638,872

Holy Name Medical Center, Inc. and Subsidiaries

Consolidating Balance Sheet (continued)

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp.	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	PAIX Technologies	HNH Insurance	Eliminations	Total
	<i>(In Thousands)</i>												
Liabilities and net assets (deficiency)													
Current liabilities:													
Accounts payable and accrued expenses	\$ 82,902	\$ 13,185	\$ 23,814	\$ 1,473	\$ 2,052	\$ 13,615	\$ 16,914	\$ 6,409	\$ 1,090	\$ 3,043	\$ 2,569	\$ (81,633)	\$ 85,433
Accrued payroll and vacation	22,588	264	-	352	393	50	52	26	-	203	-	-	23,928
Operating lease liabilities, current portion	3,169	-	3,396	-	-	-	-	-	-	-	-	-	6,565
Accrued interest payable	1,327	-	83	-	-	-	-	-	-	-	-	-	1,410
Current installments of long-term debt	10,796	-	1,595	-	-	-	-	-	-	-	-	-	12,391
Due to third-party payers	4,547	-	-	-	-	-	-	-	-	-	-	-	4,547
Total current liabilities	125,329	13,449	28,888	1,825	2,445	13,665	16,966	6,435	1,090	3,246	2,569	(81,633)	134,274
Other liabilities	4,569	-	41	-	-	-	-	-	-	-	-	-	4,610
Long-term debt, excluding current installments	97,037	-	1,382	-	-	-	-	-	-	-	-	-	98,419
Operating lease liabilities, excluding current portion	4,017	-	15,443	-	-	-	-	-	-	-	-	-	19,460
Due to third-party payers, excluding current portion	7,216	-	-	-	-	-	-	-	-	-	-	-	7,216
Total liabilities	238,168	13,449	45,754	1,825	2,445	13,665	16,966	6,435	1,090	3,246	2,569	(81,633)	263,979
Net assets (deficiency):													
Without donor restrictions	371,555	(11,310)	2,730	(257)	71,440	(9,570)	(12,902)	3,232	(1,077)	306	633	(70,996)	343,784
With donor restrictions	31,109	-	-	-	26,077	-	-	-	-	-	-	(26,077)	31,109
Total net assets (deficiency)	402,664	(11,310)	2,730	(257)	97,517	(9,570)	(12,902)	3,232	(1,077)	306	633	(97,073)	374,893
Total liabilities and net assets (deficiency)	\$ 640,832	\$ 2,139	\$ 48,484	\$ 1,568	\$ 99,962	\$ 4,095	\$ 4,064	\$ 9,667	\$ 13	\$ 3,552	\$ 3,202	\$ (178,706)	\$ 638,872

Holy Name Medical Center, Inc. and Subsidiaries

Consolidating Statement of Operations

Year Ended December 31, 2025

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Center	ACO	Harmony Health	PAIX Technologies	HNH Insurance	Eliminations	Total
Revenue:													
Net patient service revenue	\$ 592,934	\$ 5,062	\$ -	\$ -	\$ -	\$ -	\$ 4,691	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,687
Other operating revenue	22,210	689	9,014	-	68,730	1,714	420	2,860	-	10,543	493	(5,776)	110,897
Net assets released from restriction for operations	337	-	-	-	1,281	-	-	-	-	-	-	-	1,618
Total revenue	615,481	5,751	9,014	-	70,011	1,714	5,111	2,860	-	10,543	493	(5,776)	715,202
Expenses:													
Salaries and wages	210,204	4,673	326	3,353	1,880	877	1,995	618	301	5,689	-	(1,930)	227,986
Physician fees	12,529	-	-	100	-	-	-	-	-	-	-	(150)	12,479
Employee benefits	44,576	972	65	926	321	137	378	184	27	444	-	-	48,030
Supplies and other	235,313	1,844	6,736	3,931	4,546	768	3,727	286	10	2,810	172	(3,696)	256,447
Depreciation and amortization	27,249	210	1,996	27	29	313	3	-	-	380	-	-	30,207
Interest	2,764	-	140	-	-	-	-	-	-	-	-	-	2,904
Total expenses	532,635	7,699	9,263	8,337	6,776	2,095	6,103	1,088	338	9,323	172	(5,776)	578,053
Income (loss) from operations	82,846	(1,948)	(249)	(8,337)	63,235	(381)	(992)	1,772	(338)	1,220	321	-	137,149
Nonoperating gains and losses, net	5,035	-	-	-	2,912	-	-	-	-	(341)	49	-	7,655
Change in net unrealized gains and losses on equity investments and assets whose use is limited	4,940	-	-	-	-	-	-	-	-	-	-	-	4,940
Change in net interest of Holy Name Health Care Foundation, Harmony Health, and HNH Insurance	74,125	-	-	-	-	-	-	-	-	-	-	(74,125)	-
Excess (deficiency) of revenue over expenses	166,946	(1,948)	(249)	(8,337)	66,147	(381)	(992)	1,772	(338)	879	370	(74,125)	149,744
Net assets released from restriction for capital purposes	-	-	-	-	1,709	-	-	-	-	-	-	-	1,709
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	690	-	-	-	11,519	-	-	-	-	-	-	-	12,209
Transfers (to) from affiliates	(89,457)	-	-	8,337	-	-	-	-	-	-	-	-	(81,120)
Transfer from (to) subsidiaries	5,282	-	-	-	(5,282)	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	\$ 83,461	\$ (1,948)	\$ (249)	\$ -	\$ 74,093	\$ (381)	\$ (992)	\$ 1,772	\$ (338)	\$ 879	\$ 370	\$ (74,125)	\$ 82,542

Holy Name Medical Center, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets

Year Ended December 31, 2025

	Holy Name Medical Center	Holy Name EMS	Holy Name Real Estate Corp	Health Partner Services	Holy Name Health Care Foundation	HNH Fitness	MS Comp Center	HNMC Physician ACO	Harmony Health Alliance	PAIX Technologies	HNH Insurance	Eliminations	Total
<i>(In Thousands)</i>													
Without donor restrictions													
Net assets as of the beginning of year	\$ 288,094	\$ (9,362)	\$ 2,979	\$ (257)	\$ (2,653)	\$ (9,189)	\$ (11,910)	\$ 1,460	\$ (739)	\$ (573)	\$ 263	\$ 3,129	\$ 261,242
Change in net assets without donor restrictions	83,461	(1,948)	(249)	-	74,093	(381)	(992)	1,772	(338)	879	370	(74,125)	82,542
Net assets as of end of year	<u>\$ 371,555</u>	<u>\$ (11,310)</u>	<u>\$ 2,730</u>	<u>\$ (257)</u>	<u>\$ 71,440</u>	<u>\$ (9,570)</u>	<u>\$ (12,902)</u>	<u>\$ 3,232</u>	<u>\$ (1,077)</u>	<u>\$ 306</u>	<u>\$ 633</u>	<u>\$ (70,996)</u>	<u>\$ 343,784</u>
With donor restrictions													
Net assets as of beginning of year	\$ 23,358	\$ -	\$ -	\$ -	\$ 18,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (18,584)	\$ 23,358
Change in beneficial interest in Holy Name Health Care Foundation	7,493	-	-	-	-	-	-	-	-	-	-	(7,493)	-
Restricted investment gain and investment income	210	-	-	-	1,606	-	-	-	-	-	-	-	1,816
Change in net unrealized gains and losses on fixed income investments and assets whose use is limited	194	-	-	-	148	-	-	-	-	-	-	-	342
Net assets released from restriction for operations	(337)	-	-	-	(1,281)	-	-	-	-	-	-	-	(1,618)
Net assets released from restriction for capital purposes	-	-	-	-	(1,709)	-	-	-	-	-	-	-	(1,709)
Contributions	191	-	-	-	8,729	-	-	-	-	-	-	-	8,920
Change in net assets with donor restrictions	7,751	-	-	-	7,493	-	-	-	-	-	-	(7,493)	7,751
Net assets as of end of year	<u>\$ 31,109</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,077</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,077)</u>	<u>\$ 31,109</u>

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Trustees
Holy Name Medical Center, Inc. and Subsidiaries:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the consolidated financial statements of Holy Name Medical Center, Inc. and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Holy Name Medical Center, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Holy Name Medical Center, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Holy Name Medical Center, Inc. and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Holy Name Medical Center, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

May 29, 2026