The Johns Hopkins Health System Corporation and Affiliates

Consolidated Financial Statements and Supplementary Information
June 30, 2024 and 2023

The Johns Hopkins Health System Corporation and Affiliates
Index
June 30, 2024 and 2023

pwc

Report of Independent Auditors

To the Board of Trustees of The Johns Hopkins Health System Corporation

Opinion

We have audited the accompanying consolidated financial statements of The Johns Hopkins Health System Corporation and its affiliates (the "Company"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern for a reasonable period of time.

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

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 27, 2024

The Johns Hopkins Health System Corporation and Affiliates
Consolidated Balance Sheets
June 30, 2024 and 2023

(in thousands)	**2024**	**2023**
Assets		
Current assets		
Cash and cash equivalents	$ 1,048,795	$ 1,005,397
Short-term investments	132,774	141,958
Assets whose use is limited - used for current liabilities	280	246
Patient accounts receivable, net	900,450	767,616
Due from others	438,388	237,745
Due from affiliates	21,531	10,596
Supplies	185,424	178,775
Estimated insurance recoveries	65,383	53,801
Prepaid expenses and other current assets	59,102	52,545
Total current assets	2,852,127	2,448,679
Assets whose use is limited		
By donors or grantors for		
Pledges receivable	24,466	25,739
Other	186,632	172,563
By Board of Trustees	689,989	684,838
Other	29,743	26,815
Total assets whose use is limited	930,830	909,955
Investments	3,786,163	3,455,313
Property, plant and equipment, net	2,667,548	2,662,352
Finance lease right-of-use assets	59,299	71,368
Operating lease right-of-use assets	104,105	118,364
Due from affiliates, net of current portion	46,399	50,597
Estimated insurance recoveries, net of current portion	62,819	57,359
Swap counterparty deposit	5,920	17,494
Other assets	28,930	24,530
Total assets	$ 10,544,140	$ 9,816,011

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

The Johns Hopkins Health System Corporation and Affiliates
Consolidated Balance Sheets
June 30, 2024 and 2023

(in thousands)	**2024**	**2023**
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	$ 142,117	$ 203,423
Finance lease liabilities	13,719	14,548
Operating lease liabilities	21,032	21,709
Accounts payable and accrued liabilities	1,146,973	879,880
Medical claims reserve	99,014	161,264
Deferred revenue	152,094	186,213
Due to affiliates	6,363	15,549
Advances from third-party payors	232,689	135,200
Current portion of estimated liability claims costs	68,113	56,461
Total current liabilities	1,882,114	1,674,247
Long-term debt, net of current portion	1,513,135	1,483,601
Finance lease liabilities, net of current portion	61,632	75,307
Operating lease liabilities, net of current portion	96,428	111,896
Estimated liability claims costs, net of current portion	184,124	187,674
Net pension liability	214,368	316,102
Other long-term liabilities	198,550	223,950
Total liabilities	4,150,351	4,072,777
Net assets		
Without donor restrictions controlled by JHHS	6,006,667	5,406,752
Without donor restrictions attributable to noncontrolling interests	169,648	132,412
Total net assets without donor restrictions	6,176,315	5,539,164
Net assets with donor restrictions	217,474	204,070
Total net assets	6,393,789	5,743,234
Total liabilities and net assets	$ 10,544,140	$ 9,816,011

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

The Johns Hopkins Health System Corporation and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
For the Years Ended June 30, 2024 and 2023

(in thousands)	2024	2023
Operating revenues and other support		
Net patient service revenue	$ 5,290,236	$ 4,829,963
Insurance premium revenue	2,522,035	2,562,252
Other revenue	1,214,774	1,162,787
Net assets released from restrictions used for operations	20,812	17,730
Total operating revenues and other support	9,047,857	8,572,732
Operating expenses		
Salaries, wages and benefits	3,237,669	2,900,754
Purchased services	3,464,539	3,519,574
Supplies and other	1,841,464	1,614,831
Interest	70,372	69,699
Depreciation and amortization	299,219	291,047
Total operating expenses	8,913,263	8,395,905
Income from operations	134,594	176,827
Nonoperating revenues and expenses		
Interest expense on swap agreements	(1,680)	(8,032)
Changes in fair value of interest rate swap agreements	21,157	42,374
Investment return, net	538,011	395,075
Other components of net periodic pension cost	18,681	31,353
Academic mission support and other	(143,480)	(152,794)
Excess of revenues over expenses	567,283	484,803
Contributions from affiliates	71	455
Changes in funded status of defined benefit plans	69,022	16,930
Net assets released from restrictions used for purchases of property, plant and equipment	6,867	5,044
Other	(6,092)	(17,249)
Increase in net assets without donor restrictions	637,151	489,983
Changes in net assets with donor restrictions		
Gifts, grants and bequests	41,188	31,986
Net assets released from restrictions used for purchases of property, plant and equipment	(6,867)	(5,044)
Net assets released from restrictions used for operations	(20,812)	(17,730)
Other	(105)	981
Increase in net assets with donor restrictions	13,404	10,193
Increase in net assets	650,555	500,176
Net assets		
Beginning of year	5,743,234	5,243,058
End of year	$ 6,393,789	$ 5,743,234

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

The Johns Hopkins Health System Corporation and Affiliates
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

(in thousands)	2024	2023
Operating activities		
Changes in net assets	$ 650,555	$ 500,176
Adjustments to reconcile change in net assets to net cash, cash equivalents and restricted cash provided by operating activities		
Depreciation and amortization	299,219	291,047
Net realized and changes in unrealized gains on investments	(434,399)	(325,640)
Changes in fair value of interest rate swap agreements	(21,157)	(42,374)
Changes in funded status of defined benefit plans	(69,022)	(16,930)
Restricted contributions and investment income received	(15,143)	(10,850)
Return on equity method investments	(4,009)	4,120
Other operating activities	9,988	5,326
Changes in assets and liabilities		
Patient accounts receivable	(132,834)	34,127
Supplies, prepaid expenses and other current assets	(214,121)	(64,092)
Due from affiliates, net	(19,487)	(2,144)
Pledges receivable	2,305	6,411
Other assets and other long-term liabilities, net	(3,214)	5,824
Accounts payable and accrued liabilities	265,413	(30,163)
Medical claims reserve	(62,250)	25,063
Deferred revenue	(34,119)	166,208
Advances from third-party payors	97,489	2,210
Accrued pension benefit costs	(39,717)	(76,465)
Estimated liability claims costs	(8,940)	(11,137)
Cash provided by operating activities	266,557	460,717
Investing activities		
Purchases of property, plant and equipment	(307,896)	(251,529)
Investment in joint ventures	(17,000)	(11,681)
Purchases of investment securities	(2,386,699)	(1,635,898)
Sales of investment securities	2,534,789	1,650,305
Payments received on affiliate notes	3,552	15,941
Advances on affiliate notes	-	(3,000)
Payments for other capital expenditures	(72,270)	(62,598)
Reimbursement of other capital expenditures	72,270	62,598
Swap counterparty deposit	11,574	5,670
Cash used in investing activities	(161,680)	(230,192)
Financing activities		
Restricted contributions and investment income received	15,143	10,850
Proceeds from long-term borrowings	78,500	246,165
Repayments of long-term debt	(108,723)	(399,476)
Proceeds from lines of credit	-	30,000
Repayments of lines of credit	-	(30,000)
Repayments of obligations under a financing lease	(13,812)	(13,534)
Other financing activities	(6,979)	(17,246)
Cash used in financing activities	(35,871)	(173,241)
Change in cash, cash equivalents and restricted cash	69,006	57,284
Cash, cash equivalents and restricted cash		
Beginning of year	1,052,129	994,845
End of year	$ 1,121,135	$ 1,052,129
Supplemental disclosure of cash flow information		
Purchases of property, plant and equipment in accounts payable	$ 32,694	$ 38,496
Assets acquired under operating leases	8,002	35,037
Interest paid	72,052	77,731

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

1. Organization and Summary of Significant Accounting Policies

Organization

The Johns Hopkins Health System Corporation ("JHHSC") is incorporated in the State of Maryland to, among other things, formulate policy among and provide centralized management for JHHSC and Affiliates ("JHHS"). In addition, it provides certain shared services including finance, human resources, payroll, accounts payable, purchasing, patient financial services, legal, and other functions. JHHS is organized and operated for the purpose of promoting health by functioning as a parent holding company of affiliates whose combined mission is to provide patient care in the treatment and prevention of human illness which compares favorably with that rendered by any other institution in this country or abroad.

JHHSC is the sole member of The Johns Hopkins Hospital ("JHH"), an academic medical center, Johns Hopkins Bayview Medical Center, Inc. ("JHBMC"), a community based teaching hospital, Johns Hopkins Howard County Medical Center ("JHHCMC"), a community based hospital, Suburban Hospital, Inc. ("SHI"), a community based hospital, Sibley Memorial Hospital ("SMH"), a community based hospital, Johns Hopkins All Children's Hospital, Inc. ("JHACH"), an academic children's hospital, Suburban Hospital Healthcare System, Inc. ("SHHS"), a diverse healthcare system, All Children's Health System ("ACHS"), a diverse healthcare system, Johns Hopkins Community Physicians ("JHCP"), a community based physician practice group, The Johns Hopkins Medical Services Corporation ("JHMSC"), the contracting entity for the Uniformed Services Family Health Plan ("USFHP") contract, Potomac Home Health Care, Inc. ("PHHC"), a full service Medicare certified home health agency, Potomac Home Support, Inc. ("PHS"), a private pay services company, and the HCGH OB/GYN Associates Series, LLC ("HCOB"), a taxable community based obstetrics and gynecology practice. JHHSC is also the sole shareholder of Howard County Health Services, Inc. ("HCSI"), a taxable entity organized to hold interests in various health care enterprises, Johns Hopkins Medical Management Corp. ("JHMMC"), a taxable entity that provides temporary nursing and clerical staffing, promotes ambulatory care arrangements in support of JHHS, and houses commercial supply chain business units, Johns Hopkins Employer Health Programs, Inc. ("EHP"), a taxable third-party administrator for employee health benefit plans self-funded by the constituent employee sponsors, Johns Hopkins Consolidated Services Center ("JHCSC"), a taxable distribution center providing commodity supplies to JHHS affiliates, Johns Hopkins Clinical Alliance, LLC ("JHCA"), a clinically integrated network that seeks to improve patient experience and support independent physicians in value-based care, and JHHS Innovation LLC ("Innovation"), a Maryland based LLC formed to hold stock, membership interests or other assets which result from the commercialization of JHHS' intellectual property. JHHSC and the Johns Hopkins University (the "University") each own a 50% membership interest in Johns Hopkins Health Plans ("JHHP"), a taxable managed care entity supporting JHHS and the University in cooperative strategies by which patient care, education, and research may be advanced. JHHSC consolidates JHHP due to having control of JHHP through majority voting rights. These entities are collectively known as the "Affiliates."

The University is a privately endowed institution that provides education and related services to students and others, research and related services to sponsoring organizations, and professional medical services to patients. The University is a separate legal entity from JHHSC with its own Board of Trustees. The University does not assume any responsibility or liability for the financial obligations of JHHS and JHHS does not assume any responsibility or liability for the financial obligations of the University. The University owns membership interests in some of the affiliates of JHHS. Professional clinical services are also provided by members of the University's faculty to patients at JHHS hospitals. See Note 15 for further details.

Use of Estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made by management include estimated net realizable value of patient receivables, valuation of alternative investments, actuarially determined pension benefits, medical claims reserve, and other liability claim costs and self-insurance reserves.

Basis of Presentation
The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation
The consolidated financial statements include the accounts of JHHSC and all Affiliates after elimination of all significant intercompany accounts and transactions.

Cash and Cash Equivalents
Cash and cash equivalents include amounts held in accounts with depository institutions which are readily convertible to cash, with original maturities of three months or less. Total deposits maintained at these institutions at times exceed the amount insured by federal agencies and therefore, bear a risk of loss. JHHS has not experienced such losses on these funds.

Through arrangements with banks, excess operating cash is held on deposit or invested daily. These investments are considered cash equivalents in the accompanying Consolidated Balance Sheets. JHHS earns interest on these funds at a rate that is based upon the bank's Federal Funds rate. The interest is recorded in the Consolidated Statements of Operations and Changes in Net Assets as investment return, net.

Restricted Cash
The Consolidated Statements of Cash Flows explain the change during the period in the total of cash, cash equivalents and restricted cash.

JHHS holds cash that is restricted by bond agreements, to comply with hospital and/or foundation donor restrictions, to be used for campus development and other strategic investments, and to comply with contractual agreements. Restricted cash balances were $72.3 million and $46.7 million as of June 30, 2024 and 2023, respectively, and are classified within assets whose use is limited in the Consolidated Balance Sheets. See Note 5 for further details.

Patient Accounts Receivable
Patient accounts receivable consist primarily of amounts owed by various governmental agencies, insurance companies and patients. JHHS manages these receivables by regularly reviewing the accounts and contracts and by recording appropriate price concessions. JHHS reports accounts receivable at an amount equal to the consideration it expects to receive in exchange for providing healthcare services to its patients, which is estimated using contractual provisions associated with specific payors, historical reimbursement rates and analysis of past experience to estimate potential adjustments. JHHS writes off amounts that have been deemed to be uncollectible because of circumstances that affect the ability of payors to make payments as they occur.

Due From Others

Due from others primarily includes receivables related to the hospital outpatient pharmacies, pharmacy rebate accruals, grants, third-party contracts, JHHP working capital advances, third-party settlements, the Directed Payment Program ("DPP") supplemental revenue program and Employee Retention Credit ("ERC") receivables.

Due From Affiliates

Due from affiliates primarily includes loans and other receivable balances from certain affiliates that do not consolidate within JHHS. See Note 14 for further details.

Supplies

Supplies are composed of medical supplies, drugs, linen, and parts for repairs. Supplies are recorded at lower of cost or net realizable value using a first in, first out method.

Assets Whose Use is Limited

Assets whose use is limited ("AWUIL") restricted by donors are recorded at fair value at the date of donation. Investment gains or losses on investments of assets with donor restrictions are recorded as an increase or decrease in net assets with donor restrictions to the extent restricted by the donor or law. Contributed assets whose donor restrictions are met within the same year are reported as increases in net assets without donor restrictions. The cost of securities sold is based on the specific identification method.

Assets whose use is limited include assets held by trustees under debt agreements, assets restricted by the Board of Trustees for future capital improvements and other strategic investments, pledges receivable, beneficial interest remainder trusts, and net assets set aside pursuant to their donor restricted nature. The carrying amounts reported in the Consolidated Balance Sheets represent fair value.

Investments and Investment Income

Debt and equity securities traded on a national securities and international exchange are valued as of the last reported sales price on the last business day of the fiscal year; investments traded on the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices.

Investments include managed funds, which include hedge funds, private partnerships and other investments (collectively "alternative investments") which do not have readily ascertainable fair values and may be subject to withdrawal restrictions.

Alternative investments are less liquid than other types of investments held by JHHS. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments, and nondisclosure of portfolio composition.

Investment income earned on cash equivalents and investment balances (interest and dividends), realized gains or losses related to the sale of investments, and changes in unrealized gains or losses on investments are included in the nonoperating section of the Consolidated Statements of Operations and Changes in Net Assets included within excess of revenues over expenses unless the income or loss is restricted by donor or law. Investments classified as noncurrent on the Consolidated Balance Sheets include investments that are not expected to be converted to cash within one year; however, if needed, these investments can be made available for general expenditure.

Participation in Joint Ventures

JHHS participates in several joint ventures ("JVs") which JHHS has determined are central to its operations and mission. These investments are recorded within investments on the Consolidated Balance Sheets. Investments in companies in which JHHS does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method of accounting, and operating results flow through other revenue on the Consolidated Statements of Operations and Changes in Net Assets. Dividends received are recorded as a reduction of the carrying amount of the investment. JHHS has elected the cumulative earnings approach per ASC Topic 230 for determining cash flow presentation of distributions from its equity method investments. Distributions received are included in the Consolidated Statements of Cash Flows as operating activities, unless the cumulative distributions exceed JHHS' portion of the cumulative equity in the net earnings of the joint venture, in which case the excess distributions are deemed to be returns of the investment and are classified as investing activities in the Consolidated Statements of Cash Flows. See Note 5 for further details.

Investments in companies in which JHHS does not have control, nor has the ability to exercise significant influence over operating and financial policies, are measured at cost with adjustments for observable changes in price or impairments (referred to as the measurement alternative). These investments do not have a readily determinable fair value and do not qualify for use of Net Asset Value ("NAV"). JHHS performs a qualitative assessment on an annual basis and recognizes an impairment if there are sufficient indicators that the fair value of the investment is less than its carrying value. No impairment was recognized for the years ended June 30, 2024 and 2023.

Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost. If donated, these assets are recorded at their fair value on the date of the gift. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives assigned by JHHS range from 2 to 25 years for land improvements, 3 to 45 years for buildings and improvements, 2 to 25 years for fixed and movable equipment, and 2 to 20 years for leasehold improvements (using the lesser of the lease term or the useful life of the improvement). Interest costs incurred on all borrowed funds, net of income earned on unspent proceeds, during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Repair and maintenance costs are expensed as incurred. When property, plant and equipment are retired, sold or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operating income.

Capitalized costs of software include payment to vendors for the purchase of software and assistance in its installation, payroll costs of employees directly involved in the software installation, and capitalized interest costs of the software project. Preliminary costs to document system requirements, vendor selection, and any costs incurred before the software purchase are expensed. Capitalization of costs ends when the project is completed and is ready to be used. Where implementation of the project is in phases, only those costs incurred which further the development of the project are capitalized. Costs incurred to maintain the system, including training and data conversion costs, are expensed.

Leases
JHHS leases property and equipment under finance and operating leases and evaluates whether a contract is or contains a lease at the inception of the contract. JHHS considers a contract to be a lease when control of an asset not owned by JHHS is obtained for a period of time and in exchange for consideration. The term of a lease may include options to renew or early termination options when JHHS is reasonably certain to exercise those options.

Lessee
JHHS, as a lessee, recognizes a right-of-use ("ROU") asset and lease liability on the Consolidated Balance Sheets for its operating and finance leases as of the lease commencement date. ROU assets represent JHHS' right to use the underlying asset and the lease liabilities represent JHHS' obligation to make lease payments measured on a discounted basis. For JHHS leases where the rate implicit in the lease is not readily available, JHHS utilizes its collateralized incremental borrowing rate based on the estimated interest rate for borrowing over a term similar to that of the lease payments available at commencement of the lease. Lease liabilities are recognized at the commencement date of the lease and are based on the present value of lease payments over the lease term. ROU assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received, such as reimbursement for leasehold improvements) and initial direct costs, at the lease commencement date. JHHS does not record a ROU asset or lease liability on the Consolidated Balance Sheets for leases with a term of one year or less. These short-term leases are recorded on a straight-line basis within purchased services on the Consolidated Statements of Operations and Changes in Net Assets.

Lease contracts may contain lease and nonlease components, such as provisions to pay for other goods or services (e.g. pay for medical supplies or maintenance). For real estate leases, JHHS as a practical expedient has elected to account for lease and nonlease components together as a single combined lease component. For all other non-real estate leases, JHHS accounts for the lease and nonlease components separately and allocates the contract payments to the lease and nonlease components based on estimated stand-alone selling prices.

Certain lease agreements for real estate include payments based on actual common area maintenance expenses and/or include rental payments adjusted periodically for inflation. These variable lease payments are recognized in purchased services in the Consolidated Statements of Operations and Changes in Net Assets but are not included in the ROU asset or liability balances in the Consolidated Balance Sheets. Lease agreements do not contain any material residual value guarantees, restrictions or covenants.

JHHS classifies its leases as either operating or finance depending upon the terms and conditions set forth in the lease. JHHS recognizes operating lease expense on a straight-line basis within purchased services in the Consolidated Statements of Operations and Changes in Net Assets over the term of the lease. The ROU asset is generally reduced each period by an amount equal to the difference between the operating lease expense and the amount of interest expense on the lease liability utilizing the effective interest method. Finance lease assets are amortized on a straight-line basis within depreciation over the term of the lease. Interest expense associated with finance leases is recorded using the effective interest method and is included in operating interest expense. JHHS recognizes variable expenses, other than those related to rates or indices, in operating expenses in the period in which the obligation is incurred.

Lessor
JHHS is also a lessor and sub-lessor of real estate under operating leases. JHHS records revenue associated with leases within other revenue in the Consolidated Statements of Operations and Changes in Net Assets on a straight-line basis over the term of the lease. Lease payments include fixed payments but are reduced for any lease incentives. Variable payments relating to the lease

are recognized within other revenue in the Consolidated Statements of Operations and Changes in Net Assets. JHHS as a practical expedient has elected to combine all lease and nonlease components as a single combined component of the same contract. Assets subject to operating leases are carried at cost within property, plant and equipment, net in the Consolidated Balance Sheets and are depreciated over their estimated useful lives.

Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. JHHS' policy is to record an impairment loss when it is determined that the carrying amount of the asset exceeds the sum of the expected undiscounted future cash flows resulting from use of the asset and its eventual disposition. Impairment losses are measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Medical Claims Reserve
JHHP's medical claims reserve is an estimate of payments to be made for reported claims and losses incurred but not reported. The estimate was developed using actuarial methods based upon historical data for payment patterns, cost trends, and other relevant factors. The estimate is continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operating income.

Deferred Revenue
Deferred revenue includes JHHP's capitated receipts received in advance for future services to be provided and JHHS grant funding received where the conditions have not been met.

Accrued Vacation
JHHS' employees earn vacation days at varying rates depending on years of service. Vacation time accumulates up to certain limits, at which time no additional vacation hours can be earned. Certain employees receive a fixed amount of vacation time that does not carry over at the end of the calendar year. JHHS records a liability within accounts payable and accrued liabilities in the Consolidated Balance Sheets for amounts due to employees for future absences which are attributable to services performed in the current and prior periods.

Advances From Third-Party Payors
JHHS' Maryland hospitals receive advances from some of its third-party payors so that those payors can receive the stated prompt pay discount allowed in the State of Maryland. Advances are recorded as a current liability in the Consolidated Balance Sheets.

Estimated Workers' Compensation, Employee Health Claims and Other Liability Claim Costs
The provision for estimated workers' compensation, employee health claims and other liability claims include estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. For estimated liability claims, an insurance recovery has been recorded representing the amount expected to be recovered from the self-insured captive insurance company. See Note 13 for further details.

Swap Agreements
JHHS follows accounting guidance on derivative financial instruments that are based on whether the derivative instrument meets the criteria for designation as cash flow or fair value hedges. All of JHHS' derivative financial instruments are interest rate swap agreements without hedge accounting designation. JHHS does not hold derivative instruments for the purpose of managing credit risk

and limits the amount of credit exposure to any one counterparty and enters into derivative transactions with high quality counterparties. JHHS recognizes interest expense on swap agreements as a nonoperating expense within excess of revenues over expenses on the Consolidated Statements of Operations and Changes in Net Assets.

The values of the interest rate swap agreements entered into by JHHS are adjusted to fair value monthly at the close of each accounting period based upon quotations from market makers. The change in fair value, if any, is recorded in the nonoperating section of the Consolidated Statements of Operations and Changes in Net Assets. Entering into interest rate swap agreements involves, to varying degrees, elements of credit, default, prepayment, market and documentation risk in excess of the amounts recognized on the Consolidated Balance Sheets. Such risks involve the possibility that there will be no liquid market for these agreements. The counterparty to these agreements may default on its obligation to perform and there may be unfavorable changes in interest rates.

Each swap agreement has certain collateral thresholds whereby, on a daily basis, if the fair value of the swap agreement declines such that its devaluation exceeds the threshold, cash must be deposited by JHHS with the swap counterparty for the difference between the threshold amount and the fair value, which is held as a non-current asset on the Consolidated Balance Sheets.

Noncontrolling Interests
JHHP is owned by JHHSC and the University, each member having a 50% interest. JHHP's profits are divided between the members based on product line. Based on control via majority voting interest, JHHSC consolidates JHHP and records noncontrolling interests for the profits attributable to the University. Additionally, JHHP owns a 50% interest in Priority Partners Managed Care Organization, Inc. ("Priority Partners"), a for-profit joint venture approved by the State of Maryland to operate as an authorized Medicaid managed care organization. Based on controlling financial interest, JHHP consolidates Priority Partners and records noncontrolling interests for 50% of the profits. See Note 5 for further details.

Other Long-Term Liabilities
Derivative financial instruments are recorded at fair value and are included in other long-term liabilities on the Consolidated Balance Sheets. See Note 10 for further details. Also included in other long-term liabilities are amounts owed to The Johns Hopkins University School of Medicine ("JHUSOM") for the restricted purpose of supporting JHUSOM's recruitment, employment and start-up costs of new clinically-focused physician providers, and deferred income from JHUSOM payments for future use of common space in the medical research building. See Note 15 for further details.

Pension Benefit Plans
JHHS' defined benefit plans are measured using actuarial techniques that reflect management's assumptions for discount rate, expected investment returns on plan assets, salary increases, expected retirement, mortality and employee turnover. The discount rate (which is required to be the rate at which the projected benefit obligation could be effectively settled as of the measurement date) is determined with the assistance of actuaries, who calculate the yield on a theoretical portfolio of high-grade corporate bonds (rated Aa or better) with cash flows that are designed to match expected benefit payments in future years. The expected rate of return is a judgmental matter that is reviewed annually, and was developed based on historical returns for the major asset classes, and considered both current market conditions and projected future conditions. JHHS recognizes the funded status of defined benefit postretirement plans as a liability on JHHS' Consolidated Balance Sheets, and changes in the funded status are reflected as a change in net assets without donor restrictions in the Consolidated Statements of Operations and Changes in Net

Assets. JHHS uses mark-to-market accounting as it relates to net assets and immediately recognizes changes in the fair value of plan assets and actuarial gains or losses in net assets annually. The components of pension expense, including service and interest costs, amortization of actuarial gains or losses, and the expected return on plan assets, are included within excess of revenues over expenses on the Consolidated Statements of Operations and Changes in Net Assets. See Note 12 for further details.

Net Assets

Net assets without donor restrictions include undesignated amounts as well as amounts designated by the Board of Trustees for a specific purpose. Net assets with donor restrictions are those whose use has been limited by donors or law to a specific time period or purpose. JHHS also has net assets with donor restrictions that have been restricted by donors to be maintained in perpetuity. Income generated from these assets is available as restricted by the donor or for general program support.

Donor Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unconditional promises to give cash to JHHS greater than one year are discounted using a rate of return that a market participant would expect to receive at the date the pledge is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the condition is satisfied. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Operations and Changes in Net Assets as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as other revenue in the Consolidated Statements of Operations and Changes in Net Assets.

Grants

JHHS receives various grants from private entities and agencies of the Federal and State Governments for the purpose of furthering its mission of providing patient care. JHHS and its affiliates receive contributions in the form of conditional government grants and other conditional donor contributions. These grants are carried out for research activities that benefit the general public, and not for the government's own use. Therefore, JHHS has determined that there is not an exchange back to the granting authority and accounts for these grants under the contribution model (ASC 958-605), which is outside the scope of ASC 606. The grants are considered conditional due to the requirement of spending the awarded funds on qualifying expenses and the right of return for unexpended funds. Once the condition is met, grant receivables are included in due from others in the Consolidated Balance Sheets and grant income is included in other revenue in the Consolidated Statements of Operations and Changes in Net Assets. Unspent conditional contributions where cash has been received from grants totaled $9.7 million and $7.1 million as of June 30, 2024 and 2023, and are recorded in deferred revenue on the Consolidated Balance Sheets. As of June 30, 2024 and 2023, JHHS and its affiliates had $51.0 million and $68.8 million of conditional contributions for which the conditions have not been met and the funding has not been received, and therefore they have not been recorded on the Consolidated Balance Sheets.

Nonoperating Revenues and Expenses

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating revenues and expenses. Nonoperating revenues and expenses are composed primarily of interest paid and changes in market value on interest rate swap agreements, investment return, net, other nonservice cost components of net periodic pension cost, funding for research and education activities conducted by JHUSOM, which are deemed to be outside the normal operations of JHHS' clinical setting, and other nonoperating services.

Excess of Revenues Over Expenses
The Consolidated Statements of Operations and Changes in Net Assets include excess of revenues over expenses. Changes in net assets without donor restriction which are excluded from excess of revenues over expenses include, among other items, change in funded status of defined benefit plans, permanent transfers of assets to and from affiliates for other than goods or services, and contributions of long-lived assets (including assets acquired using donor restricted contributions which were to be used for the purposes of acquiring such assets).

Income Taxes
JHHSC and Affiliates, except JHMMC, EHP, HCSI, HCOB, and JHHP are not-for-profit organizations that qualify under Section 501(c)(3) of the Internal Revenue Code, and are therefore not subject to tax under current income tax regulations, except on unrelated business income.

JHHP is classified as a partnership for Federal and State income tax purposes and accordingly, there is no provision for income taxes in the accompanying consolidated financial statements. Taxable income or loss passes through to and is reported by the members in their respective tax returns. Taxable subsidiaries of Affiliates account for income taxes in accordance with FASB's guidance on accounting for income taxes. Deferred income taxes are recognized for the tax consequences in future years for differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end. Affiliate subsidiaries otherwise exempt from Federal and State taxation are nonetheless subject to taxation at corporate tax rates at both the Federal and State levels on their unrelated business income. Total taxes paid to Federal and State tax authorities during the years ended June 30, 2024 and 2023 amounted to $46.5 million and $48.1 million, respectively.

FASB's guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. This guidance defines the threshold for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its technical merits. The standard also provides guidance on the measurement, classification and disclosure of tax return positions in the financial statements. There was no significant impact on JHHS' consolidated financial statements during the years ended June 30, 2024 and 2023.

New and Recently Adopted Accounting Standards
In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments. The previous standard delays the recognition of a credit loss on a financial asset until the loss is probable of occurring. The new standard removes the requirement that a credit loss be probable of occurring for it to be recognized, and requires entities to use historical experience, current conditions, and reasonable and supportable forecasts to estimate their future expected credit losses. The standard is required to be applied using the modified retrospective approach with a cumulative-effect adjustment to net assets, if any, upon adoption. ASU 2016-13 was effective for JHHS July 1, 2023. There was no significant impact on JHHS' consolidated financial statements during the year ended June 30, 2024.

In March 2020, the FASB issued ASU 2020-04 "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships, and other transactions affected by reference rate reform to ease the financial burdens related to the expected market transition from London Interbank Offered Rate (“LIBOR”) and other interbank offered rates to alternative reference rates. During fiscal year 2023 JHHS transitioned the reference rate on its debt relationships to Secured Overnight Financing Rate (“SOFR”). Effective July 1, 2023 JHHS transitioned the reference rate on its derivative relationships to SOFR.

In August 2023, the FASB issued ASU 2023-05, "Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." ASU 2023-05 requires a joint venture, upon formation, to apply a new basis of accounting. As a result, a newly formed joint venture should initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The new guidance is effective for both public and private JV entities with a formation date on or after January 1, 2025. Entities should apply the new guidance on a prospective basis to all JVs formed on or after the effective date. Early adoption is permitted. JHHS is currently evaluating the impact of this update on the consolidated financial statements.

Reclassifications
Certain prior year balances within net assets without donor restrictions have been reclassified to be consistent with the current year presentation.

2. Revenue Recognition and Accounts Receivable

Net Patient Service Revenue
Net patient service revenue is reported at the amount that reflects the consideration to which JHHS expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and are net of variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, JHHS bills its patients and third-party payors several days after the services are performed or when the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by JHHS. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. JHHS believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in JHHS hospitals receiving inpatient acute care services or patients receiving services in outpatient centers. JHHS measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when there are no further services required for the patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients or customers in a retail setting (for example, pharmaceuticals and medical equipment) where JHHS does not believe it is required to provide additional goods or services to the patient.

Since generally all of its patient service performance obligations relate to contracts with a duration of less than one year, JHHS has elected to apply the optional exemption provided in ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

JHHS determines the transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with JHHS' policy, and implicit price concessions provided to uninsured and self-pay patients. JHHS determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. Fixed discounts are generally determined based upon regulatory authorities in the case of Maryland hospitals and by legislative statute in the case of Medicare and Medicaid, and negotiated in the case of commercial payors for the hospitals outside of Maryland. JHHS determines its estimate of implicit price concessions based on its historical collection experience, adjusted for changes in current events or economic conditions, with these classes of patients using a portfolio approach as a practical expedient. The portfolio approach is being used as JHHS has a large volume of similar contracts with similar classes of customers. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. JHHS reasonably expects that the effect of applying a portfolio approach to a group of contracts would not differ materially from considering each contract separately.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. No significant amounts of revenues were recognized in the current year due to changes in the estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years. Amounts recorded as net patient revenue that are subsequently determined to be uncollectible due to an adverse change in the patient's or third-party payor's ability to pay are recorded as bad debt expense. Bad debt expense is reported as a component of supplies and other in the Consolidated Statements of Operations and Changes in Net Assets and was not material for the years ended June 30, 2024 and 2023. Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows.

Adjustments mandated by the Health Services Cost Review Commission ("Commission" or "HSCRC") for hospitals in the State of Maryland are included in contractual adjustments, a portion of which are also included in established rates. See Note 16 for further discussion on the HSCRC and regulated rates. SMH and JHACH operate outside of the State of Maryland, and are paid prospectively based upon negotiated rates for commercial insurance carriers, and predetermined rates per discharge for Medicaid and Medicare program beneficiaries.

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 JHHS' compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon JHHS and its Affiliates. In addition, the contracts JHHS and its Affiliates have with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are considered 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 payor, correspondence from the payor, and JHHS' historical settlement activity, 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. 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.

As of June 30, 2024, SMH did not receive any final cost report settlements from Medicare. As of June 30, 2024, SMH has cost report years 2010, 2011, 2012, 2013, 2021, 2022 and 2023 open. As of June 30, 2023, SMH received final audits for Medicare cost report years 2015, 2016, 2017 and 2018. As of June 30, 2023, SMH has Medicare cost report years 2010, 2011, 2012, 2013, 2021 and 2022 open.

Consistent with JHHS' mission, care is provided to all patients regardless of their ability to pay. Therefore, JHHS has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts JHHS expects to collect based on its collection history with those patients.

Patients who meet JHHS' criteria for charity care are provided care without charge or at amounts less than its established rates. Such patients are identified based on information obtained from the patient and subsequent analysis. Because JHHS does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Direct and indirect costs for these services amounted to $110.7 million and $111.3 million for the years ended June 30, 2024 and 2023, respectively. The costs of providing charity care services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on JHHS' total expenses divided by gross patient service revenue.

The composition of net patient service revenue by primary payor for the years ended June 30 is as follows (in thousands):

	2024		2023	
Medicare	$ 1,459,073	27.6%	$ 1,378,490	28.5%
Medicaid/Medicaid MCO	889,057	16.8%	698,146	14.5%
Blue Cross	979,712	18.5%	981,765	20.3%
HMO	1,132,702	21.4%	1,027,037	21.3%
Commercial	435,708	8.2%	367,825	7.6%
Other payors	283,365	5.4%	271,672	5.6%
Self pay	110,619	2.1%	105,028	2.2%
Net patient service revenue	$ 5,290,236	100.0%	$ 4,829,963	100.0%

Revenue from patient's deductibles and coinsurance is included in the preceding categories based on the primary payor.

JHHS has elected the practical expedient allowed under ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to JHHS' expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, JHHS does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Florida is one of the states that participates in DPP. DPP is a supplemental revenue program that provides hospitals that care for Medicaid patients with additional funding as Medicaid historically reimburses less than the actual cost of providing care. DPP payments are treated as add-on payments to the Medicaid base rates reimbursed for patient care, and therefore are considered net patient service revenue. The funding for DPP includes a combination of public and private hospital assessments that constitute the state share, with Federal matching funds. The payments received are tied directly to the utilization and delivery of services to Medicaid patients, and is constrained until the annual approvals from the Centers for Medicare & Medicaid Services ("CMS") and the Florida state legislature are obtained. The DPP program has a September 30 fiscal year. The DPP is paid based on Medicaid geographic regions, and all hospitals within a region must agree to participate. JHACH entered the DPP in its third year of existence, which was the twelve month period ended September 30, 2023. During fiscal year 2024, JHACH's region received approval from CMS and State legislature to participate in DPP, and JHACH recorded $141.9 million within net patient service revenue in the Consolidated Statements of Operations and Changes in Net Assets, of which $139.4 million remained uncollected at June 30, 2024 and is included within Due from others on the Consolidated Balance Sheet. Additionally, JHACH recorded an assessment of $22.8 million to fund its portion of the DPP program. This assessment was recorded within Supplies and other expense in the Consolidated Statements of Operations and Changes in Net Assets.

Insurance Premium Revenue

Insurance premium revenue contracts are within the scope of Topic 944, Financial Services—Insurance. For the years ended June 30, 2024 and 2023, insurance premium revenue recognized was $2.522 billion and $2.562 billion, respectively. The related expenses associated with the insurance premium revenue were $2.391 billion and $2.468 billion for the years ended June 30, 2024 and 2023, respectively.

All of Priority Partners insurance premium revenue is received from the State of Maryland and is recognized as revenue during the period in which Priority Partners is obligated to provide services to its enrollees. The HealthChoice contract with Priority Partners is for a one-year term and is renewable annually on January 1 at the mutual discretion of both the State of Maryland and Priority Partners. Insurance premium revenues generated under the contract were $1.841 billion and $1.877 billion for the years ended June 30, 2024 and 2023, respectively. The current contract extends through December 31, 2024.

JHMSC entered into a contract with the Department of Defense to provide the TRICARE Prime benefit to eligible beneficiaries enrolled in the USFHP. Under the USFHP contract, JHMSC provides services covered under the TRICARE Designated Provider Contract to enrollees for a monthly capitation fee. Insurance premium revenues generated under the contract were $470.2 million and $476.5 million for the years ended June 30, 2024 and 2023, respectively. The current sole source commercial contract was awarded for the period commencing October 1, 2013 through September 30, 2024, with a Base Year and nine one-year Option Periods exercised at the U.S. Government’s discretion.

A significant portion of Hopkins Health Advantage insurance premium revenue is received from the CMS and is recognized as revenue during the period in which Hopkins Health Advantage is obligated to provide services to its enrollees. The CMS contract with Hopkins Health Advantage is for a one-year term and is renewable annually on January 1 at the mutual discretion of both CMS and Hopkins Health Advantage. Insurance premium revenues generated under the contract were $211.2 million and $209.1 million for the years ended June 30, 2024 and 2023, respectively. The current contract extends through December 31, 2024.

Other Revenue

The composition of other revenue for the years ended June 30 is as follows (in thousands):

	2024		2023	
Outpatient pharmacy revenues	$ 655,660	54.0%	$ 577,003	49.6%
Management fees	110,434	9.1%	91,717	7.9%
Compensated services	93,618	7.7%	107,637	9.3%
Grants and contribution revenue	73,753	6.1%	80,276	6.9%
Lab revenue	36,655	3.0%	31,887	2.7%
Lease income and Common Area Maintenance ("CAM") fees	27,735	2.3%	27,844	2.4%
Employee Retention Credit ("ERC")	4,363	0.4%	18,193	1.6%
Other	212,556	17.4%	228,230	19.6%
Other revenue	$ 1,214,774	100.0%	$ 1,162,787	100.0%

JHHS outpatient pharmacies offer a full inventory of standard, specialty and over-the-counter medications. Outpatient pharmacy revenue is recognized at the point in time when prescriptions are filled. Management fees represent payments for management services provided to the University, primarily for operations of imaging facilities, as well as other external parties. Compensated services include fees for centralized administrative services provided to nonconsolidated affiliates. JHH provides lab services for testing samples provided by patients at outreach draw stations. Revenue for management services, compensated services, and lab testing are recorded in the period in which the performance obligation is satisfied. JHHS records revenue associated with leases on a straight-line basis over the term of the lease. Lease payments include fixed payments but are reduced for any lease incentives. Variable lease payments relating to the lease, including fees for common area maintenance, are recognized in the period in which the performance obligation is satisfied.

ERC

In response to COVID-19, the CARES Act, was signed into law on March 27, 2020. The CARES Act created the ERC program designed to encourage employers to retain employees during the COVID-19 pandemic. In fiscal year 2024, JHHS filed for an additional $4.4 million in ERC credits based on the qualified wages paid to employees between July 1, 2020 and December 31, 2020. In fiscal year 2023, JHHS filed for $18.1 million in ERC credits based on qualified wages paid to employees between March 12, 2020 and June 30, 2020. JHHS' policy is to account for the ERC as a contribution using guidance analogous to a conditional contribution found in ASC Subtopic 958-605, Not-for-Profit Entities - Revenue Recognition. In accordance with ASC Subtopic 958-605, the ERC is recognized and recorded as income in the Consolidated Statements of Operations and Changes in Net Assets when the conditions required for the ERC are substantially met. In fiscal year 2024 and 2023, JHHS recorded $4.4 million and $18.1 million, respectively, within other revenue in the Consolidated Statements of Operations and Changes in Net Assets and an associated receivable as of June 30, 2024 and 2023 within due from others in the Consolidated Balance Sheets.

3. Pledges Receivable

As of June 30, 2024 and 2023, the value of pledges receivable before discounts was $26.2 million and $28.0 million, respectively. Pledges receivable have been discounted at rates ranging from 0.07% to 5.50% to arrive at the following (in thousands):

As of June 30, 2024	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental campaigns	$ 14,780	$ 4,139	$ 1,558	$ 20,477
Future campus development	541	3,444	4	3,989
	$ 15,321	$ 7,583	$ 1,562	$ 24,466

As of June 30, 2023	1 Year	2 –5 Years	5 Years or Greater	Totals
Departmental campaigns	$ 7,504	$ 12,927	$ 1,359	$ 21,790
Future campus development	2,745	996	208	3,949
	$ 10,249	$ 13,923	$ 1,567	$ 25,739

Pledges are deemed to be fully collectible and therefore, no significant allowance for uncollectible pledges has been recorded as of June 30, 2024 and 2023.

4. Fair Value Measurements

JHHS follows the guidance on fair value measurements, which defines fair value as 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. This guidance discusses valuation techniques such as the market approach, cost approach and income approach. The guidance establishes a three-tier level hierarchy for fair value measurements based upon the transparency of inputs used to value an asset or liability as of the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

Level 1 Observable inputs such as quoted market prices for identical assets or liabilities in active markets;

Level 2 Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and

Level 3 Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions. There are no instruments requiring Level 3 classification.

The financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Interest rate swap agreements are valued using the income approach, while each of the remaining financial instruments below have been valued utilizing the market approach.

The following table presents the financial instruments carried at fair value as of June 30, 2024 grouped by hierarchy level:

	Total Fair Value	Level 1	Level 2
Assets			
Cash and cash equivalents (1)	$ 1,121,135	$ 1,121,135	$ -
Commercial paper (1)	101,101	-	101,101
Certificates of deposit (1)	1,104	-	1,104
U.S. Treasuries (2)	132,444	-	132,444
Corporate bonds (2)	188,087	-	188,087
Asset backed securities (2)	205,174	-	205,174
Equities and equity funds (3)	2,284,167	2,284,167	-
Fixed income funds (4)	348,915	348,915	-
Totals	$ 4,382,127	$ 3,754,217	$ 627,910
Liabilities			
Interest rate swap agreements (5)	$ 67,067	$ -	$ 67,067

The following table presents the financial instruments carried at fair value as of June 30, 2023 grouped by hierarchy level:

	Total Fair Value	Level 1	Level 2
Assets			
Cash and cash equivalents (1)	$ 1,052,129	$ 1,052,129	$ -
Commercial paper (1)	100,014	-	100,014
Certificates of deposit (1)	1,074	-	1,074
U.S. Treasuries (2)	205,195	-	205,195
Corporate bonds (2)	220,208	-	220,208
Asset backed securities (2)	214,450	-	214,450
Equities and equity funds (3)	2,034,147	2,034,147	-
Fixed income funds (4)	335,850	335,850	-
Totals	$ 4,163,067	$ 3,422,126	$ 740,941
Liabilities			
Interest rate swap agreements (5)	$ 88,226	$ -	$ 88,226

The amounts presented for equities and equity funds and total investments measured at NAV as a practical expedient have been adjusted by ($188.8) million and $188.8 million, respectively, as of June 30, 2023 due to redetermination in the current year.

(1) Cash and cash equivalents and commercial paper include investments with original maturities of three months or less. Certificates of deposit and commercial paper are carried at amortized cost, which approximates fair market value. Certificates of deposit and commercial paper that have original maturities greater than three months, but less than one year are considered short-term investments. Cash and cash equivalents are rendered Level 1 due to their frequent pricing and ease of converting to cash. Computed prices and frequent evaluation versus fair value render commercial paper and the certificates of deposit Level 2.

(2) For investments in U.S. Treasuries (notes, bonds, and bills), corporate bonds, and asset backed securities, fair value is based on quotes for similar securities; therefore these investments are rendered Level 2. These investments fluctuate in value based upon changes in interest rates.

(3) Equities include individual equities and investments in mutual funds. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered Level 1.

(4) Fixed income funds are investments in mutual funds. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage-backed securities. The mutual funds are valued based on the closing price on the primary market and are rendered Level 1. Equity index and fixed income futures contracts are utilized to manage equity price and interest rate risk. A futures contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated future exchange. Upon entering into a futures contract, JHHS is required to deposit either cash or securities in an amount equal to a certain percentage of nominal value of the contract (“initial

margin"). This collateral is classified as restricted funds within the table above. Pursuant to the futures contract, JHHS agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin" which are settled daily. The value on the statement of net assets available is the related unsettled variation margin. As of June 30, 2024, JHHS had 498 open contracts in futures with a gross notional value of $74.6 million and a net notional value of ($19.1) million. As of June 30, 2023, JHHS had 513 open contracts in futures with a gross notional value of $94.3 million and a net notional value of ($55.3) million.

(5) The interest rate swap agreements, discussed further in Note 10, are valued using a swap valuation model that utilizes an income approach using observable market inputs including long-term interest rates, SOFR swap rates, and credit default swap rates and are rendered Level 2.

While JHHS 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 as of the reporting date.

JHHS holds investments that are not traded on national exchanges or over-the counter markets. JHHS has elected the fair value option by individual alternative investment and therefore these investments are valued utilizing the NAV provided by the underlying investment companies unless management determines some other valuation is more appropriate.

The following table displays information by strategy for investments measured using NAV as a practical expedient as of June 30, 2024 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	$ 391,902	Monthly to semi-annually or N/A	30 to 90 days or N/A
Fixed income funds (2)	37,934	Quarterly	20 to 60 days
Commingled equity funds (3)	376,978	Daily to 2 years	1 to 123 days
Private equity (4)	295,648	Quarterly to 2 years or N/A	90 to 96 days or N/A
Total investments measured at NAV as a practical expedient	$ 1,102,462		

The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2023 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	$ 426,550	Daily to less than annually	30 to 95 days
Commingled equity funds (3)	341,920	Daily to less than annually	3 to 123 days
Private equity (4)	190,851	Quarterly or N/A	90 days
Total investments measured at NAV as a practical expedient	$ 959,321		

The amounts presented for hedge funds and total investments measured at NAV as a practical expedient have been adjusted by $188.8 million and $188.8 million, respectively, as of June 30, 2023 due to redetermination in the current year.

(1) Hedge fund investments include the following strategies:

   a. Equity long/short - managers generally take long positions in stocks they view as undervalued and short positions in stocks they view as overvalued. These strategies seek to mitigate market volatility by capitalizing on market upswings with the long allocation, and mitigating losses on market drawdowns with the short allocation.

   b. Multi-strategy - managers employ a variety of different investment strategies with the goal of delivering a positive, diversified return stream uncorrelated to the markets. Different strategies might include equity market neutral, trend following, fixed income relative value, credit, or derivatives trading.

   c. Event-driven - managers seek to capitalize on stocks that are mispriced because of a corporate event. They target companies currently or potentially involved in corporate transactions of a wide variety including but not limited to mergers, restructurings, financial distress, tender offers, shareholder buybacks, debt exchanges, security issuance or other capital structure adjustments.

   d. Distressed credit - managers purchase inefficiently priced bonds from distressed companies, anticipating that the value of the bonds will increase. They typically target firms in or near bankruptcy, or under financial stress, and believe that the firm will emerge from bankruptcy or the distressed situation as a viable company.

   e. Structured credit - managers securitize debt instruments, seeking to capitalize on inefficiencies in loan or derivative pricing. Underlying assets could include a variety of instruments, such as residential mortgage-backed securities or corporate loans.

(2) Fixed income funds: Managers primarily invests in fixed income securities, such as bonds, treasury bills, and other debt instruments. The objective of a fixed income fund is to provide investors with regular income through interest payments while preserving the principal amount of the investment.

(3) Commingled equity funds: Long-only equity strategies that invest exclusively in publicly traded companies, though the funds are not traded on a public exchange.

(4) Private equity: Funds and investors that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparables or some other method. These private fund investments are valued at NAV. Distributions to investors are made only after the liquidation of the underlying investments. It is expected to take up to 10 years to fully distribute these assets. Unfunded commitments totaled $397.3 million and $323.4 million as of June 30, 2024 and 2023, respectively.

5. Cash and Cash Equivalents, Investments, and Assets Whose Use is Limited

Cash and cash equivalents and investments (short and long-term) as of June 30 consisted of the following (in thousands):

	2024 Carrying Amount	2023 Carrying Amount
Cash and cash equivalents measured at fair value	$ 1,121,135	$ 1,052,129
Less: Cash and cash equivalents included in AWUIL	(72,340)	(46,732)
Total cash and cash equivalents	$ 1,048,795	$ 1,005,397
U.S. Treasuries	$ 95,804	$ 144,995
Commercial paper	101,101	100,014
Certificates of deposit	1,104	1,074
Corporate bonds	131,443	153,401
Asset backed securities	141,561	146,862
Fixed income funds	282,745	277,900
Equities and equity funds	1,700,798	1,475,453
Short and long-term investments measured at fair value	2,454,556	2,299,699
Investments in affiliates	363,017	338,379
Investments measured at NAV as a practical expedient	1,101,364	959,193
Total short and long-term investments	$ 3,918,937	$ 3,597,271

Certain prior year amounts in the table above have been reclassified due to redetermination in the current year, including U.S. treasuries, corporate bonds, asset backed securities, fixed income funds, equities and equity funds, which have been adjusted by ($188.8) million, and investments measured at NAV as a practical expedient which has been adjusted by $188.8 million.

Assets whose use is limited (short and long-term) as of June 30 consisted of the following (in thousands):

	2024 Carrying Amount	2023 Carrying Amount
U.S. Treasuries	$ 36,640	$ 60,200
Corporate bonds	56,644	66,807
Asset backed securities	63,613	67,588
Fixed income funds	66,170	57,950
Equities and equity funds	583,369	558,694
Assets whose use is limited measured at fair value	806,436	811,239
Cash in AWUIL reported as cash and cash equivalents on leveling table	72,340	46,732
Investments measured at NAV as a practical expedient	1,098	128
Pledges receivable	24,466	25,739
Other	26,770	26,363
Total short and long-term assets whose use is limited	$ 931,110	$ 910,201

Certain prior year amounts in the table above have been reclassified due to redetermination in the current year, including U.S. treasuries, corporate bonds, asset backed securities, fixed income funds, which have been adjusted by $12.6 million, and equities and equity funds which has been adjusted by ($12.6) million.

The investment and assets whose use is limited balances noted above include amounts held by three pooled investment accounts shared by the affiliates of JHHS. All investments held within the pooled accounts are owned by JHHS and its affiliates. The amounts held within the liquid, intermediate and other investment pools were $423.0 million, $195.1 million, and $2.0 billion, respectively, as of June 30, 2024. The amounts held within the liquid, intermediate and other investment pools were $341.9 million, $302.8 million, and $1.9 billion, respectively, as of June 30, 2023.

Investment return, net for the years ended June 30, included in the nonoperating revenues and expenses section of the Consolidated Statement of Operations and Changes in Net Assets consisted of the following (in thousands):

	2024	2023
Investment income	$ 111,864	$ 77,934
Investment management fees	(8,252)	(8,499)
Realized gains (losses) on investments, net	109,467	(22,449)
Changes in unrealized gains on investments	324,932	348,089
Total investment return, net	$ 538,011	$ 395,075

Investments recorded under the equity method or the measurement alternative as of June 30 consisted of the following (in thousands):

Investment	**Method**	**%**	**2024**	**2023**
Johns Hopkins Medicine International, LLC ("JHMI")	Equity	50.00 %	$ 47,747	$ 49,300
Johns Hopkins Home Care Group, Inc. ("JHHCG")	Equity	50.00 %	21,817	20,501
FSK Land Corporation	Equity	50.00 %	22,094	20,337
Mt. Washington Pediatric Hospital and Foundation	Equity	50.00 %	69,098	66,065
JHMI Utilities, LLC	Equity	50.00 %	45,381	38,989
Dome Corporation and Subsidiaries	Equity	50.00 %	10,660	10,861
West County, LLC	Equity	50.00 %	5,901	6,131
Johns Hopkins Health Care and Surgery Centers, LLC	Equity	50.00 %	18,793	21,201
MCIC Vermont	Measurement alternative	10.00 %	97,569	86,531
Other investments			23,957	18,463
Total			$ 363,017	$ 338,379

Investments using the measurement alternative under Topic 321 in the table above include investments without readily determinable fair values measured at cost with adjustments for observable changes in price or impairments. As of June 30, 2024 and 2023, investments without readily determinable fair values measured at cost with adjustments for observable changes in price or impairments were $98.3 million and $87.3 million, respectively. There were no adjustments to these investments' cost for changes in price or impairments for the years ended June 30, 2024 and 2023.

Summarized below are the aggregate assets, liabilities, revenues and expenses for JHMI, Mt. Washington Pediatric Hospital and Foundation, and JHMI Utilities, LLC as of and for the year ended June 30, 2024 and 2023 (in thousands):

	2024	**2023**
Assets	$ 589,037	$ 593,771
Liabilities	257,250	278,273
Revenues	321,526	322,943
Expenses	295,203	295,240

JHHS consolidates certain affiliates that it owns 50% or more, but less than 100%, because JHHS has control over those affiliates. The net assets without donor restrictions activity attributable to the noncontrolling interests consisted of the following as of June 30, (in thousands):

	2024	**2023**
Net assets without donor restrictions attributable to noncontrolling interests at beginning of period	$ 132,412	$ 99,562
Excess of revenues over expenses attributable to noncontrolling interests	44,215	49,307
Distributions attributable to noncontrolling interests	(6,979)	(16,457)
Net assets without donor restrictions attributable to noncontrolling interests at end of period	$ 169,648	$ 132,412

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets that sum to the total amounts shown in the Consolidated Statements of Cash Flows:

	2024	2023
Cash and cash equivalents	$ 1,048,795	$ 1,005,397
Restricted cash included in assets whose use is limited:		
By donors or grantors	12,675	8,631
By Board of Trustees	59,172	37,592
Other	493	509
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	$ 1,121,135	$ 1,052,129

6. Property, Plant and Equipment

Property, plant and equipment and accumulated depreciation and amortization consisted of the following as of June 30 (in thousands):

	2024		2023	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land and land improvements	$ 228,964	$ 40,431	$ 202,476	$ 37,490
Buildings and improvements	2,673,127	1,452,062	2,688,829	1,402,433
Fixed and moveable equipment	2,714,371	1,733,416	2,607,727	1,635,023
Capitalized software	159,103	141,256	159,041	142,499
Construction in progress	259,148	-	221,724	-
	$ 6,034,713	$ 3,367,165	$ 5,879,797	$ 3,217,445

During the year ended June 30, 2024 and 2023, JHHS retired long-lived assets determined to have no future value. During 2024, the original cost and corresponding accumulated depreciation of these long-lived assets was $138.3 million and $136.9 million, respectively. During 2023, the original cost and corresponding accumulated depreciation of these long-lived assets was $108.4 million and $103.3 million, respectively. No proceeds from retirement were received in 2024 or 2023. During fiscal year 2024, capital projects totaling $12.0 million were identified by management as no longer moving forward and thus, the amounts were reclassified to expense from the construction in progress account. For the year ended June 30, 2024, $3.7 million of impairment expense was recognized. No material impairment expense was recognized for the year ended June 30, 2023.

7. Medical Claims Reserves

JHHP's activity related to its liability for unpaid health claims for the years ended June 30 are summarized in the table below (in thousands):

	2024	2023
Balance, July 1	$ 210,596	$ 176,156
Incurred related to		
Current year	1,929,776	1,880,899
Prior year	(45,311)	(21,086)
Total incurred	1,884,465	1,859,813
Paid related to		
Current year	1,737,770	1,670,303
Prior year	165,285	155,070
Total paid	1,903,055	1,825,373
Balance, June 30	$ 192,006	$ 210,596

The medical claims reserve is inherently subject to a number of highly variable circumstances, including changes in payment patterns, cost trends and other relevant factors. Consequently, the actual experience may vary materially from the original estimate. The above medical claims reserves include intercompany activity that is eliminated in consolidation.

8. Debt

Debt as of June 30 is summarized as follows (in thousands):

	Interest Rate(s)	Final Maturity	Renewal Date	Issued Amount	2024	2023
Tax Exempt Maryland Health and Higher Education Facilities Authority ("MHHEFA") Bonds and Notes:						
1985 Series A and B – Pooled Loan Program Issue (JHHSC)	3.75%	2035	4/30/2027	$ -	$ 829	$ 1,068
2004 – Commercial Paper Revenue Notes Series B (JHBMC)	3.75%	2025	N/A	101,990	15,355	22,460
2015 Series A - Revenue Bonds (JHHSC)	4.59%	2040	N/A	134,735	114,000	116,700
2016 Series B - Revenue Bonds (JHHSC)	4.84%	2042	5/1/2030	48,245	48,245	48,245
2017 Series B - Revenue Bonds (JHHSC)	4.88%	2038	6/1/2030	165,825	140,530	146,165
2018 Series A - Revenue Bonds (JHHSC)	4.84%	2048	5/1/2028	48,245	48,245	48,245
2018 Series B - Revenue Bonds (JHHSC)	4.84%	2046	5/1/2030	88,250	88,250	88,250
2023 Series A - Revenue Refunding Bonds (JHHSC)	4.76%	2034	10/8/2027	78,500	73,200	-
Tax Exempt City of St. Petersburg Health Facilities Authority Revenue Bonds						
2012 Series A – Revenue Refunding Bonds (JHACH)	4.55%	2034	6/1/2024	102,400	-	78,500
Taxable Revenue Bonds						
2016 Series – Taxable Bonds (JHHSC)	3.84%	2046	N/A	690,910	690,910	690,910
2017 Series A - Taxable Revenue Bonds (JHHSC)	6.28%	2027	1/25/2027	165,200	159,723	160,473
2018 Series - Taxable Revenue Bonds (JHHSC)	6.10%	2029	6/1/2029	50,320	27,305	32,000
2019 Series - Taxable Revenue Bonds (JHHSC)	2.29%	2026	N/A	39,470	24,760	27,510
2020 Series - Taxable Revenue Bonds (JHHSC)	2.42%	2030	N/A	100,000	100,000	100,000
2022 Series Commericial Paper - Taxable Revenue Bonds (JHHSC)	5.35%	2039	N/A	100,000	100,000	100,000
Other debt						
Note Payable (JHHP)	2.62%	2024	N/A	5,000	177	1,226
					1,631,529	1,661,752
Unamortized premiums and discounts, net					28,741	30,546
Unamortized debt issuance costs					(5,018)	(5,274)
					1,655,252	1,687,024
Current maturities of long-term debt					(142,117)	(203,423)
Total long-term debt, net of current portion					$ 1,513,135	$ 1,483,601

Financing Expenses
Financing expenses incurred in connection with the issuance of debt are presented in the Consolidated Balance Sheets as a direct deduction from the carrying value of the associated debt. The expenses are being amortized over the terms of the related debt issues using the effective interest method. The total amount expensed for each of the periods ended June 30, 2024 and 2023 was $0.4 million and $0.6 million, respectively.

Obligated Group
The Johns Hopkins Health System Obligated Group ("JHHS Obligated Group") consists of JHH, JHBMC, JHHCMC, SHI, SHHS, SMH, JHACH and JHHSC (the "Obligated Group Members"). All of the debt of the JHHS Obligated Group is parity debt, and as such is jointly and severally liable through a claim on and a security interest in all of the receipts as defined in the Master Loan Agreement with MHHEFA of the Obligated Group Members. The Obligated Group Members are required to achieve a defined minimum debt service coverage ratio each year. The outstanding JHHS Obligated Group parity debt was $1.7 billion as of June 30, 2024 and 2023.

2023 Series Tax-Exempt Revenue Bonds – JHHS
In October 2023, JHHS closed on the Series 2023 tax-exempt revenue bond for $78.5 million, with the proceeds being used to refinance the $102.4 million Series 2012A bond of which $78.5 million was outstanding. The Series 2023 bond carries a floating rate of interest based on a percentage of one-month SOFR plus a spread, and pays interest monthly. The mandatory purchase date is October 8, 2027.

2012A Series Tax-Exempt Revenue Bonds – JHACH
In October 2023, the 2023 revenue bond with PNC Bank was used to pay off the 2012A debt to Wells Fargo Bank. This transaction was considered a debt extinguishment under ASC Subtopic 470-50. As such, JHACH derecognized $78.5 million from the current portion of long-term debt in the accompanying Consolidated Balance Sheet as of June 30, 2024. A loss on extinguishment of debt of $0.2 million was recorded within interest expense in the accompanying Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2024.

In May 2023, JHACH amended the $102.4 million Series 2012A tax-exempt revenue bond to change the variable-rate benchmark from one-month LIBOR to SOFR. The mandatory purchase date for this bond was not extended.

2017A Series Taxable Revenue Bonds – JHHS
In May 2023, JHHS amended the $165.2 million Series 2017A taxable revenue bond to change the variable-rate benchmark from one-month LIBOR to SOFR. The mandatory purchase date for this bond was not extended.

2018 Series Taxable Revenue Bonds – JHHS
In May 2023, JHHS amended the $50.3 million Series 2018 taxable revenue bond to change the variable-rate benchmark from one-month LIBOR to SOFR. The mandatory purchase date for this bond was not extended

2016B Series Tax-Exempt Revenue Bonds – JHHS
In May 2023, JHHS amended the $48.2 million Series 2016B tax-exempt revenue bond to extend the mandatory purchase date from May 31, 2023 to May 1, 2030. The amendment also changed the variable-rate benchmark from a percentage of one-month LIBOR to a percentage of Daily Compounded SOFR. The bond pays interest monthly based on a spread over the floating

benchmark rate. Upon closing the amendment, the bond was reclassified from current portion of long-term debt to long-term debt, net of current portion in the accompanying Consolidated Balance Sheet as of June 30, 2023.

2017B Series Tax-Exempt Revenue Bonds – JHHS
In June 2023, JHHS closed the simultaneous tender of the $146.2 million Series 2017B tax-exempt revenue bond from the original purchaser and delivery of a new bond to the new lender for the total principal amount of $146.2 million. The new bond changed the variable-rate benchmark from a percentage of one-month LIBOR to a percentage of Daily Compounded SOFR, and extended the mandatory purchase date from October 1, 2024 to June 1, 2030. The bond pays interest monthly based on a spread over the floating benchmark rate.

2018A Series Tax-Exempt Revenue Bonds – JHHS
In May 2023, JHHS amended the $48.2 million Series 2018A tax-exempt revenue bond to extend the mandatory purchase date from June 1, 2023 to May 1, 2028. The amendment also changed the variable-rate benchmark from a percentage of one-month LIBOR to a percentage of Term SOFR. The bond pays interest monthly based on a spread over the floating benchmark rate. Upon closing the amendment, the bond was reclassified from current portion of long-term debt to long-term debt, net of current portion in the accompanying Consolidated Balance Sheet as of June 30, 2023.

2018B Series Tax-Exempt Revenue Bonds – JHHS
In May 2023, JHHS amended the $88.3 million Series 2018B tax-exempt revenue bond to extend the mandatory purchase date from June 1, 2023 to May 1, 2030. The amendment also changed the variable-rate benchmark from a percentage of one-month LIBOR to a percentage of Daily Compounded SOFR. The bond pays interest monthly based on a spread over the floating benchmark rate. Upon closing the amendment, the bond was reclassified from current portion of long-term debt to long-term debt, net of current portion in the accompanying Consolidated Balance Sheet as of June 30, 2023.

2022 Series Taxable Commercial Paper – JHHS
In October 2022, JHHS closed on the Series 2022 taxable commercial paper program, which is authorized up to $200.0 million. JHHS issued $100.0 million at closing, with the proceeds being used to refinance the $100.0 million revolving Series 2012E/2017C bonds of which $91.5 million was outstanding. The commercial paper can be issued for terms of 1 to 270 days, at variable rates of interest. The remaining $100.0 million of capacity within the 2022 taxable commercial paper program will be held as an additional source of liquidity. The outstanding balance of $100 million was recorded within current portion of long-term debt, in the accompanying Consolidated Balance Sheet as of June 30, 2023.

2012E/2017C Series Tax-Exempt Revenue Bonds – JHHS
In October 2022, the 2022 taxable commercial paper arrangement with US Bank was used to pay off the 2012E/2017C debt to PNC Bank. This transaction was considered a debt extinguishment under ASC Subtopic 470-50. As such, JHHS derecognized $91.5 million from the current portion of long-term debt in the accompanying Consolidated Balance Sheet as of June 30, 2023. A loss on extinguishment of debt of $0.2 million was recorded within interest expense in the accompanying Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2023.

Letters of Credit and Intermediate Financing Vehicles
In connection with the 2004 MHHEFA Commercial Paper Revenue Notes, JHBMC has a $15.4 million line of credit agreement with Wells Fargo to provide for payment of such commercial paper at maturity, subject to certain conditions described therein. This agreement expires on July 1, 2025 subject to extension or earlier termination. No amounts were outstanding as of June 30, 2024 or 2023.

JHHS utilizes public floating rate notes and bank direct purchase facilities as the core component of its variable-rate debt structure. These vehicles provide intermediate-term financing, typically 3-10 years, as a means to finance longer-lived assets. These variable-rate notes are structured with a mandatory purchase at the end of their term, at which time JHHS is required to purchase the bonds back from the bank, extend the term of the facility with the incumbent bank or refinance the transaction with a new counterparty. Due to the long-term nature of the underlying assets financed, JHHS has historically refunded all intermediate-term debt prior to the mandatory purchase dates. The table above notes the renewal dates for the outstanding variable-rate notes.

As of June 30, 2024 there are no current liabilities as a result of the mandatory purchase dates being less than 12 months. As of June 30, 2023, $73.2 million of public floating rate notes and bank direct purchase facilities have been recorded as current liabilities as a result of mandatory purchase dates of these financing vehicles coming due within the next 12 months. This debt will be recorded within current liabilities until such time that these notes are refunded.

For the debt of JHHS and Affiliates, total maturities of debt and sinking fund requirements during the next five fiscal years and thereafter are as follows as of June 30, 2024 (in thousands):

2025	142,117
2026	43,475
2027	186,357
2028	123,635
2029	23,220
Thereafter	1,112,725
	$ 1,631,529

For the debt of JHHS and Affiliates described above, interest costs on debt and interest rate swaps incurred, paid and capitalized in the years ended June 30 are as follows (in thousands):

	2024	2023
Net interest costs		
Capitalized	$ 6,413	$ 3,433
Expensed	72,052	77,731
	$ 78,465	$ 81,164
Interest costs paid	$ 72,052	$ 77,731

Lines of Credit
JHHSC, JHH, and the other JHHS Obligated Group members maintain multiple short-term revolving line of credit facilities (each a “Facility” and collectively the “Facilities”) as of June 30, 2024 and 2023. If drawn upon, the Facilities constitute short-term indebtedness as defined under the Master Loan Agreement. The total aggregate principal amount of the Facilities is $300.0 million

as of June 30, 2024 and 2023. The obligations of the JHHS Obligated Group with respect to their payment obligations for each Facility have been certified as Parity Obligations. The loans made under each Facility bear interest at rates measured against SOFR plus a variable rate adjustment plus a margin. Each Facility requires repayment of the principal drawn thereunder plus accrued interest thereon on or before the expiration of the Facility. There is no outstanding balance of these Facilities as they remain undrawn as of June 30, 2024 and 2023.

9. Leases

JHHS has operating and finance leases for medical spaces, corporate offices, storage spaces, and certain medical and office equipment. Real estate lease agreements typically have initial terms of five to fifteen years and equipment lease agreements typically have initial terms of three to five years.

The components of lease cost for the period ended June 30 are as follows (in thousands):

	2024	2023
Operating lease cost(1)	$ 25,803	$ 27,916
Finance lease cost		
Amortization of right-of-use assets(2)	11,517	12,085
Interest on lease liabilities(3)	3,421	4,062
Short-term lease cost(1)	2,610	3,308
Variable lease cost(1)	22,663	18,976
Total lease cost	$ 66,014	$ 66,347

(1) Expenses are included in purchased services in the Consolidated Statements of Operations and Changes in Net Assets.

(2) Expenses are included in depreciation and amortization in the Consolidated Statements of Operations and Changes in Net Assets

(3) Expenses are included in interest in the Consolidated Statements of Operations and Changes in Net Assets.

Variable lease cost represents a significant portion of total lease cost. This is due to JHHS' election to combine lease and nonlease components for real estate contracts. Expenses that are generally variable, such as common area maintenance, are included in the variable lease cost above.

Supplemental cash flow information related to leases for the period ended June 30 are as follows (in thousands):

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 26,193	$ 28,979
Operating cash flows from finance leases	3,443	4,046
Financing cash flows from finance leases	13,812	13,534

Additional lease information as of and for the period ended June 30 are as follows (in thousands):

	2024	2023
Weighted average remaining lease term		
Operating leases	7.3 years	7.7 years
Finance leases	7.7 years	8.1 years
Weighted average discount rate		
Operating leases	3.7 %	3.5 %
Finance leases	4.2 %	4.3 %

Future maturities of lease liabilities are as follows (in thousands):

	Operating Leases	Finance Leases	Total
Year Ending June 30,			
2025	$ 23,805	$ 16,553	$ 40,358
2026	22,936	15,793	38,729
2027	19,450	13,365	32,815
2028	15,397	10,359	25,756
2029	13,509	8,991	22,500
Thereafter	40,875	21,078	61,953
Total lease payments	135,972	86,139	222,111
Less: Imputed interest	(18,512)	(10,788)	(29,300)
Total lease obligations	117,460	75,351	192,811
Less: Current obligations	(21,032)	(13,719)	(34,751)
Long-term lease obligations	$ 96,428	$ 61,632	$ 158,060

Real estate leases may include one or more options to renew that can extend the lease term for an additional one to ten years. Some real estate leases include options to terminate the lease within five years. JHHS does not recognize these options as part of its ROU assets and lease liabilities because these options are not reasonably likely to be exercised. Equipment lease agreements typically do not contain options to extend the term or terminate the lease.

JHHS is also a lessor and sub-lessor of real estate under operating leases. Lease income for the years ended June 30, 2024 and 2023 was $27.7 million and $27.8 million, respectively, which is included in other revenue in the Consolidated Statements of Operations and Changes in Net Assets. Most of JHHS' leases include operating expenses such as utilities and maintenance costs in rent charges. However, variable lease income is not material.

At June 30, 2024 and 2023, land and buildings with a net book value of $36.8 million and $37.3 million, respectively, were leased to various unrelated organizations with terms ranging from one month to 38 years. These assets are included in property, plant, and equipment, net on the Consolidated Balance Sheets.

Included in the above disclosures are amounts related to leases between JHHS and its unconsolidated affiliates. See Note 14 for further details about these transactions.

10. Derivative Financial Instruments

JHHS' primary objective for holding derivative financial instruments is to manage interest rate risk. Derivative financial instruments are recorded at fair value and are included in other long-term liabilities on the Consolidated Balance Sheets.

The following table summarizes JHHS' interest rate swap agreements (in thousands):

Swap Type	Expiration Date	Counterparty	JHHS Pays	JHHS Receives	Notional Amount at June 30 2024	Notional Amount at June 30 2023
Fixed	2023	J.P. Morgan	3.3290 %	N/A	$ -	$ 11,795
Fixed	2025	Bank of America	3.3265 %	67% of (SOFR + 0.1145%)	15,355	22,460
Fixed	2026	PNC	4.1220 %	67% of (SOFR + 0.1145%)	150,000	150,000
Fixed	2026	PNC	4.1330 %	67% of (SOFR + 0.1145%)	150,000	150,000
Fixed	2027	Goldman Sachs Capital Markets, L.P.	3.6910 %	67% of (SOFR + 0.1145%)	2,640	3,455
Fixed	2034	Royal Bank of Canada	3.6235 %	62.2% of (SOFR + 0.1145%) + 0.27%	13,570	14,130
Fixed	2034	Citibank, N.A.	3.6235 %	62.2% of (SOFR + 0.1145%) + 0.27%	22,630	23,570
Fixed	2038	Goldman Sachs Capital Markets, L.P.	3.8190 %	67% of (SOFR + 0.1145%)	69,300	72,125
Fixed	2038	Merrill Lynch Capital Services	3.8091 %	67% of (SOFR + 0.1145%)	69,550	72,400
Fixed	2039	Goldman Sachs Capital Markets, L.P.	3.9110 %	67% of (SOFR + 0.1145%)	150,000	150,000
Fixed	2039	Goldman Sachs Capital Markets, L.P.	3.9460 %	67% of (SOFR + 0.1145%)	40,000	40,000
Fixed	2040	Goldman Sachs Capital Markets, L.P.	3.9220 %	67% of (SOFR + 0.1145%)	150,000	150,000
Fixed	2047	Citibank, N.A.	3.8505 %	61.8% of (SOFR + 0.1145%) + 0.25%	60,000	60,000
					$ 893,045	$ 919,935

Fair value of derivative instruments as of June 30 (in thousands):

	Derivatives Reported as Assets and Liabilities 2024 Balance Sheet Caption	2024 Fair Value	2023 Balance Sheet Caption	2023 Fair Value
Interest rate swaps	Other assets	$ 14	Other assets	$ 16
Interest rate swaps	Other long-term liabilities	$ 67,067	Other long-term liabilities	$ 88,226

Derivatives as of June 30 (in thousands):

Classification of derivative gain in the Consolidated Statements of Operations and Changes in Net Assets	Amount of Gain Recognized in Change in Net assets without donor restrictions 2024	2023
Interest rate swaps		
Nonoperating revenue	$ 21,157	$ 42,374

11. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 (in thousands) are restricted to:

	2024	2023
Subject to expenditure for a specified purpose		
Purchase of property, plant and equipment	$ 16,975	$ 15,543
Health care services	77,981	69,128
Health education and counseling	9,136	8,677
Indigent care	6,045	5,605
Restricted pledge fund	13,604	17,135
Total subect to expenditure for a specified purpose	123,741	116,088
Funds, cash and securities held into perpetuity		
Health care services	82,335	76,914
Health education and counseling	11,398	11,068
Total funds, cash and securities held in perpetuity	93,733	87,982
Total net assets with donor restrictions	$ 217,474	$ 204,070

The JHHS endowments do not include amounts designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of JHHS has interpreted Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) in the State of Maryland, the State of Florida, and the District of Columbia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, JHHS classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

12. Pension Plans

The Affiliates sponsor a variety of defined benefit pension plans (the “Plans”) covering most of their employees. The retirement income benefits are based on a combination of years of service and compensation at various points of service.

The funding policy of all Affiliates is to make sufficient contributions to meet the Internal Revenue Service minimum funding requirements. Assets in the Plans as of June 30, 2024 and 2023 consisted of cash and cash equivalents, equities and equity funds, fixed income funds, and alternative investments. All assets are managed by external investment managers, consistent with the Plans’ investment policy.

Actuarial gains affecting the benefit obligation in 2024 were principally due to an increase in the discount rate. Actuarial gains affecting the benefit obligation in 2023 were principally due to an increase in the discount rate, offset by an increase of the projected salary scale.

The change in benefit obligation, plan assets, and funded status of the Plans is shown below (in thousands):

Change in benefit obligation	**2024**	**2023**
Benefit obligation as of beginning of year	$ 2,689,323	$ 2,652,749
Service cost	61,972	64,597
Interest cost	142,121	125,047
Actuarial gain	(77,040)	(61,363)
Benefits paid	(222,139)	(91,707)
Benefit obligation as of June 30	$ 2,594,237	$ 2,689,323

Change in plan assets	**2024**	**2023**
Fair value of plan assets as of beginning of year	$ 2,373,221	$ 2,243,252
Actual return on plan assets	152,461	112,490
Employer contribution	83,331	109,186
Benefits paid	(222,139)	(91,707)
Fair value of plan assets as of June 30	$ 2,386,874	$ 2,373,221

Funded Status as of June 30	**2024**	**2023**
Fair value of plan assets	$ 2,386,874	$ 2,373,221
Projected benefit obligation	(2,594,237)	(2,689,323)
Unfunded status	$ (207,363)	$ (316,102)

Amounts recognized in the Consolidated Balance Sheets consist of (in thousands):

	2024	**2023**
Net pension asset	$ 7,005	$ -
Net pension liability	(214,368)	(316,102)
Net amount recognized	$ (207,363)	$ (316,102)

The net pension asset in 2024 is recorded within other assets on the Consolidated Balance Sheets.

Amounts not yet recognized in net periodic benefit cost and included in net assets without donor restrictions consist of (in thousands):

	2024	2023
Actuarial net loss	$ 342,669	$ 418,327
Prior service credit	(33,115)	(39,751)
Net amount not yet recognized	$ 309,554	$ 378,576

The following table summarizes the accumulated benefit obligation (ABO) for all plans, the ABO and fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit plans with PBO in excess of plan assets (in thousands):

ABO - all plans	$ 2,319,783	$ 2,391,609
Plans with ABO in excess of plan assets:		
ABO	$ 1,049,547	$ 993,545
Fair value of plan assets	$ 986,806	$ 920,161
Plans with PBO in excess of plan assets:		
PBO	$ 2,407,176	$ 2,689,323
Fair value of plan assets	$ 2,192,808	$ 2,373,221

Net Periodic Pension Cost

Components of net periodic pension cost (in thousands):

	2024	2023
Service cost	$ 61,972	$ 64,597
Interest cost	142,121	125,047
Expected return on plan assets	(177,685)	(171,621)
Amortization of prior service cost	(6,636)	(6,636)
Recognized net actuarial loss	23,519	21,782
Net periodic pension cost	$ 43,291	$ 33,169

The components of net periodic pension cost other than the service cost component are included in other components of net periodic pension cost in the Consolidated Statements of Operations and Changes in Net Assets.

Other Changes in Plan Assets and Benefit Obligations
Recognized in Net Assets Without Donor Restrictions

	2024	2023
Net gain	$ (52,139)	$ (1,784)
Amortization of net loss	(23,519)	(21,782)
Amortization of prior service cost	6,636	6,636
Change in funded status of defined benefit plans	(69,022)	(16,930)
Total recognized in net assets without donor restrictions	$ (69,022)	$ (16,930)
Total amounts recognized in net periodic pension cost and net assets without donor restrictions	$ (25,731)	$ 16,239

The assumptions used in determining net periodic pension cost for all plans are as follows for the years ended June 30:

	2024	2023
Discount rate - benefit obligation	5.40 %	4.81 %
Expected return on plan assets	7.00 %	7.00 %
Rate of compensation increase - ultimate	3.50 %	3.00 %

The assumptions used in determining the benefit obligations for all plans are as follows as of June 30:

	2024	2023
Discount rate	5.66 %	5.40 %
Rate of compensation increase - ultimate	3.50 %	3.50 %
Cash balance plans interest credit rate	4.00% - 4.80%	3.25% - 4.50%

The expected rate of return on plan assets assumption was developed based on historical returns for the major asset classes. This review also considered both current market conditions and projected future conditions.

The discount rate is set as the yield on a hypothetical bond portfolio where the amount and timing of the PBO benefit payments for all of JHHS' qualified pension plans in aggregate are matched up with the cash payments from coupons and maturities of that portfolio.

Plan Assets

Pension plan weighted average asset allocations as of June 30 by asset class are as follows:

Asset Class	2024	2023
Cash and cash equivalents	2.94 %	2.83 %
Equities and equity funds	2.61	3.23
Fixed income funds	19.17	14.28
Investments measured at NAV as a practical expedient	75.28	79.66
	100.00 %	100.00 %

The Plans assets are invested among and within various asset classes in order to achieve sufficient diversification in accordance with JHHS' risk tolerance. This is achieved through the utilization of asset managers and systematic allocation to investment management style(s), providing a broad exposure to different segments of the fixed income and equity markets. The Plans strive to allocate assets between equity securities (including global asset allocation) and debt securities at a target rate of approximately 55% and 45%, respectively.

Fair Value of Plan Assets

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three-tier hierarchy prioritizes the inputs used in measuring fair value as follows:

Level 1 Observable inputs such as quoted market prices for identical assets or liabilities in active markets;

Level 2 Observable inputs for similar assets or liabilities in an active market, or other than quoted prices in an active market that are observable either directly or indirectly; and

Level 3 Unobservable inputs in which there is little or no market data that require the reporting entity to develop its own assumptions.

The following table presents the Plan assets carried at fair value as of June 30, 2024 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash and cash equivalents (1)	$ 70,077	$ 70,077	$ -
Equities and equity funds (2)	62,239	62,239	-
Fixed income and restricted funds (3)	457,598	48,518	409,080
	589,914	$ 180,834	$ 409,080
Investments measured at NAV as a practical expedient	1,791,960		
Distributions after measurement date (4)	5,000		
Total plan assets	$ 2,386,874		

The following table presents the Plan assets carried at fair value as of June 30, 2023 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash and cash equivalents (1)	$ 67,237	$ 67,237	$ -
Equities and equity funds (2)	76,668	76,668	-
Fixed income and restricted funds (3)	338,892	55,438	283,454
	482,797	$ 199,343	$ 283,454
Investments measured at NAV as a practical expedient	1,818,424		
Distributions after measurement date (4)	72,000		
Total plan assets	$ 2,373,221		

(1) Cash and cash equivalents include investments with original maturities of three months or less, and are rendered Level 1 due to their frequent pricing and ease of converting to cash.

(2) Equities include individual equities and investments in mutual funds. The individual equities and mutual funds are valued based on the closing price on the primary market and are rendered Level 1.

(3) Fixed income funds are investments in mutual funds and fixed income instruments. The underlying fixed investments are principally U.S. Treasuries, corporate bonds, commercial paper, and mortgage backed securities. The mutual funds are valued based on the closing price on the primary market and are rendered Level 1. For the fixed income instruments, fair value is based on quotes for similar securities; therefore, these investments are rendered Level 2. Equity index and fixed income futures contracts are utilized to manage equity price and interest rate risk. A futures contract is a contractual agreement to make or take delivery of a standardized quantity of a specified grade or type of commodity or financial instrument at a specified future date in accordance with terms specified by a regulated future exchange. Upon entering into a futures contract, JHHS is required to deposit either cash or securities in an amount equal to a certain percentage of nominal value of the contract (“initial margin”). This collateral is classified as restricted funds within the table above. Pursuant to the futures contract, JHHS agrees to receive from, or pay to, the broker an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as “variation margin” which are settled daily. The value on the statement of net assets available is the related unsettled variation margin. As of June 30, 2024, JHHS had 2,958 open contracts in futures with a notional value of $351.8 million. As of June 30, 2023, JHHS had 3,300 open contracts in futures with a notional value of $389.8 million.

(4) Distributions after measurement date are comprised of redemptions of investments held at NAV.

The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2024 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	$ 349,060	Quarterly	65 to 90 days
Commingled equity funds (2)	771,653	Daily to Quarterly	1 to 90 days
Commingled fixed income (3)	378,702	Daily to Semi Annually	1 to 90 days
Private equity (4)	177,419	N/A	N/A
Real estate (5)	85,917	Quarterly or N/A	90 days or N/A
Fixed income/ direct lending (6)	29,209	N/A	N/A
	$ 1,791,960		

The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2023 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	$ 351,030	Quarterly	65 to 90 days
Commingled equity funds (2)	833,954	Daily to Quarterly	1 to 90 days
Commingled fixed income (3)	381,161	Daily to Quarterly	1 to 90 days
Private equity (4)	162,490	N/A	N/A
Real estate (5)	89,789	Quarterly	45 to 90 days
	$ 1,818,424		

(1) Hedge fund investments include the following strategies:

a. Equity market-neutral - managers seek to exploit temporary pricing anomalies. An inexpensive stock is purchased while a related expensive stock is simultaneously sold short. Many managers in this category look at fundamental variables, using quantitative techniques and try to avoid style, industry, capitalization, and other nonstock specific exposures.

b. Fixed income arbitrage (fixed income relative value) - managers purchase one fixed income security and simultaneously sell a similar fixed income security. The sale of the second security is done to hedge the underlying market risk contained in the first security. Typically, the two securities are related either mathematically or economically such that they move similarly with respect to market developments. Generally, the difference in pricing between the two securities is small, and this is what the fixed income arbitrageur hopes to gain.

c. Multi-strategy - managers employ a variety of different investment strategies with the goal of delivering a positive, diversified return stream uncorrelated to the markets. Different strategies might include equity market neutral, trend following, fixed income relative value, credit, or derivatives trading.

d. Equity long/short - managers generally take long positions in stocks they view as undervalued and short positions in stocks they view as overvalued. These strategies seek to mitigate market volatility by capitalizing on market upswings with the long allocation, and mitigating losses on market drawdowns with the short allocation.

e. Credit/distressed (credit long/short) - managers invest in securities of companies that are experiencing a liquidity crisis, have defaulted on their debt obligations, have filed for Chapter 11 bankruptcy protection, or are otherwise financially distressed. A variety of strategies may be employed, including long credit, short selling and capital structure arbitrage investing.

f. Global macro - managers speculate on the direction of currencies, commodities, equities, and/or bonds. They generally rely on both fundamental and technical analysis and combine long and/or short positions with leverage to optimize returns. Correlation with typical benchmarks is low except during exceptional volatility periods, when the manager might hold a directional bet in a particularly affected market (e.g., a long bet on Russian bonds when Russia defaulted).

(2) Commingled equity funds: Long-only equity strategies that invest exclusively in publicly traded companies, though the funds are not traded on a public exchange.

(3) Commingled fixed income: The underlying fixed income investments are principally corporation bonds, bank loans and mortgage-backed securities. Fixed income strategies that invest in publicly-issued debt instruments, though the funds are not traded on a public exchange.

(4) Private equity: Investments in private equity are in the form of close-ended private funds and not available for redemption. The fund managers primarily invest in investments for which there is no readily determinable market value. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparables or some other method. These private fund investments are valued at NAV. Distributions to investors are made only after the liquidation of the underlying investments. It is expected to take up to 10 years to fully distribute these assets. As of June 30, 2024 and 2023, unfunded commitments totaled $232.1 million and $253.0 million, respectively.

(5) Real estate: Closed and Open-ended real estate funds. Close-ended funds invest in all property types, and add value. Open-ended real estate investment vehicles primarily invest in high-quality income-producing properties within major U.S. markets.

(6) Fixed income/ direct lending: Direct lending strategy consists of commingled funds that primarily invest in senior debt loans, residential mortgage-related opportunities, distressed corporate credit assets and highly structure debt loans in North America and Europe.

Contributions and Estimated Future Benefit Payments

JHHS expects to contribute $55.3 million to its pension plans in the fiscal year ending June 30, 2025.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in each of the following fiscal years as of June 30, 2024 (in thousands):

2025	$	110,102
2026		118,054
2027		128,296
2028		138,681
2029		148,466
Next five years		864,206

Defined Contribution Plans
The Affiliates sponsor a variety of defined contribution benefit plans covering employees that are not covered by the defined benefit pension plans. The plans provide a variety of employer funding policies including contributory matching funds up to certain percentage limits based on employee's compensation and noncontributory contribution percentage made based on the employee's compensation. Employer contributions are subject to certain vesting percentages based on the employee's years of service. Employer defined contribution expense was $68.8 million and $40.0 million for the years ended June 30, 2024 and 2023, respectively.

13. Professional and General Liability Insurance

The University and JHHS participate in an agreement with four other medical institutions to provide a program of professional and general liability insurance for each member institution. As part of this program, the participating medical institutions have formed Medical Center Insurance Company, Ltd. ("MCIC") to provide self-insurance for a portion of their risk.

JHH and the University each have a 10% ownership interest in MCIC, which is included in investments on the Consolidated Balance Sheets. The medical institutions obtain primary and excess liability insurance coverage from commercial insurers and MCIC. The primary coverage is written by MCIC, and a portion of the risk is reinsured with the commercial carriers. Commercial excess insurance and reinsurance is purchased under a claims-made policy by the participating institutions for claims in excess of primary coverage retained by MCIC. Primary retentions were $15.0 million per incident for both calendar year 2024 and calendar year 2023. Primary coverage is insured under a retrospectively rated claims-made policy; premiums are accrued based upon an estimate of the ultimate cost of the experience to date of each participating member institution. The basis for loss accruals for unreported claims under the primary policy is an actuarial estimate of asserted and unasserted claims including reported and unreported incidents and includes costs associated with settling claims. Projected losses were discounted using 3.52% and 2.26% as of June 30, 2024 and 2023, respectively.

JHHS' insurance recoveries and claims costs liabilities are presented gross in the accompanying Consolidated Balance Sheets as of June 30, 2024 and 2023 as follows:

Caption on Consolidated Balance Sheet

	2024	2023
Estimated insurance recoveries	$ 65,383	$ 53,801
Estimated insurance recoveries, net of current portion	62,819	57,359
Total assets	$ 128,202	$ 111,160
Current portion of estimated liability claims costs	$ 65,383	$ 53,801
Estimated liability claims costs, net of current portion	62,819	57,359
Total liabilities	$ 128,202	$ 111,160

The assets and liabilities represent JHHS' estimated self-insured captive insurance recoveries for claims reserves and certain claims in excess of self-insured retention levels. The insurance recoveries and claims costs liabilities have been allocated between short-term and long-term assets and liabilities based upon the expected timing of the claims payments.

Professional and general liability insurance expense incurred by JHHS was $60.2 million and $65.3 million for the years ended June 30, 2024 and 2023, respectively. Reserves were $252.2 million and $244.1 million as of June 30, 2024 and 2023, respectively. These reserves included $124.0 million and $132.9 million of accrued other liability claims above reinsurance levels.

14. Related Party Transactions

During the years ended June 30, 2024 and 2023, JHHS and its Affiliates engaged in various related party transactions. These transactions were not eliminated because these entities are not consolidated. The following is a summary of the significant related party transactions and balances for the year ended June 30:

Expense transactions (in thousands):

	2024	2023
Pharmacy management and patient discharge planning costs provided by JHHCG	$ 78,994	$ 78,563
Security and management of housekeeping and parking garage services provided by Broadway Services, Inc.	22,950	18,177
Utility, telecommunication and clinical application services provided by JHMI Utilities, LLC	134,919	137,682

Affiliate Notes Receivable

JHHS has made loans to certain noncontrolled affiliates that do not consolidate within JHHS. The loans to these affiliates do not eliminate in consolidation. The short-term portion of the notes receivable is included in due from affiliates, and the long-term portion is included in due from affiliates, net of current portion in the Consolidated Balance Sheets.

Affiliate notes receivable of June 30 are summarized as follows (in thousands):

	Interest Rate(s)	Final Maturity	2024	2023
Affiliate notes receivable - JHMI Utilities, LLC				
Co-generation loan with JHH	6.00%	2027	$ 5,000	$ 5,000
EPIC loan with JHH	5.00%	2028	632	762
North Power Plant Loans with JHH	5.35%	2042	24,480	25,288
2016 Series – Taxable Bonds with JHHSC	3.90%	2030	2,575	3,000
Affiliate notes receivable - Johns Hopkins Surgery Center Series ("JHSCS")				
Pavillion III ASC at Greenspring loan with JHHSC	5.35%	2029	5,183	6,650
Knoll North loan with JHHCMC	5.25%	2027	853	1,089
Affiliate notes receivable - FSK Land Corporation				
Keswick loans with JHHSC	5.00% - 5.35%	2023, 2035	11,337	12,076
Mason F Lord at JHBMC loan with JHHSC	4.00%	2026	538	738
Total affiliate notes receiveable			50,598	54,603
Less: affiliate notes receivable, current portion			(4,199)	(4,006)
Total affiliate notes receivable, net of current portion			$ 46,399	$ 50,597

The EPIC and North Power Plant loans pay principal and interest quarterly. The remaining affiliate notes pay principal and interest monthly.

Affiliate Leases

JHHS engages in leasing transactions with various noncontrolled, unconsolidated affiliates. In most cases, JHHS is the lessee; however, in some situations, JHHS is the lessor – either as the sub-lessor or as the lessor of its owned, real property. However, lessor activity is not material.

As a lessee, the terms of JHHS' leases with related parties range from 5 to 48 years and generally do not include early termination or renewal options. JHHS uses its collateralized incremental borrowing rate to derive its ROU asset and liability associated with its related party leases unless the rate implicit in the lease is known. Lease payments are paid on a monthly basis.

The following table summarizes JHHS' lease expense items for the year ended June 30 (in thousands):

	2024	2023
Expenses for operating leases with		
FSK Land Corporation	$ 271	$ 432
JHHC Surgery Center Development LLC	1,446	1,446
Expenses for financing leases with		
FSK Land Corporation	1,490	1,524

ROU asset and liability balances as of June 30 are as follows (in thousands):

	2024	2023
Operating lease right-of-use assets		
FSK Land Corporation	$ 476	$ 730
JHHC Surgery Center Development LLC	6,557	7,767
Finance lease right-of-use assets		
FSK Land Corporation	5,267	6,539
Operating lease liabilities		
FSK Land Corporation	181	294
JHHC Surgery Center Development LLC	1,262	1,195
Operating lease liabilities, net of current portion		
FSK Land Corporation	302	452
JHHC Surgery Center Development LLC	5,648	6,909
Finance lease liabilities		
FSK Land Corporation	791	1,254
Finance lease liabilities, net of current portion		
FSK Land Corporation	4,903	5,694

15. Contracts, Commitments and Contingencies

In the ordinary course of operations, JHHS is named as a defendant in various lawsuits, or events occur which could lead to litigation, claims, or assessments. Although the outcome of such matters cannot be predicted with certainty, management believes that insurance coverage is sufficient to cover current or potential claims, or that the final outcomes of such matters will not have a material adverse effect on the consolidated financial statements.

JHACH Litigation
On November 9, 2023, a verdict was reached in the case of Kowalski, et al. v. Johns Hopkins All Children's Hospital, Inc., in Sarasota County, Florida. The current amount of the verdict is $214.0 million, $50.0 million of which are punitive damages. Except for the punitive damages, all costs are covered by insurance. JHACH has appealed the verdict and the ultimate loss value of the case will be determined after the appeal process. Management believes that the care provided was appropriate and within the standard of care in the treatment of the patient.

JHMSC
JHMSC, together with 5 other health plans, are defendants in a litigation with the U.S. Government regarding certain payments for services provided as part of the Uniformed Services Family Health Plan. JHMSC strongly refutes the allegations and will raise both factual and legal defenses to the government's claims.

JHHS
JHHS has agreements with the University, under which the University provides medical administration and educational services, conducts medical research programs, provides patient care medical services, provides resident physicians who furnish services at JHHS hospitals, and provides certain other administrative and technical support services through the physicians employed by JHUSOM. Compensation for providing medical administration and educational services is paid to the University by JHHS; funding for services in conducting medical research is paid from grant funds and by JHHS; compensation for patient care medical care services is derived

from billings to patients (or third-party payors) by the University; and compensation for other support services is paid to the University by JHHS. The aggregate amount of purchased services incurred by JHHS under these agreements was $515.9 million and $490.8 million for the years ended June 30, 2024 and 2023, respectively. In addition, JHHS has other agreements with the University recorded within nonoperating expenses related to the academic mission to support general education and research costs that are not tied to specific services provided by JHUSOM. The aggregate amount of nonoperating expenses incurred by JHHS under these agreements was $81.9 million and $77.7 million for the years ended June 30, 2024 and 2023, respectively.

Effective November 2022, JHHS entered into a conditional agreement with the University to provide additional contributions to JHUSOM to support their research and education mission. Contributions are subject to meeting various conditions and require approval by the JHHS' Board of Trustees. In June 2024, the JHHS Board of Trustees approved a contribution in the amount of $62.5 million. JHHS recorded the full $62.5 million in fiscal year 2024 within nonoperating expenses in the Consolidated Statements of Operations and Changes in Net Assets. In June 2023, the JHHS Board of Trustees approved a contribution in the amount of $75.0 million. JHHS recorded the full $75.0 million in fiscal year 2023 within nonoperating expenses in the Consolidated Statements of Operations and Changes in Net Assets.

Effective June 30, 2021, JHHS entered into an agreement with the University irrevocably pledging to pay $66.0 million to JHUSOM for the restricted purpose of supporting JHUSOM's recruitment, employment, and start-up costs of new clinically-focused physician providers. Since no right of return and barriers exist with respect to this irrevocable promise to give, JHHS recorded the full $66.0 million in fiscal year 2021 within purchased services on the Consolidated Statements of Operations and Changes in Net Assets. The related short-term liability recorded within accounts payable and accrued liabilities in the Consolidated Balance Sheets was $19.8 million and $13.3 million as of June 30, 2024 and 2023, respectively. The related long-term liability recorded within other long-term liabilities in the Consolidated Balance Sheets was $26.1 million and $45.8 million as of June 30, 2024 and 2023, respectively.

In fiscal year 2021, JHHS and the University entered into several agreements pertaining to the construction and use of a medical research building on JHH's campus. Construction is ongoing and the building is expected to open in phases between 2024 and 2026. The University agreed to fund 65% of the total construction costs, which was based on the square footage of the total building (all wings) expected to be dedicated to the University versus JHH. The University is paying for all of the construction costs for their dedicated space and therefore is considered the owner during construction of their dedicated space. The $90.0 million and $59.5 million of construction in progress costs associated with the University's portion of construction for their dedicated space is not recognized on JHHS' Consolidated Balance Sheets as of June 30, 2024 and 2023, respectively. The University is additionally paying for 65% of the common space in the building. These payments during construction are recorded as deferred income for access to the common space and the associated construction in progress costs will remain on JHHS' Consolidated Balance Sheet, resulting in a net zero impact to the consolidated net assets of JHHS as of June 30, 2024 and 2023. The deferred income and associated construction in progress was $54.8 million and $38.5 million as of June 30, 2024 and 2023, respectively. The deferred income will be recognized in income over the life of the building, beginning at the same time depreciation commences. Additionally, as of June 30, 2024 and 2023, JHH's construction in progress for their dedicated space and 35% share of common space was $78.8 million and $54.8 million, respectively.

Effective July 1, 2021, JHHS entered into an agreement with JHUSOM under which JHHS and the University have each committed to provide financial support for the start-up of operations of JHUSOM's occupied research space in a building to be located on the JHH campus. JHHS has agreed to pay JHUSOM up to $70.0 million to be used solely and exclusively to support JHUSOM's research operations in the building during fiscal years 2025 through 2029 (or the first five years of building operation). JHHS will make fixed payments in accordance with an established funding schedule with the first payment being at the end of fiscal year 2025 (or the date in which the first project wing completion date occurs, whichever is later) and annually thereafter. Each payment will be contingent upon 1) the University making its share of the payment, 2) the occurrence of the first project wing completion date and 3) JHUSOM incurring expenses from the operation of the research space in excess of the applicable expense threshold in the annual funding schedule. The final payment will be made by June 30, 2029 or the end of the fiscal year following the fifth anniversary of the first project wing completion date.

JHH

In 2005, JHH and the University created JHMI Utilities, LLC to provide utility and telecommunication services for their East Baltimore Campus. Each member owns 50% of JHMI Utilities, LLC and shares equally in the governance of JHMI Utilities, LLC. The cost of acquiring and upgrading the existing utility facilities, the construction of a new power plant and an upgrade of the telecommunication system have been financed through the issuance of tax exempt bonds by MHHEFA and the proceeds of the Pooled Loan program sponsored by MHHEFA. JHH and the University have guaranteed the total debt issued by MHHEFA. As of June 30, 2024 and 2023, the amount of the debt guaranteed by JHH was $91.7 million and $106.6 million, respectively. JHH accounts for this investment under the equity method of accounting.

JHH has pledged investments, having an aggregate market value of $39.5 million and $37.9 million as of June 30, 2024 and 2023, respectively, for JHHS compliance with regulations of the Workers Compensation Commission and the Department of Economic and Employment Development's Unemployment Insurance Fund.

16. Concentrations of Credit Risk

JHHS provides services primarily to residents in the State of Maryland, District of Columbia and Florida without collateral or other proof of ability to pay. Most patients are local residents who are insured partially or fully under third-party payor arrangements.

The following table depicts the mix of accounts receivable, net from patients and third-party payors as of June 30, 2024 and 2023:

	2024	2023
Medicare	15.3 %	16.9 %
Medicaid	9.2	8.7
Blue Cross and Blue Shield	16.1	19.2
Medicaid managed care organizations	11.1	10.0
Self pay	8.7	7.9
Other third-party payors	39.6	37.3
	100.0 %	100.0 %

The State of Maryland has been granted a waiver by the Federal government exempting the State from national Medicare and Medicaid reimbursement principles. JHH, JHBMC, JHHCMC and SHI charges for inpatient as well as outpatient and emergency services performed at the hospitals are regulated by the HSCRC. JHHS' management has made all submissions required by the HSCRC and believes JHHS is in compliance with HSCRC requirements. The waiver has been approved through calendar year 2027 by the CMS.

Effective January 1, 2014, with retroactive application to revenues generated by services provided after June 30, 2013, the HSCRC and the CMS entered into a new demonstration model for the Maryland waiver. The new demonstration model moved from a Medicare per admission methodology to a per capita population health-based methodology. To facilitate the goals of the new demonstration model, the HSCRC and Maryland hospitals entered into Global Budget Revenue Agreements ("GBR"). The agreements set a hospital's revenue base annually under a global budget arrangement, whereby revenue would be fixed regardless of changes in volume and patient mix for Maryland residents. Hospital revenue for Maryland residents receiving care at Maryland hospitals is subject to this global budget. However, JHH and JHBMC have the opportunity to receive additional rate authority for any growth in the volume of out of state patients receiving care at those hospitals. When the hospitals' out of state volume exceeds a revenue floor established by the HSCRC, the hospitals will be allowed to recognize incremental revenues at a 50% variable cost factor. This variable cost factor can then increase to 75% when that out of state revenue increases to a certain level. For JHHCMC, out of state volume is currently included in their global budget; therefore, all in state and out of state volumes are subject to their global budget. SHI is allowed to recognize incremental revenues at a 50% variable cost factor.

Under the HSCRC reimbursement methodology, amounts collected for services to patients under the Medicare and Medicaid programs are computed at approximately 91.3% of HSCRC approved charges. Other payors are eligible to receive up to a 2.25% discount on prompt payment of claims.

17. Functional Expenses

JHHS provides general health care services to residents within its geographic location as well as to national and international patients. Expenses related to providing these services for the year ended June 30, 2024 consisted of the following (in thousands):

	2024			
	Health Care Services	General and Administrative Services	Academic Mission Support to JHUSOM	Total Expenses
Operating expenses				
Salaries, wages and benefits	$ 2,287,198	$ 950,471	$ -	$ 3,237,669
Purchased services	2,789,918	674,621	-	3,464,539
Supplies and other	1,664,464	177,000	-	1,841,464
Interest	70,372	-	-	70,372
Depreciation and amortization	237,218	62,001	-	299,219
Total operating expenses	7,049,170	1,864,093	-	8,913,263
Nonoperating expenses				
Interest expense on swap agreements	1,680	-	-	1,680
Other components of net periodic pension cost	(19,121)	440	-	(18,681)
Academic mission support and other	(902)	-	144,382	143,480
Total nonoperating expenses	(18,343)	440	144,382	126,479
Total expenses	$ 7,030,827	$ 1,864,533	$ 144,382	$ 9,039,742

Natural expenses attributable to more than one functional expense category are allocated using administrative allocations from annual CMS cost reports.

Expenses related to providing these services for the year ended June 30, 2023 consisted of the following (in thousands):

	2023			
	Health Care Services	General and Administrative Services	Academic Mission Support to JHUSOM	Total Expenses
Operating expenses				
Salaries, wages and benefits	$ 2,076,218	$ 824,536	$ -	$ 2,900,754
Purchased services	2,889,200	630,374	-	3,519,574
Supplies and other	1,473,576	141,255	-	1,614,831
Interest	69,699	-	-	69,699
Depreciation and amortization	232,653	58,394	-	291,047
Total operating expenses	6,741,346	1,654,559	-	8,395,905
Nonoperating expenses				
Interest expense on swap agreements	8,032	-	-	8,032
Other components of net periodic pension cost	(26,571)	(4,782)	-	(31,353)
Academic mission support and other	75	-	152,719	152,794
Total nonoperating expenses	(18,464)	(4,782)	152,719	129,473
Total expenses	$ 6,722,882	$ 1,649,777	$ 152,719	$ 8,525,378

Natural expenses attributable to more than one functional expense category are allocated using administrative allocations from annual CMS cost reports.

18. Liquidity and Availability

The table below represents financial assets available for general expenditures within one year at June 30, 2024 and 2023 (in thousands):

	2024	2023
Cash and cash equivalents	$ 1,048,795	$ 1,005,397
Short-term investments	132,774	141,958
Patient accounts receivable, net	900,450	767,616
Due from others	438,388	237,745
Due from affiliates	21,531	10,596
Investments (less investments in affiliates and private equity)	3,127,498	2,926,211
	$ 5,669,436	$ 5,089,523

General expenditures refer to ongoing operating expenditures required to fulfill JHHS’ principal business purpose. JHHS has certain Board of Trustee-designated assets limited to use which are excluded from the quantitative information above; however, these assets can be released by the Board of Trustees and made available for general expenditure.

As part of JHHS’ liquidity management plan, cash in excess of daily requirements is invested in short-term and long-term investments. Investment decisions are made based on anticipated liquidity needs, such that financial assets are available as general expenditures, liabilities, and other obligations come due. Investments classified as long-term assets within the table above can be converted to cash within one year, if needed.

19. The Johns Hopkins Hospital Endowment Fund, Incorporated

The Endowment Corporation was organized for the purpose of holding and managing the endowment and certain other funds transferred from and for the benefit of JHHS. The affairs of the Endowment Corporation are managed by a Board of Trustees, comprised of Trustees who are self-perpetuating. Neither JHHS nor any Affiliate holds legal title to any Endowment Corporation funds. The Board of Trustees may, in its discretion, award funds from the Endowment Corporation to organizations other than JHHS if the Board of Trustees determines that doing so is for the support, benefit of, or in furtherance of the mission of JHHS. Accordingly, these amounts are not presented in the consolidated financial statements of JHHS and its Affiliates until they are subsequently distributed to JHHS and its affiliates from the Endowment Corporation. The Endowment Corporation's net assets were $848.5 million and $799.2 million as of June 30, 2024 and 2023, respectively. The Endowment Corporation's distributions from net assets to JHHS and its affiliates were $18.6 million and $20.1 million for the years ended June 30, 2024 and 2023, respectively, and were recorded as other revenue.

20. Subsequent Events

JHHS has performed an evaluation of subsequent events, including the event described below, through September 27, 2024, which is the date the consolidated financial statements were issued.

JHHS Series 2024A, 2024B and 2024C Variable Rate Demand Bonds

On August 15, 2024, JHHS closed on the issuance of three series of tax-exempt variable rate demand bonds (JHHS Series 2024A, JHHS Series 2024B and JHHS Series 2024C) issued by Maryland Health and Higher Educational Facilities Authority with a total aggregate par amount of $186.1 million. The proceeds from the sale of the JHHS Series 2024A, JHHS Series 2024B and JHHS Series 2024C bonds were deposited into trustee-held escrow accounts in order to fully refund all principal and accrued interest due on the JHHS 2018A bond (par amount of $48.2 million), JHHS 2018B bond (par amount of $88.3 million) and JHHS 2016B bond (par amount of $48.2 million) on September 27, 2024.

The payments of principal and interest on the JHHS Series 2024A Bonds (par amount of $48.6 million) and the JHHS Series 2024B Bonds (par amount of $88.9 million) are supported by direct-pay letters of credit with 5-year terms. Both series of bonds are currently remarketed in a daily-rate mode. The payments of principal and interest on the JHHS Series 2024C Bonds (par amount of $48.6 million) are supported solely by JHHS. The Series 2024C bonds are currently remarketed in a weekly-rate mode.

Supplementary Information

Report of Independent Auditors

To the Board of Trustees of
The Johns Hopkins Health System Corporation

We have audited the consolidated financial statements of The Johns Hopkins Health System Corporation and its affiliates (the "Company") as of and for the years ended June 30, 2024 and 2023 and have issued our report thereon dated September 27, 2024, which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary consolidating information as of and for the years ended June 30, 2024 and 2023 (the "supplemental information") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is not intended to present, and we do not express an opinion on, the financial position, results of operations and changes in net assets, and cash flows of the individual companies. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 27, 2024

PricewaterhouseCoopers LLP, 100 East Pratt Street, Suite 2600, Baltimore, MD 21202-1096
T: (410) 783 7600, www.pwc.com/us

The Johns Hopkins Health System Corporation and Affiliates
Supplementary Consolidating Balance Sheet
June 30, 2024

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Johns Hopkins Howard County Medical Center	Suburban Hospital, Inc. and Other Consolidated Entities	Suburban Hospital, Inc. Foundation	Sibley Memorial Hospital	Sibley Memorial Hospital Foundation	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins Health Plans and Subsidiaries	Johns Hopkins Imaging, LLC	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
Assets																				
Current assets																				
Cash and cash equivalents	$ 35,284	$ 33,282	$ 9,274	$ 26,453	$ -	$ 196,391	$ 7,792	$ -	$ 26,331	$ 450,962	$ 443	$ -	$ 786,212	$ 142,730	$ 40,682	$ 1,160	$ 10,417	$ 67,594	$ -	$ 1,048,795
Short-term investments	-	152	-	436	-	19,622	1,200	-	100	110,906	217	-	132,633	-	-	-	141	-	-	132,774
Assets whose use is limited - used for current liabilities	-	-	-	280	-	-	-	-	-	-	-	-	280	-	-	-	-	-	-	280
Patient accounts receivable, net	493,785	109,362	43,626	50,885	-	68,747	-	-	140,608	-	-	-	907,013	70,094	-	-	-	39,484	(116,141)	900,450
Due from others	97,584	18,658	2,680	4,937	6	5,764	41	-	156,940	30,853	325	-	317,788	98,898	9,447	12	302	16,416	(4,475)	438,388
Due from affiliates	12,948	1,111	1,032	(489)	2,663	1,711	-	-	4,480	189,124	1,431	(197,105)	16,906	93,466	16,180	12	-	64,324	(169,357)	21,531
Supplies	102,683	16,510	4,528	12,896	-	10,189	-	-	13,811	-	-	-	160,617	487	47	-	-	24,273	-	185,424
Estimated insurance recoveries	39,670	3,431	1,984	1,704	-	3,555	-	-	9,212	-	-	-	59,556	-	-	-	-	5,827	-	65,383
Prepaid expenses and other current assets	12,371	1,255	812	4,260	-	4,282	-	-	4,377	12,697	501	-	40,555	14,490	55	-	157	3,845	-	59,102
Total current assets	794,325	183,761	63,936	101,362	2,669	310,261	9,033	-	355,859	794,542	2,917	(197,105)	2,421,560	420,165	66,411	1,184	11,017	221,763	(289,973)	2,852,127
Assets whose use is limited																				
By donors or grantors for																				
Pledges receivable	2,938	4	-	-	4,043	-	7,564	-	-	-	-	-	14,549	-	-	714	9,203	-	-	24,466
Other	9,944	8,090	17,747	114	27,367	1,470	56,601	-	-	-	-	-	121,333	-	-	5,684	77,362	-	(17,747)	186,632
By Board of Trustees	40,378	85,431	-	10,000	-	92,762	20,377	396,291	30,257	-	-	-	675,496	-	-	-	14,493	-	-	689,989
Other	2,913	493	133	504	189	-	-	-	19,460	21,587	222	-	45,501	1,094	-	194	2,414	-	(19,460)	29,743
Total assets whose use is limited	56,173	94,018	17,880	10,618	31,599	94,232	84,542	396,291	49,717	21,587	222	-	856,879	1,094	-	6,592	103,472	-	(37,207)	930,830
Investments	1,452,909	20,232	211,821	322,774	-	796,699	59,014	-	570,839	3,075	14,729	-	3,452,092	443,542	-	10,011	37,168	21,486	(178,136)	3,786,163
Property, plant and equipment, net	1,130,896	139,719	142,476	255,892	-	448,053	97	-	384,054	59,793	13,707	-	2,574,687	15,868	23,166	-	17,830	35,997	-	2,667,548
Finance lease right-of-use assets	4,748	12,678	2,967	-	-	11	-	-	2,992	11,677	3,772	-	38,845	13,022	-	-	-	7,432	-	59,299
Operating lease right-of-use assets	2,667	2,236	45	360	-	288	-	-	3,035	15,629	-	-	24,260	-	9,993	-	-	69,852	-	104,105
Due from affiliates, net of current portion	111,359	1,710	1,326	720	-	10,001	-	-	-	1,253,658	-	(1,317,455)	61,319	-	-	-	-	309	(15,229)	46,399
Estimated insurance recoveries, net of current portion	38,113	3,296	1,908	1,637	-	3,416	-	-	8,850	-	-	-	57,220	-	-	-	-	5,599	-	62,819
Swap counterparty deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,920	-	5,920
Other assets	15,522	1,620	518	11	-	1,560	-	-	5,571	1,588	1,474	-	27,864	2	996	-	-	923	(855)	28,930
Total assets	$ 3,606,712	$ 459,270	$ 442,877	$ 693,374	$ 34,268	$ 1,664,521	$ 152,686	$ 396,291	$ 1,380,917	$ 2,161,549	$ 36,821	$ (1,514,560)	$ 9,514,726	$ 893,693	$ 100,566	$ 17,787	$ 169,487	$ 369,281	$ (521,400)	$ 10,544,140
Liabilities and Net Assets																				
Current liabilities																				
Current portion of long-term debt	$ -	$ 7,080	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 134,860	$ -	$ -	$ 141,940	$ -	$ 177	$ -	$ -	$ -	$ -	$ 142,117
Finance lease liabilities	400	1,665	595	-	-	-	-	-	1,059	2,139	4,162	-	10,020	2,857	-	-	-	842	-	13,719
Operating lease liabilities	527	2,054	11	196	-	120	-	-	494	4,121	-	-	7,523	-	1,292	-	-	12,217	-	21,032
Accounts payable and accrued liabilities	326,819	69,407	30,063	35,605	53	54,317	67	391	68,558	184,779	1,811	-	771,870	270,874	4,430	2	39	111,752	(11,994)	1,146,973
Medical claims reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	192,006	-	-	-	-	(92,992)	99,014
Deferred revenue	1,187	2,141	187	235	-	1,225	-	-	565	2,751	-	-	8,291	139,685	-	-	-	4,118	-	152,094
Due to affiliates	130,653	45,524	4,353	8,697	6	(7,503)	10,934	4,045	66,881	10,025	117	(197,105)	76,627	20,565	2,216	38	2,708	12,540	(108,331)	6,363
Advances from third-party payors	207,687	51,745	21,103	15,621	-	7,549	-	-	1,300	-	-	-	305,005	-	-	-	-	4,274	(76,590)	232,689
Current portion of estimated liability claims costs	41,278	3,659	2,095	1,746	-	3,687	-	-	9,614	-	-	-	62,079	-	-	-	-	6,034	-	68,113
Total current liabilities	708,551	183,275	58,407	62,100	59	59,395	11,001	4,436	148,471	338,675	6,090	(197,105)	1,383,355	625,987	8,115	40	2,747	151,777	(289,907)	1,882,114
Long-term debt, net of current portion	-	8,275	-	-	-	-	-	-	-	1,504,860	-	-	1,513,135	-	-	-	-	-	-	1,513,135
Finance lease liabilities, net of current portion	3,475	13,248	2,814	-	-	-	-	-	2,414	12,379	7,179	-	41,509	12,554	-	-	-	7,569	-	61,632
Operating lease liabilities, net of current portion	2,266	519	35	79	-	(45)	-	-	2,633	17,666	-	-	23,153	-	9,412	-	-	63,863	-	96,428
Estimated liability claims costs, net of current portion	109,600	13,431	6,810	3,496	-	9,264	-	-	26,721	-	-	-	169,322	-	-	-	-	14,802	-	184,124
Net pension liability	22,184	51,645	-	1,632	-	-	-	-	-	138,907	-	-	214,368	-	-	-	-	-	-	214,368
Other long-term liabilities	676,234	58,500	151,760	118,462	93	301,955	168	-	192,549	14,066	222	(1,317,455)	196,554	-	235	-	483	17,428	(16,150)	198,550
Total liabilities	1,522,310	328,893	219,826	185,769	152	370,569	11,169	4,436	372,788	2,026,553	13,491	(1,514,560)	3,541,396	638,541	17,762	40	3,230	255,439	(306,057)	4,150,351
Net assets																				
Without donor restrictions controlled by JHHS	2,071,512	122,283	214,723	507,605	3,091	1,290,095	77,397	391,855	988,409	134,946	23,330	-	5,825,246	91,863	82,804	9,142	78,885	106,414	(187,687)	6,006,667
Without donor restrictions attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	163,289	-	-	-	6,359	-	169,648
Total net assets without donor restrictions	2,071,512	122,283	214,723	507,605	3,091	1,290,095	77,397	391,855	988,409	134,946	23,330	-	5,825,246	255,152	82,804	9,142	78,885	112,773	(187,687)	6,176,315
Net assets with donor restrictions	12,890	8,094	8,328	-	31,025	3,857	64,120	-	19,720	50	-	-	148,084	-	-	8,605	87,372	1,069	(27,656)	217,474
Total net assets	2,084,402	130,377	223,051	507,605	34,116	1,293,952	141,517	391,855	1,008,129	134,996	23,330	-	5,973,330	255,152	82,804	17,747	166,257	113,842	(215,343)	6,393,789
Total liabilities and net assets	$ 3,606,712	$ 459,270	$ 442,877	$ 693,374	$ 34,268	$ 1,664,521	$ 152,686	$ 396,291	$ 1,380,917	$ 2,161,549	$ 36,821	$ (1,514,560)	$ 9,514,726	$ 893,693	$ 100,566	$ 17,787	$ 169,487	$ 369,281	$ (521,400)	$ 10,544,140

The accompanying note is an integral part of this supplemental consolidating information.

The Johns Hopkins Health System Corporation and Affiliates
Supplementary Consolidating Balance Sheet
June 30, 2023

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Johns Hopkins Howard County Medical Center	Suburban Hospital, Inc. and Other Consolidated Entities	Suburban Hospital, Inc. Foundation	Sibley Memorial Hospital	Sibley Memorial Hospital Foundation	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins Health Plans and Subsidiaries	Johns Hopkins Imaging, LLC	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
Assets																				
Current assets																				
Cash and cash equivalents	$ 39,171	$ 14,401	$ 5,773	$ 33,849	$ -	$ 126,798	$ 4,692	$ -	$ 72,040	$ 362,487	$ 96	$ -	$ 659,307	$ 222,258	$ 47,849	$ 993	$ 14,608	$ 60,382	$ -	$ 1,005,397
Short-term investments	-	151	-	423	-	35,557	2,172	-	100	103,220	200	-	141,823	-	-	-	135	-	-	141,958
Assets whose use is limited - used for current liabilities	-	-	-	246	-	-	-	-	-	-	-	-	246	-	-	-	-	-	-	246
Patient accounts receivable, net	397,197	86,213	32,114	43,329	-	68,451	-	-	91,272	-	-	-	718,576	55,383	-	-	-	31,044	(37,387)	767,616
Due from others	78,227	11,496	2,043	3,347	2	4,589	4	-	27,490	30,300	313	-	157,811	64,452	6,654	91	216	13,521	(5,000)	237,745
Due from affiliates	5,520	1,187	624	(425)	590	681	-	-	3,671	191,863	668	(188,753)	15,626	50,992	6,140	54	-	52,356	(114,572)	10,596
Supplies	95,917	13,701	4,467	12,526	-	8,291	-	-	12,762	-	-	-	147,664	934	50	-	-	30,127	-	178,775
Estimated insurance recoveries	33,856	2,895	1,718	1,813	-	2,299	-	-	6,208	-	-	-	48,789	-	-	-	-	5,012	-	53,801
Prepaid expenses and other current assets	7,792	1,016	1,845	3,779	-	3,549	-	-	5,398	10,607	318	-	34,304	14,839	109	-	178	3,115	-	52,545
Total current assets	657,680	131,060	48,584	98,887	592	250,215	6,868	-	218,941	698,477	1,595	(188,753)	1,924,146	408,858	60,802	1,138	15,137	195,557	(156,959)	2,448,679
Assets whose use is limited																				
By donors or grantors for																				
Pledges receivable	300	208	-	-	3,517	-	9,302	-	-	-	-	-	13,327	-	-	1,452	10,698	262	-	25,739
Other	6,951	9,188	16,715	107	26,203	1,800	52,779	-	-	-	-	-	113,743	-	-	5,684	70,113	(262)	(16,715)	172,563
By Board of Trustees	107,243	85,431	-	-	-	82,589	17,988	354,982	25,679	-	-	-	673,912	-	-	-	10,926	-	-	684,838
Other	2,806	584	133	482	176	-	-	-	19,044	18,683	222	-	42,130	1,086	-	194	469	-	(17,064)	26,815
Total assets whose use is limited	117,300	95,411	16,848	589	29,896	84,389	80,069	354,982	44,723	18,683	222	-	843,112	1,086	-	7,330	92,206	-	(33,779)	909,955
Investments	1,404,372	7,722	188,433	291,818	-	690,506	45,985	-	499,300	68,799	15,143	-	3,212,078	362,193	-	8,278	27,552	22,184	(176,972)	3,455,313
Property, plant and equipment, net	1,108,441	149,162	148,905	265,502	-	465,868	97	-	368,344	51,745	18,231	-	2,576,295	16,071	18,136	-	17,991	33,859	-	2,662,352
Finance lease right-of-use assets	5,049	14,897	3,906	-	-	-	-	-	4,055	13,405	5,269	-	46,581	15,716	-	-	-	9,071	-	71,368
Operating lease right-of-use assets	3,174	3,923	56	540	-	88	-	-	2,019	18,418	-	-	28,218	1,421	10,858	-	-	77,867	-	118,364
Due from affiliates, net of current portion	121,601	1,710	1,574	720	-	720	-	-	-	1,219,903	-	(1,269,137)	77,091	-	-	-	-	309	(26,803)	50,597
Estimated insurance recoveries, net of current portion	36,094	3,087	1,832	1,933	-	2,451	-	-	6,618	-	-	-	52,015	-	-	-	-	5,344	-	57,359
Swap counterparty deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,494	-	17,494
Other assets	9,754	384	388	8	-	2,090	-	-	5,805	2,624	1,691	-	22,744	2	2,071	-	-	623	(910)	24,530
Total assets	$ 3,463,465	$ 407,356	$ 410,526	$ 659,997	$ 30,488	$ 1,496,327	$ 133,019	$ 354,982	$ 1,149,805	$ 2,092,054	$ 42,151	$ (1,457,890)	$ 8,782,280	$ 805,347	$ 91,867	$ 16,746	$ 152,886	$ 362,308	$ (395,423)	$ 9,816,011
Liabilities and Net Assets																				
Current liabilities																				
Current portion of long-term debt	$ -	$ 7,105	$ -	$ -	$ -	$ -	$ -	$ -	$ 78,500	$ 116,770	$ -	$ -	$ 202,375	$ -	$ 1,048	$ -	$ -	$ -	$ -	$ 203,423
Finance lease liabilities	526	2,055	1,002	-	-	-	-	-	1,116	1,833	3,707	-	10,239	2,697	-	-	-	1,612	-	14,548
Operating lease liabilities	501	1,935	11	270	-	12	-	-	507	5,538	-	-	8,774	705	1,253	-	-	10,977	-	21,709
Accounts payable and accrued liabilities	287,828	59,239	28,064	33,253	43	44,946	320	631	36,092	158,516	1,501	-	650,433	150,317	2,297	31	25	92,013	(15,236)	879,880
Medical claims reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	210,596	-	-	-	-	(49,332)	161,264
Deferred revenue	2,373	2,596	76	474	-	1,179	-	-	458	2,347	-	-	9,503	169,793	-	-	-	6,917	-	186,213
Due to affiliates	137,157	46,062	3,842	8,007	12	(3,572)	8,771	2,808	48,595	7,136	49	(188,753)	70,114	28,068	927	-	2,253	6,531	(92,344)	15,549
Advances from third-party payors	97,046	17,913	11,102	9,139	-	-	-	-	-	-	-	-	135,200	-	-	-	-	-	-	135,200
Current portion of estimated liability claims costs	35,444	3,119	1,819	1,853	-	2,420	-	-	6,589	-	-	-	51,244	-	-	-	-	5,217	-	56,461
Total current liabilities	560,875	140,024	45,916	52,996	55	44,985	9,091	3,439	171,857	292,140	5,257	(188,753)	1,137,882	562,176	5,525	31	2,278	123,267	(156,912)	1,674,247
Long-term debt, net of current portion	-	15,355	-	-	-	-	-	-	-	1,468,069	-	-	1,483,424	-	177	-	-	-	-	1,483,601
Finance lease liabilities, net of current portion	3,865	14,913	3,437	-	-	-	-	-	3,474	14,404	11,341	-	51,434	15,411	-	-	-	8,462	-	75,307
Operating lease liabilities, net of current portion	2,793	2,572	46	277	-	76	-	-	1,609	18,540	-	-	25,913	3,431	10,274	-	-	72,278	-	111,896
Estimated liability claims costs, net of current portion	113,887	14,050	6,818	3,886	-	8,391	-	-	25,264	-	-	-	172,296	-	-	-	-	15,378	-	187,674
Net pension liability	105,512	56,488	-	717	-	-	-	-	-	153,385	-	-	316,102	-	-	-	-	-	-	316,102
Other long-term liabilities	718,240	60,202	151,640	121,961	97	305,318	172	-	129,273	2,899	222	(1,269,137)	220,887	-	252	-	537	30,034	(27,760)	223,950
Total liabilities	1,505,172	303,604	207,857	179,837	152	358,770	9,263	3,439	331,477	1,949,437	16,820	(1,457,890)	3,407,938	581,018	16,228	31	2,815	249,419	(184,672)	4,072,777
Net assets																				
Without donor restrictions controlled by JHHS	1,948,190	94,356	194,907	480,160	1,884	1,133,766	61,974	351,543	799,284	142,567	25,331	-	5,233,962	97,909	75,639	8,686	70,763	105,847	(186,054)	5,406,752
Without donor restrictions attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	126,420	-	-	-	5,992	-	132,412
Total net assets without donor restrictions	1,948,190	94,356	194,907	480,160	1,884	1,133,766	61,974	351,543	799,284	142,567	25,331	-	5,233,962	224,329	75,639	8,686	70,763	111,839	(186,054)	5,539,164
Net assets with donor restrictions	10,103	9,396	7,762	-	28,452	3,791	61,782	-	19,044	50	-	-	140,380	-	-	8,029	79,308	1,050	(24,697)	204,070
Total net assets	1,958,293	103,752	202,669	480,160	30,336	1,137,557	123,756	351,543	818,328	142,617	25,331	-	5,374,342	224,329	75,639	16,715	150,071	112,889	(210,751)	5,743,234
Total liabilities and net assets	$ 3,463,465	$ 407,356	$ 410,526	$ 659,997	$ 30,488	$ 1,496,327	$ 133,019	$ 354,982	$ 1,149,805	$ 2,092,054	$ 42,151	$ (1,457,890)	$ 8,782,280	$ 805,347	$ 91,867	$ 16,746	$ 152,886	$ 362,308	$ (395,423)	$ 9,816,011

The accompanying note is an integral part of this supplemental consolidating information.

The Johns Hopkins Health System Corporation and Affiliates
Supplementary Consolidating Statement of Operations and Changes in Net Assets
For the Year Ended June 30, 2024

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Johns Hopkins Howard County Medical Center	Suburban Hospital, Inc. and Other Consolidated Entities	Suburban Hospital, Inc. Foundation	Sibley Memorial Hospital	Sibley Memorial Hospital Foundation	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations
Operating revenues and other support												
Net patient service revenue	$ 2,590,670	$ 684,708	$ 316,638	$ 362,941	$ -	$ 541,920	$ -	$ -	$ 800,676	$ -	$ -	$ -
Insurance premium revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	731,282	114,719	9,595	17,349	1,052	29,312	1,435	2,084	89,474	656,963	8,289	(468,856)
Net assets released from restrictions used for operations	201	1,338	729	2,108	-	8,396	220	-	648	-	-	-
Total operating revenues and other support	3,322,153	800,765	326,962	382,398	1,052	579,628	1,655	2,084	890,798	656,963	8,289	(468,856)
Operating expenses												
Salaries, wages and benefits	1,071,284	321,136	164,093	184,384	821	215,941	1,225	887	320,524	413,363	10	-
Purchased services	998,132	269,713	94,484	91,200	426	133,736	584	840	239,565	209,584	2,855	(405,594)
Supplies and other	1,073,778	166,008	48,909	83,177	29	162,245	281	2,061	158,449	11,294	4,540	-
Interest	26,659	4,297	5,561	5,483	-	9,736	-	-	8,361	70,409	1,128	(63,262)
Depreciation and amortization	112,631	27,810	17,953	26,353	-	41,022	-	-	35,897	12,139	2,314	-
Total operating expenses	3,282,484	788,964	331,000	390,597	1,276	562,680	2,090	3,788	762,796	716,789	10,847	(468,856)
Income (loss) from operations	39,669	11,801	(4,038)	(8,199)	(224)	16,948	(435)	(1,704)	128,002	(59,826)	(2,558)	-
Nonoperating revenues and expenses												
Interest (expense) revenue on swap agreements	(1,550)	53	(109)	-	-	-	-	-	(74)	-	-	-
Changes in fair value of interest rate swap agreements	15,998	21	1,766	-	-	-	-	-	3,372	-	-	-
Investment return, net	161,216	12,297	23,754	37,347	1,431	133,482	15,858	50,917	78,659	7,687	1,269	-
Other components of net periodic pension cost	16,063	5,400	-	59	-	-	-	-	-	(2,841)	-	-
Academic mission support and other	(123,357)	(10,795)	(661)	-	-	-	-	(2,084)	(6,127)	112	-	-
Excess of revenues over (under) expenses	108,039	18,777	20,712	29,207	1,207	150,430	15,423	47,129	203,832	(54,868)	(1,289)	-
Contributions (to) from affiliates	(44,201)	(1,669)	(1,182)	(1,448)	-	(1,685)	-	-	(14,921)	41,038	(712)	-
Changes in funded status of defined benefit plans	58,149	8,865	-	(2,839)	-	-	-	-	-	4,847	-	-
Net assets released from restrictions used for purchases of property, plant, and equipment	1,335	1,954	286	2,525	-	767	-	-	-	-	-	-
Other	-	-	-	-	-	15,212	(8,395)	(6,817)	214	1,362	-	-
Increase (decrease) in net assets without donor restrictions	123,322	27,927	19,816	27,445	1,207	164,724	7,028	40,312	189,125	(7,621)	(2,001)	-
Changes in net assets with donor restrictions												
Gifts, grants and bequests	4,323	1,990	1,581	1,938	5,268	67	11,720	-	-	-	-	-
Net assets released from restrictions used for purchases of property, plant, and equipment	(1,335)	(1,954)	(286)	-	(2,525)	-	(767)	-	-	-	-	-
Net assets released from restrictions used for operations	(201)	(1,338)	(729)	(8)	(2,100)	(8,616)	-	-	(648)	-	-	-
Other	-	-	-	(1,930)	1,930	220	(220)	-	1,324	-	-	-
Increase (decrease) in net assets with donor restrictions	2,787	(1,302)	566	-	2,573	(8,329)	10,733	-	676	-	-	-
Increase (decrease) in net assets	126,109	26,625	20,382	27,445	3,780	156,395	17,761	40,312	189,801	(7,621)	(2,001)	-
Net assets												
Beginning of year	1,958,293	103,752	202,669	480,160	30,336	1,137,557	123,756	351,543	818,328	142,617	25,331	-
End of year	$ 2,084,402	$ 130,377	$ 223,051	$ 507,605	$ 34,116	$ 1,293,952	$ 141,517	$ 391,855	$ 1,008,129	$ 134,996	$ 23,330	$ -

	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins Health Plans and Subsidiaries	Johns Hopkins Imaging, LLC	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
Operating revenues and other support								
Net patient service revenue	$ 5,297,553	$ 106,027	$ -	$ -	$ -	$ 414,539	$ (527,883)	$ 5,290,236
Insurance premium revenue	-	2,522,035	-	-	-	490,205	(490,205)	2,522,035
Other revenue	1,192,698	67,438	91,540	742	8,795	255,814	(402,253)	1,214,774
Net assets released from restrictions used for operations	13,640	-	-	198	6,940	34	-	20,812
Total operating revenues and other support	6,503,891	2,695,500	91,540	940	15,735	1,160,592	(1,420,341)	9,047,857
Operating expenses								
Salaries, wages and benefits	2,693,668	182,300	-	392	3,532	467,629	(109,852)	3,237,669
Purchased services	1,635,525	2,396,423	52,848	606	9,868	663,683	(1,294,414)	3,464,539
Supplies and other	1,710,771	75,528	9,104	98	1,081	50,848	(5,966)	1,841,464
Interest	68,372	1,680	20	-	-	316	(16)	70,372
Depreciation and amortization	276,119	7,175	8,403	-	161	7,361	-	299,219
Total operating expenses	6,384,455	2,663,106	70,375	1,096	14,642	1,189,837	(1,410,248)	8,913,263
Income (loss) from operations	119,436	32,394	21,165	(156)	1,093	(29,245)	(10,093)	134,594
Nonoperating revenues and expenses								
Interest (expense) revenue on swap agreements	(1,680)	-	-	-	-	-	-	(1,680)
Changes in fair value of interest rate swap agreements	21,157	-	-	-	-	-	-	21,157
Investment return, net	523,917	2,287	-	1,223	8,763	1,821	-	538,011
Other components of net periodic pension cost	18,681	-	-	-	-	-	-	18,681
Academic mission support and other	(142,912)	(263)	-	-	(87)	469	(687)	(143,480)
Excess of revenues over (under) expenses	538,599	34,418	21,165	1,067	9,769	(26,955)	(10,780)	567,283
Contributions (to) from affiliates	(24,780)	3,617	(14,000)	(1,617)	(1,350)	28,048	10,153	71
Changes in funded status of defined benefit plans	69,022	-	-	-	-	-	-	69,022
Net assets released from restrictions used for purchases of property, plant, and equipment	6,867	-	-	-	-	-	-	6,867
Other	1,576	(7,212)	-	1,006	(297)	(159)	(1,006)	(6,092)
Increase (decrease) in net assets without donor restrictions	591,284	30,823	7,165	456	8,122	934	(1,633)	637,151
Changes in net assets with donor restrictions								
Gifts, grants and bequests	26,887	-	-	1,780	13,113	68	(660)	41,188
Net assets released from restrictions used for purchases of property, plant, and equipment	(6,867)	-	-	-	-	-	-	(6,867)
Net assets released from restrictions used for operations	(13,640)	-	-	(198)	(6,940)	(34)	-	(20,812)
Other	1,324	-	-	(1,006)	1,891	(15)	(2,299)	(105)
Increase (decrease) in net assets with donor restrictions	7,704	-	-	576	8,064	19	(2,959)	13,404
Increase (decrease) in net assets	598,988	30,823	7,165	1,032	16,186	953	(4,592)	650,555
Net assets								
Beginning of year	5,374,342	224,329	75,639	16,715	150,071	112,889	(210,751)	5,743,234
End of year	$ 5,973,330	$ 255,152	$ 82,804	$ 17,747	$ 166,257	$ 113,842	$ (215,343)	$ 6,393,789

The accompanying note is an integral part of this supplemental consolidating information.

The Johns Hopkins Health System Corporation and Affiliates
Supplementary Consolidating Statement of Operations and Changes in Net Assets
For the Year Ended June 30, 2023

(in thousands)

	The Johns Hopkins Hospital	Johns Hopkins Bayview Medical Center, Inc.	Johns Hopkins Howard County Medical Center	Suburban Hospital, Inc. and Other Consolidated Entities	Suburban Hospital, Inc. Foundation	Sibley Memorial Hospital	Sibley Memorial Hospital Foundation	Sibley Other Affiliates	Johns Hopkins All Children's Hospital, Inc.
Operating revenues and other support									
Net patient service revenue	$ 2,465,608	$ 654,365	$ 303,519	$ 340,254	$ -	$ 498,177	$ -	$ -	$ 585,012
Insurance premium revenue	-	-	-	-	-	-	-	-	-
Other revenue	694,144	108,280	13,318	19,062	1,093	29,040	2,763	1,500	103,536
Net assets released from restrictions used for operations	290	773	1,699	1,762	-	6,658	88	-	401
Total operating revenues and other support	3,160,042	763,418	318,536	361,078	1,093	533,875	2,851	1,500	688,949
Operating expenses									
Salaries, wages and benefits	974,568	297,953	148,902	175,099	759	193,797	1,234	415	267,558
Purchased services	1,018,140	284,154	113,741	95,487	444	127,380	665	1,203	212,486
Supplies and other	952,683	152,541	45,868	72,411	23	144,747	203	1,575	104,894
Interest	23,027	3,915	5,491	5,180	-	9,883	-	-	7,365
Depreciation and amortization	108,729	27,786	17,112	26,783	-	40,427	-	2	34,088
Total operating expenses	3,077,147	766,349	331,114	374,960	1,226	516,234	2,102	3,195	626,391
Income (loss) from operations	82,895	(2,931)	(12,578)	(13,882)	(133)	17,641	749	(1,695)	62,558
Nonoperating revenues and expenses									
Interest expense on swap agreements	(6,353)	(191)	(526)	-	-	-	-	-	(962)
Changes in fair value of interest rate swap agreements	32,646	747	3,264	-	-	-	-	-	5,717
Investment return, net	127,679	8,497	18,850	28,962	726	93,254	10,570	37,840	55,920
Other components of net periodic pension cost	23,049	6,228	(10)	493	-	-	-	-	-
Academic mission support and other	(132,528)	(15,286)	(2,133)	-	-	(5)	-	(1,499)	(6,096)
Excess of revenues over (under) expenses	127,388	(2,936)	6,867	15,573	593	110,890	11,319	34,646	117,137
Contributions (to) from affiliates	(71,380)	-	1,242	-	-	-	-	-	(11,800)
Changes in funded status of defined benefit plans	6,418	16,041	-	173	-	-	-	-	-
Net assets released from restrictions used for purchases of property, plant, and equipment	888	1,013	405	2,447	-	291	-	-	-
Other	-	-	-	-	-	13,358	(6,658)	(6,700)	216
Increase in net assets without donor restrictions	63,314	14,118	8,514	18,193	593	124,539	4,661	27,946	105,553
Changes in net assets with donor restrictions									
Gifts, grants and bequests	1,541	2,414	1,476	1,835	4,372	195	7,707	-	1
Net assets released from restrictions used for purchases of property, plant, and equipment	(888)	(1,013)	(405)	-	(2,447)	(157)	(134)	-	-
Net assets released from restrictions used for operations	(290)	(773)	(1,699)	-	(1,762)	(6,746)	-	-	(401)
Other	-	-	-	(1,835)	1,835	88	(88)	-	535
Increase (decrease) in net assets with donor restrictions	363	628	(628)	-	1,998	(6,620)	7,485	-	135
Increase (decrease) in net assets	63,677	14,746	7,886	18,193	2,591	117,919	12,146	27,946	105,688
Net assets									
Beginning of year	1,894,616	89,006	194,783	461,967	27,745	1,019,638	111,610	323,597	712,640
End of year	$ 1,958,293	$ 103,752	$ 202,669	$ 480,160	$ 30,336	$ 1,137,557	$ 123,756	$ 351,543	$ 818,328

	The Johns Hopkins Health System Corporation	Suburban Hospital Healthcare System, Inc.	Eliminations	Johns Hopkins Health System Obligated Group Subtotal	Johns Hopkins Health Plans and Subsidiaries	Johns Hopkins Imaging, LLC	Howard Hospital Foundation	Johns Hopkins All Children's Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
Operating revenues and other support											
Net patient service revenue	$ -	$ -	$ -	$ 4,846,935	$ 104,503	$ -	$ -	$ -	$ 380,613	$ (502,088)	$ 4,829,963
Insurance premium revenue	-	-	-	-	2,562,252	-	-	-	476,455	(476,455)	2,562,252
Other revenue	648,696	7,921	(427,412)	1,201,941	62,231	78,392	921	8,276	229,911	(418,885)	1,162,787
Net assets released from restrictions used for operations	-	-	-	11,671	-	-	277	5,647	135	-	17,730
Total operating revenues and other support	648,696	7,921	(427,412)	6,060,547	2,728,986	78,392	1,198	13,923	1,087,114	(1,397,428)	8,572,732
Operating expenses											
Salaries, wages and benefits	362,183	13	-	2,422,481	169,531	-	531	2,970	406,548	(101,307)	2,900,754
Purchased services	189,300	2,596	(374,476)	1,671,120	2,386,880	48,046	494	8,613	645,918	(1,241,497)	3,519,574
Supplies and other	11,036	440	-	1,486,421	78,955	8,963	121	891	45,997	(6,517)	1,614,831
Interest	63,120	1,470	(52,936)	66,515	2,751	50	-	-	383	-	69,699
Depreciation and amortization	10,942	2,457	-	268,326	7,578	6,577	-	164	8,402	-	291,047
Total operating expenses	636,581	6,976	(427,412)	5,914,863	2,645,695	63,636	1,146	12,638	1,107,248	(1,349,321)	8,395,905
Income (loss) from operations	12,115	945	-	145,684	83,291	14,756	52	1,285	(20,134)	(48,107)	176,827
Nonoperating revenues and expenses											
Interest expense on swap agreements	-	-	-	(8,032)	-	-	-	-	-	-	(8,032)
Changes in fair value of interest rate swap agreements	-	-	-	42,374	-	-	-	-	-	-	42,374
Investment return, net	5,605	1,270	-	389,173	(1,393)	164	987	6,022	122	-	395,075
Other components of net periodic pension cost	1,131	-	-	30,891	143	41	-	-	278	-	31,353
Academic mission support and other	2,306	(7)	-	(155,248)	163	-	-	(386)	62	2,615	(152,794)
Excess of revenues over (under) expenses	21,157	2,208	-	444,842	82,204	14,961	1,039	6,921	(19,672)	(45,492)	484,803
Contributions (to) from affiliates	57,545	(1,476)	-	(25,869)	(32,717)	-	(3,080)	(1,350)	27,931	35,540	455
Changes in funded status of defined benefit plans	(5,702)	-	-	16,930	-	-	-	-	-	-	16,930
Net assets released from restrictions used for purchases of property, plant, and equipment	-	-	-	5,044	-	-	-	-	-	-	5,044
Other	(728)	-	-	(512)	(16,640)	-	2,093	164	(261)	(2,093)	(17,249)
Increase in net assets without donor restrictions	72,272	732	-	440,435	32,847	14,961	52	5,735	7,998	(12,045)	489,983
Changes in net assets with donor restrictions											
Gifts, grants and bequests	-	-	-	19,541	-	-	1,749	12,289	(521)	(1,072)	31,986
Net assets released from restrictions used for purchases of property, plant, and equipment	-	-	-	(5,044)	-	-	-		-	-	(5,044)
Net assets released from restrictions used for operations	-	-	-	(11,671)	-	-	(277)	(5,647)	(135)	-	(17,730)
Other	-	-	-	535	-	-	(2,093)	(791)	791	2,539	981
Increase (decrease) in net assets with donor restrictions	-	-	-	3,361	-	-	(621)	5,851	135	1,467	10,193
Increase (decrease) in net assets	72,272	732	-	443,796	32,847	14,961	(569)	11,586	8,133	(10,578)	500,176
Net assets											
Beginning of year	70,345	24,599	-	4,930,546	191,482	60,678	17,284	138,485	104,756	(200,173)	5,243,058
End of year	$ 142,617	$ 25,331	$ -	$ 5,374,342	$ 224,329	$ 75,639	$ 16,715	$ 150,071	$ 112,889	$ (210,751)	$ 5,743,234

The accompanying note is an integral part of this supplemental consolidating information.

1. Basis of Presentation and Accounting

The supplementary consolidating financial statements presented on pages 56-59 were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial positions and changes in net assets of the individual companies within JHHS and are not a required part of the consolidated financial statements. The individual affiliates within JHHS as presented within the supplementary consolidating financial statements are disclosed within Note 1 to the consolidated financial statements.

The supplementary consolidating financial statements also includes the financial positions and changes in net assets of the JHHS Obligated Group. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements.