



**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Consolidated Financial Statements and
Supplementary Information

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

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KPMG LLP
750 East Pratt Street, 18th Floor
Baltimore, MD 21202

Independent Auditors' Report

The Board of Directors
GBMC HealthCare, Inc.:

Opinion

We have audited the consolidated financial statements of GBMC HealthCare, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of its operations, the changes in its net assets, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedules 1-3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Baltimore, Maryland
October 21, 2025

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

June 30, 2025 and 2024

(In thousands)

Assets	2025	2024
Current assets:		
Cash and cash equivalents	\$ 49,317	35,421
Short-term investments and limited or restricted use funds	23,327	52,874
Patient accounts receivable, net	80,519	78,230
Other receivables	29,281	26,744
Other current assets	18,030	18,092
Total current assets	200,474	211,361
Investments and limited or restricted use funds	503,786	480,887
Property, plant, and equipment, net	405,137	408,505
Operating lease right-of-use assets	22,686	19,560
Pension asset	6,191	6,119
Other assets	62,918	54,227
Total assets	\$ 1,201,192	1,180,659
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 91,533	95,069
Current portion of insurance reserves	16,783	14,017
Advances from third-party payors	16,014	17,252
Current portion of operating lease liabilities	3,291	3,607
Current portion of long-term debt and finance lease liabilities	14,775	9,359
Other current liabilities	6,047	7,090
Total current liabilities	148,443	146,394
Long-term debt	250,886	262,562
Finance lease liabilities	12,628	16,009
Operating lease liabilities	20,561	16,826
Insurance reserves	39,990	41,660
Other long-term liabilities	5,429	2,078
Total liabilities	477,937	485,529
Net assets:		
Controlling interest	602,294	570,126
Non-controlling interest	8,674	8,147
Total net assets without donor restrictions	610,968	578,273
Net assets with donor restrictions	112,287	116,857
Total net assets	723,255	695,130
Total liabilities and net assets	\$ 1,201,192	1,180,659

See accompanying notes to consolidated financial statements.

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Operations

Years ended June 30, 2025 and 2024

(In thousands)

	<u>2025</u>	<u>2024</u>
Operating revenue:		
Net patient service revenue	\$ 704,596	663,031
Other operating revenue	48,458	42,601
Net assets released from restrictions	13,597	10,403
Total operating revenue	<u>766,651</u>	<u>716,035</u>
Operating expenses:		
Salaries, wages, and employee benefits	491,186	447,009
Expendable supplies	150,371	132,542
Purchased services and other	109,477	101,264
Depreciation and amortization	39,807	36,742
Interest	8,290	6,425
Total operating expenses	<u>799,131</u>	<u>723,982</u>
Operating loss	<u>(32,480)</u>	<u>(7,947)</u>
Nonoperating gains:		
Fundraising expense	(3,310)	(3,162)
Investment gains, net	39,327	37,433
Inherent contribution	11,952	—
Other components of net periodic pension cost	119	148
Other nonoperating income, net	970	167
Total nonoperating gains	<u>49,058</u>	<u>34,586</u>
Excess of revenues over expenses	<u>\$ 16,578</u>	<u>26,639</u>

See accompanying notes to consolidated financial statements.

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2025 and 2024

(In thousands)

	Without donor restrictions		With donor restrictions	Total
	GBMC HealthCare, Inc.	Non-controlling interest		
Balance as of June 30, 2023	\$ 523,225	7,838	129,418	660,481
Excess of revenues over expenses	23,830	2,809	—	26,639
Pension related changes other than net periodic pension cost	1,137	—	—	1,137
Distribution to non-controlling interest	—	(2,500)	—	(2,500)
Net assets released for purchase of property, plant, and equipment	21,925	—	(21,925)	—
Net assets released for operations	—	—	(10,403)	(10,403)
Contributions	—	—	13,756	13,756
Investment gains, net	—	—	6,011	6,011
Other changes, net	9	—	—	9
Change in net assets	46,901	309	(12,561)	34,649
Balance as of June 30, 2024	570,126	8,147	116,857	695,130
Excess of revenues over expenses	13,620	2,958	—	16,578
Pension related changes other than net periodic pension cost	259	—	—	259
Distribution to non-controlling interest	—	(3,000)	—	(3,000)
Net assets released for purchase of property, plant, and equipment	18,287	—	(18,287)	—
Net assets released for operations	—	—	(13,597)	(13,597)
Contributions	—	—	17,359	17,359
Investment gains, net	—	—	7,812	7,812
Non-controlling interest acquired	—	569	—	569
Inherent contribution	—	—	2,143	2,143
Other changes, net	2	—	—	2
Change in net assets	32,168	527	(4,570)	28,125
Balance as of June 30, 2025	\$ 602,294	8,674	112,287	723,255

See accompanying notes to consolidated financial statements.

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended June 30, 2025 and 2024

(In thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 28,125	34,649
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	39,807	36,742
Realized and unrealized gains on investments	(19,491)	(28,680)
Pension related changes other than net periodic pension cost	(259)	(1,137)
Restricted investment income	(3,027)	(1,976)
Restricted contributions	(17,359)	(13,756)
Distribution to non-controlling interest	3,000	2,500
Gain on disposal of assets	(970)	—
Inherent contribution	(14,095)	—
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(466)	(7,543)
Other receivables and other assets	(3,709)	(2,867)
Accounts payable and accrued expenses, and other liabilities	(1,321)	(13,267)
Advances from third-parties	(1,238)	2,040
Pension asset	187	(943)
Net cash provided by operating activities	<u>9,184</u>	<u>5,762</u>
Cash flows from investing activities:		
Purchases of investments and limited or restricted use funds	(17,980)	(29,000)
Proceeds from sales of investments and limited or restricted use funds	24,371	58,944
Purchases of alternative investments	(3,098)	(4,657)
Proceeds from sales of alternative investments	18,765	7,882
Purchases of property and equipment	(33,897)	(98,977)
Acquired cash	879	—
Net cash used in investing activities	<u>(10,960)</u>	<u>(65,808)</u>
Cash flows from financing activities:		
Payment on long-term debt and finance lease liabilities	(9,641)	(8,901)
Proceeds from long-term debt	—	53,950
Proceeds from restricted contributions	16,219	14,755
Distributions to non-controlling interest	(3,000)	(2,500)
Net cash provided by financing activities	<u>3,578</u>	<u>57,304</u>
Increase (decrease) in cash and cash equivalents	1,802	(2,742)
Cash and cash equivalents, beginning of year	53,759	56,501
Cash and cash equivalents, end of year	<u>\$ 55,561</u>	<u>53,759</u>
Supplemental cash flow disclosures for investing and financing activities:		
Cash paid during the year for interest	\$ 4,246	8,115
Capital additions accrued but not paid	2,461	7,307
Operating right-of-use assets obtained in exchange for lease obligations	2,385	2,428
Finance right-of-use assets obtained in exchange for lease obligations	—	2,034
Reconciliation of ending cash and cash equivalents to consolidated balance sheets:		
Cash and cash equivalents	\$ 49,317	35,421
Restricted cash included in limited or restricted use funds	6,244	18,338
Total cash and cash equivalents	<u>\$ 55,561</u>	<u>53,759</u>

See accompanying notes to consolidated financial statements.

**GBMC HEALTHCARE, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

(In thousands)

(1) Organization and Consolidation

GBMC HealthCare, Inc. (the Company), is a not-for-profit holding company, which includes Greater Baltimore Medical Center, Inc. (Medical Center), Greater Baltimore Health Alliance Physicians, LLC, GBMC Foundation, Inc., Gilchrist Hospice Care, Inc., Greater Baltimore Medical Center Land, Inc., and GBMC Agency, Inc.

The Medical Center is a wholly-owned not-for-profit hospital, which provides inpatient, outpatient, emergency care, and physician services primarily for residents of the Baltimore metropolitan area. The Medical Center was formed by agreement dated September 1, 1965, by the Hospital for Women of Maryland of Baltimore City and Presbyterian Eye, Ear and Throat Charity Hospital. In addition, the Medical Center has ownership of Ruxton Insurance Company, Ltd. (Ruxton), an insurance captive domiciled in Bermuda. Ruxton insures the risks for professional and general liability claims. The Medical Center includes a physician practice group doing business as GBMC Health Partners and GBMC Health Partners at Helping Up Mission, LLC, a wholly-owned subsidiary, providing primary care services in Baltimore City. The medical center and physician practices are collectively defined as the Obligated Group and as such are jointly and severally liable for obligations of Greater Baltimore Medical Center, Inc. The Medical Center also includes GBMC Optical Center, LLC, which offers ophthalmology services and retail optical sales, and GBMC Hospital Based Services, LLC which provides anesthesia services to the Medical Center and other facilities in the service area. Both are wholly-owned subsidiaries of the Medical Center.

Greater Baltimore Health Alliance Physicians, LLC (GBHA), is a wholly-owned not-for-profit accountable care organization, which integrates community primary care with hospital and multi-specialty care in the Baltimore area.

GBMC Foundation, Inc. (Foundation) is a wholly-owned not-for-profit organization, which coordinates fundraising efforts to benefit the Company and its subsidiaries.

Gilchrist Hospice Care, Inc. d/b/a Gilchrist Services, Inc. (Hospice) is a wholly-owned not-for-profit organization, which provides inpatient and home hospice care in the greater Baltimore area. In December 2020, Gilchrist Baltimore Center Support Corporation (GBCSC), an independent entity, was established to support the new market tax credit transaction, to fund construction of Gilchrist Center Baltimore at Stadium Place, a new inpatient hospice facility in Baltimore City. Refer to note 2(i) for further information. On August 30, 2024, Hospice entered into an affiliation agreement with Hospice of Washington County, Inc. (HWC), under which Hospice became the sole member of HWC. HWC is a Maryland-based not-for-profit hospice provider. The affiliation is intended to enhance access to hospice, palliative, and geriatric care services across the state of Maryland through shared clinical expertise, operational collaboration, and coordinated strategic planning. As part of the affiliation agreement, there was no cash consideration paid by Hospice.

Greater Baltimore Medical Center Land, Inc. (Land) is a wholly-owned not-for-profit organization, which operates Physicians Pavilion North, a medical building on the campus of the Medical Center.

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(In thousands)

GBMC Agency, Inc. (Agency) is a wholly-owned for-profit organization, which has ownership interest in various medical services companies as follows:

- Greater Baltimore Diagnostic Imaging Partners, LLP (GBDIP), a diagnostic imaging company, which is 50% owned and consolidated in the financial statements of the Company.
- GBMC Pavilion West Medical Arts, LLC, which owns and operates the five upper floors of Physicians Pavilion West, a medical office building on the campus of the Medical Center.
- GBMC Pavilion Medical Arts, LLC, which owns and operates Physicians Pavilion East, a medical office building on the campus of the Medical Center.
- On December 31, 2024, Agency acquired an additional ownership interest in Northern Baltimore Surgery Center, LLC (NBSC), an ocular surgery center, resulting in a controlling financial interest. As of June 30, 2025, NBSC is 51% owned and consolidated in the financial statements of the Company.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

(b) Consolidation of Subsidiaries

The Company's consolidated financial statements include the subsidiaries in which the Company has 50% or more voting interests or when the Company is deemed to have control. Intercompany accounts and transactions have been eliminated in consolidation.

HWC contributed revenues of \$10,206 and losses of \$361 to the Company for the period from August 30, 2024 to June 30, 2025. The Company recognized an inherent contribution of \$14,095 from this acquisition. The following table summarizes the amounts of identified assets acquired and liabilities assumed at the acquisition date.

Cash and cash equivalents	\$ 879
Patient accounts receivable	1,823
Other receivables	1,659
Investments and limited or restricted use funds	4,986
Property, plant, and equipment, net	6,418
Operating lease ROU assets	4,955
Other assets	444
Accounts payable and accrued expenses	(1,841)
Operating lease liabilities	(5,228)
Total identifiable net assets	<u>\$ 14,095</u>

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Notes to Consolidated Financial Statements

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(In thousands)

(c) Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Limited or Restricted Use Funds

Limited or restricted use funds include assets held by trustees under agreement, set aside for bond repayment, malpractice costs, capital replacement, and amounts restricted by donors. Independent third-parties designate the assets held by trustees under agreement. The limited or restricted use funds are classified as current or noncurrent based upon the timing and nature of their intended use.

(e) Inventories

Inventories, which primarily consist of medical supplies and drugs, are stated at the lower of cost or market, with cost being determined primarily under the first-in, first-out method and are included in other current assets.

(f) Investments and Investment Income

Investments include amounts designated by the Board of Directors and management for specific purposes, insurance reserves, capital replacement, and other purposes. The Company's investment portfolio is considered a trading portfolio, with the exception of the alternative investments, and is classified as current or noncurrent based on management's intention as to use or required obligations. The investment portfolio includes managed cash funds, which are classified as investments and limited or restricted use funds on the consolidated balance sheets. Investments in marketable securities are measured at fair market value on the consolidated balance sheets. The fair value of the investments, with the exception of the alternative investments, is based on quoted market prices or dealer quotations. See note 4 for discussion of the measurement of fair value for investments and limited or restricted use funds.

The fair value of alternative investments is measured based on the net asset value (NAV) as determined by the General Partner in the absence of readily ascertainable market values. Underlying securities of these alternative investments may include certain debt and equity securities that are not readily marketable. Because certain investments are not readily marketable, their fair value is subject to additional uncertainty, and therefore, values realized upon disposition may vary significantly from current reported values.

Investment income or loss (including realized gains and losses on investments, interest and dividends) on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and investment income on assets deposited in the insurance captive investment is reported as other operating revenue. Investment income or loss (including unrealized and realized gains and losses on investments, interest and dividends) from all other net assets without donor restricted fund investments is included in nonoperating gains unless restricted by donor or law. Investment income on investments of donor restricted net assets is recorded as an increase in net assets with donor restrictions to the extent restricted by the donor or law.

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(In thousands)

Investment income is recorded on the accrual basis. Purchases and sales of investments are reflected on a trade-date basis. Realized gains and losses on sales of investments are based on historical cost.

(g) Property, Plant, and Equipment, Net

Property, plant, and equipment are recorded at cost or, if donated, at fair market value at date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. The cost and accumulated depreciation relating to property, plant, and equipment sold or retired are removed from the respective accounts at the time of disposition and the resulting gain or loss is reflected in other operating revenue in the consolidated statements of operations. The estimated useful life by asset type are as follows:

Buildings and improvements	10 to 50 years
Fixed equipment	5 to 20 years
Major movable equipment	5 to 15 years
Software	3 to 7 years
Leasehold improvements	Lease term

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 360, *Property, Plant, and Equipment*, the Company tests long-lived assets for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. No impairment charges were recorded against the carrying value of the Company's long-lived assets during the years ended June 30, 2025 and 2024.

(h) Leases

The Company determines if an arrangement contains a lease at inception of the contract. Right-of-use (ROU) assets represent the right to use the underlying assets for the lease term and the associated lease liabilities represent lease payments arising from the lease. Leases are classified as either operating or finance, with the classification determining whether the expense is recognized on a straight-line basis (for operating leases) or based on an effective interest method (for finance leases). These assets and liabilities are recognized at commencement date, when all the risks and benefits incidental to ownership have been conveyed, based on the present value of lease payments over the lease term. Lease term is equal to the noncancelable term plus any options to renew that the Company is reasonably certain to renew. The depreciable life of ROU assets are limited by the expected lease term, unless there is a transfer of title or purchase option that is reasonably certain to be exercised at the inception of the lease. A ROU asset and lease liability is not recognized for leases with an initial

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(In thousands)

term of 12 months or less and the Company does not separate lease and non-lease components by class of underlying asset for certain asset classes. The Company recognizes lease payments associated with short-term lease as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as all other leases.

Finance lease ROU assets of \$13,693 and \$16,042 are included in property, plant, and equipment, net in the accompanying consolidated balance sheets as of June 30, 2025 and 2024, respectively. Finance lease liabilities of \$3,397 and \$3,234 are included in current portion of long-term debt and finance lease liabilities in the accompanying consolidated balance sheets as of June 30, 2025 and 2024, respectively.

(i) Other Assets

Other assets consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Pledge receivables, net	\$ 19,645	19,403
Reinsurance receivable	9,986	11,597
New markets tax credit note receivable	8,784	8,784
Goodwill	8,787	7,593
Equity method investments	8,536	4,296
Other	7,180	2,554
	<u>\$ 62,918</u>	<u>54,227</u>

Goodwill is assessed annually for impairment at the reporting unit. The Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment tests as described by FASB ASC Topic 350, *Intangibles – Goodwill and Other*. The more likely than not threshold is defined as having a likelihood of more than 50%.

During the year ended June 30, 2025, Agency acquired controlling ownership interest in NBSC which resulted in \$1,202 of goodwill. At June 30, 2025 and 2024, the Company assessed the goodwill for its reporting units, GBDIP and NBSC, for impairment. The Company determined that it was not more likely than not that the fair value of both entities was less than their carrying amount. Accordingly, the Company concluded that goodwill was not impaired as of June 30, 2025 and 2024 without having to perform the two-step impairment test.

New market tax credits (NMTC) are created by the federal government to help encourage investment in low-income communities. Investors receive a 39% federal tax credit earned over a seven-year period. In December 2020, Hospice entered into a NMTC transaction which provided a mechanism for Hospice to receive funding towards the construction of its new facility in Baltimore City, Stadium Place. Refer to note 7 for further information.

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June 30, 2025 and 2024

(In thousands)

The Company accounts for its joint ventures using the equity method or at cost, as appropriate, and any income (loss) is included in other operating revenue in the consolidated statements of operations.

Other includes enterprise resource planning software license fees amortized over the useful life of the software license with a corresponding liability to pay for it over time.

(j) Contributions

Unconditional promises to give cash and other assets to the Company are reported at fair value on the date the promise is received. Conditional promises to give are reported at fair value on the date that the conditions are met. 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 is satisfied, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as 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 contributions without donor restrictions in the accompanying consolidated financial statements.

Net assets with donor restrictions are those whose use by the Company has been limited by donors to a specific purpose, time period, or in perpetuity.

(k) Derivative

The Company utilizes a derivative financial instrument to manage its interest rate risk associated with Series 2023 tax-exempt debt. The Company does not hold or issue derivative financial instruments for trading purposes. The derivative instrument is recorded within the consolidated balance sheet at its fair value within other long-term liabilities. The Company's current derivative instrument does not qualify for hedge accounting; therefore, the changes in fair value have been recognized in the accompanying consolidated statements of operations as mark-to-market adjustments in other nonoperating income, net.

(l) Insurance Reserves

The Company maintains self-insurance programs for professional and general liability, workers' compensation, and employee health benefits. The provision for estimated self-insurance program claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimates are based on historical trends, claims asserted, and reported incidents. The receivables related to such claims are recorded at their net realizable value and are included in other assets in the accompanying consolidated balance sheets.

(m) Net Patient Service Revenue

Net patient service revenue is recognized, over time, as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. Revenue for performance obligations satisfied over time is recognized at the estimated net realizable amounts from patients and third-party payors for services rendered.

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June 30, 2025 and 2024

(In thousands)

The Company generates revenues, primarily by providing healthcare services to its patients. Revenues are recognized when control of the promised good or service is transferred to our patients, in an amount that reflects the consideration to which the Company expects to be entitled from patients, third-party payors (including government programs and insurers) and others, in exchange for those goods and services.

Performance obligations are determined based on the nature of the services provided. The majority of the Company's healthcare services represent a bundle of services that are not capable of being distinct and as such, are treated as a single performance obligation satisfied over time as services are rendered. The Company also provides certain ancillary services which are not included in the bundle of services, and as such, are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

The Company's estimate of the transaction price includes estimates of explicit price concessions for such items as contractual allowances, charity care, potential adjustments that may arise from payment and other reviews, and uncollectible amounts, which are determined using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Estimates for implicit price concessions are based on the aging of accounts receivable, historical collection experience for similar payors and patients, current market conditions, and other relevant factors.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the payor's or patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended June 30, 2025 and 2024 was not significant to the consolidated financial statements.

Rates for the Medical Center's facility-based patient service charges are established in accordance with the regulations and rate methodologies of Maryland's rate-setting authority, the Health Services Cost Review Commission (HSCRC), an independent agency of the Maryland state government. The HSCRC's Global Budget Revenue (GBR) model is consistent with the Medical Center's mission of controlling utilization of acute-care services by managing a patient's total spectrum of medical care. The GBR agreement allows the Medical Center to adjust unit rates, within certain limits, to achieve the overall revenue base for the Medical Center at year-end. Any overcharge or undercharge versus the GBR cap is prospectively added to the subsequent year's GBR cap. While the GBR cap does not adjust for changes in volume or service mix, the GBR cap is adjusted annually for inflation, and for changes in payor mix, market share and uncompensated care.

Hospice revenue is reimbursed by Centers for Medicare and Medicaid (CMS) based on the prospective payment system, which is a predetermined fixed amount for a service based on the level of care provided for hospice services and a fee schedule for physician services. Other third-party payors are primarily reimbursed based on contractually agreed upon rates.

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(n) Disaggregation of Revenue

The Company earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other operating revenue.

Operating revenues from contracts with customers by line of business are as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Hospital services	\$ 451,057	438,388
Physician services	149,974	140,879
Hospice services	83,388	65,832
Radiology services – GBDIP joint venture	<u>20,177</u>	<u>17,932</u>
Total revenues from contracts with customers	704,596	663,031
Other non-patient care revenue	<u>62,055</u>	<u>53,004</u>
Total operating revenues	<u>\$ 766,651</u>	<u>716,035</u>

Within other non-patient care revenue the Company records revenue from the specialty and retail pharmacies, rental income, equity investment earnings, net assets released from restrictions, unrestricted contributions, and grant revenues.

(o) Excess of Revenues Over Expenses

The consolidated statements of operations include a performance indicator, excess of revenues over expenses. Changes in net assets without donor restrictions that are excluded from excess of revenues over expenses, consistent with industry practice, include pension changes other than net periodic pension cost, contributions and distributions to non-controlling interests, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

(p) Financial Assistance and Community Benefits

As part of the Company's mission, it provides medical care without discrimination, including the ability of a patient to pay for services. Under the Company's Financial Assistance Policy, patients who meet certain financial based criteria can qualify for free care on all or a portion of cost of service. Using the Company's ratio of cost to charges, the estimated total direct and indirect cost of providing financial assistance was \$4,364 and \$3,831 during the years ended June 30, 2025 and 2024, respectively.

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In addition to its Financial Assistance Policy, the Company has a long-standing commitment of supporting the community through the provision of outreach services designed to address identified health and social issues. Specifically, the Company provides a variety of screening and early detection tests, wellness activities, social support services, and educational seminars. A majority of these services are provided at either nominal or no cost to community members.

(q) Rental Income

Base rental income is recognized as revenue on a straight-line basis over the life of the lease. The difference between the rent recognized and the rental income as stipulated in the lease agreement has been recognized as a receivable in the accompanying consolidated balance sheets from inception of the lease. Rental income is included in other operating revenue in the accompanying consolidated statements of operations.

(r) Income Taxes

The Company is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Company is subject to income tax on unrelated business income.

The 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 consolidated financial statements as "more likely than not" that the position is sustainable, based on its technical merits. This standard also provides guidance on the measurement, classification and disclosure of tax return positions in the consolidated financial statements. The Company has adopted this guidance, and there were no amounts recorded in the consolidated financial statements as of and during the years ended June 30, 2025 and 2024 for uncertain tax positions.

Income taxes are provided for earnings (loss) of those subsidiaries which are subject to federal and state income tax based on Agency's share of the subsidiaries' taxable income, whether or not distributed. Agency's share of these subsidiaries' net losses is deductible to the extent of Agency's tax basis in the subsidiaries.

GBMC Agency, Inc and subsidiaries are taxable entities, which have tax operating loss carry forward available to offset future taxable income. Effective for tax years after December 31, 2017, the net operating loss carry forward is indefinite. As of June 30, 2025 and 2024, the deferred tax assets consisting primarily of net operating loss carry forwards were fully offset by a related valuation allowance.

(s) Going Concern

Management evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued. As of the date of this report, there are no conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

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(t) Use of Estimates

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

(u) Risks and Uncertainty

The Company recognizes the increasing importance of cybersecurity in today's digital landscape. As a result, the Company has implemented various measures to mitigate the risk of cyber threats and protect our systems and data as well as monitor the risks that our vendors have. However, the Company understands that no system is completely immune to cyberattacks, and there is a possibility that an unauthorized access, data breach, or other cybersecurity incident may occur at either one of the Company's systems or at one of the Company's vendors' systems. In the event of a significant cyber incident, there could be a significant impact to the Company's future operating results, financial condition, or liquidity. However, to mitigate the potential impact to the Company if such an event were to occur, the Company maintains cyber insurance coverage. While the Company believes our cybersecurity measures and our vendors' measures are robust, there can be no assurance that they will prevent all cyber threats or that there will not be a cyber incident in the future that may not have a significant adverse effect on our financial condition, liquidity, or results of operations.

(v) New Accounting Pronouncements

From time to time, new accounting guidance is issued by the FASB or other standard setting bodies that is adopted by the Company as of the effective date or, in some cases where early adoption is permitted, in advance of the effective date. The Company has assessed the recently issued guidance that is not yet effective and, unless otherwise indicated, believes the new guidance will not have a significant impact on its consolidated financial position, results of operations, or cash flows.

(w) Reclassifications

Certain prior year amounts have been reclassified to conform with current period presentation, the effects of which are not material.

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(3) Concentration of Credit Risk

The Company grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables and patient service revenue from patients and third parties as of June 30 was as follows:

	Accounts receivable		Revenue	
	2025	2024	2025	2024
Medicare	28 %	28 %	37 %	37 %
Medicaid	5	5	4	4
Blue Cross	11	11	12	12
HMO	24	22	20	21
Other third-party payors	29	31	26	25
Self-pay	3	3	1	1
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Company provides general acute healthcare services in the state of Maryland. The Company and other healthcare providers are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the federal Medicare and state Medicaid programs;
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission;
- Government regulation, government budgetary constraints and proposed legislative and regulatory changes, and
- Lawsuits alleging malpractice or other claims.

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

The Medicare and Medicaid reimbursement programs represent a substantial portion of the Company's revenues and the Company's operations are subject to a variety of other federal, state and local regulatory requirements. In addition, changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the Company. Similarly, failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the Company.

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid anti-fraud and abuse laws and physician self-referral laws (STARK law and regulation). Federal healthcare reform initiatives continue to prompt a national review of federally funded healthcare programs. In addition, the federal government and many states continue to fund programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs. The Company has a

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response program and compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and enforcement action exists.

The State of Maryland signed into the AHEAD Model on November 1, 2024, becoming the first state to join the program designated by CMS. This voluntary model, which builds on the GBR model, aims to lower healthcare costs, improve population health outcomes, and promote health equity by holding states accountable for controlling healthcare expenditures. While the AHEAD Model is not yet finalized or enacted, the transition from Maryland's Total Cost of Care model to the federal AHEAD model introduces further complexity in the regulatory environment. This shift may affect reimbursement and financial planning. The Company will continue to monitor these developments and adjust operational and financial strategies as necessary to maintain fiscal sustainability and ensure uninterrupted delivery of high-quality care.

The One Big Beautiful Bill Act (OBBBA) was signed into law on July 4, 2025 and contains various cuts or sequestration to Medicare and Medicaid payors and the related funding. As a result of recently enacted and pending federal healthcare reform legislation, substantial changes are anticipated in the United States healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement to healthcare providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over the next decade. This federal healthcare reform legislation did not affect the consolidated financial statements. The impact of future legislation is not known or estimable.

(4) Investments and Limited or Restricted Use Funds

Guidance for fair value measurements establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value under current guidance must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last one is considered unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Company for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables present the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at June 30:

2025				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 37,050	—	—	37,050
Common stock and mutual funds	212,464	—	874	213,338
Corporate bonds	—	48,788	—	48,788
Fixed income funds	139,941	—	—	139,941
Government and agency securities	23,346	3,923	—	27,269
Total assets at fair value	<u>\$ 412,801</u>	<u>52,711</u>	<u>874</u>	466,386
Alternative investments at NAV				<u>60,727</u>
Total investments and limited or restricted use funds			\$	<u>527,113</u>
Liabilities:				
Interest rate swap	\$ —	1,631	—	1,631
Total liabilities	<u>\$ —</u>	<u>1,631</u>	<u>—</u>	<u>1,631</u>
2024				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 25,418	—	—	25,418
Common stock and mutual funds	204,837	—	726	205,563
Corporate bonds	—	44,750	—	44,750
Fixed income funds	141,673	—	—	141,673
Government and agency securities	43,617	3,055	—	46,672
Total assets at fair value	<u>\$ 415,545</u>	<u>47,805</u>	<u>726</u>	464,076
Alternative investments at NAV				<u>69,685</u>
Total investments and limited or restricted use funds			\$	<u>533,761</u>
Liabilities:				
Interest rate swap	\$ —	1,100	—	1,100
Total liabilities	<u>\$ —</u>	<u>1,100</u>	<u>—</u>	<u>1,100</u>

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As of June 30, 2025 and 2024, the alternative investments consisted of subscription partnership agreements with capital commitments of \$77,688 and \$71,370, respectively, which are subject to periodic distributions. The Company had unfunded capital commitments related to alternative investments of \$17,754 and \$13,665 as of June 30, 2025 and 2024, respectively. Distributions under this investment structure are made to investors through the liquidation of the underlying assets. All assets are unable to be fully distributed to the limited partners until the dissolution of the partnership, which may not be until a point in the future. The fair value of limited partnership interests is generally based on fair value capital balances reported by the underlying partnerships, subject to management review and adjustment. Security values of companies traded on exchanges, or quoted on NASDAQ, are based upon the last reported sales price on the valuation date. Security values of companies traded over the counter, but not quoted on NASDAQ, and securities for which no sale occurred on the valuation date are based upon the last quoted bid price. The value of any security for which a market quotation is not readily available may be its cost, provided however, that the General Partner adjusts such cost value to reflect any bona fide third-party transactions in such a security between knowledgeable investors, of which the General Partner has knowledge. In the absence of any such third-party transactions, the General Partner may use other information to develop a good faith determination of value. Examples include, but are not limited to, discounted cash flow models, absolute value models, and price multiple models. Inputs for these models may include, but are not limited to, financial statement information, discount rates, and salvage value assumptions.

The investment strategies within the alternative investments include strategies such as middle market growth, private equity, natural resources, and various other asset classes. The investments are subject to restrictions and are not available to be redeemed until certain time restrictions are met, which range from 7 to 10 years with a 2-year optional extension.

Investments and limited or restricted use funds consist of the following uses and purposes at June 30:

	<u>2025</u>	<u>2024</u>
Funds held by trustees	\$ 14,666	33,698
Insurance settlements	46,787	44,080
Alternative investments	60,727	69,685
Investments with donor restrictions	81,936	87,306
Investments without donor restrictions – board-designated	8,400	12,601
Investments without donor restrictions	<u>314,597</u>	<u>286,391</u>
Total investments and limited or restricted use funds	<u>\$ 527,113</u>	<u>533,761</u>

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Investment gains, net consist of the following for the years ended June 30:

		Without donor restrictions	
		2025	2024
Dividends and interest, net	\$	24,621	12,788
Realized gains on sales of investments		22,059	2,998
Unrealized (losses) gains on investments		(7,353)	21,647
Total investment gains, net without donor restrictions	\$	<u>39,327</u>	<u>37,433</u>
		With donor restrictions	
		2025	2024
Dividends and interest, net	\$	3,027	1,976
Realized gains on sales of investments		3,380	567
Unrealized gains on investments		1,405	3,468
Total investment gains, net with donor restrictions		<u>7,812</u>	<u>6,011</u>
Total investment gains, net	\$	<u>47,139</u>	<u>43,444</u>

(5) Liquidity and Availability of Resources

Financial assets available for general expenditure within one year of June 30 are as follows:

		2025	2024
Financial assets:			
Cash and cash equivalents	\$	49,317	35,421
Patient accounts receivable, net		80,519	78,230
Other receivables		16,597	12,665
Investments without donor restrictions		<u>314,597</u>	<u>286,391</u>
Total financial assets available within one year		461,030	412,707
Liquidity resource:			
Bank line of credit		<u>10,000</u>	<u>20,000</u>
Total financial assets and liquidity resources available within one year	\$	<u>471,030</u>	<u>432,707</u>

The Company manages its financial assets to be available to meet operating expenditures, liabilities and other obligations as they come due. Although the noncurrent investments disclosed in the table above are intended to be held long-term, management could utilize those investments within the next year if deemed

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necessary. In addition, the Company maintains a \$10,000 line of credit with a commercial bank to meet unanticipated liquidity needs. Refer to note 7 for further information.

(6) Property, Plant, and Equipment, Net

The following is a summary of the cost of property, plant, and equipment, net as of June 30:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 24,059	23,592
Buildings and improvements	647,875	607,674
Equipment	292,618	255,806
Finance right-of-use assets	29,918	29,740
Construction-in-progress	<u>8,617</u>	<u>53,078</u>
	1,003,087	969,890
Less accumulated depreciation and amortization	<u>(597,950)</u>	<u>(561,385)</u>
Total property, plant, and equipment, net	<u>\$ 405,137</u>	<u>408,505</u>

The Louis and Phyllis Friedman building was placed in service on November 2, 2023. The building consists of a 3-story addition to the main hospital facility, which includes 60 new modernized patient rooms, as well as a new main entrance to the hospital. The total cost for the building was \$100,962.

The Sandra R. Berman Pavilion was placed in service on January 28, 2025. The Pavilion is a two-story medical office building consolidating the Company's cancer programs. The total cost for the building was \$57,961. The Sandra R. Berman Pavilion parking garage was placed in service on January 30, 2024. The total cost for the new garage was \$33,824. This project was funded through \$29,000 in variable rate bank-direct purchased tax-exempt bonds on October 19, 2023. See note 7 for additional information.

Depreciation expense related to property, plant, and equipment amounted to \$39,751 and \$36,710 for the years ended June 30, 2025 and 2024, respectively.

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(7) Long-Term Debt

Long-term debt as of June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Maryland Health and Higher Educational Facilities:		
Series 2023 Bonds – variable rate	\$ 28,800	29,000
Series 2021A Bonds – 3.00%	104,095	104,095
Series 2021B Bonds – variable rate	25,000	25,000
Series 2017 Bonds – 2.56%	64,140	67,170
Series 1995 Bonds – variable rate	590	1,160
Other Debt:		
2020 Harbor CDE Qualified Low-Income Community Investment (QLICI) notes – 1.75%	9,913	9,913
2020 Capital One Sub-CDE 110 QLICI notes – 1.00%	2,000	2,000
2017 Capital One Bank term note – 3.26%	20,755	23,280
	<u>255,293</u>	<u>261,618</u>
Less current portion of long-term debt	(11,378)	(6,125)
Plus unamortized net premium	9,004	9,348
Less unamortized deferred financing costs	<u>(2,033)</u>	<u>(2,279)</u>
Long-term debt	<u>\$ 250,886</u>	<u>262,562</u>

On October 19, 2023, Maryland Health and Higher Education Facilities Authority (MHHEFA) issued \$29,000 of variable rate bank-direct purchased tax-exempt bonds, Series 2023, directly to Capital One Public Funding Inc. (COPF), on behalf of the Company. The bond proceeds and limited use funds was used to fund completion of the Sandra R. Berman Pavilion. The interest is calculated on an annual basis as determined by the 79% of the Secured Overnight Financing Rate (SOFR) 1-month term rate plus 0.11%, plus 0.88%. The interest rate was 4.33% and 5.18% as of June 30, 2025 and 2024, respectively. The bonds are due in installments ranging from \$200 to \$1,909. The Series 2023 bonds have a term of eight years and an amortization of 26 years to align with the Series 2021B bonds. At the end of the eight-year term, the Company plans to refinance the outstanding principal of the bonds.

In conjunction with the bond issuance, the Company executed an interest rate swap with Capital One National Association (CONA) on October 19, 2023 to hedge interest rate risk on the variable rate bonds. The swap agreement has a notional amount of \$29,000, upon which the Company will receive variable rate interest from CONA based on the 79% of SOFR 1-month term rate and pay a fixed rate of 3.77%. Through the execution of the swap agreement, the Company will achieve a synthetically fixed rate on the debt of 4.74%.

On September 1, 2021, MHHEFA issued \$104,095 of tax-exempt Revenue Bonds, Series 2021A, on behalf of the Company. The bond proceeds were used to fund construction on the Promise Project. The 2021

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bonds are due on July 1 in annual installments ranging from \$4,535 in 2035 to \$7,725 in 2051. In addition, \$25,000 of tax-exempt variable rate drawdown bonds, Series 2021B, were issued. The 2021B bonds are expected to be repaid with the proceeds of a \$50,000 capital campaign. The 2021B bonds mature on July 1, 2051. The 2021B bonds bear interest at a variable rate, which is determined on a weekly basis by the remarketing agent of the issue. The rate was 4.33% and 4.85% as of June 30, 2025 and 2024, respectively.

On December 23, 2020, GBCSC received \$9,800 from Harbor CDE under the new market tax credit arrangement via two notes. Both notes have a seven-year interest only period in which interest is accrued at a rate of 1.75% and payments are made at a rate of 1.00% on the outstanding principal balance. Loan repayment will commence on January 1, 2028 and lasts through the maturity date of December 31, 2054 on both notes.

On December 23, 2020, GBCSC received \$2,000 from Capital One Sub-CDE 110 under the new market tax credit arrangement via two notes. The notes have a seven-year interest only period in which interest is accrued and paid at a rate of 1.00% on the outstanding principal balance. Loan repayment will commence on January 1, 2028 and lasts through the maturity date of December 31, 2054 on both notes.

On March 8, 2017, MHHEFA issued \$73,720 of tax-exempt Revenue Bonds, Series 2017, on behalf of the Company. The bond proceeds were used to refund a portion of the Series 2012 Revenue Bonds and the Series 2011 Revenue Bonds. The Series 2017 bonds are due on July 1 in annual installments ranging from \$5,135 in 2025 to \$7,280 in 2035.

On March 8, 2017, the Company obtained a \$25,725 taxable term note from CONA to fund the Company's non-union defined benefit pension plan. The 2017 note is due in annual installments ranging from \$2,610 in 2025 to \$3,735 in 2031.

On October 4, 1995, MHHEFA issued \$10,000 of tax-exempt Revenue Bonds, Series 1995, on behalf of the Company. The bonds bear interest at a variable rate, which is determined on a weekly basis by the remarketing agent of the issue. The rate was 2.85% and 4.20% as of June 30, 2025 and 2024, respectively. The Company fully funded the final debt service and paid the bondholders \$590 on July 1, 2025.

The 2020 NMTC notes, Capital One 2017 note, Series 2023, 2021, 2017, and 1995 Revenue Bonds are collateralized equally and ratably by a lien on all gross receipts of the Company. The term notes and bond proceeds were loaned to the Company pursuant to the Master Trust Indenture.

The Harbor CDE and Capital One Sub-CDE 110 notes are collateralized by the deed of the trust for the Stadium Place property and GBCSC bank account pledge agreements.

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The aggregate future maturities of long-term debt as of June 30, 2025 are as follows:

2026	\$	11,378
2027		8,770
2028		9,208
2029		9,655
2030		10,521
Thereafter		<u>205,761</u>
		255,293
Unamortized deferred financing costs		(2,033)
Unamortized net premium		<u>9,004</u>
	\$	<u><u>262,264</u></u>

Costs incurred related to the issuance of long-term debt, which are included in long-term debt, are deferred and amortized over the life of the related debt agreements on a straight-line basis which approximates the effective-interest method. Accumulated amortization was \$1,222 and \$1,113 as of June 30, 2025 and 2024, respectively.

Under the Master Trust Indenture, the Obligated Group is required to maintain, among other covenants, a maximum annual debt service coverage ratio of not less than 1.1.

The Company maintains a \$10,000 line of credit with a commercial bank to meet unanticipated liquidity needs. In March 2024, the Company added an additional \$10,000 line of credit for potential additional liquidity needs related to the Change Healthcare cyber-attack. The additional \$10,000 line of credit was subsequently closed on August 1, 2024. The lines of credit bear interest at the SOFR term rate. The Company did not draw on the line of credit during the years ended June 30, 2025 and 2024.

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(8) Net Assets with Donor Restrictions

The Company receives contributions in support of various needs. Net assets with donor restrictions were available for the following at June 30:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Departmental needs	\$ 24,107	22,360
Education	8,900	8,248
Buildings and equipment	17,563	29,645
Uncompensated care	4,713	4,079
Research	691	599
Total expenditures for specified purpose	<u>55,974</u>	<u>64,931</u>
Net assets perpetual in nature subject to spending policy:		
Departmental needs	29,006	30,041
Education	3,857	3,636
Uncompensated care	12,869	12,715
Research	10,061	5,018
General support	512	512
Total subject to endowment spending policy	<u>56,305</u>	<u>51,922</u>
Subject to passage of time:		
Pledges	<u>8</u>	<u>4</u>
Total net assets with donor restrictions	<u>\$ 112,287</u>	<u>116,857</u>

Net assets were released from donor restrictions as expenditures were incurred, which satisfied the following restricted purposes for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Departmental needs	\$ 8,644	7,908
Education	535	769
Uncompensated care	1,172	1,052
Research	621	661
Buildings and equipment	18,287	21,925
Time restriction	<u>2,625</u>	<u>13</u>
Total net assets released from donor restrictions	<u>\$ 31,884</u>	<u>32,328</u>

(a) Interpretation of Relevant Law

The Company has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment

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funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions perpetual in nature at the original value of the gifts donated to the donor restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions perpetual in nature is classified as net assets with donor restrictions subject to expenditure for specified purpose until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Company and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Company
- The investment policies of the Company

(b) Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. When donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. As of June 30, 2025 and 2024, the Company had no endowments with deficits.

(c) Investment Strategies

The Company has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The Company expects its endowment funds over time, to provide an average rate of return of approximately 7.5% annually. Actual returns in any given year may vary from this amount.

To achieve its long-term rate of return objectives, the Company relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yields (interest and dividends). The Company targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Board of Directors of the Company approves the method to be used to appropriate endowment funds for expenditure. The Company amended its endowment spending allocation policy to conform to

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UPMIFA, which was passed by Maryland on April 14, 2009 and limits annual endowment spending to 7% of the annual market value per year.

(9) Functional Expenses

The Company provides general healthcare services to residents within its geographic location. Natural expenses that are attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Expenses are reported in the consolidated statements of activities in natural categories. Functional expenses were categorized as follows for the years ended June 30:

2025							
Program services						Support services	
	Hospital services	Physician services	Hospice services	Other program services	Total program services	Administration/ general	Total
Operating expenses:							
Salaries, wages, and employee benefits	\$ 231,954	110,714	57,930	27,308	427,906	63,280	491,186
Expendable supplies	132,140	7,915	5,518	3,406	148,979	1,392	150,371
Purchased services and other	29,145	17,754	8,934	26,046	81,879	27,598	109,477
Depreciation and amortization	21,463	6,570	2,038	2,493	32,564	7,243	39,807
Interest	4,417	1,233	1,135	124	6,909	1,381	8,290
Total operating expenses	\$ 419,119	144,186	75,555	59,377	698,237	100,894	799,131

2024							
Program services						Support services	
	Hospital services	Physician services	Hospice services	Other program services	Total program services	Administration/ general	Total
Operating expenses:							
Salaries, wages, and employee benefits	\$ 218,211	100,845	38,322	25,233	382,611	64,398	447,009
Expendable supplies	117,189	6,734	3,921	2,355	130,199	2,343	132,542
Purchased services and other	28,754	17,774	7,047	23,590	77,165	24,099	101,264
Depreciation and amortization	19,817	5,930	1,655	2,741	30,143	6,599	36,742
Interest	3,412	966	803	103	5,284	1,141	6,425
Total operating expenses	\$ 387,383	132,249	51,748	54,022	625,402	98,580	723,982

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(10) Leases

ROU assets represent the Company's right to use the underlying assets for the lease term and the lease liabilities represent the Company's obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments.

The Company's leases primarily consist of land, real estate, and equipment. Real estate leases include leases of medical facilities and office spaces. Equipment leases mainly include lease of copiers and medical equipment. Certain lease agreements for real estate include payments based on actual common area maintenance expenses and other operating expenses. These variable lease payments are recognized in purchased services on the consolidated statement of operations but are not included in the ROU asset or liability balances. The real estate lease agreements typically have initial terms of 3 to 20 years, and equipment lease agreements typically have initial terms of 3 to 5 years.

Real estate leases may include one or more options to renew that can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Company's sole discretion. The Company does not consider the renewal options to be reasonably likely to be exercised, therefore they are not included in ROU assets and lease liabilities. Lease expense for the years ended June 30 was as follows:

	<u>2025</u>	<u>2024</u>
Finance lease expense:		
Amortization of ROU assets	\$ 3,371	3,467
Interest on lease liabilities	888	993
Operating lease expense	5,264	4,224
Short-term lease expense	2,926	2,329
Variable lease expense	<u>167</u>	<u>242</u>
Total lease expense	\$ <u>12,616</u>	<u>11,255</u>

The weighted average lease terms and discount rates for operating and finance leases are as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Weighted average remaining lease term (years):		
Finance leases	4.4	5.4
Operating leases	9.3	9.1
Weighted average discount rate:		
Finance leases	5.2%	5.1 %
Operating leases	3.3%	3.5 %

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The following table presents supplemental cash flow information related to cash paid for amounts included in measurement of lease liabilities for the years ending June 30:

	<u>2025</u>	<u>2024</u>
Operating cash flows from operating leases	\$ 5,028	3,959
Operating cash flows from finance leases	888	993
Financing cash flows from finance leases	3,217	3,624

The following table summarizes the maturity lease obligations as of June 30, 2025:

	<u>Operating leases</u>	<u>Finance leases</u>	<u>Total</u>
2026	\$ 4,007	4,185	8,192
2027	3,097	4,112	7,209
2028	2,911	4,112	7,023
2029	2,936	3,289	6,225
2030	2,647	2,253	4,900
Thereafter	11,980	—	11,980
Total lease payments	27,578	17,951	45,529
Less imputed interest	(3,726)	(1,926)	(5,652)
Total lease liabilities	\$ <u>23,852</u>	<u>16,025</u>	<u>39,877</u>

(11) Retirement Plans

(a) Defined Benefit Plan

The Company has one active noncontributory defined benefit pension plan, the Pension Plan for Members of the Bargaining Unit of Greater Baltimore Medical Center (DB Union), covering all full-time union employees with at least one year of service. Annual contributions are made to the plan in accordance with the Employment Retirement Income Security Act (ERISA) regulations. The Company had a pension asset of \$6,191 and \$6,119 for the DB Union plan as of June 30, 2025 and 2024, respectively.

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The following tables set forth the plans funded status and amounts recognized in the Company's consolidated financial statements as of June 30. The change in benefit obligation, plan assets, and funded status of the pension plan is as follows:

	<u>2025</u>	<u>2024</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 29,342	30,161
Service cost	606	585
Interest cost	1,574	1,621
Actuarial gain	(165)	(1,199)
Benefits paid	<u>(1,703)</u>	<u>(1,826)</u>
Benefit obligation at end of year	<u>29,654</u>	<u>29,342</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	35,461	34,200
Actual return on plan assets	2,069	2,430
Employer contribution	300	1,380
Benefits paid	(1,703)	(1,826)
Administrative expenses	<u>(282)</u>	<u>(723)</u>
Fair value of plan assets at end of year	<u>35,845</u>	<u>35,461</u>
Funded status at end of year	\$ <u>6,191</u>	<u>6,119</u>

Amounts recognized in net assets without donor restrictions as of June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Net prior service credit	\$ (736)	(955)
Net actuarial gain	<u>(1,390)</u>	<u>(912)</u>
	\$ <u>(2,126)</u>	<u>(1,867)</u>

The components of net benefit costs other than the service cost of \$606 and \$585 were recorded in nonoperating gains in the consolidated statements of operations for the year ended June 30, 2025 and 2024, respectively. Service cost is included as a component of fringe benefits, which is recorded as salaries, wages, and employee benefits in the consolidated statements of operations.

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(In thousands)

Components of net periodic benefit cost for the years ended June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Service cost	\$ 606	585
Interest cost	1,574	1,621
Expected return on plan assets	(1,475)	(1,551)
Amortization of prior service cost	<u>(218)</u>	<u>(218)</u>
Net periodic pension benefit cost	<u>\$ 487</u>	<u>437</u>

The accumulated benefit obligation (ABO) for the pension plan was \$28,436 and \$28,060 for the years ended June 30, 2025 and 2024, respectively.

(i) Assumptions

The weighted average assumptions used in developing the projected pension benefit obligations for the plans as of June 30, were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.61 %	5.49 %
Rate of compensation increase	4.00	4.00
Cash balance interest crediting rate	3.00	3.00

The weighted average assumptions used to determine the net periodic benefit cost for the plan as of June 30, were as follows:

	<u>2025</u>	<u>2024</u>
Discount rate	5.49 %	5.18 %
Expected return on plan assets	5.25	5.25
Rate of compensation increase	4.00	4.00
Cash balance interest crediting rate	3.00	3.00

The Company utilized the Pri-2012 Blue Collar Mortality Table, projected generationally using the MP-2021 Mortality Improvement Scale for the years ended June 30, 2025 and 2024.

(ii) Expected Long-Term Rate of Return

The expected long-term rate of return assumption used was based on a total plan return estimation by looking at the current yields available from fixed-income and reasonable equity return assumption based on long-term market trends and applying this to the plan's asset mix. In addition, the actual long-term historical returns realized by the pension plans were taken into consideration.

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(iii) *Estimated Future Benefit Payments*

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

2026	\$	1,993
2027		2,066
2028		2,082
2029		2,115
2030		2,139
2031-2035		<u>10,665</u>
Total expected benefit payments	\$	<u>21,060</u>

The Company's pension plan weighted average asset allocations as of June 30 by asset category were as follows:

	<u>2025</u>	<u>2024</u>
Equity securities	25 %	28 %
Debt securities	72	71
Cash & cash equivalents	<u>3</u>	<u>1</u>
	<u>100 %</u>	<u>100 %</u>

The following tables set forth by level, within the fair value hierarchy, the plan assets at fair value as of June 30:

		2025			
		Level 1	Level 2	Level 3	Total
Managed cash funds	\$	1,038	—	—	1,038
Common collective trust		—	25,839	—	25,839
Total fixed income		1,038	25,839	—	26,877
Mutual funds		8,968	—	—	8,968
Total equity		8,968	—	—	8,968
Total plan assets	\$	10,006	25,839	—	35,845

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		2024			
		Level 1	Level 2	Level 3	Total
Managed cash funds	\$	222	—	—	222
Common collective trust		—	25,234	—	25,234
Total fixed income		—	25,234	—	25,234
Mutual funds		10,005	—	—	10,005
Total equity		10,005	—	—	10,005
Total plan assets	\$	10,227	25,234	—	35,461

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at unadjusted quoted market share prices within active markets.

Common collective trust funds: Valued at fair value based on the NAV of the fund. NAV is determined by the bank sponsoring such funds dividing the fund's net assets at fair value by its units outstanding at the valuation date. The Company is required to provide a 90-day notice to redeem any amount of investment. There are no other restrictions or gates related to this fund.

(iv) *Pension Investment Policies*

The primary objective of the Company's pension investment program is the long-term growth of capital consistent with the asset allocations. The program utilizes several balanced managers and provides for asset allocation guidelines consistent with the Company's risk exposure.

(v) *Contributions*

Given the funded status of the plan, the Company does not expect to make contributions to the plan during the fiscal year ended June 30, 2026, beyond minimum contribution requirements.

(b) Defined Contribution Plan

Effective July 1, 2007, the Company established the GBMC, Inc. 401(a) Defined Contribution Plan (DC Non-Union) covering all employees except those covered by a collective bargaining agreement, or employees in a zero hour or registry position. The Company contributes up to 2% of all eligible employee wages (basic contribution) to the plan and the Company matches up to 3% of employee wages of those who contribute to the Greater Baltimore Medical Center, Inc. Voluntary 403(b) Plan. At the discretion of the Board of Directors, the Company may contribute additional funds to the plan. In February 2023, the Company elected to freeze contributions to the 401(a) plan for the year ended June 30, 2024 and future plan years. The expenses for the defined contributions were recorded in salaries, wages, and employee benefits in the consolidated statement of operations. The Company

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(In thousands)

contributed \$6,688 and \$6,299 to the defined contribution plan for the years ended June 30, 2025 and 2024, respectively.

Effective July 1, 2009, the Company established the GBMC, Inc. 401(a) Defined Contribution Plan for Members of the Bargaining Union of Greater Baltimore Medical Center (DC Union) for the members covered by a collective bargaining agreement. The Company matches up to 3% of eligible employee wages of those who contribute to the Greater Baltimore Medical Center, Inc. Voluntary 403(b) Plan. The Company contributed \$107 and \$108 for the years ended June 30, 2025 and 2024, respectively.

(c) Nonqualified Plan

The Company has a noncontributory, nonqualified deferred compensation plan for certain key employees. Benefits under the plan are determined based on increasing percentages (depending on years of service) of base pay. The Company recorded expenses related to this plan of \$705 and \$741 in salaries, wages, and employee benefits in the consolidated statement of operations for the years ended June 30, 2025 and 2024, respectively.

(12) Insurance Reserves

The Company maintains an off-shore captive insurance company in Bermuda to provide coverage for professional and general liability risks. Retention on limits in which Ruxton assumes risk of loss is based on an annual occurrence basis of \$5,000 per occurrence and \$25,000 in aggregate as of August 1, 2024 and as of August 1, 2023. Coverage for employed physicians under these policies is limited to \$2,000 per occurrence with a \$2,000 in the annual aggregate. Amounts in excess of the retained limits are insured by highly rated commercial insurance companies to provide excess liability coverage. The first reinsurance layer provides coverage of \$5,000 per claim with a \$5,000 policy aggregate. The second reinsurance layer, which has the first layer and retention as underlying limits, provides coverage of \$15,000 per claim with a \$15,000 policy aggregate. The third reinsurance layer provides coverage of \$15,000 per claim with a \$15,000 policy aggregate.

As of June 30, 2025 and 2024, the Company was self-insured for workers' compensation and employee health insurance claims. The aggregate reserves for workers' compensation claims were determined and discounted at the rate of 3.8% and 4.4% for 2025 and 2024, respectively. The receivable for the expected reinsurance recoverable is recorded within other current assets on the consolidated balance sheets. As of August 1, 2020, the Company's excess workers' compensation policy is based on a per claim basis in excess of \$1 million.

The Company is subject to legal proceedings and claims, which arise from the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to the actions will not materially affect the consolidated financial position or results of operations of the Company.

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The accrued liabilities for these programs as of June 30 were as follows:

	<u>2025</u>	<u>2024</u>
Professional and general liability	\$ 48,988	49,788
Workers' compensation	2,625	2,952
Employee health	<u>5,160</u>	<u>2,937</u>
Total self-insurance liabilities	56,773	55,677
Less current portion	<u>(16,783)</u>	<u>(14,017)</u>
Total self-insurance liabilities, net of current portion	\$ <u>39,990</u>	<u>41,660</u>

(13) Promises to Contribute

The Company has received unconditional and conditional promises to give. The pledge receivables, which only include unconditional promises to give, are recorded at their present value using a discount rate of 2.0% – 4.0%. The Company is the beneficiary of charitable remainder trusts whose present value was \$6,380 and \$8,456 as of June 30, 2025 and 2024, respectively. Current pledge receivables are included in other receivables and noncurrent pledge receivables are included in other assets in the accompanying consolidated balance sheets.

	<u>2025</u>	<u>2024</u>
Due within 1 year	\$ 11,854	10,956
Due 1–5 years	14,520	12,519
Due over 5 years	<u>6,380</u>	<u>8,456</u>
Gross pledge receivables	32,754	31,931
Less discount and allowance	<u>(2,063)</u>	<u>(2,380)</u>
Net pledge receivables	\$ <u>30,691</u>	<u>29,551</u>

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(In thousands)

(14) Subsequent Events

The Company has evaluated all other events and transactions through October 21, 2025, the date the consolidated financial statements were issued, and determined there are no other items to be recognized or disclosed this period.

Hospice and Inova Health System, a leading not-for-profit healthcare provider, have formed a strategic joint venture to expand integrated hospice care into Northern Virginia, with patient services expected to begin in early 2026.

SUPPLEMENTARY INFORMATION

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Consolidating Balance Sheet

June 30, 2025

(In thousands)

	Greater Baltimore Medical Center, Inc. Gilchrist Hospice (Obligated Group) Care, Inc. Ruxton Insurance Other Subsidiaries					Eliminations	Total
Assets							
Current assets:							
Cash and cash equivalents	\$	38,996	8,069	1,194	1,058	—	49,317
Short-term investments and limited or restricted use funds		20,367	542	2,418	—	—	23,327
Patient accounts receivable, net		63,125	13,918	—	3,476	—	80,519
Other receivables		17,690	6,654	675	4,262	—	29,281
Advances to affiliates		19,757	992	—	12,700	(33,449)	—
Other current assets		17,016	446	390	178	—	18,030
Total current assets		176,951	30,621	4,677	21,674	(33,449)	200,474
Investments and limited or restricted use funds		190,318	236,992	65,112	11,364	—	503,786
Long-term receivables from affiliates		56,899	—	—	14,901	(71,800)	—
Property, plant, and equipment, net		368,823	22,897	—	13,417	—	405,137
Operating lease right-of-use assets		39,321	12,827	—	15,911	(45,373)	22,686
Pension asset		6,191	—	—	—	—	6,191
Other assets		24,196	19,826	10,255	12,389	(3,748)	62,918
Total assets	\$	862,699	323,163	80,044	89,656	(154,370)	1,201,192
Liabilities and Net Assets							
Current liabilities:							
Accounts payable and accrued expenses	\$	76,621	13,883	143	894	(8)	91,533
Current portion of insurance reserves		5,684	74	11,025	—	—	16,783
Payable to affiliates		13,818	10,904	1,644	7,036	(33,402)	—
Advances from third-party payors		15,916	98	—	—	—	16,014
Current portion of operating lease liabilities		5,578	1,253	—	2,377	(5,917)	3,291
Current portion of long-term debt and finance lease liabilities		14,775	—	—	—	—	14,775
Other current liabilities		5,657	380	—	10	—	6,047
Total current liabilities		138,049	26,592	12,812	10,317	(39,327)	148,443
Long-term debt		239,329	11,557	—	—	—	250,886
Finance lease liabilities		12,628	—	—	—	—	12,628
Operating lease liabilities		35,555	12,090	—	14,444	(41,528)	20,561
Insurance reserves		1,550	192	38,248	—	—	39,990
Long-term payable to affiliate		—	—	—	71,832	(71,832)	—
Other long-term liabilities		5,395	—	—	34	—	5,429
Total liabilities		432,506	50,431	51,060	96,627	(152,687)	477,937
Net assets:							
Controlling interest		347,871	242,517	28,984	(15,645)	(1,433)	602,294
Non-controlling interest		—	—	—	8,674	—	8,674
Total net assets without donor restrictions		347,871	242,517	28,984	(6,971)	(1,433)	610,968
Net assets with donor restrictions		82,322	30,215	—	—	(250)	112,287
Total net assets		430,193	272,732	28,984	(6,971)	(1,683)	723,255
Total liabilities and net assets	\$	862,699	323,163	80,044	89,656	(154,370)	1,201,192

See accompanying independent auditors' report.

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Consolidating Statement of Operations

June 30, 2025

(In thousands)

	Greater Baltimore Medical Center, Inc. (Obligated Group)	Gilchrist Hospice Care, Inc.	Ruxton Insurance	Other Subsidiaries	Eliminations	Total
Operating revenue:						
Net patient service revenue	\$ 582,804	87,636	—	34,156	—	704,596
Other operating revenue	37,804	5,914	16,535	11,445	(23,240)	48,458
Net assets released from restrictions	7,636	5,949	—	12	—	13,597
Total operating revenue	<u>628,244</u>	<u>99,499</u>	<u>16,535</u>	<u>45,613</u>	<u>(23,240)</u>	<u>766,651</u>
Operating expenses:						
Salaries, wages, and employee benefits	396,043	68,091	—	27,052	—	491,186
Expendable supplies	141,155	5,816	—	3,400	—	150,371
Purchased services and other	89,077	14,374	14,146	14,842	(22,962)	109,477
Depreciation and amortization	35,607	1,869	—	2,331	—	39,807
Interest	7,955	335	—	—	—	8,290
Overhead	(3,353)	2,629	—	724	—	—
Total operating expenses	<u>666,484</u>	<u>93,114</u>	<u>14,146</u>	<u>48,349</u>	<u>(22,962)</u>	<u>799,131</u>
Operating loss	<u>(38,240)</u>	<u>6,385</u>	<u>2,389</u>	<u>(2,736)</u>	<u>(278)</u>	<u>(32,480)</u>
Nonoperating gains:						
Fundraising expense	(2,056)	(1,254)	—	—	—	(3,310)
Investment gains, net	15,163	21,029	2,284	851	—	39,327
Inherent contribution	—	11,952	—	—	—	11,952
Other components of net periodic pension cost	119	—	—	—	—	119
Other nonoperating income, net	979	(9)	—	—	—	970
Total nonoperating gains	<u>14,205</u>	<u>31,718</u>	<u>2,284</u>	<u>851</u>	<u>—</u>	<u>49,058</u>
Excess of revenues over expenses	<u>\$ (24,035)</u>	<u>38,103</u>	<u>4,673</u>	<u>(1,885)</u>	<u>(278)</u>	<u>16,578</u>

See accompanying independent auditors' report.

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Consolidating Statement of Changes in Net Assets

June 30, 2025

(In thousands)

	Greater Baltimore Medical Center, Inc. (Obligated Group)	Gilchrist Hospice Care, Inc.	Ruxton Insurance	Other Subsidiaries	Eliminations	Total
Changes in net assets without donor restrictions:						
Excess of revenues over expenses	\$ (24,035)	38,103	4,673	(1,885)	(278)	16,578
Pension related changes other than net periodic pension cost	259	—	—	—	—	259
Net assets released for purchase of property, plant, and equipment	17,946	341	—	—	—	18,287
Distribution to non-controlling interest	225	—	(225)	(3,000)	—	(3,000)
Non-controlling interest acquired	—	—	—	569	—	569
Other changes, net	2	—	—	—	—	2
Changes in net assets without donor restrictions	(5,603)	38,444	4,448	(4,316)	(278)	32,695
Changes in net assets with donor restrictions:						
Contributions	13,514	3,845	—	—	—	17,359
Investment gains, net	5,164	2,648	—	—	—	7,812
Inherent contribution	—	2,143	—	—	—	2,143
Net assets released for purchase of property, plant, and equipment	(17,946)	(341)	—	—	—	(18,287)
Net assets released for operations	(7,648)	(5,949)	—	—	—	(13,597)
Changes in net assets with donor restrictions	(6,916)	2,346	—	—	—	(4,570)
Changes in net assets	(12,519)	40,790	4,448	(4,316)	(278)	28,125
Net assets, beginning of year	442,712	231,942	24,536	(2,655)	(1,405)	695,130
Net assets, end of year	\$ 430,193	272,732	28,984	(6,971)	(1,683)	723,255

See accompanying independent auditors' report.