

The Johns Hopkins Health System Corporation and Affiliates

**Consolidated Financial Statements and
Supplementary Information
June 30, 2025 and 2024**

The Johns Hopkins Health System Corporation and Affiliates

Index

June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 26, 2025

The Johns Hopkins Health System Corporation and Affiliates
Consolidated Balance Sheets
June 30, 2025 and 2024

<i>(in thousands)</i>	2025	2024
Assets		
Current assets		
Cash and cash equivalents	\$ 1,057,366	\$ 1,048,795
Short-term investments	100,696	132,774
Assets whose use is limited - used for current liabilities	320	280
Patient accounts receivable, net	993,824	900,450
Due from others	352,310	438,388
Due from affiliates	19,021	21,531
Supplies	193,764	185,424
Insurance recoveries	66,322	65,383
Prepaid expenses and other current assets	72,621	59,102
Total current assets	<u>2,856,244</u>	<u>2,852,127</u>
Assets whose use is limited		
By donors or grantors for		
Pledges receivable	25,013	24,466
Other	240,890	186,632
By Board of Trustees	765,426	689,989
Other	118,897	29,743
Total assets whose use is limited	<u>1,150,226</u>	<u>930,830</u>
Investments	4,193,149	3,786,163
Property, plant and equipment, net	2,680,569	2,667,548
Finance lease right-of-use assets	51,128	59,299
Operating lease right-of-use assets	115,544	104,105
Due from affiliates, net of current portion	46,726	46,399
Insurance recoveries, net of current portion	53,609	62,819
Swap counterparty deposit	5,660	5,920
Other assets	31,648	28,930
Total assets	<u>\$ 11,184,503</u>	<u>\$ 10,544,140</u>

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, 2025 and 2024

<i>(in thousands)</i>	2025	2024
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 192,036	\$ 142,117
Lines of credit	15,360	-
Finance lease liabilities	13,863	13,719
Operating lease liabilities	22,394	21,032
Accounts payable and accrued liabilities	1,111,187	1,146,973
Medical claims reserve	146,469	99,014
Deferred revenue	138,438	152,094
Due to affiliates	110,847	6,363
Advances from third-party payors	195,055	232,689
Current portion of liability claims costs	69,323	68,113
Total current liabilities	2,014,972	1,882,114
Long-term debt, net of current portion	1,421,017	1,513,135
Finance lease liabilities, net of current portion	49,947	61,632
Operating lease liabilities, net of current portion	121,536	96,428
Liability claims costs, net of current portion	166,100	184,124
Net pension liability	109,566	214,368
Other long-term liabilities	194,277	198,550
Total liabilities	4,077,415	4,150,351
Net assets		
Without donor restrictions controlled by JHHS	6,698,985	6,006,667
Without donor restrictions attributable to noncontrolling interests	146,047	169,648
Total net assets without donor restrictions	6,845,032	6,176,315
Net assets with donor restrictions	262,056	217,474
Total net assets	7,107,088	6,393,789
Total liabilities and net assets	\$ 11,184,503	\$ 10,544,140

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, 2025 and 2024

<i>(in thousands)</i>	2025	2024
Operating revenues and other support		
Net patient service revenue	\$ 5,717,303	\$ 5,290,236
Insurance premium revenue	2,522,340	2,522,035
Other revenue	1,377,414	1,214,774
Net assets released from restrictions used for operations	22,062	20,812
Total operating revenues and other support	<u>9,639,119</u>	<u>9,047,857</u>
Operating expenses		
Salaries, wages and benefits	3,484,598	3,237,669
Purchased services	3,575,886	3,464,539
Supplies and other	2,017,516	1,841,464
Interest	65,644	70,372
Depreciation and amortization	302,723	299,219
Total operating expenses	<u>9,446,367</u>	<u>8,913,263</u>
Income from operations	192,752	134,594
Nonoperating revenues and expenses		
Interest expense on swap agreements	(4,121)	(1,680)
Changes in fair value of interest rate swap agreements	(926)	21,157
Investment return, net	514,868	538,011
Other components of net periodic pension cost	(14,953)	18,681
Academic mission support and other	(145,104)	(143,480)
Excess of revenues over expenses	<u>542,516</u>	<u>567,283</u>
Contributions from affiliates	43	71
Changes in funded status of defined benefit plans	124,790	69,022
Net assets released from restrictions used for purchases of property, plant and equipment	10,411	6,867
Other	(9,043)	(6,092)
Increase in net assets without donor restrictions	<u>668,717</u>	<u>637,151</u>
Changes in net assets with donor restrictions		
Gifts, grants and bequests	77,615	41,188
Net assets released from restrictions used for purchases of property, plant and equipment	(10,411)	(6,867)
Net assets released from restrictions used for operations	(22,062)	(20,812)
Other	(560)	(105)
Increase in net assets with donor restrictions	<u>44,582</u>	<u>13,404</u>
Increase in net assets	713,299	650,555
Net assets		
Beginning of year	<u>6,393,789</u>	<u>5,743,234</u>
End of year	<u>\$ 7,107,088</u>	<u>\$ 6,393,789</u>

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, 2025 and 2024

<i>(in thousands)</i>	2025	2024
Operating activities		
Changes in net assets	\$ 713,299	\$ 650,555
Adjustments to reconcile change in net assets to net cash, cash equivalents and restricted cash provided by operating activities		
Depreciation and amortization	302,723	299,219
Net realized and changes in unrealized gains on investments	(409,328)	(434,399)
Changes in fair value of interest rate swap agreements	926	(21,157)
Changes in funded status of defined benefit plans	(124,790)	(69,022)
Restricted contributions and investment income received	(21,072)	(15,143)
Return on equity method investments	(12,362)	(4,009)
Other operating activities	(4,592)	9,988
Changes in assets and liabilities		
Patient accounts receivable	(93,374)	(132,834)
Supplies, prepaid expenses and other current assets	76,919	(214,121)
Due from affiliates, net	20,740	(19,487)
Pledges receivable	(547)	2,305
Other assets and other long-term liabilities, net	(4,510)	(3,214)
Accounts payable and accrued liabilities	(36,701)	265,413
Medical claims reserve	47,455	(62,250)
Deferred revenue	(13,699)	(34,119)
Advances from third-party payors	(37,634)	97,489
Accrued pension benefit costs	17,813	(39,717)
Liability claims costs	(8,543)	(8,940)
Cash provided by operating activities	<u>412,723</u>	<u>266,557</u>
Investing activities		
Purchases of property, plant and equipment	(293,095)	(307,896)
Investment in joint ventures	(13,168)	(17,000)
Purchases of investment securities	(2,659,449)	(2,386,699)
Sales of investment securities	2,576,316	2,534,789
Payments received on affiliate notes	4,203	3,552
Advances on affiliate notes	(4,943)	-
Payments for other capital expenditures	(46,056)	(72,270)
Reimbursement of other capital expenditures	46,056	72,270
Swap counterparty deposit and other	(544)	11,574
Cash used in investing activities	<u>(390,680)</u>	<u>(161,680)</u>
Financing activities		
Restricted contributions and investment income received	21,072	15,143
Proceeds from long-term borrowings	186,140	78,500
Repayments of long-term debt	(226,858)	(108,723)
Proceeds from lines of credit	15,360	-
Repayments of obligations under a financing lease	(13,678)	(13,812)
Distributions made to noncontrolling interests and other	(12,570)	(6,979)
Cash used in financing activities	<u>(30,534)</u>	<u>(35,871)</u>
Change in cash, cash equivalents and restricted cash	(8,491)	69,006
Cash, cash equivalents and restricted cash		
Beginning of year	<u>1,121,135</u>	<u>1,052,129</u>
End of year	<u>\$ 1,112,644</u>	<u>\$ 1,121,135</u>
Supplemental disclosure of cash flow information		
Purchases of property, plant and equipment in accounts payable	\$ 37,298	\$ 32,694
Assets acquired under operating leases	48,189	8,002
Interest paid	69,344	72,052

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

The Johns Hopkins Health System Corporation and Affiliates

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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, and
- Potomac Home Support, Inc. (“PHS”), a private pay services company.

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,
- HCGH OB/GYN Associates Series, LLC (“HCOB”), a taxable community based obstetrics and gynecology practice,
- 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

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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, and claims 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 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 \$55.3 million and \$72.3 million as of June 30, 2025

The Johns Hopkins Health System Corporation and Affiliates

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and 2024, 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 provided to third-parties, third-party settlements and the Directed Payment Program ("DPP") supplemental revenue program.

Due From Affiliates

Due from affiliates primarily includes loans and other receivable balances from certain affiliates that do not consolidate within JHHS and which are investments recorded under the equity method, as outlined in Note 5. 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 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.

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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, 2025 and 2024.

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.

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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. Options to renew a lease or terminate a lease early are incorporated into the term of a lease 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 non-lease 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 non-lease components together as a single combined lease component. For all other nonreal estate leases, JHHS accounts for the lease and non-lease components separately and allocates the contract payments to the lease and non-lease 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

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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 non-lease 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.

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Estimated Workers' Compensation, Employee Health Claims and Malpractice Costs

The provision for estimated workers' compensation, employee health claims and medical malpractice claims include estimates of the ultimate gross costs for both reported claims and claims incurred but not reported. For malpractice an insurance recovery has been recorded representing the amount expected to be recovered from the 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 noncurrent 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.

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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

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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 \$4.3 million and \$9.7 million as of June 30, 2025 and 2024, and are recorded in deferred revenue on the Consolidated Balance Sheets. As of June 30, 2025 and 2024, JHHS and its affiliates had \$59.6 million and \$51.0 million of conditional contributions from donor restricted gifts and grants 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, excluding JHMMC, EHP, HCSI, HCOB, JHCSC, JHCA, Innovation, JHHP and certain other entities, 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, 2025 and 2024 amounted to \$26.2 million and \$46.5 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, 2025 and 2024.

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New and Recently Adopted Accounting Standards

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. There was no significant impact on JHHS' consolidated financial statements during the year ended June 30, 2025.

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

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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, 2025 and 2024. 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

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available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

As of June 30, 2025, SMH received immaterial final cost report settlements from Medicare. As of June 30, 2025, SMH has cost report years 2010, 2011, 2013, 2021, 2022, 2023 and 2024 open. 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.

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 \$110.3 million and \$110.7 million for the years ended June 30, 2025 and 2024, 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):

	2025		2024	
Medicare	\$ 1,561,384	27.3%	\$ 1,459,073	27.6%
Medicaid/Medicaid MCO	937,027	16.4%	889,057	16.8%
Blue Cross	1,104,760	19.3%	979,712	18.5%
HMO	1,214,181	21.2%	1,132,702	21.4%
Commercial	467,364	8.2%	435,708	8.2%
Other payors	312,708	5.5%	283,365	5.4%
Self pay	119,879	2.1%	110,619	2.1%
Net patient service revenue	<u>\$ 5,717,303</u>	<u>100.0%</u>	<u>\$ 5,290,236</u>	<u>100.0%</u>

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 the Directed Payment Program ("DPP"). DPP is a supplemental revenue program that provides hospitals that care for Medicaid patients with

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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 participated in DPP program years ending September 30, 2024 and 2023. During fiscal years 2025 and 2024, JHACH's region received approval from CMS and State legislature to participate in DPP. JHACH recorded \$163.2 million and \$141.9 million, respectively, within net patient service revenue in the Consolidated Statements of Operations and Changes in Net Assets for the years ended June 30, 2025 and 2024. \$57.8 million and \$139.4 million remained uncollected as of June 30, 2025 and 2024, respectively, and were recorded within due from others on the Consolidated Balance Sheets. Additionally, JHACH recorded assessment fees of \$37.9 million and \$22.8 million, respectively, within supplies and other expense in the Consolidated Statements of Operations and Changes in Net Assets for the years ended June 30, 2025 and 2024, to fund its portion of the DPP program.

Insurance Premium Revenue

Insurance premium revenue contracts are within the scope of Topic 944, Financial Services—Insurance. For the years ended June 30, 2025 and 2024, insurance premium revenue recognized was \$2.522 billion and \$2.522 billion, respectively. The related expenses associated with the insurance premium revenue were \$2.430 billion and \$2.391 billion for the years ended June 30, 2025 and 2024, 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 \$1.800 billion and \$1.841 billion for the years ended June 30, 2025 and 2024, respectively. The current contract extends through December 31, 2025.

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 \$497.6 million and \$470.2 million for the years ended June 30, 2025 and 2024, respectively. The current sole source commercial contract was awarded for the period commencing October 1, 2023 through September 30, 2033, 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 \$226.1 million and \$211.2 million for the years ended June 30, 2025 and 2024, respectively. The current contract extends through December 31, 2025.

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Other Revenue

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

	2025		2024	
Outpatient pharmacy revenues	\$ 786,496	57.1%	\$ 655,660	54.0%
Management fees	128,148	9.3%	110,434	9.1%
Compensated services	90,444	6.6%	93,618	7.7%
Grants and contribution revenue	69,533	5.0%	73,753	6.1%
Lab revenue	35,345	2.6%	36,655	3.0%
Lease income and Common Area Maintenance ("CAM") fees	27,259	2.0%	27,735	2.3%
Other	240,189	17.3%	216,919	17.8%
Other revenue	<u>\$ 1,377,414</u>	<u>100.0%</u>	<u>\$ 1,214,774</u>	<u>100.0%</u>

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.

3. Pledges Receivable

As of June 30, 2025 and 2024, the value of pledges receivable before discounts was \$29.2 million and \$26.2 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, 2025	Less than 1 Year	1 –5 Years	Greater than 5 Years	Totals
Departmental campaigns	\$ 5,745	\$ 10,925	\$ 3,076	\$ 19,746
Future campus development	874	4,389	4	5,267
	<u>\$ 6,619</u>	<u>\$ 15,314</u>	<u>\$ 3,080</u>	<u>\$ 25,013</u>
As of June 30, 2024	Less than 1 Year	1 –5 Years	Greater than 5 Years	Totals
Departmental campaigns	\$ 14,780	\$ 4,139	\$ 1,558	\$ 20,477
Future campus development	541	3,444	4	3,989
	<u>\$ 15,321</u>	<u>\$ 7,583</u>	<u>\$ 1,562</u>	<u>\$ 24,466</u>

Pledges are deemed to be fully collectible and therefore, no significant allowance for uncollectible pledges has been recorded as of June 30, 2025 and 2024.

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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, 2025 grouped by hierarchy level:

	Total Fair Value	Level 1	Level 2
Assets			
Cash and cash equivalents (1)	\$ 1,112,644	\$ 1,112,644	\$ -
Commercial paper (1)	90,099	-	90,099
Certificates of deposit (1)	915	-	915
U.S. Treasuries (2)	376,528	-	376,528
Corporate bonds (2)	173,957	-	173,957
Asset backed securities (2)	220,662	-	220,662
Equities and equity funds (3)	2,439,082	2,439,082	-
Fixed income funds (4)	341,045	341,045	-
Totals	<u>\$ 4,754,932</u>	<u>\$ 3,892,771</u>	<u>\$ 862,161</u>
Liabilities			
Interest rate swap agreements (5)	<u>\$ 67,979</u>	<u>\$ -</u>	<u>\$ 67,979</u>

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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	<u>\$ 4,382,127</u>	<u>\$ 3,754,217</u>	<u>\$ 627,910</u>
Liabilities			
Interest rate swap agreements (5)	<u>\$ 67,067</u>	<u>\$ -</u>	<u>\$ 67,067</u>

- (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

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assets available is the related unsettled variation margin. As of June 30, 2025, JHHS had 1,343 open contracts in futures with a gross notional value of \$252.7 million and a net notional value of (\$85.2) million. 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.

- (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, 2025 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	\$ 431,731	Monthly, quarterly or semi-annually	30 to 90 days
Fixed income funds (2)	34,717	Quarterly	20 to 60 days
Commingled equity funds (3)	316,824	Daily to 2 years	1 to 123 days
Private investments (4)	<u>433,758</u>	Quarterly to 2 years or N/A	90 to 96 days or N/A
Total investments measured at NAV as a practical expedient	1,217,030		
Distribution after measurement date (5)	<u>34,360</u>		
Total	<u>\$ 1,251,390</u>		

Certain investments within the table above have a redemption frequency of "N/A" These include \$334.0 million of private investments.

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)	\$ 391,902	Monthly, quarterly or semi-annually	30 to 90 days
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 investments (4)	<u>295,648</u>	Quarterly to 2 years or N/A	90 to 96 days or N/A
Total investments measured at NAV as a practical expedient	<u>\$ 1,102,462</u>		

Certain investments within the table above have a redemption frequency of "N/A" These include \$200.5 million of private investments.

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- (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 investments: 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 \$335.3 million and \$397.3 million as of June 30, 2025 and 2024, respectively.
- (5) Distributions after measurement date are comprised of redemptions of investments held at NAV.

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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):

	2025 Carrying Amount	2024 Carrying Amount
Cash and cash equivalents measured at fair value	\$ 1,112,644	\$ 1,121,135
Less: Cash and cash equivalents included in AWUIL	(55,278)	(72,340)
Total cash and cash equivalents	<u>\$ 1,057,366</u>	<u>\$ 1,048,795</u>
U.S. Treasuries	\$ 246,200	\$ 95,804
Commercial paper	90,099	101,101
Certificates of deposit	915	1,104
Corporate bonds	114,200	131,443
Asset backed securities	144,761	141,561
Fixed income funds	277,128	282,745
Equities and equity funds	1,784,227	1,700,798
Short and long-term investments measured at fair value	2,657,530	2,454,556
Investments in affiliates	388,297	363,017
Investments measured at NAV as a practical expedient	1,248,018	1,101,364
Total short and long-term investments	<u>\$ 4,293,845</u>	<u>\$ 3,918,937</u>

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

	2025 Carrying Amount	2024 Carrying Amount
U.S. Treasuries	\$ 130,328	\$ 36,640
Corporate bonds	59,757	56,644
Asset backed securities	75,901	63,613
Fixed income funds	63,917	66,170
Equities and equity funds	654,855	583,369
Assets whose use is limited measured at fair value	984,758	806,436
Cash in AWUIL reported as cash and cash equivalents on leveling table	55,278	72,340
Investments measured at NAV as a practical expedient	3,372	1,098
Pledges receivable	25,013	24,466
Other	82,125	26,770
Total short and long-term assets whose use is limited	<u>\$ 1,150,546</u>	<u>\$ 931,110</u>

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 \$378.4 million, \$201.8 million, and \$2.1

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billion, respectively, as of June 30, 2025. 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.

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):

	2025	2024
Investment income	\$ 117,327	\$ 111,864
Investment management fees	(11,787)	(8,252)
Realized gains on investments, net	172,949	109,467
Changes in unrealized gains on investments	236,379	324,932
Total investment return, net	<u>\$ 514,868</u>	<u>\$ 538,011</u>

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

Investment	Method	%	2025	2024
Johns Hopkins Medicine International, LLC ("JHMI")	Equity	50.00 %	\$ 48,934	\$ 47,747
Johns Hopkins Home Care Group, Inc. ("JHHCG")	Equity	50.00 %	23,313	21,817
FSK Land Corporation	Equity	50.00 %	24,390	22,094
Mt. Washington Pediatric Hospital and Foundation	Equity	50.00 %	74,374	69,098
JHMI Utilities, LLC	Equity	50.00 %	49,222	45,381
Dome Corporation and Subsidiaries	Equity	50.00 %	8,347	10,660
West County, LLC	Equity	50.00 %	5,828	5,901
Johns Hopkins Health Care and Surgery Centers, LLC	Equity	50.00 %	17,752	18,793
MCIC Vermont	Measurement alternative	10.00 %	112,776	97,569
Other investments			23,361	23,957
Total			<u>\$ 388,297</u>	<u>\$ 363,017</u>

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, 2025 and 2024, investments without readily determinable fair values measured at cost with adjustments for observable changes in price or impairments were \$113.5 million and \$98.3 million, respectively. There were no adjustments to these investments' cost for changes in price or impairments for the years ended June 30, 2025 and 2024.

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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, 2025 and 2024 (in thousands):

	2025	2024
Assets	\$ 606,683	\$ 589,037
Liabilities	251,870	257,250
Revenues	342,689	321,526
Expenses	317,648	295,203

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):

	2025	2024
Net assets without donor restrictions attributable to noncontrolling interests at beginning of period	\$ 169,648	\$ 132,412
Excess of revenues (under) over expenses attributable to noncontrolling interests	(10,794)	44,215
Distributions attributable to noncontrolling interests	<u>(12,807)</u>	<u>(6,979)</u>
Net assets without donor restrictions attributable to noncontrolling interests at end of period	<u>\$ 146,047</u>	<u>\$ 169,648</u>

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:

	2025	2024
Cash and cash equivalents	\$ 1,057,366	\$ 1,048,795
Restricted cash included in assets whose use is limited:		
By donors or grantors	36,118	12,675
By Board of Trustees	18,751	59,172
Other	<u>409</u>	<u>493</u>
Total cash, cash equivalents, and restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$ 1,112,644</u>	<u>\$ 1,121,135</u>

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6. Property, Plant and Equipment

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

	2025		2024	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
Land and land improvements	\$ 225,865	\$ 43,165	\$ 228,964	\$ 40,431
Buildings and improvements	2,808,657	1,505,868	2,673,127	1,452,062
Fixed and moveable equipment	2,823,028	1,848,253	2,714,371	1,733,416
Capitalized software	165,484	147,252	159,103	141,256
Construction in progress	202,073	-	259,148	-
	<u>\$ 6,225,107</u>	<u>\$ 3,544,538</u>	<u>\$ 6,034,713</u>	<u>\$ 3,367,165</u>

During the year ended June 30, 2025 and 2024, JHHS retired long-lived assets determined to have no future value. During 2025, the original cost and corresponding accumulated depreciation of these long-lived assets was \$128.1 million and \$114.2 million, respectively. During 2024, the original cost and corresponding accumulated depreciation of these long-lived assets was \$138.3 million and \$136.9 million, respectively. No proceeds from retirement were received in 2025 or 2024. 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, 2025, no impairment expense was recognized. For the year ended June 30, 2024, \$3.7 million of impairment expense was recognized.

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):

	2025	2024
Balance, July 1	<u>\$ 192,006</u>	<u>\$ 210,596</u>
Incurred related to		
Current year	1,991,224	1,929,776
Prior year	<u>(29,495)</u>	<u>(45,311)</u>
Total incurred	<u>1,961,729</u>	<u>1,884,465</u>
Paid related to		
Current year	1,794,361	1,737,770
Prior year	<u>162,511</u>	<u>165,285</u>
Total paid	<u>1,956,872</u>	<u>1,903,055</u>
Balance, June 30	<u>\$ 196,863</u>	<u>\$ 192,006</u>

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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 of \$50.4 million and \$93.0 million as of June 30, 2025 and June 30, 2024, respectively.

8. Debt

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

	Interest Rate(s)	Final Maturity	Renewal Date	Issued Amount	2025	2024
Tax Exempt Maryland Health and Higher Education Facilities Authority ("MHHEFA") Bonds and Notes:						
1985 Series A and B – Pooled Loan Program Issue (JHHSC)	2.50%	2035	4/30/2027	\$ -	\$ 589	\$ 829
2004 – Commercial Paper Revenue Notes Series B (JHBMC)	3.13%	2025	N/A	101,990	8,275	15,355
2015 Series A - Revenue Bonds (JHHSC)	4.59%	2040	N/A	134,735	111,170	114,000
2016 Series B - Revenue Bonds (JHHSC)	4.84%	2042	5/1/2030	48,245	-	48,245
2017 Series B - Revenue Bonds (JHHSC)	4.08%	2038	6/1/2030	165,825	130,905	140,530
2018 Series A - Revenue Bonds (JHHSC)	4.84%	2048	5/1/2028	48,245	-	48,245
2018 Series B - Revenue Bonds (JHHSC)	4.84%	2046	5/1/2030	88,250	-	88,250
2023 Series A - Revenue Refunding Bonds (JHHSC)	3.96%	2034	10/8/2027	78,500	67,700	73,200
2024 Series A - Variable Rate Demand Bonds (JHHSC)	2.95%	2048	8/15/2029	48,610	48,610	-
2024 Series B - Variable Rate Demand Bonds (JHHSC)	2.95%	2046	8/15/2029	88,920	88,920	-
2024 Series C - Variable Rate Demand Bonds (JHHSC)	2.37%	2042	N/A	48,610	48,610	-
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)	5.26%	2027	1/25/2027	165,200	158,973	159,723
2018 Series - Taxable Revenue Bonds (JHHSC)	5.08%	2029	6/1/2029	50,320	22,425	27,305
2019 Series - Taxable Revenue Bonds (JHHSC)	2.29%	2026	N/A	39,470	13,725	24,760
2020 Series - Taxable Revenue Bonds (JHHSC)	2.42%	2030	N/A	100,000	100,000	100,000
2022 Series Commercial Paper - Taxable Revenue Bonds (JHHSC)	4.37%	2039	N/A	100,000	100,000	100,000
Other debt						
Note Payable (JHHP)	2.62%	2024	N/A	5,000	-	177
					1,590,812	1,631,529
Unamortized premiums and discounts, net					27,002	28,741
Unamortized debt issuance costs					(4,761)	(5,018)
					1,613,053	1,655,252
Current maturities of long-term debt					(192,036)	(142,117)
Total long-term debt, net of current portion					\$ 1,421,017	\$ 1,513,135

Amortization of Premiums, Discounts and Debt Issuance Costs

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 amortized for each of the periods ended June 30, 2025 and 2024 was \$0.7 million and \$0.4 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 \$1.6 billion and \$1.7 billion as of June 30, 2025 and 2024, respectively.

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2024A Series Variable Rate Demand Bonds – JHHS

In August 2024, JHHS closed on the Series 2024A tax-exempt variable rate demand bond for \$48.6 million, with the proceeds being used to refinance the \$48.2 million Series 2018A bond. The payments of principal and interest on the JHHS Series 2024A Bond are supported by a direct-pay letter of credit with a 5-year term that matures in August 2029. The Series 2024A is remarketed in a daily-rate mode and pays interest monthly.

2024B Series Variable Rate Demand Bonds – JHHS

In August 2024, JHHS closed on the Series 2024B tax-exempt variable rate demand bond for \$88.9 million, with the proceeds being used to refinance the \$88.2 million Series 2018B bond. The payments of principal and interest on the JHHS Series 2024B Bond are supported by a direct-pay letter of credit with a 5-year term that matures in August 2029. The Series 2024B is remarketed in a daily-rate mode and pays interest monthly.

2024C Series Variable Rate Demand Bonds – JHHS

In August 2024, JHHS closed on the Series 2024C tax-exempt variable rate demand bond for \$48.6 million, with the proceeds being used to refinance the \$48.2 million Series 2016B bond. The payments of principal and interest on the JHHS Series 2024C Bond are supported solely by JHHS. The outstanding balance was recorded within current portion of long-term debt, in the accompanying Consolidated Balance Sheet as of June 30, 2025. The Series 2024C is remarketed in a weekly-rate mode and pays interest monthly.

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.

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.

Letters of Credit and Intermediate Financing Vehicles

In connection with the 2004 MHHEFA Commercial Paper Revenue Notes, JHBMC has a \$8.3 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 expired on July 1, 2025 subject to extension or earlier termination. No amounts were outstanding as of June 30, 2025 or 2024.

JHHS utilizes direct bank placement facilities as a 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, 2025 and 2024 there are no current liabilities as a result of the mandatory purchase dates being less than 12 months.

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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, 2025 (in thousands):

2026	192,036
2027	186,406
2028	75,390
2029	23,220
2030	327,820
Thereafter	785,940
	<u>\$ 1,590,812</u>

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):

	2025	2024
Net interest costs		
Capitalized	\$ 4,933	\$ 6,413
Expensed	<u>69,765</u>	<u>72,052</u>
	<u>\$ 74,698</u>	<u>\$ 78,465</u>
Interest costs paid	<u>\$ 69,344</u>	<u>\$ 72,052</u>

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, 2025 and 2024. 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, 2025 and 2024. 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. The outstanding balance of these Facilities as of June 30, 2025 was \$15.4 million. There was no outstanding balance of these Facilities as of June 30, 2024 as they were undrawn. The Facilities require JHHS to maintain a defined debt service coverage and days cash on hand.

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.

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

	2025	2024
Operating lease cost ⁽¹⁾	\$ 27,872	\$ 25,803
Finance lease cost		
Amortization of right-of-use assets ⁽²⁾	10,583	11,517
Interest on lease liabilities ⁽³⁾	2,793	3,421
Short-term lease cost ⁽¹⁾	1,995	2,610
Variable lease cost ⁽¹⁾	<u>23,495</u>	<u>22,663</u>
 Total lease cost	 <u>\$ 66,738</u>	 <u>\$ 66,014</u>

- (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 non-lease 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):

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 27,058	\$ 26,193
Operating cash flows from finance leases	2,793	3,443
Financing cash flows from finance leases	13,678	13,812

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

	2025	2024
Weighted average remaining lease term		
Operating leases	8.8 years	7.3 years
Finance leases	7.2 years	7.7 years
Weighted average discount rate		
Operating leases	4.3 %	3.7 %
Finance leases	4.1 %	4.2 %

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

	Operating Leases	Finance Leases	Total
Year Ending June 30,			
2026	\$ 27,346	\$ 16,362	\$ 43,708
2027	24,933	13,861	38,794
2028	20,589	10,767	31,356
2029	18,815	9,353	28,168
2030	14,688	5,469	20,157
Thereafter	70,984	16,290	87,274
Total lease payments	177,355	72,102	249,457
Less: Imputed interest	(33,425)	(8,292)	(41,717)
Total lease obligations	143,930	63,810	207,740
Less: Current obligations	(22,394)	(13,863)	(36,257)
Long-term lease obligations	<u>\$ 121,536</u>	<u>\$ 49,947</u>	<u>\$ 171,483</u>

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, 2025 and 2024 was \$27.3 million and \$27.7 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, 2025 and 2024, land and buildings with a net book value of \$33.2 million and \$36.8 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.

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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	
					2025	2024
Fixed	2025	Bank of America	3.3265 %	67% of (SOFR + 0.1145%)	8,275	15,355
Fixed	2026	PNC Bank, N.A.	4.1220 %	67% of (SOFR + 0.1145%)	150,000	150,000
Fixed	2026	PNC Bank, N.A.	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%)	1,795	2,640
Fixed	2034	Royal Bank of Canada	3.6235 %	62.2% of (SOFR + 0.1145%) + 0.27%	12,550	13,570
Fixed	2034	Citibank, N.A.	3.6235 %	62.2% of (SOFR + 0.1145%) + 0.27%	20,925	22,630
Fixed	2038	Goldman Sachs Capital Markets, L.P.	3.8190 %	67% of (SOFR + 0.1145%)	64,475	69,300
Fixed	2038	Merrill Lynch Capital Services	3.8091 %	67% of (SOFR + 0.1145%)	64,725	69,550
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
					<u>\$ 872,745</u>	<u>\$ 893,045</u>

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

Derivatives Reported as Assets and Liabilities					
2025			2024		
Balance Sheet		Fair Value	Balance Sheet		Fair Value
Caption			Caption		
Interest rate swaps	Other assets	\$ -	Interest rate swaps	Other assets	\$ 14
Interest rate swaps	Other long-term liabilities	\$ 67,979	Interest rate swaps	Other long-term liabilities	\$ 67,067

Derivatives as of June 30 (in thousands):

Amount of (Loss) Gain Recognized in Change in Net assets without donor restrictions		
	2025	2024
Classification of derivative (loss) gain in the Consolidated Statements of Operations and Changes in Net Assets		
Interest rate swaps		
Nonoperating (expense) revenue	<u>\$ (926)</u>	<u>\$ 21,157</u>

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11. Net Assets with Donor Restrictions

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

	2025	2024
Subject to expenditure for a specified purpose		
Purchase of property, plant and equipment	\$ 24,200	\$ 16,975
Health care services	84,549	77,981
Health education and counseling	7,868	9,136
Indigent care	6,345	6,045
Department director/ chair start-up commitments	28,000	-
Restricted pledge fund	10,163	13,604
Total subject to expenditure for a specified purpose	161,125	123,741
Funds, cash and securities held into perpetuity		
Health care services	86,891	82,335
Health education and counseling	14,040	11,398
Total funds, cash and securities held in perpetuity	100,931	93,733
Total net assets with donor restrictions	\$ 262,056	\$ 217,474

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.

Endowments

The Board of Trustees of JHHS defines an endowment through its interpretation of the 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. Additionally, the Board of Trustees of JHHS has set aside funds to create quasi-endowments that function as endowments and are designated as net assets without restriction. Furthermore, the UPMIFA allows the Board of Trustees to distribute amounts of an endowment fund determined to be prudent only for the intended uses and purposes for which the endowment fund was established and for which the distributions are consistent with the goal of conserving the purchasing power of the endowment funds. The distributions are determined annually on a fund-by-fund basis using a formula that includes the endowment corpus and unspent investment earnings considering relevant factors including general economic conditions, total returns on investments, preservation and purpose of each endowment fund. The recommended annual distribution rate is made following the standard of prudence such that the rate does not exceed seven percent of each endowment value.

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.

The investment income and earnings from JHHS's endowment funds are designated for specific purposes as directed by the donor and remain as net assets with donor restriction until those amounts are appropriated for expenditure by JHHS in a manner consistent with the standard of prudence prescribed by UPMIFA. JHHS' return objectives include attaining an average annual

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total return, net of investment fees, of at least 5% over the long term. JHHS maintains both a time and risk posture with the intent to conserve the purchasing power of the endowment funds and provide consistent return patterns over a long-term time horizon. Investment strategies utilized by JHHS include passively and actively managed funds invested in equities and equity funds, fixed income, asset backed securities, and hedge funds.

Changes in endowment net assets for the years ended June 30, 2025 and 2024, consisted of the following (in thousands):

		Net Assets without Restriction	Net Assets with Donor Restriction
2025	Total		
Endowment net assets, beginning of year	645,026	535,627	109,399
Investment returns, total	65,227	57,181	8,046
Contributions	10,334	4,486	5,848
Distributions	(27,867)	(24,980)	(2,887)
Endowment net assets, end of year	<u>\$ 692,720</u>	<u>\$ 572,314</u>	<u>\$ 120,406</u>
2024	Total	Net Assets without Restriction	Net Assets with Donor Restriction
Endowment net assets, beginning of year	567,521	468,159	99,362
Investment returns, total	74,322	67,250	7,072
Contributions	23,733	17,711	6,022
Distributions	(20,550)	(17,493)	(3,057)
Endowment net assets, end of year	<u>\$ 645,026</u>	<u>\$ 535,627</u>	<u>\$ 109,399</u>

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, 2025 and 2024 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 2025 and 2024 were principally due to an increase in the discount rate.

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

Change in benefit obligation	2025	2024
Benefit obligation as of beginning of year	\$ 2,594,237	\$ 2,689,323
Service cost	59,166	61,972
Interest cost	143,696	142,121
Actuarial gain	(36,680)	(77,040)
Benefits paid	<u>(138,346)</u>	<u>(222,139)</u>
Benefit obligation as of June 30	<u>\$ 2,622,073</u>	<u>\$ 2,594,237</u>
Change in plan assets	2025	2024
Fair value of plan assets as of beginning of year	\$ 2,386,874	\$ 2,373,221
Actual return on plan assets	217,419	152,461
Employer contribution	55,740	83,331
Benefits paid	<u>(138,346)</u>	<u>(222,139)</u>
Fair value of plan assets as of June 30	<u>\$ 2,521,687</u>	<u>\$ 2,386,874</u>
Funded Status as of June 30	2025	2024
Fair value of plan assets	\$ 2,521,687	\$ 2,386,874
Projected benefit obligation	<u>(2,622,073)</u>	<u>(2,594,237)</u>
Unfunded status	<u>\$ (100,386)</u>	<u>\$ (207,363)</u>

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

	2025	2024
Net pension asset	\$ 9,180	\$ 7,005
Net pension liability	<u>(109,566)</u>	<u>(214,368)</u>
Net amount recognized	<u>\$ (100,386)</u>	<u>\$ (207,363)</u>

The net pension asset in 2025 is recorded within other assets on the Consolidated Balance Sheets.

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

	2025	2024
Actuarial net loss	\$ 211,243	\$ 342,669
Prior service credit	<u>(26,479)</u>	<u>(33,115)</u>
Net amount not yet recognized	<u>\$ 184,764</u>	<u>\$ 309,554</u>

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	\$ 2,386,924	\$ 2,319,783
Plans with ABO in excess of plan assets:		
ABO	\$ 82,827	\$ 78,228
Fair value of plan assets	\$ 69,060	\$ 63,816
Plans with PBO in excess of plan assets:		
PBO	\$ 2,428,037	\$ 2,407,176
Fair value of plan assets	\$ 2,318,471	\$ 2,192,808

Net Periodic Pension Cost

Components of net periodic pension cost (in thousands):

	2025	2024
Service cost	\$ 59,166	\$ 61,972
Interest cost	143,696	142,121
Expected return on plan assets	(157,196)	(177,685)
Amortization of prior service cost	(6,636)	(6,636)
Recognized net actuarial loss	<u>35,089</u>	<u>23,519</u>
Net periodic pension cost	<u>\$ 74,119</u>	<u>\$ 43,291</u>

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.

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

	2025	2024
Net gain	\$ (96,337)	\$ (52,139)
Amortization of net loss	(35,089)	(23,519)
Amortization of prior service cost	<u>6,636</u>	<u>6,636</u>
Change in funded status of defined benefit plans	<u>(124,790)</u>	<u>(69,022)</u>
Total recognized in net assets without donor restrictions	<u>\$ (124,790)</u>	<u>\$ (69,022)</u>
Total amounts recognized in net periodic pension cost and net assets without donor restrictions	<u>\$ (50,671)</u>	<u>\$ (25,731)</u>

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

	2025	2024
Discount rate - benefit obligation	5.66 %	5.40 %
Expected return on plan assets	6.70 %	7.00 %
Rate of compensation increase - ultimate	3.50 %	3.50 %

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

	2025	2024
Discount rate	5.79 %	5.66 %
Rate of compensation increase - ultimate	3.50 %	3.50 %
Cash balance plans interest credit rate	4.10% - 5.00%	4.00% - 4.80%

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.

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Plan Assets

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

Asset Class	2025	2024
Cash and cash equivalents	5.82 %	2.94 %
Equities and equity funds	2.13	2.61
Fixed income funds	21.80	19.17
Investments measured at NAV as a practical expedient	70.25	75.28
	<u>100.00 %</u>	<u>100.00 %</u>

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 45% and 55%, 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, 2025 grouped by hierarchy level (in thousands):

Assets	Fair Value	Level 1	Level 2
Cash and cash equivalents (1)	\$ 146,730	\$ 146,730	\$ -
Equities and equity funds (2)	53,626	53,626	-
Fixed income and restricted funds (3)	<u>549,689</u>	<u>46,743</u>	<u>502,946</u>
	750,045	<u>\$ 247,099</u>	<u>\$ 502,946</u>
Investments measured at NAV as a practical expedient	1,766,642		
Contributions made in advance (5)	<u>5,000</u>		
Total plan assets	<u>\$ 2,521,687</u>		

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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	<u>\$ 180,834</u>	<u>\$ 409,080</u>
Investments measured at NAV as a practical expedient	1,791,960		
Distributions after measurement date (4)	5,000		
Total plan assets	<u>\$ 2,386,874</u>		

- (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, 2025, JHHS had 5,475 open contracts in futures with a gross notional value of \$668.6 million and a net notional value of \$623.4 million. As of June 30, 2024, JHHS had 2,958 open contracts in futures with a notional value of \$351.8 million.
- (4) Distributions after measurement date are comprised of redemptions of investments held at NAV.
- (5) Contributions made in advance are comprised of purchases of investments held at NAV.

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June 30, 2025 and 2024

The following table displays information by strategy for investments measured at NAV as a practical expedient as of June 30, 2025 (in thousands):

	Fair Value	Redemption Frequency	Notice Period
Hedge funds (1)	\$ 384,701	Quarterly	65 to 90 days
Commingled equity funds (2)	634,780	Daily to Quarterly	1 to 90 days
Commingled fixed income (3)	395,054	Daily to Quarterly	1 to 90 days
Private investments (4)	213,737	N/A	N/A
Real estate (5)	95,239	Quarterly or N/A	90 days or N/A
Fixed income/ direct lending (6)	<u>43,131</u>	Quarterly, Semi Annually, or N/A	90 days or N/A
	<u>\$ 1,766,642</u>		

Certain investments within the table above have a redemption frequency of "N/A" These include \$213.7 million of private investment funds \$36.5 million of real estate funds and \$25.4 million of fixed income/ direct lending funds.

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 investments (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)	<u>29,209</u>	N/A	N/A
	<u>\$ 1,791,960</u>		

Certain investments within the table above have a redemption frequency of "N/A" These include \$177.4 million of private investment funds \$25.9 million of real estate funds and \$29.3 million of fixed income/ direct lending funds.

(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.

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- 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 investments: Private investments 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, 2025 and 2024, unfunded commitments totaled \$231.3 million and \$232.1 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 \$63.1 million to its pension plans in the fiscal year ending June 30, 2026.

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

2026	\$ 121,755
2027	129,162
2028	139,473
2029	149,032
2030	158,194
Next five years	901,407

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 \$81.2 million and \$68.8 million for the years ended June 30, 2025 and 2024, 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 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 2025 and calendar year 2024. 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 4.31% and 3.52% as of June 30, 2025 and 2024, respectively.

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JHHS' insurance recoveries and claims costs liabilities are presented gross in the accompanying Consolidated Balance Sheets as of June 30, 2025 and 2024 as follows:

Caption on Consolidated Balance Sheet

	2025	2024
Insurance recoveries	\$ 66,322	\$ 65,383
Insurance recoveries, net of current portion	53,609	62,819
Total assets	<u>\$ 119,931</u>	<u>\$ 128,202</u>
Current portion of liability claims costs	\$ 66,322	\$ 65,383
Liability claims costs, net of current portion	53,609	62,819
Total liabilities	<u>\$ 119,931</u>	<u>\$ 128,202</u>

The assets and liabilities represent JHHS' estimated captive insurance recoveries for claims reserves and certain claims in excess of 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 \$54.7 million and \$60.2 million for the years ended June 30, 2025 and 2024, respectively. Reserves were \$235.4 million and \$252.2 million as of June 30, 2025 and 2024, respectively. These reserves included \$115.5 million and \$124.0 million of accrued malpractice claims above reinsurance levels.

14. Related Party Transactions

During the years ended June 30, 2025 and 2024, 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):

	2025	2024
Pharmacy management and patient discharge planning costs provided by JHHCG	\$ 85,066	\$ 78,994
Security and management of housekeeping and parking garage services provided by Broadway Services, Inc.	23,602	22,950
Utility, telecommunication and clinical application services provided by JHMI Utilities, LLC	140,492	134,919

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.

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

	Interest Rate(s)	Final Maturity	2025	2024
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	495	632
North Power Plant Loans with JHH	5.35%	2044	28,571	24,480
2016 Series – Taxable Bonds with JHHSC	3.90%	2030	2,150	2,575
Affiliate notes receivable - Johns Hopkins Surgery Center Series ("JHSCS")				
Pavillion III ASC at Greenspring loan with JHHSC	5.35%	2029	3,634	5,183
Knoll North loan with JHHCMC	5.25%	2027	606	853
Affiliate notes receivable - FSK Land Corporation				
Keswick loans with JHHSC	5.00% - 5.35%	2023, 2035	10,558	11,337
Mason F Lord at JHBMC loan with JHHSC	4.00%	2026	329	538
Total affiliate notes receivable			51,343	50,598
Less: affiliate notes receivable, current portion			(4,617)	(4,199)
Total affiliate notes receivable, net of current portion			<u>\$ 46,726</u>	<u>\$ 46,399</u>

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):

	2025	2024
Expenses for operating leases with		
FSK Land Corporation	\$ 285	\$ 271
JHHC Surgery Center Development LLC	1,446	1,446
Expenses for financing leases with		
FSK Land Corporation	997	1,490

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

	2025	2024
Operating lease right-of-use assets		
FSK Land Corporation	\$ 587	\$ 476
JHHC Surgery Center Development LLC	5,309	6,557
Finance lease right-of-use assets		
FSK Land Corporation	4,457	5,267
Operating lease liabilities		
FSK Land Corporation	174	181
JHHC Surgery Center Development LLC	1,332	1,262
Operating lease liabilities, net of current portion		
FSK Land Corporation	419	302
JHHC Surgery Center Development LLC	4,316	5,648
Finance lease liabilities		
FSK Land Corporation	309	791
Finance lease liabilities, net of current portion		
FSK Land Corporation	4,594	4,903

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 4 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

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Notes to Consolidated Financial Statements

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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 \$527.7 million and \$515.9 million for the years ended June 30, 2025 and 2024, 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 \$84.5 million and \$81.9 million for the years ended June 30, 2025 and 2024, 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. The JHHS Board of Trustees approved a contribution in the amount of \$62.5 million in June 2025 and June 2024. The contribution was recorded by JHHS within nonoperating expenses in the Consolidated Statements of Operations and Changes in Net Assets in both years.

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 \$10.9 million and \$19.8 million as of June 30, 2025 and 2024, respectively. The related long-term liability recorded within other long-term liabilities in the Consolidated Balance Sheets was \$16.6 million and \$26.1 million as of June 30, 2025 and 2024, 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 calendar year 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 \$107.7 million and \$90.0 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, 2025 and 2024, 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, 2025 and 2024. The deferred income and associated construction in progress was \$62.3 million and \$54.8 million as of June 30, 2025 and 2024, 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, 2025 and 2024, JHH's construction in progress for their dedicated space and 35% share of common space was \$92.5 million and \$78.8 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

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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. No project wings were fully completed in fiscal year 2025, and thus no payments have been made yet on this agreement.

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, 2025 and 2024, the amount of the debt guaranteed by JHH was \$77.9 million and \$91.7 million, respectively. JHH accounts for this investment under the equity method of accounting.

JHH has pledged investments, having an aggregate market value of \$41.7 million and \$39.5 million as of June 30, 2025 and 2024, 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, 2025 and 2024:

	2025	2024
Medicare	14.9 %	15.3 %
Medicaid	10.0	9.2
Blue Cross and Blue Shield	19.9	16.1
Medicaid managed care organizations	11.0	11.1
Self pay	7.8	8.7
Other third-party payors	36.4	39.6
	<u>100.0 %</u>	<u>100.0 %</u>

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

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Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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 92.3% of HSCRC approved charges. Other payors are eligible to receive up to a 2.0% 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, 2025 consisted of the following (in thousands):

	2025			
	Health Care Services	General and Administrative Services	Academic Mission Support to JHUSOM	Total Expenses
Operating expenses				
Salaries, wages and benefits	\$ 2,377,132	\$ 1,107,466	\$ -	\$ 3,484,598
Purchased services	2,856,050	719,836	-	3,575,886
Supplies and other	1,846,246	171,270	-	2,017,516
Interest	65,644	-	-	65,644
Depreciation and amortization	236,974	65,749	-	302,723
Total operating expenses	7,382,046	2,064,321	-	9,446,367
Nonoperating expenses				
Interest expense on swap agreements	4,121	-	-	4,121
Other components of net periodic pension cost	2,171	12,782	-	14,953
Academic mission support and other	(1,906)	-	147,010	145,104
Total nonoperating expenses	4,386	12,782	147,010	164,178
Total expenses	\$ 7,386,432	\$ 2,077,103	\$ 147,010	\$ 9,610,545

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

The Johns Hopkins Health System Corporation and Affiliates

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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.

18. Liquidity and Availability

The table below represents financial assets available for general expenditures within one year at June 30, 2025 and 2024 (in thousands):

	2025	2024
Cash and cash equivalents	\$ 1,057,366	\$ 1,048,795
Short-term investments	100,696	132,774
Patient accounts receivable, net	993,824	900,450
Due from others	352,310	438,388
Due from affiliates	19,021	21,531
Investments (less non-liquid investments)	3,311,593	3,075,491
	<u>\$ 5,834,810</u>	<u>\$ 5,617,429</u>

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.

The Johns Hopkins Health System Corporation and Affiliates

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

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 \$885.5 million and \$849.6 million as of June 30, 2025 and 2024, respectively. The Endowment Corporation's distributions from net assets to JHHS and its affiliates were \$16.8 million and \$15.8 million for the years ended June 30, 2025 and 2024, respectively, and were recorded as other revenue. In fiscal year 2025, the Endowment Corporation also distributed \$28.0 million to JHH for the specific purpose of funding the start-up packages of departmental directors and chairs. This amount was recorded within Changes in net assets with donor restrictions in the Consolidated Statements of Operations and Changes in Net Assets and will be released from restriction as the start-up package costs are incurred.

20. Subsequent Events

JHHS has performed an evaluation of subsequent events, including the event described below, through September 26, 2025, which is the date the consolidated financial statements were issued.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the United States. The OBBBA includes significant changes to federal tax law and other regulatory provisions that may impact JHHS. As the legislation was not signed into law until JHHS' fiscal year ended June 30, 2026, the impacts are not included in its operating results for the year ended June 30, 2025. JHHS will evaluate the impact of the newly enacted tax law, including its impact on JHHS' forecasted annual effective tax rate, in subsequent periods as required.

Subsequent to June 30, 2025, JHHS drew down \$10.5 million from the lines of credit. JHHS pays a variable rate of interest on amounts drawn based on SOFR plus a spread.

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, 2025 and 2024 and have issued our report thereon dated September 26, 2025, which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary consolidating information as of and for the years ended June 30, 2025 and 2024 (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.

Baltimore, Maryland
September 26, 2025

The Johns Hopkins Health System Corporation and Affiliates

Supplementary Consolidating Balance Sheet

June 30, 2025

(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 Hospital Foundation, Inc.	Other	Eliminations	Consolidated Johns Hopkins Health System Corporation and Affiliates
Assets																				
Current assets																				
Cash and cash equivalents	\$ 66,344	\$ 52,167	\$ 12,362	\$ 27,456	\$ -	\$ 138,894	\$ 2,683	\$ -	\$ 81,457	\$ 377,654	\$ 79	\$ -	\$ 759,096	\$ 185,199	\$ 37,013	\$ 507	\$ 8,090	\$ 67,461	\$ -	\$ 1,057,366
Short-term investments	-	154	-	445	-	5,899	351	-	-	93,630	217	-	100,696	-	-	-	-	-	-	100,696
Assets whose use is limited - used for current liabilities	-	-	-	320	-	-	-	-	-	-	-	-	320	-	-	-	-	-	-	320
Patient accounts receivable, net	485,229	111,017	45,652	57,899	-	69,476	-	-	152,979	-	-	-	922,252	111,185	-	-	-	38,644	(78,257)	993,824
Due from others	94,314	19,920	1,067	2,504	-	4,790	31	-	64,875	44,526	245	-	232,272	88,393	10,373	23	210	25,578	(4,539)	352,310
Due from affiliates	10,268	15	545	(400)	880	1,855	-	-	7,092	263,353	155	(262,662)	21,101	31,918	8,281	260	-	72,589	(115,128)	19,021
Supplies	106,928	18,955	4,676	13,391	-	10,807	-	-	14,209	-	-	-	168,666	-	5	-	-	25,093	-	193,764
Insurance recoveries	39,734	3,390	2,947	1,813	-	3,806	-	-	9,564	-	-	-	60,354	-	-	-	-	5,968	-	66,322
Prepaid expenses and other current assets	8,502	1,340	1,186	4,721	-	3,993	-	217	4,203	25,015	464	-	49,641	-	18,419	-	164	4,397	-	72,621
Total current assets	811,319	206,658	67,535	108,149	880	239,520	3,065	217	334,379	804,178	1,160	(262,662)	2,314,398	435,114	55,672	790	8,464	239,730	(197,924)	2,856,244
Assets whose use is limited																				
By donors or grantors for																				
Pledges receivable	2,625	4	-	1	4,472	-	1,678	-	-	-	-	-	8,780	-	-	2,392	13,941	-	-	25,013
Other	33,334	6,572	20,859	115	34,836	1,489	61,615	-	-	-	-	-	158,820	-	-	16,146	86,763	-	(20,859)	240,890
By Board of Trustees	42,779	85,431	12,187	23,999	-	106,062	22,262	420,779	35,598	-	-	-	749,097	-	-	-	16,329	-	-	765,426
Other	3,152	409	133	552	186	-	-	-	20,463	110,524	232	-	135,651	1,097	-	194	2,418	-	(20,463)	118,897
Total assets whose use is limited	81,890	92,416	33,179	24,667	39,494	107,551	85,555	420,779	56,061	110,524	232	-	1,052,348	1,097	-	18,732	119,371	-	(41,322)	1,150,226
Investments	1,495,376	33,989	232,750	338,471	-	1,003,919	75,107	-	751,924	26,795	25,027	-	3,983,358	300,394	-	1,373	37,558	22,020	(151,554)	4,193,149
Property, plant and equipment, net	1,148,403	139,728	139,005	242,590	-	441,312	132	-	403,418	63,054	4,731	-	2,582,373	13,425	29,734	-	17,678	37,359	-	2,680,569
Finance lease right-of-use assets	5,489	11,695	2,360	61	-	135	-	-	2,231	10,016	2,275	-	34,262	10,327	-	-	-	6,539	-	51,128
Operating lease right-of-use assets	2,560	499	2,003	187	-	64	-	-	2,638	31,267	-	-	39,218	-	8,696	-	-	67,640	-	115,544
Due from affiliates, net of current portion	116,473	2,200	1,332	1,002	-	9,859	-	-	596	1,187,998	-	(1,256,791)	62,669	198	21	-	-	294	(16,456)	46,726
Insurance recoveries, net of current portion	32,118	2,740	1,656	1,465	-	3,076	-	-	7,730	-	-	-	48,785	-	-	-	-	4,824	-	53,609
Swap counterparty deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,660	-	5,660
Other assets	76,526	1,757	478	7	-	1,298	-	-	4,883	2,117	1,219	101	88,386	-	517	-	-	2,098	(59,355)	31,645
Total assets	\$ 3,770,154	\$ 491,682	\$ 480,298	\$ 716,599	\$ 40,374	\$ 1,806,734	\$ 163,859	\$ 420,996	\$ 1,563,860	\$ 2,235,949	\$ 34,644	\$ (1,519,352)	\$ 10,205,797	\$ 760,557	\$ 94,630	\$ 20,895	\$ 183,071	\$ 386,164	\$ (466,611)	\$ 11,184,503
Liabilities and Net Assets																				
Current liabilities																				
Current portion of long-term debt	\$ -	\$ 8,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,761	\$ -	\$ -	\$ 192,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,036
Lines of credit	-	-	-	-	-	-	-	-	-	15,360	-	-	15,360	-	-	-	-	-	-	15,360
Finance lease liabilities	396	1,262	595	28	-	-	-	-	954	2,055	4,661	-	9,951	3,024	-	-	-	888	-	13,863
Operating lease liabilities	791	409	310	85	-	13	-	-	580	4,706	-	-	6,896	-	1,363	-	-	14,135	-	22,394
Accounts payable and accrued liabilities	312,479	64,652	33,797	36,306	60	58,009	249	386	77,631	220,357	1,929	-	805,855	196,343	3,993	33	35	119,115	(14,187)	1,111,187
Medical claims reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	196,863	-	-	-	(50,394)	-	146,469
Deferred revenue	604	2,942	64	664	-	1,225	-	-	654	825	-	-	6,978	125,382	-	-	-	6,078	-	138,438
Due to affiliates	207,058	45,907	4,373	7,093	6	(7,216)	10,647	4,871	68,636	97,566	94	(262,646)	176,589	22,212	1,146	3	2,151	18,067	(109,321)	110,847
Advances from third-party payors	157,066	29,500	16,873	14,445	-	-	-	-	-	-	-	-	217,884	-	-	-	-	1,197	(24,026)	195,055
Current portion of liability claims costs	41,477	3,639	2,165	1,859	-	3,969	-	-	10,004	-	-	-	63,113	-	-	-	-	6,210	-	69,323
Total current liabilities	719,871	166,586	58,177	60,480	66	56,000	10,896	5,257	158,659	524,632	6,684	(262,646)	1,494,662	543,824	6,502	36	2,186	165,690	(197,928)	2,014,972
Long-term debt, net of current portion	-	-	-	-	-	-	-	-	-	1,421,017	-	-	1,421,017	-	-	-	-	-	-	1,421,017
Finance lease liabilities, net of current portion	3,804	12,759	2,191	28	-	-	-	-	1,675	10,728	2,518	-	33,703	9,530	-	-	-	6,714	-	49,947
Operating lease liabilities, net of current portion	1,932	110	1,971	103	-	50	-	-	2,230	46,718	-	-	53,114	-	8,049	-	-	60,373	-	121,536
Liability claims costs, net of current portion	97,390	12,089	6,077	3,207	-	9,217	-	-	24,244	-	-	-	152,224	-	-	-	-	13,876	-	166,100
Net pension liability	-	28,547	-	1,687	-	-	-	-	-	138,314	-	-	168,548	-	-	-	-	-	(58,982)	109,566
Other long-term liabilities	618,155	59,380	152,213	114,174	95	298,720	210	-	188,232	18,247	232	(1,256,706)	192,952	-	161	-	415	17,574	(16,825)	194,277
Total liabilities	1,441,152	269,471	220,629	179,679	161	363,987	11,106	5,257	375,040	2,159,656	9,434	(1,519,352)	3,516,220	553,354	14,712	36	2,601	264,227	(273,735)	4,077,415
Net assets																				
Without donor restrictions controlled by JHHS	2,293,035	215,635	240,602	536,920	4,717	1,438,830	89,941	415,739	1,168,357	76,123	25,210	-	6,505,109	67,925	79,918	9,917	83,434	114,153	(161,471)	6,698,985
Without donor restrictions attributable to NCI	-	-	-	-	-	-	-	-	-	-	-	-	139,278	-	-	-	-	6,769	-	146,047
Total net assets without donor restrictions	2,293,035	215,635	240,602	536,920	4,717	1,438,830	89,941	415,739	1,168,357	76,123	25,210	-	6,505,109	67,925	79,918	9,917	83,434	120,922	(161,471)	6,845,032
Net assets with donor restrictions	35,967	6,576	19,067	-	35,496	3,917	62,812	-	20,463	170	-	-	184,468	-	-	10,942	97,036	1,015	(31,405)	262,056
Total net assets	2,329,002	222,211	259,669	536,920	40,213	1,442,747	152,753	415,739	1,188,820	76,293	25,210	-	6,689,577	207,203	79,918	20,859	180,470	121,937	(192,876)	7,107,088
Total liabilities and net assets	\$ 3,770,154	\$ 491,682	\$ 480,298	\$ 716,599	\$ 40,374	\$ 1,806,734	\$ 163,859	\$ 420,996	\$ 1,563,860	\$ 2,235,949	\$ 34,644	\$ (1,519,352)	\$ 10,205,797	\$ 760,557	\$ 94,630	\$ 20,895	\$ 183,071	\$ 386,164	\$ (466,611)	\$ 11,184,503

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, 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
Insurance recoveries	39,670	3,431	1,984	1,704	-	3,555	-	-	9,212	-	-	-	59,566	-	-	-	-	5,827	-	65,393
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 grantees 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	-	-	-	675,495	-	-	-	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
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	-	-	-	-	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	-	-	-	-	99,014	(92,992)	99,014
Deferred revenue	1,187	2,141	187	235	-	1,225	-	-	565	2,751	-	-	8,291	139,695	-	-	-	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 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
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	219,626	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	-	10,720	50	-	-	148,084	-	-	8,605	78,372	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 Statement of Operations and Changes in Net Assets

For the Year Ended June 30, 2025

(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
Operating revenues and other support																				
Net patient service revenue	\$ 2,798,752	\$ 737,000	\$ 339,624	\$ 390,311	\$ -	\$ 615,063	\$ -	\$ -	\$ 821,712	\$ -	\$ -	\$ -	\$ 5,702,462	\$ 106,544	\$ -	\$ -	\$ -	\$ 473,974	\$ (565,677)	\$ 5,717,303
Insurance premium revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	2,522,340	-	-	-	497,569	(497,569)	2,522,340
Other revenue	844,365	149,538	8,173	15,893	1,149	29,886	2,069	2,729	90,314	735,230	7,099	(554,136)	1,332,309	65,860	102,263	694	8,473	290,815	(423,000)	1,377,414
Net assets released from restrictions used for operations	703	1,459	1,244	2,015	-	8,556	100	-	453	-	-	-	14,530	-	-	459	7,012	61	-	22,062
Total operating revenues and other support	3,643,820	887,997	349,041	408,219	1,149	653,505	2,169	2,729	912,479	735,230	7,099	(554,136)	7,049,301	2,694,744	102,263	1,153	15,485	1,262,419	(1,486,240)	9,639,119
Operating expenses																				
Salaries, wages and benefits	1,129,253	327,891	172,080	190,594	848	231,191	1,491	943	330,304	495,714	-	-	2,880,309	192,440	-	408	4,650	536,991	(130,200)	3,484,598
Purchased services	1,021,358	292,756	104,605	110,809	456	152,754	637	906	269,104	233,267	2,420	(494,890)	1,694,182	2,486,859	60,968	789	9,974	685,214	(1,362,100)	3,575,886
Supplies and other	1,220,707	174,497	50,066	85,855	50	186,164	168	2,675	162,769	11,912	920	-	1,895,783	53,559	10,280	57	1,018	63,674	(6,855)	2,017,516
Interest	25,370	3,844	4,995	5,017	-	9,426	-	-	7,277	65,457	799	(59,246)	62,939	2,436	1	-	-	321	(53)	65,644
Depreciation and amortization	119,503	24,411	19,029	25,528	-	40,367	-	-	36,137	12,845	1,985	-	279,005	7,688	7,900	-	152	7,978	-	302,723
Total operating expenses	3,516,191	823,399	348,775	417,803	1,354	620,102	2,296	4,524	805,591	819,195	6,124	(554,136)	6,812,218	2,742,982	79,149	1,254	15,794	1,294,178	(1,499,208)	9,446,367
Income (loss) from operations	127,629	64,598	(734)	(9,584)	(205)	33,403	(127)	(1,795)	106,888	(83,965)	975	-	237,083	(48,238)	23,114	(101)	(309)	(31,759)	12,962	192,752
Nonoperating revenues and expenses																				
Interest (expense) revenue on swap agreements	(3,362)	(18)	(278)	-	-	-	-	-	(463)	-	-	-	(4,121)	-	-	-	-	-	-	(4,121)
Changes in fair value of interest rate swap agreements	(647)	(20)	(66)	-	-	-	-	-	(193)	-	-	-	(926)	-	-	-	-	-	-	(926)
Investment return, net	158,847	13,392	25,464	38,714	1,831	108,500	12,672	39,975	89,164	6,762	1,809	-	497,130	3,625	-	1,266	10,446	2,401	-	514,868
Other components of net periodic pension cost	(511)	(1,229)	-	(710)	-	-	-	-	-	(12,503)	-	-	(14,953)	-	-	-	-	-	-	(14,953)
Academic mission support and other	(126,212)	(7,973)	(663)	(520)	-	(4,371)	-	(2,729)	(6,068)	4,263	-	-	(144,279)	(336)	-	-	(317)	536	(708)	(145,104)
Excess of revenues over (under) expenses	155,744	68,750	23,723	27,894	1,626	137,532	12,545	35,451	189,328	(85,443)	2,784	-	569,934	(44,949)	23,114	1,165	9,820	(28,822)	12,254	542,516
Contributions (to) from affiliates	(29,817)	(1,193)	1,811	(349)	-	(781)	-	-	(11,684)	13,646	(904)	-	(20,271)	9,807	(26,000)	(1,982)	(5,150)	37,083	15,556	43
Changes in funded status of defined benefit plans	87,596	25,287	-	628	-	-	-	-	-	11,279	-	-	124,790	-	-	-	-	-	-	124,790
Net assets released from restrictions used for purchases of property, plant, and equipment	8,000	508	345	1,142	-	416	-	-	-	-	-	-	10,411	-	-	-	-	-	-	10,411
Other	-	-	-	-	-	20,124	(8,557)	(11,567)	2,304	1,695	-	-	3,999	(12,807)	-	1,592	(121)	(112)	(1,594)	(9,043)
Increase (decrease) in net assets without donor restrictions	221,523	93,352	25,879	29,315	1,626	157,291	3,988	23,884	179,948	(58,823)	1,880	-	679,863	(47,949)	(2,886)	775	4,549	8,149	26,216	668,717
Changes in net assets with donor restrictions																				
Gifts, grants and bequests	31,780	449	8,577	1,840	5,788	60	7,766	-	(260)	120	-	-	56,120	-	-	4,388	16,645	6	456	77,615
Net assets released from restrictions used for purchases of property, plant, and equipment	(8,000)	(508)	(345)	-	(1,142)	-	(416)	-	-	-	-	-	(10,411)	-	-	-	-	-	-	(10,411)
Net assets released from restrictions used for operations	(703)	(1,459)	(1,244)	(6)	(2,009)	(8,556)	(100)	-	(453)	-	-	-	(14,530)	-	-	(459)	(7,012)	(61)	-	(22,062)
Other	-	-	3,751	(1,834)	1,834	-	(2)	-	1,456	-	-	-	5,205	-	-	(1,592)	31	1	(4,205)	(560)
Increase (decrease) in net assets with donor restrictions	23,077	(1,518)	10,739	-	4,471	(8,496)	7,248	-	743	120	-	-	36,384	-	-	2,337	9,664	(54)	(3,749)	44,582
Increase (decrease) in net assets	244,600	91,834	36,618	29,315	6,097	148,795	11,236	23,884	180,691	(58,703)	1,880	-	716,247	(47,949)	(2,886)	3,112	14,213	8,095	22,467	713,299
Net assets																				
Beginning 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	-	5,973,330	255,152	82,804	17,747	166,257	113,842	(215,343)	6,393,789
End of year	\$ 2,329,002	\$ 222,211	\$ 259,669	\$ 536,920	\$ 40,213	\$ 1,442,747	\$ 152,753	\$ 415,739	\$ 1,188,820	\$ 76,293	\$ 25,210	\$ -	\$ 6,689,577	\$ 207,203	\$ 79,918	\$ 20,859	\$ 180,470	\$ 121,937	\$ (192,876)	\$ 7,107,088

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	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	\$ 2,590,670	\$ 684,708	\$ 316,638	\$ 362,941	\$ -	\$ 541,020	\$ -	\$ -	\$ 800,676	\$ -	\$ -	\$ -	\$ 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	731,282	114,719	9,595	17,349	1,052	29,312	1,435	2,084	89,474	656,963	8,289	(468,856)	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	201	1,338	729	2,108	-	8,396	220	-	648	-	-	-	13,640	-	-	198	6,940	34	-	20,812
Total operating revenues and other support	<u>3,322,153</u>	<u>800,765</u>	<u>326,962</u>	<u>382,398</u>	<u>1,052</u>	<u>579,628</u>	<u>1,655</u>	<u>2,084</u>	<u>890,798</u>	<u>656,963</u>	<u>8,289</u>	<u>(468,856)</u>	<u>6,503,891</u>	<u>2,695,500</u>	<u>91,540</u>	<u>940</u>	<u>15,735</u>	<u>1,160,592</u>	<u>(1,420,341)</u>	<u>9,047,857</u>
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	-	2,693,668	182,300	-	392	3,532	467,629	(109,852)	3,237,669
Purchased services	998,132	269,713	94,484	91,200	426	133,736	584	840	239,565	209,584	2,855	(405,594)	1,635,525	2,396,423	52,848	606	9,868	663,683	(1,294,414)	3,464,539
Supplies and other	1,073,778	166,008	48,909	83,177	29	162,245	281	2,061	158,449	11,294	4,540	-	1,710,771	75,528	9,104	98	1,081	50,848	(5,966)	1,841,464
Interest	26,659	4,297	5,561	5,483	-	9,736	-	-	8,361	70,409	1,128	(63,262)	68,372	1,680	20	-	-	316	(16)	70,372
Depreciation and amortization	112,631	27,810	17,953	25,353	-	41,022	-	-	35,897	12,139	2,314	-	276,119	7,175	8,403	-	161	7,361	-	299,219
Total operating expenses	<u>3,282,484</u>	<u>788,964</u>	<u>331,000</u>	<u>390,597</u>	<u>1,276</u>	<u>562,680</u>	<u>2,090</u>	<u>3,788</u>	<u>762,796</u>	<u>716,789</u>	<u>10,847</u>	<u>(468,856)</u>	<u>6,394,455</u>	<u>2,663,106</u>	<u>70,375</u>	<u>1,096</u>	<u>14,642</u>	<u>1,189,837</u>	<u>(1,410,249)</u>	<u>8,913,263</u>
Income (loss) from operations	39,669	11,801	(4,038)	(8,199)	(224)	16,948	(435)	(1,704)	128,002	(59,826)	(2,558)	-	119,436	32,394	21,165	(156)	1,093	(29,245)	(10,993)	134,594
Nonoperating revenues and expenses																				
Interest expense on swap agreements	(1,550)	53	(109)	-	-	-	-	-	(74)	-	-	-	(1,680)	-	-	-	-	-	-	(1,680)
Changes in fair value of interest rate swap agreements	15,998	21	1,766	-	-	-	-	-	3,372	-	-	-	21,157	-	-	-	-	-	-	21,157
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	-	523,917	2,287	-	1,223	8,763	1,821	-	538,011
Other components of net periodic pension cost	16,063	5,400	-	59	-	-	-	-	-	(2,841)	-	-	18,681	-	-	-	-	-	-	18,681
Academic mission support and other	(123,357)	(10,795)	(661)	-	-	-	-	(2,084)	(6,127)	112	-	-	(142,912)	(263)	-	-	(87)	469	(887)	(143,480)
Excess of revenues over (under) expenses	108,039	18,777	20,712	29,207	1,207	150,430	15,423	47,129	203,832	(54,866)	(1,289)	-	538,599	34,418	21,165	1,067	9,769	(26,955)	(10,780)	567,283
Contributions (to) from affiliates	(44,201)	(1,669)	(1,182)	(1,448)	-	(1,685)	-	-	(14,921)	41,038	(712)	-	(24,780)	3,617	(14,000)	(1,617)	(1,350)	28,048	10,153	71
Changes in funded status of defined benefit plans	58,149	8,865	-	(2,839)	-	-	-	-	-	4,847	-	-	69,022	-	-	-	-	-	-	69,022
Net assets released from restrictions used for purchases of property, plant, and equipment	1,335	1,954	286	2,525	-	767	-	-	-	-	-	-	6,867	-	-	-	-	-	-	6,867
Other	-	-	-	-	-	15,212	(8,395)	(6,817)	214	1,362	-	-	1,576	(7,212)	-	1,006	(297)	(159)	(1,006)	(6,092)
Increase in net assets without donor restrictions	<u>123,322</u>	<u>27,927</u>	<u>19,816</u>	<u>27,445</u>	<u>1,207</u>	<u>164,724</u>	<u>7,028</u>	<u>40,312</u>	<u>189,125</u>	<u>(7,621)</u>	<u>(2,001)</u>	<u>-</u>	<u>591,284</u>	<u>30,823</u>	<u>7,165</u>	<u>456</u>	<u>8,122</u>	<u>934</u>	<u>(1,633)</u>	<u>637,151</u>
Changes in net assets with donor restrictions																				
Gifts, grants and bequests	4,323	1,990	1,581	1,938	5,268	67	11,720	-	-	-	-	-	26,887	-	-	1,780	13,113	68	(660)	41,188
Net assets released from restrictions used for purchases of property, plant, and equipment	(1,335)	(1,954)	(286)	-	(2,525)	-	(767)	-	-	-	-	-	(6,867)	-	-	-	-	-	-	(6,867)
Net assets released from restrictions used for operations	(201)	(1,338)	(729)	(8)	(2,100)	(8,616)	-	-	(648)	-	-	-	(13,640)	-	-	(198)	(6,940)	(34)	-	(20,812)
Other	-	-	-	(1,930)	1,930	220	(220)	-	1,324	-	-	-	1,324	-	-	(1,006)	1,891	(15)	(2,299)	(105)
Increase (decrease) in net assets with donor restrictions	<u>2,787</u>	<u>(1,302)</u>	<u>566</u>	<u>-</u>	<u>2,573</u>	<u>(8,320)</u>	<u>10,733</u>	<u>-</u>	<u>676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,704</u>	<u>-</u>	<u>-</u>	<u>576</u>	<u>8,064</u>	<u>19</u>	<u>(2,959)</u>	<u>13,404</u>
Increase (decrease) in net assets	<u>126,109</u>	<u>26,625</u>	<u>20,382</u>	<u>27,445</u>	<u>3,780</u>	<u>156,395</u>	<u>17,761</u>	<u>40,312</u>	<u>189,801</u>	<u>(7,621)</u>	<u>(2,001)</u>	<u>-</u>	<u>598,988</u>	<u>30,823</u>	<u>7,165</u>	<u>1,032</u>	<u>16,186</u>	<u>953</u>	<u>(4,592)</u>	<u>650,555</u>
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	-	5,374,342	224,329	75,639	16,715	150,071	112,889	(210,751)	5,743,234
End of year	<u>\$ 2,084,402</u>	<u>\$ 130,377</u>	<u>\$ 223,051</u>	<u>\$ 507,605</u>	<u>\$ 34,116</u>	<u>\$ 1,293,952</u>	<u>\$ 141,517</u>	<u>\$ 391,855</u>	<u>\$ 1,008,129</u>	<u>\$ 134,996</u>	<u>\$ 23,330</u>	<u>\$ -</u>	<u>\$ 5,973,330</u>	<u>\$ 255,152</u>	<u>\$ 82,804</u>	<u>\$ 17,747</u>	<u>\$ 166,257</u>	<u>\$ 113,842</u>	<u>\$ (215,343)</u>	<u>\$ 6,363,789</u>

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

The Johns Hopkins Health System Corporation and Affiliates

Note to Supplementary Consolidating Financial Statements

For the Years Ended June 30, 2025 and 2024

1. Basis of Presentation and Accounting

The supplementary consolidating financial statements presented on pages 54-57 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 statement of financial position and changes in net assets for each entity within 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.



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, 2025 and 2024 and have issued our report thereon dated September 26, 2025, which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Hopkins Elder Plus – Program of All-Inclusive Care for Elderly (“PACE”) Supplementary Statement of Operations for the year ended June 30, 2025 (the “supplemental information”) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The 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.

Baltimore, Maryland
September 26, 2025

The Johns Hopkins Health System Corporation and Affiliates
Hopkins Elder Plus - PACE Program
Supplementary Statement of Operations
For the Year Ended June 30, 2025

(in thousands)

	2025
Revenue	
Other revenue	\$ 19,431
Total revenue	<u>19,431</u>
Expenses	
Salaries, wages and benefits	4,960
Purchased services	13,450
Supplies and other	2,242
Depreciation	<u>7</u>
Total expenses	<u>20,659</u>
Deficit of revenue over expenses	<u>\$ (1,228)</u>

The accompanying note is an integral part of this supplementary statement of operations.

The Johns Hopkins Health System Corporation and Affiliates
Note to Hopkins Elder Plus - PACE Program
Supplementary Statement of Operations
For the Year Ended June 30, 2025

1. Basis of Presentation

The supplementary Hopkins Elder Plus – PACE Program supplementary statement of operations presented on page 60 was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. These results are recorded within JHHSC's Statements of Operations and Changes in Net Assets. The supplementary statement of operations is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the program and is not a required part of the consolidated financial statements.