Children's National Medical Center and Subsidiaries

Reports on Federal Awards in Accordance with the OMB Uniform Guidance
June 30, 2025
Federal Entity Identification Number 52-1640403

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Part I
Consolidated Financial Statements and Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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Report of Independent Auditors

To the Board of Trustees of Children's National Medical Center

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Children's National Medical Center and its subsidiaries ("Children's National"), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations, of 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 consolidated financial position of Children's National 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Children's National 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 Children's National's ability to continue as a going concern for one year after the date the financial statements were issued.

PricewaterhouseCoopers LLP, 655 New York Ave NW,
Washington, DC 20001
T: (202) 414 1000

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 and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2025 is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025 on our consideration of Children's National's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2025. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Children's National's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Washington, District of Columbia
October 6, 2025

Children's National Medical Center and Subsidiaries
Consolidated Balance Sheets
June 30, 2025 and 2024

(in thousands)	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 55,067	$ 44,678
Short term investments	20,856	22,418
Short term assets whose use is limited	2,183	2,185
Accounts receivable, net	390,295	348,933
Settlements due from third-party payors	82,231	22,520
Contributions receivable, net	44,396	41,210
Grant receivable	61,884	41,868
Inventories of supplies	19,497	21,864
Prepaid expenses and other	56,260	57,013
Total current assets	732,669	602,689
Noncurrent assets		
Property and equipment, net	849,163	877,791
Right of use assets, financing	93,075	103,945
Right of use assets, operating	72,413	76,991
Assets whose use is limited	48,810	51,459
Investments	1,341,252	1,206,738
Contributions receivable, net	13,261	20,379
Loan receivable	13,496	13,496
Interest in beneficial trusts	9,612	8,980
Other	66,268	60,017
Total noncurrent assets	2,507,350	2,419,796
Total assets	$ 3,240,019	$ 3,022,485

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

Children's National Medical Center and Subsidiaries
Consolidated Balance Sheets (continued)
June 30, 2025 and 2024

(in thousands)	2025	2024
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 119,903	$ 98,777
Accrued salaries and other expenses	166,278	166,207
Current portion of reserve for claims	46,181	41,839
Settlements due to third-party payors	3,492	12,929
Deferred revenue	25,267	24,097
Medical claims payable	14,324	8,204
Revolving line of credit	40,000	-
Current portion of long-term debt	12,195	11,803
Current portion of financing lease liabilities	11,822	11,365
Current portion of operating lease liabilities	7,928	7,768
Total current liabilities	447,390	382,989
Noncurrent liabilities		
Long-term debt	685,998	697,812
Long-term financing lease liabilities	127,015	137,082
Long-term operating lease liabilities	73,796	77,240
Reserve for claims	80,721	89,629
Other long-term liabilities	82,136	74,922
Total noncurrent liabilities	1,049,666	1,076,685
Total liabilities	1,497,056	1,459,674
Net assets		
Without donor restrictions - attributable to Children's National	1,240,252	1,094,098
Without donor restrictions - noncontrolling interests	25,524	26,645
Total net assets without donor restrictions	1,265,776	1,120,743
With donor restrictions	477,187	442,068
Total net assets	1,742,963	1,562,811
Total liabilities and net assets	$ 3,240,019	$ 3,022,485

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

Children's National Medical Center and Subsidiaries
Consolidated Statements of Operations
Years Ended June 30, 2025 and 2024

(in thousands)	2025	2024
Operating revenue and other support		
Net patient service revenue	$ 1,626,480	$ 1,469,766
Capitation revenue	208,216	188,688
Grant revenue	149,738	146,414
Other operating revenue	123,369	134,500
Contributions	23,388	17,321
Net assets released from restrictions used for operations	65,373	57,946
Total operating revenue and other support	2,196,564	2,014,635
Expenses		
Salaries, wages, and benefits	1,261,804	1,161,636
Supplies and other	615,046	550,343
Medical claims expense	95,459	98,488
Depreciation and amortization	119,848	112,467
Provision for insurance	22,465	25,699
Interest and amortization	31,892	30,750
Development expense	27,054	27,423
Total expenses	2,173,568	2,006,806
Operating income	22,996	7,829
Non-operating revenues and expenses		
Investment return, net	120,033	120,880
Other non-operating loss, net	-	(138)
Total non-operating revenues and expenses	120,033	120,742
Excess of revenues over expenses	143,029	128,571
Contributions from noncontrolling interests	923	-
Distributions to noncontrolling interests	(1,483)	-
Released from restriction for property and equipment	2,564	2,165
Increase in net assets without donor restrictions	$ 145,033	$ 130,736

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

Children's National Medical Center and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2025 and 2024

(in thousands)	2025	2024
Net assets without donor restrictions		
Excess of revenues over expenses	$ 143,029	$ 128,571
Contributions from noncontrolling interests	923	-
Distributions to noncontrolling interests	(1,483)	-
Released from restriction for property and equipment	2,564	2,165
Increase in net assets without donor restrictions	145,033	130,736
Net assets with donor restrictions		
Contributions	64,591	35,930
Investment return, net	39,828	37,943
Released from restrictions	(67,937)	(60,111)
Change in value of split interest agreements	631	168
Loss from uncollectible pledges	(1,994)	(244)
Increase in net assets with donor restrictions	35,119	13,686
Change in net assets	180,152	144,422
Net assets		
Beginning of year	1,562,811	1,418,389
End of year	$ 1,742,963	$ 1,562,811

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

Children's National Medical Center and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(in thousands)	2025	2024
Cash flows from operating activities		
Change in net assets	$ 180,152	$ 144,422
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities		
Depreciation and amortization	119,848	112,467
Provision for uncollectible contributions	1,897	87
Loss (gain) on disposal of assets	35	(169)
Loss on abandoned capital projects	-	3,435
Amortization of deferred financing costs	381	445
Amortization of bond premium	(1,839)	(1,981)
Loss from share of equity investment earnings	6,327	3,695
Dividends from equity investees	-	500
Net realized and change in unrealized gain on investments	(125,028)	(126,807)
Contributions from noncontrolling interests	(923)	-
Distributions to noncontrolling interests	1,483	-
Proceeds from restricted contributions and income received	(12,481)	(10,438)
Change in assets and liabilities		
Accounts receivable for patient services	(41,362)	(37,265)
Settlements due from third-party payors	(59,711)	(9,141)
Other current assets and inventory of supplies	3,120	(59)
Contributions and grants receivable	(17,981)	(6,830)
Interest in beneficial trusts	(632)	(168)
Right-of-use assets	10,113	10,318
Other noncurrent assets	(6,251)	(11,223)
Accounts payable	22,112	4,147
Accrued salaries and other expenses	71	(374)
Reserve for claims	(4,566)	7,827
Deferred revenue	1,170	(2,042)
Medical claims payable	6,120	(8,158)
Settlements due to third-party payors	(9,437)	5,698
Operating lease liabilities	(7,833)	(9,444)
Financing lease liabilities	(998)	(494)
Other noncurrent liabilities	7,214	10,644
Net cash, cash equivalents, and restricted cash provided by operating activities	71,001	79,092
Cash flows from investing activities		
Purchases of property, plant and equipment	(81,371)	(94,447)
Proceeds from sales of property and equipment	-	1,835
Purchases of investments	(160,323)	(94,512)
Sales of investments	158,407	78,525
Contributions to equity investments	(9,196)	(8,732)
Net cash, cash equivalents, and restricted cash used in investing activities	(92,483)	(117,331)
Cash flows from financing activities		
Proceeds from draw on line-of-credit	50,000	-
Payments on line-of-credit	(10,000)	-
Payments of long-term debt	(9,964)	(16,020)
Payments of debt issuance costs	-	-
Contributions from noncontrolling interests	923	-
Distributions to noncontrolling interests	(1,483)	-
Proceeds from restricted contributions and income received	12,481	10,438
Payments on financing lease obligations	(9,598)	(9,847)
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	32,359	(15,429)
Increase (decrease) in cash, cash equivalents, and restricted cash	10,877	(53,668)
Cash, cash equivalents, and restricted cash		
Beginning of year	46,293	99,961
End of year	$ 57,170	$ 46,293
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 31,742	$ 32,664
Property and equipment in accounts payable	8,919	7,933

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

1. Organization

Organizational Structure

The Children's National Medical Center's ("Children's National" or "CNMC") consolidated financial statements include the accounts of Children's Hospital (the "Hospital"); Children's Hospital Foundation (the "Foundation"); Children's National at Walter Reed, LLC ("CNWR"); Children's Research Institute ("CRI"); Safe Kids Worldwide ("Safe Kids"); Children's Pediatricians and Associates ("CP&A"); Children's National Health Network ("CNHN"); Pediatric Health Network ("PHN"); Children's School Services ("CSS"); Brainy Camps Association ("BCA"); The Hospital for Sick Children (the "Pediatric Center"); Health Services for Children with Special Needs, Inc ("HSCSN"); HSC Home Care, LLC; Bearacuda Reinsurance Company, Ltd. (the "Captive"); Building 52/53 NMTC Borrower LLC; Building 52/53 HTC Tenant LLC; Building 52/53 Managing Member LLC; Building 54 NMTC Borrower LLC; Building 54 HTC Tenant LLC; Building 54 Managing Member LLC; all referred to as the "Subsidiaries."

Children's National is a tax exempt, nonstock corporation, which controls its subsidiary corporations through its authority to appoint the governing boards of the tax exempt, nonstock subsidiaries or its stock ownership. Children's National and its subsidiaries provide health care services to infants, children, and youth in Washington, D.C., and the surrounding metropolitan area. The Hospital operates an acute care pediatric and teaching facility.

The Foundation supports and maintains the programs, services, and facilities of Children's National in part through solicitation, receipt, administration, and distribution of philanthropic gifts on behalf of its tax-exempt subsidiaries.

CNWR is a limited liability company organized for the purpose of holding certain real property conveyed by the United States Department of Defense to be used for public health purposes.

CRI is a research organization involved in providing services and support in connection with the delivery of health care services on behalf of the community.

Safe Kids is an organization involved in nonhospital pediatric health and safety activities.

CP&A is a limited liability corporation that operates for-profit physician practices. CP&A is owned 50% by Children's National and 50% by the Hospital.

CNHN is a for-profit physician hospital organization, of which Children's National is the sole shareholder.

PHN is a for-profit clinically integrated physician network, of which Children's National is the sole shareholder.

CSS is an organization that operates a school nurse program in the District of Columbia.

BCA is an organization that provides residential summer camps, support, and leadership programs for youth with chronic health conditions, of which the Hospital is the sole corporate member. The programs previously offered by BCA are now being offered through an unaffiliated non-profit organization. Effective June 30, 2025, BCA merged with the Hospital and is no longer a separate legal entity.

Prior to July 1, 2024, The HSC Foundation, a Washington, D.C. nonprofit corporation, was the sole member of The Hospital for Sick Children, Health Services for Children with Special Needs, Inc. and HSC Home Care, LLC, collectively "HSC". On July 1, 2024, the HSC Foundation merged into Children's National. Children's National is not part of the Obligated Group and is included in the "Other" column in the Supplementary Consolidating Balance Sheet and Supplementary Consolidating Statements of Operations. Consequently, the former subsidiaries of The HSC Foundation are now broken out ("RSC", "Home Care", and "HSCSN"). Effective July 1, 2024, RSC and Home Care became subsidiaries of the Hospital, but are not part of the Obligated Group. HSCSN became a subsidiary of Children's National.

RSC is a Washington, D.C., nonprofit corporation, formed as a pediatric specialty care hospital.

HSCSN is a Washington, D.C., nonprofit corporation and managed care organization, formed as a health plan that services children and young adults who are residing in Washington, D.C. and qualify for the federal Supplemental Security Income program ("SSI") or a Tax Equity and Fiscal Responsibility Act ("TEFRA") wavier.

HSC Home Care, LLC ("Home Care") is a Washington, D.C limited liability company, formed as Medicare and Medicaid certified home health agency that provides care for children who have complex health care needs and disabilities.

The Captive is a wholly owned captive insurance company established to assume general liability and malpractice risk for Children's National entities, effective August 1, 1997.

Building 52/53 NMTC Borrower LLC ("Building 52/53 Borrower"), a Washington, D.C., limited liability company, was formed to acquire, own, rehabilitate, lease, manage, and operate the property known as Building 52/53 in a manner that will qualify such rehabilitation for historic and new market rehabilitation tax credits to Section 47 of the Internal Revenue Code of 1986, as amended. The property is comprised of land and historic buildings located on the former campus of the Walter Reed Army Medical Center in Washington D.C. (the "WR Campus"). Building 52/53 is also located in a qualified census tract that meets certain income, unemployment and poverty level requirements and qualifies under the New Market Tax Credit Program as a qualified active low-income community business ("QALICB"). Through its ownership of Building 52/53 Managing Member LLC, CNMC holds a 90% interest in Building 52/53 Borrower. Building 52/53 Borrower follows a calendar based fiscal year.

Building 52/53 Managing Member LLC ("Building 52/53 MM"), a Washington D.C., limited liability company, is the managing member of Building 52/53 Borrower. Building 52/53 MM is a wholly owned subsidiary of Children's National and is taxed as a corporation. The member managers of Building 52/53 MM are officers and senior leaders of Children's National. As part of the New Market Tax Credit and Historic Tax Credit transactions, this separate, for-profit, single purpose entity was established to manage the Building 52/53 property to meet the QALICB requirements. Building 52/53 MM is the manager of the property and the managing member of Building 52/53 HTC Tenant LLC, holding a 1% interest in Building 52/53 HTC Tenant LLC. Building 52/53 MM follows a calendar based fiscal year.

Building 52/53 HTC Tenant LLC ("Building 52/53 Tenant"), a Washington, D.C., limited liability company, was formed to lease, manage and operate property owned by Building 52/53 Borrower. Building 52/53 Tenant has made an equity investment in Building 52/53 Borrower and is also a member with a 10% interest. Building 52/53 Tenant consists of a managing member with 1% interest and an investor member with a 99% interest. Building 52/53 Tenant and Building 52/53 Borrower have executed a historic tax credit pass-through agreement pursuant to which Building

52/53 Borrower will elect under Section 50 of the Internal Revenue Code to pass through to Building 52/53 Tenant the federal tax credits to which it is entitled because of the historic building's rehabilitation project. Children's National meets the requirements for consolidation of the Building 52/53 Tenant through its ownership of the managing member (Building 52/53 MM) and control of Building 52/53 Tenant. The 99% interest held by an investor member is reflected as non-controlling interest. Building 52/53 Tenant follows a calendar based fiscal year.

Building 54 NMTC Borrower LLC ("Building 54 Borrower"), a Washington, D.C., limited liability company, was formed to acquire, own, rehabilitate, lease, manage, and operate the property known as Building 54 in a manner that will qualify such rehabilitation for historic rehabilitation tax credits pursuant to Section 47 of the Internal Revenue Code of 1986, as amended. The property is comprised of land and a historic building located on the WR Campus. Through its ownership of Building 54 Managing Member LLC, CNMC holds a 90% interest in Building 54 Borrower. Building 54 Borrower follows a calendar based fiscal year. Building 54 Managing Member LLC ("Building 54 MM"), a Washington D.C., limited liability company, is the managing member of Building 54 Borrower. Building 54 MM is a wholly owned subsidiary of Children's National and is taxed as a corporation. The member managers of Building 54 MM are officers and senior leaders of Children's National. Building 54 MM is the manager of the property and the managing member of Building 54 HTC Tenant LLC, holding a 1% interest in Building 54 HTC Tenant LLC. Building 54 MM follows a calendar based fiscal year.

Building 54 HTC Tenant LLC ("Building 54 Tenant"), a Washington, D.C., limited liability company, was formed to lease, manage and operate property owned by Building 54 Borrower. Building 54 Tenant has made an equity investment in Building 54 Borrower and is also a member with a 10% interest. Building 54 Tenant consists of a managing member with 1% interest and an investor member with a 99% interest. Building 54 Tenant and Building 54 Borrower have executed a historic tax credit pass-through agreement pursuant to which Building 54 Borrower will elect under Section 50 of the Internal Revenue Code to pass through to Building 54 Tenant the federal tax credits to which it is entitled because of the historic building's rehabilitation project. Children's National meets the requirements for consolidation of the Building 54 Tenant through its ownership of the managing member (Building 54 MM) and control of Building 54 Tenant. The 99% interest held by an investor member is reflected as non-controlling interest. Building 54 Tenant follows a calendar based fiscal year.

Children's National, Hospital, Foundation, CRI, Safe Kids, CSS, BCA (up until June 30, 2025), RSC, and Home Care, 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.

2. Risk Factors

Current economic, political, and regulatory conditions have created various risks and uncertainties for healthcare organizations. The impact may materially affect Children's National financial condition, operations, and ability to deliver on its mission. Specific risks include (1) future legislation, regulation, or other actions by federal, state, or District of Columbia agencies, which may impose requirements or continue the trend toward more restrictive limitations on reimbursement for hospital services; (2) future legislation or adverse trends affecting the costs related to professional liability coverage; (3) changes in general and local economic conditions including the financial condition of the District of Columbia, the State of Maryland and the State of Virginia; and (4) a potential shortage of qualified doctors and other skilled healthcare professionals in the local employment market.

3. Summary of Significant Accounting Policies

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 Children's National and its subsidiaries after elimination of all significant intercompany accounts and transactions.

Cash and Cash Equivalents

Cash equivalents include amounts invested 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. Children's National has not experienced such losses on these funds. Cash and cash equivalents held temporarily in the long-term investment portfolio are excluded from cash and cash equivalents, as they are not available for current use.

Investments and Assets Whose Use is Limited

Investments consist primarily of money market funds, government securities, equity securities (including common trust funds), and mutual funds and are reported at fair value. Investments that management does not consider necessary for current operations are classified as long-term.

Investments in companies in which Children's National does not have control but has the ability to exercise significant influence over operating and financial policies are accounted for under the equity method of accounting and operating results are recorded within investment return, net on the Consolidated Statements of Operations. Dividends received are recorded as a reduction of the carrying amount of the investment.

Assets whose use is limited include cash and investments restricted under professional liability arrangements and debt agreements.

Restricted cash amounts included in short term assets whose use is limited represent amounts required to be set aside by debt or regulatory agreements. Restricted cash amounts included in assets whose use is limited represent amounts set aside to pay general and professional liability claims.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Consolidated Balance Sheets to the amounts shown in the Consolidated Statements of Cash Flows as of June 30:

(in thousands)	**2025**	**2024**
Cash and cash equivalents	$ 55,067	$ 44,678
Short term assets whose use is limited	1,598	1,600
Assets whose use is limited	505	15
Cash, cash equivalents, and restricted cash	$ 57,170	$ 46,293

Investment Return, Net
Investment income or loss including interest and dividends, net of investment management fees; realized gains and losses on investments return, net and unrealized gains and losses on equity securities are reported as non-operating revenue and are included in excess of revenue over expenses unless the income or loss is restricted by donor or law.

Income Taxes
Children's National is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. On such basis, the exempt entities will not incur any liability for federal income taxes, except for possible unrelated business income.

The Financial Accounting Standards Board's ("FASB") guidance on accounting for uncertainty in income taxes clarifies the accounting for uncertainty of income tax positions. The guidance defines the threshold for recognizing tax return positions in the consolidated financial statements as "more likely than not" that the position is sustainable, based on technical merits.

Children's National evaluates uncertain tax positions using a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in an unrelated business activity tax return and disclosures regarding uncertainties in tax positions. There was no impact on Children's National's consolidated financial statements during the years ended June 30, 2025 and 2024, as Children's National has no uncertain tax positions.

Accounts Receivable
Patient accounts receivable consists primarily of amounts owed by various governmental agencies, insurance companies and patients. Children's National manages these receivables by regularly reviewing the accounts and contracts and by recording appropriate price concessions. Children's National 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.

Children's National 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.

Inventories of Supplies
Inventories generally consist of medical and nonmedical supplies and are stated at the lower of cost or net realizable value, using the first in, first out method. The total inventory balance was $19.5 million and $21.9 million at June 30, 2025 and 2024, respectively.

Contributions and Grants
Unconditional promises to give cash and other assets are reported at fair value as contributions receivable at the date the promise is received. Amounts due are recorded at the net realizable value discounted using a rate of return that a market participant would expect to receive over the payment period at the date the pledge is received. An allowance for uncollectible pledges is recorded for pledges which may become uncollectible in future periods. Amounts deemed to be uncollectible have been written off. The contributions receivable balance is based on management's best estimate of the amounts expected to be collected. The amounts Children's National will ultimately realize could differ from the amounts assumed in arriving at the present value and allowance for doubtful pledges. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional. As of June 30, 2025 and 2024 conditional promises to give excluding those from grants, amounted to $65.2 million and $82.2 million, respectively.

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 restriction is met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the Consolidated Statements of Operations as net assets released from restrictions used for operations. Donor-restricted contributions whose restrictions are met within the same year as received are reported as net assets without donor restrictions in the accompanying consolidated financial statements.

Children's National and its subsidiaries receive various grants from Federal agencies and District of Columbia agencies for the purpose of furthering its mission of providing acute pediatric care, research, and education. For the majority if its grants, Children's National accounts for them under the contribution model, which is outside the scope of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). Revenue for these grants outside the scope of ASC 606 is recognized as expenses are incurred. Grants recognized under ASC 606 were $41.8 million and $33.4 million in the years ended June 30, 2025 and 2024, respectively.

The CARES Act, enacted in 2020, provided for an employee retention tax credit ("ERC") that was designed to encourage eligible employers to keep employees on their payroll, despite experiencing an economic hardship related to COVID-19. This allows eligible employers to claim the credit on wages paid after March 12, 2020 and before January 1, 2021. The ERC is accounted as a conditional promise to give under the contribution model. During the years ended June 30, 2025 and 2024, Children's National deemed it was probable the governments' conditions for the ERC were met, that the purpose restriction was simultaneously met, and therefore recognized $13.7 million and $19.0 million of grant revenue for the year ended June 30, 2025 and 2024, respectively, in the Consolidated Statement of Operations and grant receivables in the Consolidated Balance Sheets.

Total conditional contributions from grants as of June 30, 2025 and 2024 were $108.1 million and $112.2 million, respectively. Revenue for these conditional contributions will be recognized in future periods when the conditions are met. The conditions related to these contributions are based on performance barriers, a right of return, and scope related conditions as outlined under the Uniform Guidance cost principles. Children's National has elected the simultaneous release option which allows a conditional restricted contribution to be recognized directly in net assets without donor restrictions if the condition and restriction is met in the same period that the revenue is recognized.

Loan Receivable

As part of the New Market Tax Credit and Historic Tax Credit transactions, Children's Hospital made a leveraged loan to Children's National NMTC Investment Fund, LLC in the amount of $13.5 million in June 2019. The loan bears interest at 1.3% with quarterly interest only payments due September 2019 through March 2026, followed by quarterly principal and interest payments of $160 thousand through June 2049.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* (ASC 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually and requires a current estimate of all expected credit losses. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses for loans, held-to-maturity

securities, and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in GAAP, which generally require that a loss be incurred before it is recognized. On July 1, 2023, Children's National adopted the guidance prospectively and required no cumulative adjustments to net assets. The adoption of ASC 326 had no material impact on the consolidated financial statements.

New Accounting Pronouncements
Children's National reviews new accounting and reporting standards to assess the impact on the consolidated financial statements. Children's National has not identified any forthcoming pronouncements that would cause a material impact to the consolidated financial statements.

Property and Equipment
Property and equipment acquisitions are recorded at cost. Depreciation expense on Children's National's property and equipment is recorded using the straight-line method, which allocates the cost of the tangible property equally over the estimated useful lives, beginning with the date the asset is placed in service. Below are the useful lives by asset category:

Buildings	25 - 40 years
Building improvements	9 - 20 years
Fixed equipment	10 - 15 years
Movable equipment	3 - 20 years

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets, net of any income earned. Repairs and maintenance are expensed as incurred. When property 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 recognized.

Deferred Financing Costs
Financing costs incurred in connection with the issuance of long-term debt are deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the period the debt is outstanding. Deferred financing costs are recorded in long-term debt on the Consolidated Balance Sheets. The amortization expense was approximately $0.4 million and $0.4 million for the years ended June 30, 2025 and 2024, respectively.

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. Children's National's 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 the 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. There were no impairments of long-lived assets for the years ended June 30, 2025 and 2024.

Interest in Beneficial Trusts
Children's National also receives contributions in the form of irrevocable split-interest agreements. These agreements include charitable remainder trusts and perpetual trusts. In all of these agreements, Children's National has an interest in the trust but is not the trustee. When the trust's obligations to all beneficiaries expire, the remaining assets revert to Children's National to be used according to the donor's wishes.

Deferred Compensation Plan
Children's National maintains a deferred compensation plan for certain employees. As of June 30, 2025 and 2024, deferred compensation investments of $59.3 million and $51.6 million, respectively, included in other assets on the Consolidated Balance Sheets, represent investments held by Children's National under these deferred compensation agreements. Such amounts approximate Children's National's related liability to the employees and are included in other long-term liabilities.

Net Assets
Net assets without donor restrictions include undesignated amounts as well as amounts designated by the board for future capital and operating purposes. Net assets with donor restrictions are those whose use by Children's National has been limited by donors to a specific time period or purpose, including federal appropriations restricted for capital improvements. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. Also included in net assets with donor restrictions are those gifts that have been restricted by donors to be maintained by Children's National in perpetuity.

Charity Care
Children's National, in keeping with its mission and philosophy to extend quality care and compassionate service, recognizes that some patients are unable to compensate Children's National for their treatment either through third party coverage or their own resources. Accordingly, Children's National extends charity or free care to those patients who do not have the ability to meet their obligations. Children's National provides free care based on federal poverty income guidelines or when it is determined that the patients are unable to fulfill their obligations to Children's National. Children's National also provides assistance in helping patients obtain third party coverage through state Medicaid programs. Because Children's National does not pursue collections of amounts determined to qualify as charity care, they are not reported as revenue. Direct and indirect costs for these services amounted to $8.3 million and $6.0 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 charge is calculated based on Children's National's adjusted operating expenses divided by patient service revenue.

In addition to direct charity care, Children's National is committed to improving the health and well-being of children in the Washington, D.C., metropolitan area. Through programs of clinical intervention, community engagement, education and advocacy, Children's National strives to address the many challenges facing children and families today. Examples of programs addressing these challenges are the Community Pediatric Health Care Centers, Youth Violence Intervention Program, Early Childhood Innovation Network, and injury prevention outreach and education efforts. In addition to these efforts, we conducted a Community Health Needs Assessment, focused on the pediatric population in Wards 7 and 8 in the District of Columbia and Prince George's County, Maryland. With data from the Child Opportunity Index and feedback from community residents and leaders and hospital staff, four priorities were identified – healthy food, health insurance, early childhood education, and employment. A Community Health Improvement

Plan (CHIP) was developed that describes the strategies and programming that will address the priorities. Workgroups implemented activities to meet the goals of the CHIP including, but not limited to, hosting a webinar series for parents and caregivers focused on mental health topics such as social media and youth mental health and parental mental health, providing testimony and feedback for bills in the District of Columbia and Maryland, participating in a service learning activity with a local non-profit to pack and distribute produce bags for Prince George's County, Maryland residents, and distributing information at health fairs and events with local schools and early childhood centers, community based organizations and businesses, and supporting youth engagement activities such as the Youth Leadership Advisory Council.

Excess of Revenues Over Expenses
The Consolidated Statements of Operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include, among other items, contributions released from restrictions for property and equipment.

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 revenue and expenses during reporting period. Actual results could differ from these estimates. These significant estimates include, among others, estimated net realizable value of patient receivables, estimated third-party payor settlements, and accrued insurance costs.

Accrued Vacation
Children's National records a liability for amounts due to employees for future absences which are attributable to services performed in the current and prior period. The liability for accrued vacation was $46.0 million and $43.5 million as of June 30, 2025 and 2024, respectively, and is recorded in accrued salaries and other expenses.

Estimated Malpractice Costs
The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Reserve for Medical Malpractice Claims
Children's National's medical malpractice claims reserve is an estimate of payments to be made for claims 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 reserve also considers asserted but unpaid claims. The estimate is continually reviewed and adjusted as necessary as experience develops or new information becomes known, such adjustments are included in current operations.

Medical Claims Expense and Payable
HSCSN contracts with various health care providers for the provision of related medical care services to its members. The providers are compensated based on payment rates as specified in the provider agreements. Medical claims expense that has been reported in the accompanying Consolidated Statements of Operations includes an accrual for medical services incurred but not reported ("IBNR"). Medical claims expense is determined using a combination of methods including multiplying census times average daily rate for inpatient facilities, per-member-per-month for medical categories other than inpatient and, actual invoices for pharmacy and other vendors. IBNR is determined using the percentage of completion model analysis which uses paid claims to estimate the total dollar of claims outstanding at a given point in time.

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which Children's National 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. Generally, Children's National bills the patient and third-party payors several days after the services are performed and/or 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 Children's National. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Children's National 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 receiving inpatient acute care services. Children's National measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and Children's National does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, Children's National has elected to apply the practical expedient provided in FASB ASC 606-10-50-14a and therefore is not required to disclose the aggregate amounts of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. These performance obligations are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Children's National also provides services to uninsured patients. The transaction price for both uninsured patients, as well as insured patients with deductibles and coinsurance, is estimated based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Children's National determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Children's National determines its estimate of implicit price concessions based on historical collection experience with these classes of patients using a portfolio approach as a practical expedient. The portfolio approach is being used as Children's National 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. Children's National 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 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 the prior years. Subsequent changes that are determined to be the results of 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 significant for the years ended June 30, 2025 and 2024.

Children's National has agreements with third-party payors that provide for payments to Children's National at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments. Contractual adjustments to patient service revenue were $2.8 billion and $2.4 billion for the years ended June 30, 2025 and 2024, respectively.

Approximately 47% and 45% of net patient service revenues were from Medicaid and Medicaid managed care programs in 2025 and 2024, respectively. Total reimbursements received for Graduate Medical Education ("GME") were $24.5 million in 2025 and $23.4 million in 2024. Federal GME is subject to appropriation each year.

Inpatient and outpatient services, defined capital and medical education costs related to beneficiaries are paid using a cost reimbursement methodology for Medicare and the Fee-for-Service Medicaid programs. These services are paid prospectively for DC Medicaid and Maryland Medicaid. For cost reimbursable items, Children's National is reimbursed at a tentative rate with final settlement determined after submission of the annual cost reports by Children's National and audits thereof by the fiscal intermediary. Children's National cost reports have been audited and settled by the Medicare intermediary through 2023 for all facilities. The Virginia Medicaid cost report is settled annually and is settled through 2024.

The Hospital and RSC are eligible providers under a state directed payment ("SDP") program in the District of Columbia. The District of Columbia applied for their SDP program under Medicaid managed care plan contracts, submitting a proposal to CMS on August 15, 2024 and a final preprint on June 26,2025. The program provides a uniform percentage increase to inpatient and outpatient hospital services for the period covering October 1, 2024 through September 30, 2025. The District of Columbia's SPD program also requires providers to commit to meeting specific state goals, including quality and access to care metrics, as well as investing 10% of the net funds received into community benefit programs. Subsequent to the fiscal year ended June 30, 2025, the One Big Beautiful Bill Act was signed into law, reducing the total payment rate limit for SDPs. However, CMS also provided formal approval of the plan to the District of Columbia, grandfathered in under previously established rates, on September 9, 2025.

Children's National used the most likely amount method to determine an estimate of impact of the SPD program on the transaction price of its contracts and recognized net patient service revenue and settlements due from third-party payors of $49.7 million for the year ended June 30, 2025. The program is funded by the District of Columbia in part through provider taxes, for which Children's National recognized an expense and liability of $22.0 million, which are recognized in the supplies and other in the consolidated statement of operations and accounts payable in the consolidated balance sheets, respectively.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to interpretation. 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 Children's National's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon Children's National. In addition, the contracts Children's National has with commercial payors also provide for retroactive audit and review of claims.

Cost report settlements under reimbursement agreements with Medicare and Medicaid for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Children's National's historical experience. Estimated settlements are adjusted in future periods as final settlements are determined. There is a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments arising from a change in the transaction price were not significant in 2025 and 2024.

The composition of net patient service revenues by payor for the years ended June 30, is as follows:

(in thousands)	**2025**	**2024**
Blue Cross	$ 349,565	$ 307,784
Commercial	14,744	14,757
Managed Care	390,792	385,457
Medicaid	756,669	667,161
Other	89,940	62,724
Self-pay	24,770	31,883
Total	$ 1,626,480	$ 1,469,766

Children's National has elected the practical expedient allowed under FASB 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 Children's National's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, Children's National 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.

Capitation Revenue and Receivable

HSCSN receives a monthly interim capitation rate per enrollee and recognizes capitation revenue from premiums in the period that a member is eligible for health care coverage. Revenue related to capitation premiums consists of the amount the District of Columbia has contracted to pay for the provision of health care benefits. HSCSN has accrued the difference between the actual monthly interim payment and the estimated reimbursement for the actual monthly enrollee population served.

HSCSN entered a Child and Adolescent Supplemental Security Income Program ("CASSIP") agreement with the District of Columbia Department of Health Care Finance ("DHCF") to coordinate health care services for a defined group of Supplemental Security Income-eligible special needs children and youths. This indefinite-delivery indefinite-quantity contract is HSCSN's primary source of operating revenue. Under this agreement, DHCF pays HSCSN a fixed capitation amount based on the number of eligible participants enrolled in the program, subject to a final retroactive settlement. The contract requires an annual settlement process whereby DHCF and HSCSN share the benefits and risks associated with financial gains and losses of the managed care program, which are final settled through September 30, 2022. These amounts are included in due to third-party payers in the accompanying Consolidated Balance Sheets.

The capitation payment received by HSCSN has two components: one for administrative services and the second for medical services. The administrative services portion funds the management expenses of HSCSN, as well as the annual premium tax and Health Benefits Exchange (HBX) tax assessed by the District of Columbia, and factors in the potential for a 1.75% margin. The medical services portion pays for medical services (physician, hospital, pharmacy, home health, etc.), case management, utilization management, and quality oversight services.

The capitation payment is calculated based on the target medical claims ratio, which is the aggregate claims paid for the year for services covered, and medical management expenses as determined under 42 CFR Part 438 activities that improve health care quality. This medical services portion of HSCSN's capitation payment is subject to a risk sharing arrangement. If the total costs for medical services differs from the threshold specified in the CASSIP agreement, then the over/under outside of the base 2% corridor is shared between HSCSN and DHCF on a sliding scale, where HSCSN is at risk for a proportion of the overage for 50% or benefits from the underage at a similar proportion. DHCF is 100% at risk or benefits from the underage when costs for medical services exceed or fall below the threshold for which HSCSN is responsible.

HSCSN's third party receivables and payables result from this single contract with the DHCF. Termination of the contract or non-payment by the DHCF of the capitation revenue or risk receivable would have a material adverse effect on future operations and the liquidity of HSCSN. The initial year of the current contract with DHCF expired on September 30, 2022 and includes four 1-year option periods.

HSCSN's ability to maintain and/or increase future revenue could be adversely affected by: (1) the growth of managed care organizations promoting alternative methods for health care delivery and payment of services such as discounted fee for service networks and capitated fee arrangements; (2) proposed and/or future changes in the laws, rules, regulations, and policies relating to the definition, activities, and/or taxation of not-for-profit tax-exempt entities; (3) the inability of the District of Columbia, Maryland and Virginia Medicaid programs to correctly process medical claims and ultimately pay the System for services it provides to their patients; (4) the inability to collect on revenue earned for services provided; and (5) possible changes in general and local economic conditions, which could cause volatility in and/or limitations to access to capital and debt markets.

Other Revenue

In addition to net patient service and capitation revenue, Children's National also recognizes revenue related to other transactions. These transactions include revenues from parking, collaborative arrangements with other healthcare providers, transport, and Pediatric Specialists of Virginia ("PSV"). Additionally, revenue earned from the sale of pharmaceuticals at contracted pharmacies to patients is the most significant revenue stream in other operating revenue on the Consolidated Statements of Operations. Pharmacy revenue recognized was $54.5 million for the year ended June 30, 2025 and $68.3 million for the fiscal year ended June 30, 2024.

Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied. Revenue from these transactions is measured as the amount of consideration Children's National expects to receive from those services.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation. Such reclassifications did not impact Children's National's previously reported net asset balances.

4. Fair Value Measurements

Children's National follows the FASB's 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, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. This guidance applies to other accounting pronouncements that require or permit fair value measurements, and accordingly, this guidance does not require any new fair value measurements.

The guidance discusses valuation techniques such as the market approach, cost approach and income approach. This 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.

The financial instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Each of the financial instruments below has been valued utilizing the market approach.

The following tables present the financial instruments carried at fair value grouped by hierarchy level:

	June 30, 2025		
(in thousands)	**Quoted In Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Total Fair Value**
Assets			
Investments			
Cash equivalents and short term investments	$ 48,797	$ -	$ 48,797
Fixed income securities	354,744	31,496	386,240
Equity securities	956,865	425	957,290
Real estate investments	-	5,125	5,125
Total investments	1,360,406	37,046	1,397,452
Deferred compensation money market funds	4,728	-	4,728
Deferred compensation mutual funds	54,573	-	54,573
Beneficial interests held by 3rd party	-	1,454	1,454
Perpetual trusts held by 3rd party	-	8,158	8,158
Short term assets whose use is limited by terms of debt agreement	2,183	-	2,183
Total assets at fair value	$ 1,421,890	$ 46,658	1,468,548
Investment funds at NAV			4,544
			$ 1,473,092
Liabilities			
Deferred compensation liability	$ -	$ 59,301	$ 59,301
Total liabilities at fair value	$ -	$ 59,301	$ 59,301

(in thousands)	June 30, 2024 Quoted In Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value
Assets			
Investments			
Cash equivalents and short term investments	$ 45,514	$ -	$ 45,514
Fixed income securities	323,749	32,291	356,040
Equity securities	862,520	425	862,945
Real estate investments		5,125	5,125
Total investments	1,231,783	37,841	1,269,624
Deferred compensation money market funds	4,339	-	4,339
Deferred compensation mutual funds	47,253	-	47,253
Beneficial interests held by 3rd party	-	1,163	1,163
Perpetual trusts held by 3rd party	-	7,817	7,817
Short term assets whose use is limited by terms of debt agreement	2,185	-	2,185
Total assets at fair value	$ 1,285,560	$ 46,821	1,332,381
Investment funds at NAV			4,050
			$ 1,336,431
Liabilities			
Deferred compensation liability	$ -	$ 52,499	$ 52,499
Total liabilities at fair value	$ -	$ 52,499	$ 52,499

The following tables present information for investments measured at net asset value ("NAV") as of June 30:

(in thousands)

Description	NAV at June 30, 2025	Redemption Frequency	Redemption Notice Period	Receipt of Proceeds	June 30, 2025 Unfunded Commitments
Limited partnership	$ 3,572	Ranges from illiquid to quarterly	60 days	Ranges from 95% on redemption date, to within 3 years of redemption date	$ 1,428
Funds of funds	972	Ranges from monthly to annually	Ranges from 5 to 65 days	Ranges from 95% on redemption date, to within one year of redemption date	$ 276
	$ 4,544				

(in thousands)

Description	NAV at June 30, 2024	Redemption Frequency	Redemption Notice Period	Receipt of Proceeds	June 30, 2024 Unfunded Commitments
Limited partnership	$ 2,683	Ranges from illiquid to quarterly	60 days	Ranges from 95% on redemption date, to within 3 years of redemption date	$ 2,317
Funds of funds	1,367	Ranges from monthly to annually	Ranges from 5 to 65 days	Ranges from 95% on redemption date, to within one year of redemption date	$ 299
	$ 4,050				

Following is a description of the Children's National valuation methodologies for assets and liabilities measured at fair value.

Fair value for Level 1 is based upon quoted prices in active markets that Children's National has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. Children's National does not adjust the quoted price for such assets and liabilities. Level 1 investments include cash equivalents including money market accounts, fixed income and equity securities, and mutual funds that are traded in an active exchange market.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers. Level 2 investments include certain equity mutual funds, real estate investments, corporate bond funds, US government obligations, and federal agency obligations.

Certain investments are measured at NAV, which consist of limited partnerships and fund of funds. The limited partnerships represent domestic and offshore private placement securities. The fund of funds are investment funds, which invest in other investment funds to reach their desired investment objectives. The master funds are investment funds, which invest substantially all their assets through a "master feeder" structure to pool investment capital raised by both U.S. and overseas investors into one central vehicle. The investment fund investments have varying liquidity terms from illiquid to annual liquidity.

The fair value of the obligations under deferred compensation agreements approximates the fair value of the other investment assets, which are determined using quoted market prices. These assets are comprised of mutual funds and money market funds.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Children's National believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

5. Property and Equipment

The components of property and equipment as of June 30 are summarized below:

(in thousands)	2025	2024
Land	$ 35,486	$ 35,486
Buildings and building improvements	1,470,426	1,461,257
Fixed and movable equipment	544,127	472,417
	2,050,039	1,969,160
Less: Accumulated depreciation	(1,267,584)	(1,159,294)
	782,455	809,866
Construction in progress	66,708	67,925
Property and equipment, net	$ 849,163	$ 877,791

Depreciation expense for the years ended June 30, 2025 and 2024 was $109.0 million and $101.9 million, respectively.

Children's National owns various buildings at the Children's National Research and Innovation Campus for which an environmental retirement obligation was recorded. The balances of such liabilities were $0.9 million as of June 30, 2025 and 2024, respectively.

During the year ended June 30, 2025, Children's National disposed of long-lived assets with a net book value of less than $0.1 million. During the year ended June 30, 2024, Children's National disposed of long-lived assets with a net book value of $1.7 million. Of this amount, $1 million was related to assets classified as investments in the Consolidated Balance Sheets.

6. Contributions Receivable

Unconditional promises to give as of June 30 were as follows:

(in thousands)	2025	2024
Less than one year	$ 45,021	$ 41,820
One to five years	13,610	22,047
More than five years	900	-
	59,531	63,867
Less: Discount	(1,036)	(1,344)
Allowance for uncollectible contributions	(838)	(934)
Contribution receivable, net	$ 57,657	$ 61,589

Contributions receivable greater than one year in time are discounted using a rate of return that a market participant would expect to receive over the period at the date the pledge is received. The discount rate used is commensurate with the risk involved and ranges from 1.6% to 4.4% based on the date the pledge is made. Loss from uncollectible pledges was $2.0 million and $0.2 million for the years ended June 30, 2025 and 2024, respectively.

7. Investments and Assets Whose Use is Limited

The composition and fair values of investments and assets whose use is limited, as reported on the accompanying Consolidated Balance Sheets, at June 30 is as follows:

(in thousands)	2025	2024
Limited by terms of debt agreements		
Cash and short term investments	$ 2,183	$ 2,185
Total assets whose use is limited by terms of debt agreements	$ 2,183	$ 2,185
Limited for professional liability claims		
Cash and short term investments	$ 505	$ 15
Fixed income securities	26,860	25,184
Equity securities	21,445	26,260
Total funded professional liability	$ 48,810	$ 51,459
Investments		
Cash and short term investments	$ 48,292	$ 45,499
Fixed income securities	359,380	330,855
Equity securities	935,845	836,685
Equity method investments	8,922	6,941
Real estate investments	5,125	5,125
Alternative investments	4,544	4,050
Total Investments	$ 1,362,108	$ 1,229,155
Interest in beneficial trusts		
Beneficial interests held by 3rd party	$ 1,454	$ 1,163
Perpetual trusts held by 3rd party	8,158	7,817
Total interest and beneficial trusts	$ 9,612	$ 8,980

Investment returns consisted of the following:

(in thousands)	June 30, 2025 Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 35,514	$ 8,604	$ 44,118
Loss on equity method investments	(6,327)	-	(6,327)
Realized gains	13,987	2,168	16,155
Investment income	43,174	10,772	53,946
Change in net unrealized gain/(loss) on investments	76,859	29,056	105,915
Total investment returns, net	$ 120,033	$ 39,828	$ 159,861

(in thousands)	June 30, 2024 Without Donor Restrictions	With Donor Restrictions	Total
Dividends and interest income	$ 26,936	$ 6,949	$ 33,885
Loss on equity method investments	(3,695)	-	(3,695)
Realized gains	4,959	573	5,532
Investment income	28,200	7,522	35,722
Change in net unrealized gain/(loss) on investments	92,680	30,421	123,101
Total investment returns, net	$ 120,880	$ 37,943	$ 158,823

Realized gains and losses are calculated by comparing proceeds upon sale of an investment to its original cost, or its cost less any adjustment recorded for other-than-temporary loss on investments where applicable. The change in unrealized gains and losses on investments reflects the increase or decrease during the period in the difference between the fair value and the carrying amount of securities. Interest and dividend earnings (net of expenses), net realized gains and losses on investments and the net change in unrealized gains and losses on investments are considered investment income and are included and primarily recorded in investment returns, net on the Consolidated Statement of Operations.

In October of 2013, Children's National and Inova Health Care Services ("Inova") partnered in a joint venture to create PSV. PSV is a Virginia limited liability company which provides high-quality pediatric specialty care to the children of Northern Virginia through clinical excellence, innovation, education, research, and family-centered care. Children's National has a 50% investment in PSV, and it is accounted for under the equity method. Inova owns the remaining 50% of PSV.

PSV is governed by an eight-member Management Committee of which Children's National has four members. Any action by the Management Committee must be approved by a majority of the members, provided that it includes an affirmative vote by both one Inova representative and one Children's National representative. PSV's net assets were $11.1 million and $8.9 million as of June 30, 2025 and 2024, respectively.

Children's National's investment in PSV was $5.5 million and $4.5 million as of June 30, 2025 and 2024, respectively. Children's National's contributed cash of $8.3 million and $8.2 million to PSV during the year ended June 30, 2025 and 2024, respectively. Children's National's share of losses from PSV as of June 30, 2025 and 2024 were $7.2 million and $6.7 million, respectively and are included within investment income in the Consolidated Statements of Operations.

In 2008, Children's National was issued shares of common stock in Validus Biopharma, Inc., which changed its name to ReveraGen Biopharma, Inc. ("Reveragen") in 2011. Reveragen is governed by a Board of Directors, of which Children's National has 40% of members. Children's National holds 36.6% equity ownership in ReveraGen as of June 30, 2025 and June 30, 2024. The remaining shares are held by a foundation and individual shareholders.

The investment in ReveraGen is accounted for under the equity method. ReveraGen's net assets were $9.2 million and $6.7 million as of June 30, 2025 and 2024, respectively. Children's National's share of earnings are included within investment income in the Consolidated Statements of Operations.

8. Liquidity and Availability

As of June 30, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

(in thousands)	2025	2024
Financial assets		
Cash and cash equivalents	$ 55,067	$ 44,678
Short term investments	20,856	22,418
Short term assets whose use is limited by terms of debt agreement	2,183	2,185
Accounts receivable for patient services, net	390,295	348,933
Settlements due from third-party payors	82,231	22,520
Current contributions receivable without donor restrictions, net	4,106	6,108
Grants receivable	61,884	41,868
Total financial assets available within one year	616,622	488,710
Liquidity resources		
Bank line of credit	110,000	100,000
Total financial assets and liquidity resources available within one year	$ 726,622	$ 588,710

As part of the Children's National's liquidity management plan, cash in excess of daily requirements is invested in either money market funds, short-term investments, or 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. To manage liquidity, Children's National maintains a $150.0 million line of credit, as discussed in Note 9, *Debt.* Children's National intends to maintain at least this level of short-term credit availability.

In addition, Children's National has board designated investments which are available for general expenditure upon Board approval. The amount of board designated investments was $889.7 million and $797.2 million as of June 30, 2025 and 2024, respectively.

Through its budgeting process, the CNMC Board authorizes access and release of board designated funds, transfer among CNMC and its affiliates, and transfers to operating accounts by taking action that approves the use of the funds. The CNMC Board also maintains banking and signature policies that authorize individual signers to transfer investment funds to the operating accounts. The CNMC Board may also rely upon the review and recommendations of its Finance and Investment Committee and the Board of its Affiliates.

9. Debt

As of June 30, long-term debt consisted of the following:

(in thousands)	2025	2024
Series 2015 bonds maturity between July 15, 2019 and July 15, 2044, interest rates ranging from 4.00% to 5.00%	$ 316,120	$ 325,320
Series 2020 bonds, interest only at 2.93%, maturing on July 15, 2050	300,000	300,000
Other long-term debt	55,328	56,092
Notes payable	18,820	18,820
Total debt	690,268	700,232
Unamortized premiums and discounts, net	16,107	17,946
Unamortized debt issuance costs	(8,182)	(8,563)
	698,193	709,615
Less: Current portion of long-term debt	(12,195)	(11,803)
Total long-term debt	$ 685,998	$ 697,812

Series 2015 Bonds
In September 2015, the Children's National Obligated Group ("Obligated Group") borrowed from the District of Columbia (the "District") the proceeds of a series of tax-exempt revenue refunding bonds ("Series 2015 Bonds") issued by the District in the principal amount of $374.0 million. The Obligated Group consists of Children's Hospital, CNWR (joined September 2016), and the Foundation. The Series 2015 Bonds were sold at a premium of $39.8 million which is being amortized using the effective interest method. The amortization expense for the years ended June 30, 2025 and 2024 was $1.8 million and $2.0 million, respectively. The proceeds were used to advance refund the outstanding Series 2008 and Series 2005 Bonds and pay the cost of issuance associated with the Series 2015 Bonds.

The Series 2015 Bonds are comprised of four tranches:

- $195,030,000 5.00% Serial Bonds due July 15, 2016 through July 15, 2035
- $40,315,000 4.00% Term Bonds due July 15, 2040
- $50,000,000 5.00% Term Bonds due July 15, 2040
- $88,615,000 5.00% Term Bonds due July 15, 2044

Series 2020 Bonds
In August 2020, the Obligated Group issued the Children's Hospital Series 2020 Taxable Bonds ("Series 2020 Bonds") in the principal amount of $300.0 million. The proceeds from the sale of the Series 2020 Bonds were used to finance general corporate purposes of the Obligated Group, refinance the Bank of America Loan, and pay expenses in conjunction with the issuance of the Series 2020 Bonds. The Series 2020 Bonds bear interest at a fixed rate of 2.93 percent per annum and mature on July 15, 2050 with interest-only payments due January 15 and July 15 of each year.

The most restrictive covenant for the Series 2015 and 2020 Bonds requires the Obligated Group to maintain a minimum debt service coverage ratio of 1.1. The Obligated Group was in compliance with this covenant as of June 30, 2025.

Notes Payable
On June 20, 2019, CITI NMTC SUBSIDIARY CDE XXXIV, LLC, a Delaware limited liability company, issued two loans to Building 52/53 Borrower providing historic and new market rehabilitation tax credit financing for two buildings and certain real property located at 7115 and 7125 13th Place, NW, Washington, D.C. known as Walter Reed Building 52 and Building 53.

The first loan, Promissory Note A1 in the amount of $6,132,174, accrues interest at 1.0% per year and is computed on the basis of a 360-day year, based upon four 90-day quarters. The loan has a 30-year term with interest only payments required until June 2026. Payments are due quarterly on the 1st day of each March, June, September, and December. Upon the conclusion of the interest only period payments in the amount of $74,758, consisting of both interest and principal begin on September 1, 2026. The loan matures on June 20, 2049.

The second loan, Promissory Note B1, in the amount of $2,687,826, accrues interest at 1.0% per year and is computed on the basis of a 360-day year, based upon four 90-day quarters. The loan has a 30-year term with interest only payments required until June 2026. Payments are due quarterly on the 1st day of each March, June, September and December. Upon the conclusion of the interest only period payments in the amount of $32,768, consisting of both interest and principal begin on September 1, 2026. The loan matures on June 20, 2049.

On June 20, 2019, NTCIC-CNWR, LLC, a Delaware limited liability company, issued two loans to Building 52/53 Borrower providing historic and new market rehabilitation tax credit financing for Walter Reed Building 52 and Building 53.

The first loan, Promissory Note A2 in the amount of $7,363,526, accrues interest at 1.0% per year and is computed on the basis of a 360-day year, based upon four 90-day quarters. The loan has a 30-year term with interest only payments required until June 2026. Payments are due quarterly on the 1st day of each March, June, September, and December. Upon the conclusion of the interest only period payments in the amount of $89,770, consisting of both interest and principal begin on September 1, 2026. The loan matures on June 20, 2049.

The second loan, Promissory Note B2 in the amount of $2,636,474, accrues interest at 1.0% per year and is computed on the basis of a 360-day year, based upon four 90-day quarters. The loan has a 30-year term with interest only payments required until June 2026. Payments are due quarterly on the 1st day of each March, June, September and December. Upon the conclusion of the interest only period payments in the amount of $32,142, consisting of both interest and principal begin on September 1, 2026. The loan matures on June 20, 2049.

The notes are collateralized by Building 52/53 Borrower's property and the improvements. Building 52/53 Borrower may not encumber, transfer ownership, relocate or otherwise act so as to decrease the value of all, or any portion of, the property without prior written consent. The notes are guaranteed by Children's National.

Other Long-Term Debt
In September 2020, Children's Hospital was conveyed title to certain property and land located in Prince George's County, MD that it previously leased from a third-party developer under an operating lease. In exchange for deed and title to the property, Children's Hospital entered a lease-leaseback transaction with an unrelated third party. Children's National guarantees the lease payments made by Children's Hospital. For accounting purposes, this transaction was accounted for as an in-substance net financing as a lease does not exist with the unrelated third party, that is, the right to control the use of the asset was not conveyed to the third party both during and after the leaseback transaction. Children's National recorded other long-term debt, net of debt issuance costs, in the amount of $55.8 million, assets of $54.5 million and removed the existing operating lease liability and right-of-use assets of $30.2 million and $28.3 million, respectively, from its Consolidated Balance Sheet as of the transaction date. No gain or loss was recorded as a result of this transaction during the year ended June 30, 2021. The other-long term debt is amortized based on the monthly lease payments using the effective interest method at an interest rate of 3.14%.

Lines of Credit
On January 29, 2021, Children's Hospital entered a $100.0 million revolving Line of Credit with Capital One, N.A. for a one-year term (the Capital One credit agreement) which was renewed on January 28, 2022 and again on January 27, 2023 for an additional one-year term. On January 26, 2024, Children's Hospital renewed its line of credit again through January 31, 2025. During this time, the Capital One credit agreement bore interest at a variable rate equal to 1 Month Term SOFR plus 0.75% and a commitment fee of 20.0 basis points.

On January 28, 2025, Children's Hospital renewed its revolving Line of Credit with Capital One, N.A. through January 31, 2026 (the Capital One credit agreement). The Revolving Commitment was increased to $150.0 million. The Capital One Credit Agreement bears interest at 1 M SOFR + 0.75% and a commitment fee of 20.0 basis points. As of June 30, 2025, the Line of Credit has an outstanding balance of $40.0 million.

Maturities and sinking fund requirements of long-term debt outstanding for the next 5 years and thereafter as of June 30, 2025 were as follows:

(in thousands)

2026	$	10,499
2027		11,783
2028		12,390
2029		13,013
2030		13,669
Thereafter		628,914
	$	690,268

Total interest expense was $31.9 million and $30.7 million for the years ended June 30, 2025 and 2024, respectively. Cash paid for interest was $31.7 million and $32.7 million for the years ended June 30, 2025 and 2024, respectively, and includes capitalized interest for construction projects of $0.4 million and $0.6 million, net of investment income for the year ended June 30, 2025 and 2024, respectively.

10. Endowments

Children's National endowment consists of individual donor restricted endowment funds for a variety of purposes. In addition, contributions receivables and split interest agreements have been designated for Children's National endowment.

The Board of Trustees of Children's National has interpreted the "Uniform Prudent Management of Institutional Funds Act" ("UPMIFA") as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Children's National classifies net assets with donor restrictions (a time restriction in perpetuity), (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions (a time restriction in perpetuity) is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by Children's National in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Children's National considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund;

(2) The purposes of Children's National and the donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of Children's National; and

(7) The investment policies of Children's National.

Endowment net asset composition by type of fund for the years ended June 30 were as follows:

(in thousands)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Donor-restricted endowment funds			
Historical gift value	$ -	$ 209,237	$ 209,237
Appreciation	-	130,044	130,044
Total endowment funds	$ -	$ 339,281	$ 339,281

(in thousands)	2024 Without Donor Restrictions	2024 With Donor Restrictions	2024 Total
Donor-restricted endowment funds			
Historical gift value	$ -	$ 196,994	$ 196,994
Appreciation	-	101,547	101,547
Total endowment funds	$ -	$ 298,541	$ 298,541

Changes in endowment net assets for the years ended June 30 were as follows:

(in thousands)	2025 Without Donor Restrictions	2025 With Donor Restrictions	2025 Total
Endowment net assets, beginning of year	$ -	$ 298,541	$ 298,541
Investment return, net	-	39,886	39,886
Gifts	-	12,222	12,222
Gain from change in uncollectible pledges	-	(38)	(38)
Appropriation for expenditure	-	(11,330)	(11,330)
Endowment net assets, end of year	$ -	$ 339,281	$ 339,281

(in thousands)	2024 Without Donor Restrictions	2024 With Donor Restrictions	2024 Total
Endowment net assets, beginning of year	$ -	$ 266,103	$ 266,103
Investment return, net	-	37,998	37,998
Gifts	-	4,886	4,886
Loss from uncollectible pledges	-	31	31
Appropriation for expenditure	-	(10,477)	(10,477)
Endowment net assets, end of year	$ -	$ 298,541	$ 298,541

Description of the amounts classified as net assets with donor restrictions held in perpetuity (endowments only) as of June 30 is a follows:

(in thousands)	2025	2024
Patient care	$ 105,911	$ 96,357
Health-related education	7,155	7,002
Research	96,171	93,635
	$ 209,237	$ 196,994

Endowment Funds with Deficits
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. There were no deficits in donor gift amounts as of June 30, 2025 and 2024.

Return Objectives and Risk Parameters
Children's National has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. Children's National expects its endowment funds over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Investment Objectives
To achieve its long-term rate of return objectives, Children's National relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Children's National targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives

The Board of Trustees of Children's National determines the method to be used to appropriate endowment funds for expenditure. Calculations were performed for individual endowment funds at a rate of 4.5% of the three-year rolling average using a monthly average over the most recent 36 months ended June 30th. The corresponding calculated spending allocations were distributed annually in the first month of the fiscal year from the current net total or accumulated net total investment returns for individual endowment funds. In establishing this policy, the Board considered the expected long-term rate of return on its endowment. Accordingly, over the long term, Children's National expects the current spending policy to allow its endowment to grow at between 3-8% annually, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts.

11. Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are restricted to:

(in thousands)	2025	2024
Subject to expenditures for a specified purpose		
Patient care	$ 220,538	$ 199,737
Building expansion and equipment	4,499	5,213
Health-related education	11,853	10,830
Research	29,606	28,153
Total subject to expenditures for a specified purpose	266,496	243,933
Funds and securities held into perpetuity		
Endowment funds	209,237	196,994
Charitable remainder trusts	1,454	1,141
Total held into perpetuity	210,691	198,135
Total net assets with donor restrictions	$ 477,187	$ 442,068

12. Insurance

Children's National self-insures for malpractice and general liability claims up to a retention limit and carries excess coverage above that limit. On August 1, 1997, Children's National established the Captive as a wholly owned captive insurance company to assume the retained portion of medical malpractice, employment, and general liability claims of Children's National arising on or after August 1, 1997. Cash transfers to the Captive are based on premium levels established by the Captive's management, as well as Cayman Islands statutory capital requirements.

The reserve for claims shown in the accompanying Consolidated Balance Sheets represents the reserve for asserted and unasserted malpractice and comprehensive general liability claims against Children's National and its affiliated physicians. The reserve for claims is estimated by management using information supplied by legal counsel and an independent actuarial firm.

Malpractice and other claims in excess of the reserve for claims have been asserted against Children's National, and it is possible that actual claim liabilities could differ from estimated amounts in the near term. However, management and legal counsel do not believe that the ultimate cost of resolving asserted and unasserted claims related to events having occurred through June 30, 2025 are materially in excess of the reserve for claims and malpractice insurance coverage.

Children's National also self-insures for employee health and dental claims. In addition, Children's National has a deductible of $500 thousand per occurrence for workers' compensation. Amounts accrued in the accompanying Consolidated Balance Sheets for the estimated cost of health and dental care claims incurred, including estimates for incurred but not reported amounts, were approximately $6.3 million and $6.8 million as of June 30, 2025 and 2024, respectively. Amounts accrued for workers compensation claims were approximately $3.4 million and $3.2 million as of June 30, 2025 and 2024, respectively.

13. Benefit Plans

Children's National sponsors defined contribution retirement plans that are available to substantially all employees. Children's National makes contributions to the plans on behalf of each participant based on the employee's level of contribution. The cost of the plan to Children's National was approximately $38.0 million and $31.4 million as of June 30, 2025 and 2024, respectively.

Children's National also has incentive compensation plans, based on achievement of organizational and individual goals, and deferred compensation arrangements. Assets and liabilities related to the deferred compensation arrangements are included in other noncurrent assets and other noncurrent liabilities in the accompanying Consolidated Balance Sheets in the amount of approximately $62.5 million and $55.7 million as of June 30, 2025 and 2024, respectively.

14. Leases

Children's National determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities and long-term operating lease liabilities on the Consolidated Balance Sheets. Financing leases are included in financing right-of-use assets, current portion of financing lease liabilities and long-term financing lease liabilities on the Consolidated Balance Sheets. Leases are recognized based on the present value, net of the future minimum lease payments over the lease term using the organization's incremental borrowing rate based on the information available at commencement and include both lease and non-lease components. The right-of-use asset is derived from the lease liability and includes any lease payments made and excludes lease incentives and initial direct costs incurred. Certain lease agreements for real estate include payments based on actual common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in other operating expenses, net, but are not included in the right-of-use asset or liability balances. Lease agreements may include one or more renewal options which are at the organization's sole discretion. Children's National does not consider the renewal options to be reasonably likely to be exercised, therefore they are not included in right-of-use assets and lease liabilities. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term for operating leases.

In accordance with ASC 842, *Leases*, Children's National has elected to not recognize ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less. Children's National recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as all other leases.

Children's National is obligated under various operating and financing real property and equipment leases for medical and administrative offices and equipment with remaining terms of 1 to 24 years, some of which include options to extend or options to terminate the leases. Several of these leases contain escalation clauses, with fixed-rate increases ranging from 2%-4%.

Lease expense for the years ended June 30 are as follows:

(in thousands)	**2025**	**2024**
Financing lease expense		
Amortization of right-of-use assets	$ 10,870	$ 10,576
Interest on lease liabilities	5,016	5,708
Operating lease expense	12,514	14,050
Short-term lease expense	4,063	4,611
Variable lease expense	5,550	4,163
Total lease cost	$ 38,013	$ 39,108

Commitments related to non-cancellable operating and financing leases for the years ending June 30 are as follows:

(in thousands)	**Operating Leases**	**Financing Leases**
2026	$ 9,073	$ 13,965
2027	13,581	17,225
2028	13,289	17,533
2029	12,398	17,867
2030	11,489	18,304
2031 and thereafter	38,412	75,243
Total future minimum payments	98,242	160,137
Less: Present value discount	(16,518)	(21,299)
Present value of net minimum lease payments	$ 81,724	$ 138,838

The weighted average remaining lease term and discount rate as of June 30, 2025 is as follows:

Weighted average remaining lease terms (in years)	
Operating leases	6.26
Financing leases	9.43
Weighted average discount rate	
Operating leases	1.90 %
Financing leases	0.98 %

For the year ended June 30, supplemental cash flow information related to leases was as follows:

(in thousands)	**2025**	**2024**
Cash paid (received) for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 11,624	$ 13,491
Operating cash flows for financing leases	5,286	5,543
Financing cash flows for financing leases	9,598	9,847
Right of assets obtained in exchange for lease liabilities		
Operating leases	$ 4,549	$ 5,607
Financing leases	986	837

Children's National entered into a sale-leaseback agreement with the District of Columbia involving property at its CNRIC campus during the year ended June 30, 2022. Under the arrangement, Children's National sold property for $20.0 million and leased back the same property for an initial term of 15 years with the option to renew the lease for an additional 14 years. Under the terms of the lease, Children's National pays base rent of one dollar per year and has the option to purchase the property back at the end of the lease term which precludes treating the transfer of the property as a sale. As such, Children's National treated the transaction as a financing obligation and recorded $20.0 million in other long-term liabilities, $10.0 million in cash and $10.0 million in other accounts receivable during the year ended June 30, 2022. Children's National received a $10.0 million payment reducing the related other accounts receivable to $0 during the year ended June 30, 2023.

15. Concentrations of Credit Risk

Financial instruments which subject Children's National to concentrations of credit risk consist primarily of cash and cash equivalents, investments, assets who use is limited and patient accounts receivable.

Children's National grants credit without collateral to its patients, most of whom are residents insured under third party payor agreements. The mix of Hospital accounts receivable, net was as follows:

	2025	2024
Managed Care/Commercial	41 %	48 %
Maryland Medicaid	28	18
District of Columbia Medicaid	8	17
Virginia Medicaid and other	21	16
Self-pay	2	1
	100 %	100 %

16. Functional Expenses

Children's National provides health care services to children both within and outside its geographical service area. Children's National's consolidated financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization, interest and other occupancy costs, are allocated to a function based on a square footage or units of service basis. Expenses related to providing these services are as follows:

	June 30, 2025				
	Support Services		Program Services		
(in thousands)	Fundraising	Management and General	Patient Care	Research	Total
Operating expenses					
Salaries, wages and benefits	$ 7,449	$ 332,549	$ 848,650	$ 73,156	$ 1,261,804
Supplies & other	422	201,406	351,319	61,899	615,046
Medical claims expense	-	-	95,459	-	95,459
Depreciation & amortization	66	83,555	27,951	8,276	119,848
Insurance	-	11,466	10,999	-	22,465
Interest	-	9,579	19,716	2,597	31,892
Development expense	25,644	1,410	-	-	27,054
Total operating expenses	$ 33,581	$ 639,965	$ 1,354,094	$ 145,928	$ 2,173,568

	June 30, 2024				
	Support Services		Program Services		
(in thousands)	Fundraising	Management and General	Patient Care	Research	Total
Operating expenses					
Salaries, wages and benefits	$ 6,878	$ 281,959	$ 798,085	$ 74,714	$ 1,161,636
Supplies & other	358	178,518	317,355	54,112	550,343
Medical claims expense	-	-	98,488	-	98,488
Depreciation & amortization	62	77,989	26,200	8,216	112,467
Insurance	-	13,151	12,548	-	25,699
Interest	-	8,962	21,725	63	30,750
Development expense	26,473	950	-	-	27,423
Total operating expenses	$ 33,771	$ 561,529	$ 1,274,401	$ 137,105	$ 2,006,806

17. Noncontrolling Interests

The following table reconciles the carrying amounts of Children's National's controlling interest and the noncontrolling interests for net assets without donor restrictions:

(in thousands)	Total	Controlling Interest	Noncontrolling Interests
Balances at June 30, 2023	$ 990,007	$ 963,109	$ 26,898
Excess (deficit) of revenues over expenses	128,571	128,824	(253)
Contributions from noncontrolling interests	-	-	-
Distributions to noncontrolling interests	-	-	-
Released from restrictions for property and equipment	2,165	2,165	-
Balances at June 30, 2024	1,120,743	1,094,098	26,645
Excess of revenues over expenses	143,029	142,107	922
Contributions from noncontrolling interests	923	2,406	(1,483)
Distributions to noncontrolling interests	(1,483)	(923)	(560)
Released from restrictions for property and equipment	2,564	2,564	-
Balances at June 30, 2025	$ 1,265,776	$ 1,240,252	$ 25,524

18. Commitments and Contingencies

Children's National is involved in litigation and regulatory inquiries and investigations arising in the ordinary course of business. After consulting with legal counsel, management estimates that these matters will be resolved without material adverse effect on Children's National's future financial position or results from operations.

19. Subsequent Events

Subsequent events have been evaluated by management through October 6, 2025, which is the date the consolidated financial statements were issued. There were no other events that require adjustment to the consolidated financial statements or disclosure in the notes to the consolidated financial statements.

Supplementary Consolidating Information

pwc

Report of Independent Auditors

To the Board of Trustees of Children's National Medical Center

We have audited the consolidated financial statements of Children's National Medical Center and its subsidiaries (the "Company") as of and for the years ended June 30, 2025 and 2024 and have issued our report thereon dated October 6, 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 balance sheet and statement of operations for Children's National Medical Center and subsidiaries as of and 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 consolidating information is not intended to present, and we do not express an opinion on, the financial position, results of operations and cash flows of the individual companies. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Washington, District of Columbia
October 6, 2025

PricewaterhouseCoopers LLP, 655 New York Ave NW,
Washington, DC 20001
T: (202) 414 1000

Children's National Medical Center and Subsidiaries
Supplementary Consolidating Balance Sheet
June 30, 2025

(in thousands)	Obligated group																
	Hospital	CNWR	Foundation	Eliminations	Obligated Group Total	CRI	Safekids	CP&A	CSS	PHN/CNHN	RSC	HSCSN	Home Care	Other	Captive	Eliminations	Consolidated Total
Assets																	
Current assets																	
Cash and cash equivalents	$ 43,772	$ -	$ -	$ -	$ 43,772	$ 13	$ 23	$ (207)	$ (11)	$ -	$ (763)	$ 1,809	$ -	$ 6,277	$ 4,154	$ -	$ 55,067
Short term investments	20,856	-	-	-	20,856	-	-	-	-	-	-	-	-	-	-	-	20,856
Short term assets whose use is limited	1,857	-	-	-	1,857	-	-	-	-	-	-	326	-	-	-	-	2,183
Accounts receivable, net	370,936	-	-	-	370,936	-	-	7,679	-	-	15,954	-	-	-	-	(4,274)	390,295
Settlements due from third-party payors	57,782	-	-	-	57,782	-	-	-	-	-	2,241	22,208	-	-	-	-	82,231
Contributions receivable, net	-	-	42,138	-	42,138	-	25	-	-	-	2,233	-	-	-	-	-	44,396
Grant receivable	37,327	-	-	-	37,327	18,809	17	-	5,731	-	-	-	-	-	-	-	61,884
Inventories of supplies	17,955	-	-	-	17,955	-	-	1,418	-	-	124	-	-	-	-	-	19,497
Prepaid expenses and other	91,050	273	698	-	92,021	512	362	551	93	726	81	1,352	9	10	9,485	(48,942)	56,260
Total current assets	641,535	273	42,836	-	684,644	19,334	427	9,441	5,813	726	19,870	25,695	9	6,287	13,639	(53,216)	732,669
Property and equipment, net	531,215	91,055	58	-	622,328	9,387	-	8,208	-	-	40,350	9,581	-	165,120	-	(5,811)	849,163
Right of use assets, financing	92,865	-	-	-	92,865	-	-	208	-	-	-	2	-	-	-	-	93,075
Right of use assets, operating	56,988	-	-	-	56,988	-	-	12,297	-	-	2,128	1,000	-	-	-	-	72,413
Assets whose use is limited	505	-	-	-	505	-	-	-	-	-	-	-	-	-	48,305	-	48,810
Investments	1,246,962	-	898,020	(933,053)	1,211,929	45,593	6,980	-	-	-	-	46,432	-	67,575	8,336	(45,593)	1,341,252
Contributions receivable, net	-	-	13,261	-	13,261	-	-	-	-	-	-	-	-	-	-	-	13,261
Loan receivable	81,763	-	-	-	81,763	-	-	-	-	-	-	-	-	-	-	(68,267)	13,496
Interest in beneficial trusts	-	-	9,612	-	9,612	-	-	-	-	-	-	-	-	-	-	-	9,612
Due from affiliates	724,758	-	16,395	(110,444)	630,709	-	-	-	-	-	-	-	4,532	25,709	-	(660,950)	-
Other	70,849	-	-	-	70,849	-	-	1,872	-	-	32	-	-	2,209	-	(8,694)	66,268
Total noncurrent assets	2,805,905	91,055	937,346	(1,043,497)	2,790,809	54,980	6,980	22,585	-	-	42,510	57,015	4,532	260,613	56,641	(789,315)	2,507,350
Total assets	$ 3,447,440	$ 91,328	$ 980,182	$ (1,043,497)	$ 3,475,453	$ 74,314	$ 7,407	$ 32,026	$ 5,813	$ 726	$ 62,380	$ 82,710	$ 4,541	$ 266,900	$ 70,280	$ (842,531)	$ 3,240,019
Liabilities and Net Assets																	
Current liabilities																	
Accounts payable	$ 106,420	$ 432	$ 86	$ -	$ 106,938	$ 3,074	$ 95	$ 2,114	$ 146	$ 1,261	$ 1,084	$ 4,624	$ 14	5,818	$ 598	$ (5,863)	$ 119,903
Accrued salaries and other expenses	152,744	65	1,077	-	153,886	4,173	203	2,126	857	128	2,600	2,212	93	1,167	-	(1,167)	166,278
Current portion of reserve for claims	46,181	-	-	-	46,181	-	-	-	-	-	-	-	-	-	41,791	(41,791)	46,181
Settlements due to third-party payors	2,179	-	-	-	2,179	-	-	-	-	-	-	1,313	-	-	-	-	3,492
Deferred revenue	4,348	2,871	1,228	-	8,447	19,000	-	-	-	-	-	-	-	-	-	(2,180)	25,267
Medical claims payable	-	-	-	-	-	-	-	-	-	-	-	18,720	-	-	-	(4,396)	14,324
Revolving line of credit	40,000	-	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000
Current portion of long-term debt	12,195	-	-	-	12,195	-	-	-	-	-	-	-	-	-	-	-	12,195
Current portion of financing lease liabilities	11,641	-	-	-	11,641	-	-	179	-	-	-	2	-	-	-	-	11,822
Current portion of operating lease liabilities	5,010	-	-	-	5,010	-	-	1,799	-	-	661	458	-	-	-	-	7,928
Total current liabilities	380,718	3,368	2,391	-	386,477	26,247	298	6,218	1,003	1,389	4,345	27,329	107	6,985	42,389	(55,397)	447,390
Noncurrent liabilities																	
Long-term debt	667,528	-	-	-	667,528	-	-	-	-	-	-	-	-	18,470	-	-	685,998
Long-term financing lease liabilities	126,825	-	-	-	126,825	-	-	190	-	-	-	-	-	-	-	-	127,015
Long-term operating lease liabilities	56,548	-	-	-	56,548	-	-	14,021	-	-	1,935	1,292	-	-	-	-	73,796
Reserve for claims	80,721	-	-	-	80,721	-	-	-	-	-	-	-	-	-	6,513	(6,513)	80,721
Due to affiliates	-	110,444	-	(110,444)	-	485,318	1,845	50,475	5,037	11,230	103,490	3,555	-	-	-	(660,950)	-
Other long-term liabilities	58,875	20,950	121	-	79,946	(345)	(32)	1,871	-	(57)	-	-	-	69,020	-	(68,267)	82,136
Total noncurrent liabilities	990,497	131,394	121	(110,444)	1,011,568	484,973	1,813	66,557	5,037	11,173	105,425	4,847	-	87,490	6,513	(735,730)	1,049,666
Total liabilities	1,371,215	134,762	2,512	(110,444)	1,398,045	511,220	2,111	72,775	6,040	12,562	109,770	32,176	107	94,475	48,902	(791,127)	1,497,056
Net assets (deficit)																	
Without donor restrictions - controlling interest	1,650,706	(43,434)	507,484	(507,540)	1,607,216	(482,493)	(1,709)	(40,749)	(227)	(11,837)	(47,385)	50,534	4,434	146,901	21,378	(5,811)	1,240,252
Without donor restrictions - noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	25,524	-	-	25,524
With donor restrictions	425,519	-	470,186	(425,513)	470,192	45,587	7,005	-	-	1	(5)	-	-	-	-	(45,593)	477,187
Total net assets (deficit)	2,076,225	(43,434)	977,670	(933,053)	2,077,408	(436,906)	5,296	(40,749)	(227)	(11,836)	(47,390)	50,534	4,434	172,425	21,378	(51,404)	1,742,963
Total liabilities and net assets (deficit)	$ 3,447,440	$ 91,328	$ 980,182	$ (1,043,497)	$ 3,475,453	$ 74,314	$ 7,407	$ 32,026	$ 5,813	$ 726	$ 62,380	$ 82,710	$ 4,541	$ 266,900	$ 70,280	$ (842,531)	$ 3,240,019

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

Children's National Medical Center and Subsidiaries
Supplementary Consolidating Statements of Operations
Year Ended June 30, 2025

(in thousands)	Obligated group																
	Hospital	CNWR	Foundation	Eliminations	Obligated Group Total	CRI	Safekids	CP&A	CSS	PHN/CNHN	RSC	HSCSN	Home Care	Other	Captive	Eliminations	Total
Operating revenue and other support																	
Net patient service revenue	$ 1,610,531	$ -	$ -	$ -	$ 1,610,531	$ -	$ -	$ 33,164	$ -	$ -	$ 36,566	$ -	$ 3,377	$ -	$ -	$ (57,158)	$ 1,626,480
Capitation revenue	-	-	-	-	-	-	-	-	-	-	-	208,216	-	-	-	-	208,216
Grant revenue	28,968	-	-	-	28,968	91,725	302	2,134	26,435	-	-	-	126	-	-	48	149,738
Other operating revenue	159,072	1,046	116	(3,940)	156,294	170	1,639	523	-	4,057	154	-	-	6,423	1,697	(47,588)	123,369
Contributions	644	-	19,469	-	20,113	6	959	-	-	-	2,310	-	-	-	-	-	23,388
Net assets released from restrictions used for operations	38,638	-	4,898	-	43,536	15,612	5,891	-	134	108	92	-	-	-	-	-	65,373
Total operating revenue and other support	1,837,853	1,046	24,483	(3,940)	1,859,442	107,513	8,791	35,821	26,569	4,165	39,122	208,216	3,503	6,423	1,697	(104,698)	2,196,564
Expenses																	
Salaries, wages, and benefits	1,071,497	2,199	-	-	1,073,696	75,849	3,137	23,830	20,812	2,115	24,504	28,041	5,240	-	-	4,580	1,261,804
Supplies and other	517,852	12,271	-	(3,940)	526,183	61,832	5,654	15,760	5,352	4,403	14,746	23,364	1,660	157	1,972	(46,037)	615,046
Medical claims expense	-	-	-	-	-	-	-	-	-	-	-	152,423	-	-	-	(56,964)	95,459
Depreciation and amortization	103,606	2,809	-	-	106,415	2,429	-	767	-	-	3,812	1,701	34	4,690	-	-	119,848
Provision for insurance	13,738	-	-	-	13,738	67	-	326	-	-	-	-	-	-	14,611	(6,277)	22,465
Interest and amortization	29,276	-	-	-	29,276	-	-	19	-	-	-	-	-	2,597	-	-	31,892
Development expense	-	-	27,054	-	27,054	-	-	-	-	-	-	-	-	-	-	-	27,054
Total expenses	1,735,969	17,279	27,054	(3,940)	1,776,362	140,177	8,791	40,702	26,164	6,518	43,062	205,529	6,934	7,444	16,583	(104,698)	2,173,568
Operating income (loss)	101,884	(16,233)	(2,571)	-	83,080	(32,664)	-	(4,881)	405	(2,353)	(3,940)	2,687	(3,431)	(1,021)	(14,886)	-	22,996
Non-operating revenues and expenses																	
Investment return, net	31,975	-	71,938	-	103,913	-	-	-	-	-	-	3,971	-	6,948	5,201	-	120,033
Other non-operating loss, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenues and expenses	31,975	-	71,938	-	103,913	-	-	-	-	-	-	3,971	-	6,948	5,201	-	120,033
Excess (deficit) of revenues over expenses	$ 133,859	$ (16,233)	$ 69,367	$ -	$ 186,993	$ (32,664)	$ -	$ (4,881)	$ 405	$ (2,353)	$ (3,940)	$ 6,658	$ (3,431)	$ 5,927	$ (9,685)	$ -	$ 143,029

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

Children's National Medical Center and Subsidiaries
Notes to Consolidating Supplementary Information
Year Ended June 30, 2025

1. Basis of Presentation—Consolidating Supplementary Information

The consolidating supplementary information ("consolidating information") presented on pages 41-44 was derived from and relates 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 position and results of operations, changes in net assets and cash flows of the individual companies within Children's National and is not a required part of the consolidated financial statements. The individual companies within Children's National as presented within the consolidating information are disclosed within Note 1 to the consolidated financial statements.

Schedule of Expenditures of Federal Awards
and
Notes to Schedule of Expenditures of Federal Awards

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Research and Development Cluster							
DEFENSE, DEPARTMENT OF							
Army Medical Research and Material Command							
Military Medical Research and Development	12.420	1,150,027				1,150,027	43,629
Military Medical Research and Development	12.420		15,686	Florida State University	R000003328	15,686	-
Military Medical Research and Development	12.420		43,674	Fred Hutchinson Cancer Center	0001176506	43,674	-
Military Medical Research and Development	12.420		449	Johns Hopkins University	2005603114	449	-
Military Medical Research and Development	12.420		(1,201)	MedStar Health Research Institute	5002028409	(1,201)	-
		1,150,027	**58,607**			**1,208,634**	**43,629**
Neurofibromatosis Research Program Clinical Trial Consortium Award	93.RD		34,662	University of Alabama-Birmingham	000533783-SC002	34,662	-
			34,662			**34,662**	**-**
DEPARTMENT OF EDUCATION							
Education Research, Development and Dissemination	84.305		120,659	Seattle Children's Hospital Resrch Inst	13439SUB	120,659	-
			120,659			**120,659**	**-**
Research in Special Education	84.324A	278,156				278,156	134,721
		278,156				**278,156**	**134,721**
ENVIRONMENTAL PROTECTION AGENCY							
Environmental Justice Thriving Communities Grantmaking Program (EJ TCGM)	66.615	**537**				**537**	
		537				**537**	**-**
HEALTH AND HUMAN SERVICES, DEPARTMENT OF							
Administration for Community Living							
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		6,384	Catholic University of America	407261 Sub 2 A2	6,384	-
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433		16,782	MedStar Health Research Institute	5002027613	16,782	-
			23,166			**23,166**	**-**
Advanced Research Projects Agency for Health							
ARPA-H Phase II SBIR award	93.RD		261,583	Optosurgical LLC	75N91023C000480002	261,583	-
ARPA-H Phase II SBIR award	93.RD		19,628	Optosurgical LLC	75N91023C000530003	19,628	-
			281,211			**281,211**	**-**
Agency for Healthcare Research & Quality							
Research on Healthcare Costs, Quality and Outcomes	93.226	631,443				631,443	212,512
Research on Healthcare Costs, Quality and Outcomes	93.226		45,720	Stanford University	63281272-306760	45,720	-
		631,443	**45,720**			**677,162**	**212,512**
CENTERS FOR DISEASE CONTROL AND PREVENTION							
Blood Disorder Program: Prevention, Surveillance, and Research	93.080		21,948	Lehigh Valley Hospital, Inc.	ATHN_24_25_004	21,948	-
			21,948			**21,948**	**-**
Injury Prevention and Control Research and State and Community Based Programs	93.136		18,229	University of California, Davis	A24-0766-S006	18,229	-
		-	**18,229**			**18,229**	**-**
Preventive Health and Health Services Block Grant	93.991		38,497	DC Department of Health	CHA2022-000011-001	38,497	-
			38,497			**38,497**	**-**
FOOD AND DRUG ADMINISTRATION							
Food and Drug Administration Research	93.103	2,089,705				2,089,705	759,990
Food and Drug Administration Research	93.103		15,906	Vanderbilt University	VUMC 76676	15,906	-
		2,089,705	**15,906**			**2,105,611**	**759,990**
HEALTH AND HUMAN SERVICES, DEPARTMENT OF							
Congressional Directives	93.493	1,376,162				1,376,162	-
		1,376,162				**1,376,162**	**-**
Emergency Medical Services for Children	93.127		32,585	University of California, Davis	A24-1257-S003	32,585	-
			32,585			**32,585**	**-**
Maternal and Child Health Federal Consolidated Programs	93.110	9,550,262				9,550,262	5,615,194
Maternal and Child Health Federal Consolidated Programs	93.110		46,683	Lehigh Valley Hospital, Inc.	HRSA_24_25_004	46,683	-
		9,550,262	**46,683**			**9,596,945**	**5,615,194**
Maternal and Child Health Services Block Grant to the States	93.994		(3,483)	Department of Health and Mental Hygiene	FH338 GEN	(3,483)	-
Maternal and Child Health Services Block Grant to the States	93.994		113,325	Department of Health and Mental Hygiene	FH338GEN-POM00B4600149	113,325	-
Maternal and Child Health Services Block Grant to the States	93.994		7,719	Department of Health and Mental Hygiene	CTR032932-1	7,719	-
			117,561			**117,561**	**-**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
HEALTH RESOURCES AND SERVICES ADMINISTRATION							
NATIONAL INSTITUTES OF HEALTH							
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353	10,965				10,965	6,134
21st Century Cures Act - Beau Biden Cancer Moonshot	93.353		110,914	Ann & Robert H. Lurie Children's Hospital	A24-0160-S001	110,914	-
		10,965	**110,914**			**121,878**	**6,134**
ADVANCED RESEARCH PROJECTS AGENCY FOR HEALTH (ARPA-H)	93.384	807,915				807,915	437,767
		807,915				**807,915**	**437,767**
Alcohol Research Programs	93.273	288,860				288,860	-
		288,860				**288,860**	**-**
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	3,100,872				3,100,872	725,497
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		2,600	Boston Children's Hospital	GENFD0001867989	2,600	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		431,308	Children's Hospital Boston	GENFD0002264674	431,308	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		10,355	Computer Technology Associates,Inc.	1A	10,355	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		131,659	George Washington University	20-M75	131,659	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		14,243	George Washington University	20-M58	14,243	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		7,226	George Washington University	24-M33	7,226	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		2,374	George Washington University	24-M56	2,374	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		18,856	MedStar Health Research Institute	5003081726	18,856	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		178,966	Northwestern University	60061589 CRI	178,966	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		48,669	President and Fellows of Harvard College	117273-5115223	48,669	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		40,032	The University of Calgary	10034797	40,032	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		23,936	Univ of North Carolina at Chapel Hill	5126054	23,936	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		10,119	University of Alabama-Birmingham	000522211-SC026	10,119	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		6,013	University of Alabama-Birmingham	000522211-SC026	6,013	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		6,013	University of Alabama-Birmingham	000522211-SC026	6,013	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		183,926	University of Maryland, College Park	132575-Z0388201	183,926	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855		415,082	University of Wisconsin	0000003625	415,082	-
		3,100,872	**1,531,376**			**4,632,249**	**725,497**
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	283,588				283,588	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		48,730	Baylor College of Medicine	P700001204	48,730	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		63,852	Cornell University	145204-22044	63,852	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		80,719	Kinea Bio, Inc	KineaBio20240810	80,719	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		84,599	MIRA Medical LLC	MIRA001	84,599	-
		283,588	**277,899**			**561,487**	**-**
Biomedical Research and Research Training	93.859	414,031				414,031	-
Biomedical Research and Research Training	93.859		159,164	University of Maryland, College Park	114392-Z0552201	159,164	-
		414,031	**159,164**			**573,195**	**-**
Blood Diseases and Resources Research	93.839	2,169,043				2,169,043	53,454
Blood Diseases and Resources Research	93.839		(1,216)	Baylor College of Medicine	P700000383	(1,216)	-
Blood Diseases and Resources Research	93.839		65,167	Baylor College of Medicine	P700001366	65,167	-
Blood Diseases and Resources Research	93.839		76,786	Cincinnati Children's Hospital Med Ctr	OS00000941	76,786	-
Blood Diseases and Resources Research	93.839		90,107	Emory University	A1099213 (formerly A90720	90,107	-
Blood Diseases and Resources Research	93.839		33,185	Medical College of Wisconsin	MCW20191009/PO6291944	33,185	-
Blood Diseases and Resources Research	93.839		143,150	Medical College of Wisconsin	MCW20140106	143,150	-
Blood Diseases and Resources Research	93.839		87,907	Nemours Alfred I. duPont Hospital for Ch	PO0101101	87,907	-
Blood Diseases and Resources Research	93.839		95,172	University of Minnesota	P007988801	95,172	-
Blood Diseases and Resources Research	93.839		80,172	Vanderbilt University	VUMC91809	80,172	-
		2,169,043	**670,430**			**2,839,473**	**53,454**
Cancer Biology Research	93.396		12,140	George Washington University	25-M12	12,140	-
			12,140			**12,140**	**-**
Cancer Cause and Prevention Research	93.393	919,864				919,864	37,730
Cancer Cause and Prevention Research	93.393		(10,644)	American University	31703-A230012-S01	(10,644)	-
Cancer Cause and Prevention Research	93.393		101,194	American University	31703-A230012-S01	101,194	-
Cancer Cause and Prevention Research	93.393		13,140	Children's Hospital of Philadelphia	GRT-00003636 / PO #206677	13,140	-
Cancer Cause and Prevention Research	93.393		5,395	George Washington University	21-M128-03	5,395	-
Cancer Cause and Prevention Research	93.393		4,102	George Washington University	23-M06	4,102	-
		919,864	**113,186**			**1,033,051**	**37,730**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Cancer Control	93.399		1	Public Health Institute	AR70385-PO0000005	1	-
			1			**1**	**-**
Cancer Detection and Diagnosis Research	93.394	191,847				191,847	37,563
Cancer Detection and Diagnosis Research	93.394		362,187	Children's Hospital of Philadelphia	GRT-00000367-0725/PO#206	362,187	-
Cancer Detection and Diagnosis Research	93.394		160,881	George Washington University	24-M15	160,881	-
		191,847	**523,068**			**714,915**	**37,563**
Cancer Research Manpower	93.398	204,424				204,424	-
Cancer Research Manpower	93.398		57,083	George Washington University	20-M108	57,083	-
		204,424	**57,083**			**261,507**	**-**
Cancer Treatment Research	93.395	1,576,069				1,576,069	317,255
Cancer Treatment Research	93.395		18,404	AlgometRx, Inc.	CRI-002	18,404	-
Cancer Treatment Research	93.395		53,142	Baylor College of Medicine	P700000851	53,142	-
Cancer Treatment Research	93.395		64,855	Brigham and Women's Hospital	127477	64,855	-
Cancer Treatment Research	93.395		11,928	Johns Hopkins University	2004490955	11,928	-
Cancer Treatment Research	93.395		34,081	Johns Hopkins University	2004490955	34,081	-
Cancer Treatment Research	93.395		69,361	Johns Hopkins University	2004490955	69,361	-
Cancer Treatment Research	93.395		(3,774)	Public Health Institute	AR76504-PO0000006994	(3,774)	-
Cancer Treatment Research	93.395		29,678	Public Health Institute	AR72758 – PO 0000006238	29,678	-
Cancer Treatment Research	93.395		(1,766)	Public Health Institute (PHI)	AR66238	(1,766)	-
Cancer Treatment Research	93.395		5,415	Public Health Institute (PHI)	AR72759 - PO 0000006239	5,415	-
Cancer Treatment Research	93.395		55,304	SonALAsense, Inc.	PO 1038	55,304	-
Cancer Treatment Research	93.395		81,912	St. Jude Children's Research Hospital	GR-0003310-8144007	81,912	-
Cancer Treatment Research	93.395		0	Univ of Texas M.D. Anderson Cancer Cntr	3001292599	0	-
Cancer Treatment Research	93.395		13,787	Univ of Texas M.D. Anderson Cancer Cntr	3001292626	13,787	-
Cancer Treatment Research	93.395		71,376	Univ of Texas M.D. Anderson Cancer Cntr	3001292604	71,376	-
		1,576,069	**503,704**			**2,079,773**	**317,255**
Cardiovascular Diseases Research	93.837	743,679				743,679	18,081
Cardiovascular Diseases Research	93.837		284,530	Cincinnati Children's Hospital Med Ctr	OS00000483 / 4005	284,530	-
Cardiovascular Diseases Research	93.837		107,818	Columbia University	1(GG018855-01)SAPO:G17674	107,818	-
Cardiovascular Diseases Research	93.837		(2,279)	Emory University	A747088	(2,279)	-
Cardiovascular Diseases Research	93.837		(1,173)	George Washington University	20-M128	(1,173)	-
Cardiovascular Diseases Research	93.837		47,332	George Washington University	02-D02	47,332	-
Cardiovascular Diseases Research	93.837		7,639	New England Research Institute	Exhibit F to NERI MCTA	7,639	-
Cardiovascular Diseases Research	93.837		91,769	PeriCor LLC	100226	91,769	-
Cardiovascular Diseases Research	93.837		40,345	PeriCor LLC	CRI-R41	40,345	-
Cardiovascular Diseases Research	93.837		(91,005)	University of Pittsburgh	AWD00006798 (138968-1)	(91,005)	-
Cardiovascular Diseases Research	93.837		5,378	University of Utah	10064134-03-CRI	5,378	-
		743,679	**490,355**			**1,234,033**	**18,081**
Child Health and Human Development Extramural Research	93.865	9,905,545				9,905,545	2,119,690
Child Health and Human Development Extramural Research	93.865		35,294	Auscultech Inc	ATX-CRI-1310	35,294	-
Child Health and Human Development Extramural Research	93.865		(7,283)	Baylor College of Medicine	P700001059	(7,283)	-
Child Health and Human Development Extramural Research	93.865		2,447	Boston Medical Center	7125-CRI-01/PO100553679	2,447	-
Child Health and Human Development Extramural Research	93.865		45,949	Children's Hospital of Philadelphia	PO#20673784/Activity# GRT	45,949	-
Child Health and Human Development Extramural Research	93.865		96,845	Cincinnati Children's Hospital Med Ctr	OS00000640/400844	96,845	-
Child Health and Human Development Extramural Research	93.865		37,731	Florida State University	R000003156	37,731	-
Child Health and Human Development Extramural Research	93.865		6,731	Florida State University	R000003156	6,731	-
Child Health and Human Development Extramural Research	93.865		(5,560)	George Washington University	22-M02	(5,560)	-
Child Health and Human Development Extramural Research	93.865		23,580	George Washington University	24-M11	23,580	-
Child Health and Human Development Extramural Research	93.865		75,856	Inova Health System	inova-2024-39 /OSRPSD-279	75,856	-
Child Health and Human Development Extramural Research	93.865		81,640	National Disease Research Interchange	106537-PY3	81,640	-
Child Health and Human Development Extramural Research	93.865		91,622	Pacific Northwest Research Institute	114863-Children's Researc	91,622	-
Child Health and Human Development Extramural Research	93.865		18,223	RTI International	1-312-0217179-657	18,223	-
Child Health and Human Development Extramural Research	93.865		48,533	RTI International	1-312-0217179-65703L	48,533	-
Child Health and Human Development Extramural Research	93.865		58,788	Temple University	272093-CRI	58,788	-
Child Health and Human Development Extramural Research	93.865		258,180	The Lieber Institute for Brain Developme	A1244	258,180	-
Child Health and Human Development Extramural Research	93.865		319,866	The Lieber Institute for Brain Developme	A1245	319,866	-
Child Health and Human Development Extramural Research	93.865		53,645	Univ of North Carolina at Chapel Hill	5122969	53,645	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Child Health and Human Development Extramural Research	93.865		151,477	University of Alabama-Birmingham	000522197-SC001	151,477	118,654
Child Health and Human Development Extramural Research	93.865		36,723	University of California, Davis	A21-0255-S006	36,723	5,460
Child Health and Human Development Extramural Research	93.865		91,730	University of California, Irvine	2024-2129	91,730	-
Child Health and Human Development Extramural Research	93.865		15,343	Virginia Commonwealth University	FP00016612_SA001	15,343	-
Child Health and Human Development Extramural Research	93.865		263,370	WESTAT	1UM2HD111076-01-SA004	263,370	-
Child Health and Human Development Extramural Research	93.865		11,107	WESTAT	1UM2HD111076-01-SA004	11,107	-
Child Health and Human Development Extramural Research	93.865		14,089	WESTAT	1UM2HD111076-01-SA004	14,089	-
		9,905,545	**1,825,925**			**11,731,470**	**2,243,803**
CNHS and NIAID Joint Clinical Research Partnership	93.RD		991,356	Leidos Biomedical Research, Inc	21X125F2	991,356	-
			991,356			**991,356**	**-**
	93.RD		865,280	Leidos Biomedical Research, Inc	21X125F3	865,280	-
CNHS and NIAID Joint Clinical Research Partnership - Primary Immunodeficiency Disorder							
			865,280			**865,280**	**-**
COVID-19 TRANS-NIH RESEARCH SUPPORT	93.310		206,695	University of California, San Francisco	14142sc	206,695	-
			206,695			**206,695**	**-**
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	2,464,680				2,464,680	230,482
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		21,915	Baylor College of Medicine	P700000686	21,915	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		191,554	Baylor College of Medicine	P700000229	191,554	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		150,621	University of Virginia	GR013161.SUB00000353	150,621	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		193,387	University of Virginia	GR100419.SUB00000039	193,387	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		316,135	University of Virginia	GR102769.SUB00000751	316,135	-
		2,464,680	**873,611**			**3,338,292**	**230,482**
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	2,412,941				2,412,941	712,905
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		210,214	Clear Guide Medical	CRI2201	210,214	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		266,941	Johns Hopkins University	2005365061	266,941	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		36,018	Johns Hopkins University	2006277245	36,018	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		32,478	Kitware, Inc.	K002847-00-S02	32,478	-
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		3,924	Optosurgical LLC	CRI-2022-EB-002	3,924	-
		2,412,941	**549,575**			**2,962,515**	**712,905**
Evaluating Autistic Adolescents' and their Caregiver's Perceived Utility and Social Validity of an Online Puberty and Sexual Health Education (PUSHED) Toolkit	93.RD		140	University of California - Los Angeles	1557PLA642	140	-
			140			**140**	**-**
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	3,052,382				3,052,382	1,106,154
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		30,798	Children's Hospital of Philadelphia	3201870624PO# 20510665	30,798	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		2,701	Children's Hospital of Philadelphia	3202030624-XX/PO# 2050875	2,701	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		12,659	Children's Hospital of Philadelphia	GRT-00003360/PO# 20638110	12,659	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		53,057	Children's Hospital of Philadelphia	3202030624-S4/PO#2063672	53,057	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		35,174	Columbia University	19(GG015970-07)-PO#G19746	35,174	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		5,966	Howard University	GRT000247-1001925	5,966	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		84,446	Nationwide Children's Hospital	700338-0825-SA5	84,446	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		86,520	Stanford University	63435614-319717-R	86,520	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		172,478	University of California Los Angeles	16400000109023	172,478	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		(5,996)	University of California Los Angeles	16400000109023	(5,996)	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		48,614	University of Virginia	AWD-006769.SUB00001341	48,614	-
		3,052,382	**526,416**			**3,578,798**	**1,106,154**
Human Genome Research	93.172	97,688				97,688	-
Human Genome Research	93.172		105,948	The University of Iowa	S03841-01	105,948	-
Human Genome Research	93.172		124,214	University of California, Irvine	2023-1945	124,214	-
		97,688	**230,162**			**327,850**	**-**
International Research and Research Training	93.989	150,820				150,820	-
International Research and Research Training	93.989		6,068	Makerere University College of Health Sc	01-03	6,068	-
		150,820	**6,068**			**156,888**	**-**
Inter-Personnel Assignment Agreement for Dr. Arthur Ko	93.RD	163,079				163,079	-
		163,079				**163,079**	**-**
Lung Diseases Research	93.838	840,853				840,853	12,545
Lung Diseases Research	93.838		15,315	A&R Lurie Children's Hospital of Chicago	A23-0051-S009	15,315	-
Lung Diseases Research	93.838		93,842	Kitware, Inc.	K003000-00-S01	93,842	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Lung Diseases Research	93.838		46,450	MIRA Medical LLC	MIRA002	46,450	-
Lung Diseases Research	93.838		87,785	The Ohio State University	SPC-1000014133 | GR137182	87,785	-
Lung Diseases Research	93.838		854	University of Arizona	UA Agreemt 328534	854	-
Lung Diseases Research	93.838		29,716	Wayne State University	WSU24095-CR	29,716	-
		840,853	**273,962**			**1,114,815**	**12,545**
Medical Library Assistance	93.879	166,626				166,626	63,361
		166,626				**166,626**	**63,361**
Mental Health Research Grants	93.242	1,444,267				1,444,267	162,736
Mental Health Research Grants	93.242		3,622	American University	31677-A220083-S01	3,622	-
Mental Health Research Grants	93.242		19,194	American University	31677-A220083-S01	19,194	-
Mental Health Research Grants	93.242		321,711	Children's Hospital of Philadelphia	GRT-00003349/ PO#20508886	321,711	-
Mental Health Research Grants	93.242		38,389	George Washington University	20-S04	38,389	-
Mental Health Research Grants	93.242		20,981	George Washington University	20-M84	20,981	-
Mental Health Research Grants	93.242		39,844	Johns Hopkins University	2006604712	39,844	-
Mental Health Research Grants	93.242		10,985	Kennedy Krieger Institute	113662-1125-01	10,985	-
Mental Health Research Grants	93.242		235,108	Nationwide Children's Hospital	700258-0425-SA1	235,108	-
Mental Health Research Grants	93.242		58,954	Quasar USA	277NH3C-7165	58,954	-
Mental Health Research Grants	93.242		(44,527)	University of Maryland, College Park	82724-Z0279202	(44,527)	-
Mental Health Research Grants	93.242		136,306	University of Pittsburgh	AWD00005895 (137982-1)	136,306	-
Mental Health Research Grants	93.242		441,341	University of Virginia	GR100767.SUB00000202	441,341	-
Mental Health Research Grants	93.242		150,840	Washington University - St. Louis	WU-22-0031-MOD-4	150,840	-
		1,444,267	**1,432,747**			**2,877,014**	**162,736**
Microbiology and Infectious Diseases Research	93.856	534,556				534,556	-
		534,556				**534,556**	**-**
Minority Health and Health Disparities Research	93.307	144,122				144,122	-
Minority Health and Health Disparities Research	93.307		214,600	Wayne State University	WSU23103-A3	214,600	-
		144,122	**214,600**			**358,722**	**-**
National Center for Advancing Translational Sciences	93.350	18,745				18,745	-
National Center for Advancing Translational Sciences	93.350		136,799	George Washington University	21-M74	136,799	-
National Center for Advancing Translational Sciences	93.350		1,556	Seattle Children's Hospital Resrch Inst	12884SUB	1,556	-
National Center for Advancing Translational Sciences	93.350		5,320	Washington University - St. Louis	WU-24-0022	5,320	-
		18,745	**143,675**			**162,420**	**-**
National Ebola Training and Education Center (NETEC)	93.825		16,116	Emory University	A1078302	16,116	-
			16,116			**16,116**	**-**
NHLBI REDS-IV-P Data Coordinating Center (DCC)	93.RD		133,085	WESTAT	6693-03-S001	133,085	-
			133,085			**133,085**	**-**
NIDA AACAP Resident Training Award	93.RD		3,814	American Academy of Child and Adolescent	2024 AACAP Annual Meeting	3,814	-
			3,814			**3,814**	**-**
NIDDK Joint Youth/ Young-Adult Diabetes Program	93.RD	11,630				11,630	-
		11,630				**11,630**	**-**
Nursing Research	93.361		25,784	Akron Children's Hospital	23-0001-A0001-SUB01	25,784	-
Nursing Research	93.361		21,256	University of Maryland @ Baltimore	21561	21,256	-
			47,040			**47,040**	**-**
Oral Diseases and Disorders Research	93.121		236,099	Children's Hospital of Los Angeles	000012943-C	236,099	-
Oral Diseases and Disorders Research	93.121		18,041	PediaMetrix, Inc.	PediaMetrix 24/25	18,041	-
Oral Diseases and Disorders Research	93.121		(2,119)	University of Colorado Denver	FY21.1047.001	(2,119)	-
Oral Diseases and Disorders Research	93.121		28,800	University of Colorado Denver	FY23.1047.003	28,800	-
Oral Diseases and Disorders Research	93.121		302,738	University of Pittsburgh	AWD00002487 (139805-4)	302,738	-
			583,560			**583,560**	**-**
Pediatric SARs-CoV-2 and MIS-C Long-term Follow-up Protocol	93.RD		3,052,199	Leidos Biomedical Research, Inc	21X125F1	3,052,199	-
			3,052,199			**3,052,199**	**-**
Pediatric Scientist Development Program	93.RD		27,120	Association of Medical School Pediatric	302-PSDP-CRI-po	27,120	-
			27,120			**27,120**	**-**
RESEARCH AND TRAINING IN COMPLEMENTARY AND INTEGRATIVE HEALTH	93.213		27,079	Colorado State University	G-50493-02	27,079	-
			27,079			**27,079**	**-**
Research Related to Deafness and Communication Disorders	93.173		1,312	Georgetown University	413569_GR413479-CRI	1,312	-
Research Related to Deafness and Communication Disorders	93.173		19,028	University of Colorado Denver	FY24.909.001	19,028	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
			20,340			**20,340**	**-**
StrepApp: Deep Learning to Diagnose Streptococcal Pharyngitis	93.RD		230,061	Auscultech Inc	ATX-CRI-1401	230,061	-
			230,061			**230,061**	**-**
TRANSLATION AND IMPLEMENTATION SCIENCE RESEARCH FOR HEART, LUNG, BLOOD DISEASES, AND SLEEP DISORDERS	93.840	908,808				908,808	-
TRANSLATION AND IMPLEMENTATION SCIENCE RESEARCH FOR HEART, LUNG, BLOOD DISEASES, AND SLEEP DISORDERS	93.840		9,560	Cincinnati Children's Hospital Med Ctr	OS00000271/400187	9,560	-
		908,808	**9,560**			**918,368**	**-**
Trans-NIH Research Support	93.310		57,459	Children's Hospital of Philadelphia	PO# 20663904/GRT-00004426	57,459	-
Trans-NIH Research Support	93.310		30,092	Johns Hopkins University	2006144862	30,092	-
			87,552			**87,552**	**-**
Vision Research	93.867	767,115				767,115	-
		767,115				**767,115**	**-**
Young At Heart Type 2 Diabetes Research Longitudinal Protocol	93.RD	47,084				47,084	-
		47,084				**47,084**	**-**
Youth and Young Adult Diabetes Research Program	93.RD	(1,532)				(1,532)	-
		(1,532)				**(1,532)**	**-**
NATIONAL SCIENCE FOUNDATION							
National Science Foundation							
NSF Technology, Innovation, and Partnerships	47.084	38,236				38,236	-
		38,236				**38,236**	**-**
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		**48,955,096**	**17,682,490**			**66,637,590**	**12,931,514**
Other Sponsored Programs							
AGRICULTURE, DEPARTMENT OF							
FOOD AND NUTRITION SERVICE							
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		1,190,305	DC Department of Health	CHA2022-000025-004	1,190,305	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		63,753	DC Department of Health	CHA2023-000007-002	63,753	-
			1,254,057			**1,254,057**	**-**
NATIONAL INSTITUTE OF FOOD AND AGRICULTURE							
GUS SCHUMACHER NUTRITION INCENTIVE PROGRAM	10.331	206,565				206,565	-
		206,565				**206,565**	**-**
HEALTH AND HUMAN SERVICES, DEPARTMENT OF							
Congressional Directives	93.493	1,999,365				1,999,365	-
		1,999,365				**1,999,365**	**-**
ADMINISTRATION FOR CHILDREN AND FAMILIES							
Family Violence Prevention and Services/Discretionary	93.592	514,970				514,970	-
		514,970				**514,970**	**-**
CENTERS FOR DISEASE CONTROL AND PREVENTION							
Immunization Cooperative Agreements	93.268		374,165	DC Department of Health	CHA2023-688-007	374,165	-
Immunization Cooperative Agreements	93.268		363,625	DC Department of Health	CHA2025-824 - CHA2025-824	363,625	-
Immunization Cooperative Agreements	93.268		353,100	DC Department of Health	CHA2022-000003-006	353,100	-
			1,090,889			**1,090,889**	**-**
Environmental Public Health and Emergency Response	93.070		93,308	DC Department of Health	CHA2024-809-000	93,308	-
			93,308			**93,308**	**-**
HEALTH RESOURCES AND SERVICES ADMINISTRATION							
HIV Care Formula Grants	93.917		320,626	DC Department of Health	HAHSTA2022-383	320,626	-
HIV Care Formula Grants	93.917		176,152	DC Department of Health	HAHSTA2022-000043	176,152	-
			496,778			**496,778**	**-**
HIV Emergency Relief Project Grants	93.914		1,144,131	DC Department of Health	HAHSTA2022-000029-003	1,144,131	-
HIV Emergency Relief Project Grants	93.914		561,034	DC Department of Health	HAHSTA2022-000029-005	561,034	-
HIV Emergency Relief Project Grants	93.914		13,404	DC Department of Health	HAHSTA2025-859-000	13,404	-
			1,718,569			**1,718,569**	**-**
Maternal and Child Health Services Block Grant to the States	93.994		319,725	DC Department of Health	CHA2021-000024-005	319,725	-
Maternal and Child Health Services Block Grant to the States	93.994		315,978	DC Department of Health	CHA2021-000022-002	315,978	-
Maternal and Child Health Services Block Grant to the States	93.994		254,232	DC Department of Health	CHA2023-000007-002	254,232	-
			889,936			**889,936**	**-**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Program	ALN	Direct	Pass-Through	Pass-Through Entity	Pass-Through Entity Sponsor Number	Total Expenditures	Passed to Sub-Recipients
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		89,149	MedStar Health Research Institute	PO#5003566355	89,149	-
			89,149			**89,149**	**-**
Emergency Medical Services for Children	93.127	172,064				172,064	-
		172,064				**172,064**	**-**
Maternal and Child Health Federal Consolidated Programs	93.110		409,434	The Medical Society of Virginia Foundati	MSVF20210309	409,434	-
			409,434			**409,434**	**-**
IMMED OFFICE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES							
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		227,422	MedStar Health Research Institute	40110-79118-63010	227,422	-
			227,422			**227,422**	**-**
NATIONAL INSTITUTES OF HEALTH							
Autism Neurocognitive Data Support Services	93.U01	84,570				84,570	-
		84,570				**84,570**	**-**
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION							
Opioid STR	93.788		97,716	District of Columbia Hospital Assoc	DCHA 2024	97,716	-
			97,716			**97,716**	**-**
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243		39,867	Georgetown University	426902_GR426695-CNRI	39,867	-
			39,867			**39,867**	**-**
HOMELAND SECURITY, DEPARTMENT OF							
FEDERAL EMERGENCY MANAGEMENT AGENCY							
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	60,637				60,637	-
		60,637				**60,637**	
U.S. COAST GUARD							
Boating Safety Financial Assistance	97.012	48,826				48,826	-
		48,826				**48,826**	**-**
HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF							
ASSISTANT SECRETARY FOR POLICY DEVELOPMENT AND RESEARCH							
General Research and Technology Activity	14.506		22,034	George Washington University	23-M41	22,034	-
			22,034			**22,034**	**-**
JUSTICE, DEPARTMENT OF							
OFFICE OF JUSTICE PROGRAMS							
Missing Children's Assistance	16.543	160,195				160,195	-
		160,195				**160,195**	**-**
Services for Trafficking Victims	16.320	79,823				79,823	-
		79,823				**79,823**	**-**
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA) DISCRETIONARY SAFETY GRANTS AND COOPERATIVE AGREEMENTS	20.614	120,614				120,614	-
		120,614				**120,614**	**-**
TOTAL OTHER SPONSORED PROGRAMS		**3,447,629**	**6,429,161**			**9,876,789**	**-**
Highway Safety Cluster							
TRANSPORTATION, DEPARTMENT OF							
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION							
National Priority Safety Programs	20.616		68,768	DC Department of Transportation	DCDT-FY2025	68,768	-
NATIONAL PRIORITY SAFETY PROGRAMS	20.616		30,676	DC Department of Transportation	DCDT- FY2024	30,676	-
			99,443			**99,444**	**-**
TOTAL HIGHWAY SAFETY CLUSTER		**-**	**99,443**			**99,444**	**-**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**52,402,725**	**24,211,094**			**76,613,823**	**12,931,514**

See accompanying notes to Schedule of Expenditures of Federal Awards.

Children's National Medical Center and Subsidiaries
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Children's National Medical Center and Subsidiaries ("Children's National") under programs of the federal government for the year ended June 30, 2025. Because the Schedule presents only a selected portion of the operations of Children's National, it is not intended to and does not present the financial position, results of operations, changes in net assets, or cash flows of Children's National. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Assistance listing numbers and pass-through entity identification numbers are listed when available.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles for Hospitals wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Children's National applies its predetermined approved facilities and administrative rate when charging indirect costs to federal awards rather than the 10% or 15% de minimis cost rate as described in Section 200.414 of the Uniform Guidance. Indirect costs allocated to such awards for the year ended June 30, 2025 were based on predetermined rates negotiated with Children's National cognizant federal agency, the Department of Health and Human Services.

3. Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Children's National applied for reimbursement of certain expenses related to the COVID-19 pandemic under Assistance Listing 97.036, Disaster Grants - Public Assistance (Presidentially Declared Disasters). Expenditures are and will be reflected in the Schedule in the year in which a project application is obligated. The Schedule thus includes $60,637 of expenditures incurred in fiscal year 2024, which were obligated in fiscal year 2025.

Part II
Reports on Compliance and Internal Control

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of Children's National Medical Center

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the consolidated financial statements of Children's National Medical Center and its subsidiaries ("Children's National"), which comprise the consolidated balance sheet as of June 30, 2025, and the related consolidated statements of operations, of changes in net assets and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and have issued our report thereon dated October 6, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

PricewaterhouseCoopers LLP, 655 New York Ave NW, Washington, DC 20001
T: (202) 414 1000

Report on Compliance and Other Matters

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

Purpose of this Report

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

PricewaterhouseCoopers LLP

Washington, District of Columbia
October 6, 2025

Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Trustees of Children's National Medical Center

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Children's National Medical Center's ("Children's National") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Children's National's major federal programs for the year ended June 30, 2025. Children's National's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Children's National complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Children's National and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Children's National's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Children's National's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Children's National's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Children's National's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Children's National's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Children's National's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Children's National's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Washington, District of Columbia
January 30, 2026

Part III
Findings

Children's National Medical Center and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I -Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal Control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

Federal Assistance listing Number	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$2,298,414
Auditee qualified as low-risk auditee?	Yes

Children's National Medical Center and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section II – Financial Statement Findings

There are no matters to report.

Section III – Federal Award Findings and Questioned Costs

There are no matters to report.

Children's National Medical Center and Subsidiaries
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs from the prior year requiring an update in this report.